Secretary of the Treasury Morgenthau today announced the new issues of United States Savings Bonds and Stamps, to go on sale May 1, which have been developed to help in financing the National Defense program.

"In meeting the cost of this tremendous effort," the Secretary said, "the Government must do more than find billions of dollars. It must find these dollars in a way that will best safeguard the nation against the evils of inflation, and will give all American citizens a sense of taking a direct part in the defense of the country."

Three new kinds of United States Savings Bonds will be sold. The first kind, called the Defense Savings Bond, will be almost identical with the present United States Savings Bond or "baby bond," which has become the most widely held single security in the country. More than $5,000,000,000 worth, at maturity values, have been bought by more than two million men and women.

**Defense Savings Bond**

The Defense Savings Bond will be offered for 75 per cent of its maturity value, with maturity of 10 years. Thus, a Defense Savings Bond bought in May, 1941, for $10.75 will be redeemable in May, 1951, for $25.00. This is an increase of 33 1/3 per cent,
equal to an annual interest rate of 2.9 per cent. This bond is not transferable, will not fluctuate in value, and may be redeemed at any time before maturity at values printed on its face. Intended chiefly for people of small income, ownership is restricted to individuals in their own right, with a limit upon holdings of $5,000 maturity value in any one calendar year. Denominations are $25, $50, $100, $500, and $1,000.

**Series F Savings Bond**

The new Series F Savings Bond, intended for larger investors, for trustees, and for reserve funds, is offered for 74 per cent of its maturity value, with maturity of 12 years. It can be held not only by individuals, but by trustees, associations, pension funds, and corporations (except banks for their own account) with a limit of $50,000 maturity value issued in any one calendar year, alone or in combination with Series G. If held to maturity, the interest rate is 2.53 per cent a year. The Series F Bond is not transferable, and may be redeemed at any time after six months from date of issue in accordance with a table of redemption values printed on its face. Denominations are $100, $500, $1,000, $5,000 and $10,000.

**Series G Savings Bond**

To meet demand for a current income bond, the new Series G Savings Bond, to be issued at par, bears interest during its 12-year term at 2.5 per cent, paid semi-annually by Treasury check. Intended
for both small and large investors, the Series G Bond is not transferable, and can be registered like Series F in the name of individuals, associations, and corporations, except banks for their own account, up to a total of $50,000 maturity value, alone or in combination with Series F. Denominations are $500, $1,000, $5,000 and $10,000.

Like the other two bonds, Series G is redeemable before maturity at fixed redemption values printed on its face. In fixing these values, inducement is given to holders to retain their bonds until final maturity.

Sales Agencies

Defense Savings Bonds will be on sale May 1, 1941, at 16,000 United States Post Offices, at Federal Reserve Banks, at all fiscal agencies of the United States, and direct by mail from the Treasury. Series F and G Savings Bonds will be on sale at all these agencies except post offices. Arrangements are now being made through which orders for bonds of all three series will be accepted at commercial and savings banks.

Postal Savings Stamps

Great emphasis is laid by Secretary Morgenthau upon the importance of Postal Savings Stamps as a means of encouraging steady savings among the youth of America and all others to whom payment of $18.75 at one time for the smallest Defense Savings Bond is not convenient.
The Postmaster General has approved a new series of stamps, of special design, priced at 10¢, 25¢, 50¢, $1, and $5. Purchasers will be given attractive pocket albums in which to mount them. An album containing 75 of the 25¢ stamps has a cash value of $18.75 and can be exchanged for a Defense Savings Bond which in 10 years will be worth $25. There are similar albums for mounting the 50¢, $1, and $5 stamps, exchangeable for $50 or $100 bonds.

Organization

"Every man, woman and child in America will be given full details of this National Defense savings plan, and easy ways to take part in it," Secretary Morgenthau said. A new division of the Treasury Department, called the Defense Savings Staff, has been created under the supervision of Harold N. Graves, Assistant to the Secretary. It includes Eugene W. Sloan, administrative director, Gale F. Johnston, field director, and Harford Powel, director of information.
March 19, 1941
4:50 p.m.

H.M.Jr: Hello.
Operator: Sproul and Rouse.
Rouse: Hello, Mr. Secretary.
H.M.Jr: Well, the old vitamins worked.
Sproul: Yeah. Almost too strong I think.
H.M.Jr: Well, I don't know that it can be too strong, but I'm simply delighted.
S: Yeah, it has been a fine day.
H.M.Jr: I'm very much pleased, and I want to thank you all for the help.
S: Well, that's what we're here for.
H.M.Jr: Now, there's one thing. When this thing is cleared and while I'm gone, I wish you'd do this for me. I am very much worried about the market for private corporate financing. Hello.
S: Yeah.
H.M.Jr: And in a very quiet way, but purely I mean for me, I wish you'd sort of talk to people find out what is the matter. I mean, I don't care where the chips fall, I'd like to know. See?
S: Yeah.
H.M.Jr: Let them just unbosom themselves, because I think that unless the private corporate market is opened up, it affects us also.
S: Yeah.
H.M.Jr: I'll be back after the first of April and I'd like to get kind of a - you know - just a personal report from you.
S: That's right. Well, we can do that very well.

H.M.Jr: I don't care who the criticism is of as long as it's an honest one.

S: That's right and as long as it has some suggestion as to how to improve the situation.

H.M.Jr: That's right. Well, I'm ever so much obliged. It was difficult, but all these things are difficult, but I was fairly confident that we could get $500 million through bonds.

S: Yes, so was I.

H.M.Jr: It shows again though that the market didn't place as high a premium on them as we did.

S: No, but they came through very well, I think.


S: Well, I hope you have a good holiday.

H.M.Jr: Well, I'm here tomorrow. I don't leave until 7:00 tomorrow night. But I'm going to enjoy myself.

Rouse: Well, we'll go ahead while you're gone to get an informal personal report on the private corporate market.

H.M.Jr: If you would. I'll be here tomorrow. Good-night.

R. & S.: Good-night, sir.
March 19, 1941
5:00 p.m.

H.M. Jr: Hello.
Operator: Mr. Young.
H.M. Jr: Hello, Philip.
Philip Young: Yes, sir.
H.M. Jr: Am I going to get any report as to where I stand on this matter?
Y: I don't know what you mean?
H.M. Jr: Well, I was waiting to hear from you as to what happened - what the arrangements are as to your office and my office in regard to - opposite Hopkins.
Y: Right. Well, Oscar and I both wanted to talk to you and we got called down here for the moment, but I can come back and leave Oscar here.
H.M. Jr: Well, how long will it take you?
Y: To come back?
H.M. Jr: Yes.
Y: Oh, just a minute. I'll get a taxi.
H.M. Jr: Well, then because you could ride - I really would like to know.
Y: Right.
H.M. Jr: Who sent for you?
Y: Burns.
H.M. Jr: Well, can you get away?
Y: Yes.
H.M. Jr: Well, supposing you do that.

Y: All right. I'll come back.

H.M. Jr: And then you can ride up with me to the house. I'll be waiting.

Y: Right.
My dear Mr. Houston:

This will be handed you by Mr. B. M. Edwards, President of The South Carolina National Bank, Columbia, S. Car., who has for the time being, as a matter of patriotic duty, consented to serve as a member of my staff in the organization of our program for the sale of Government securities to the public.

I have asked Mr. Edwards, whose official title is Assistant to the Secretary of the Treasury, to attend the Louisville Convention of the American Bankers Association as my representative. He will be prepared to acquaint you and your associates with the details of the Department's plans so far as these have been developed. I will much appreciate any courtesy which you may extend to him.

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

HNG/mff

Mr. F. D. Houston,
President, American Bankers Association.
THE HOUSE HAS PASSED THE LEASE APPROPRIATION BILL.
3/19--WO620P

ADD LEASE BILL PASSED, HOUSE
PASSAGE WAS ON A ROLL CALL VOTE OF 336 TO 55.
8419--WO640P
The President today issued the following Executive Order:

EXECUTIVE ORDER

ESTABLISHMENT OF NATIONAL DEFENSE MEDIATION BOARD

WHEREAS it is essential in the present emergency that employers and employees engaged in production or transportation of materials necessary to national defense shall exert every possible effort to assure that all work necessary for national defense shall proceed without interruption and with all possible speed:

NOW, THEREFORE, by virtue of the authority vested in me by the Constitution and the statutes, and in order to define further certain functions and duties of the Office for Emergency Management of the Executive Office of the President with respect to the national emergency as declared by the President to exist on September 8, 1939, it is hereby ordered as follows:

1. (a) There is hereby created in the Office for Emergency Management, a board to be known as the National Defense Mediation Board (hereinafter referred to as the Board). The Board shall be composed of eleven members to be appointed by the President, of whom three shall be disinterested persons representing the public, four shall be representatives of employees and four shall be representatives of employers. The President shall designate as chairman of the Board one of the members representing the public.

(b) Each member of the Board shall receive necessary traveling expenses, and each member who, during the period of his service on said Board, is not an officer or employee of the United States shall receive in addition thereto $25.00 per diem for subsistence expense on such days as he is performing Board duties. Within the limits of such funds as may be appropriated by Congress or allocated to it by the President, through the Bureau of the Budget, the Office of Production Management shall furnish the Board with necessary experts, assistants, officers, and employees, and make provision for the necessary supplies, facilities, and services.

2. Whenever the Secretary of Labor certifies to the Board that any controversy or dispute has arisen between any employer (or group of employers) and any employees (or organisation of employees) which threatens to burden or obstruct the production or transportation of equipment or materials essential to national defense (excluding any dispute coming within the purview of the Railway Labor Act as amended) and which cannot be adjusted by the commissioners of conciliation of the Department of Labor, the Board is hereby authorized--

(a) To make every reasonable effort to adjust and settle any such controversy or dispute by assisting the parties thereto to negotiate agreements for that purpose;

(b) To afford means for voluntary arbitration with an agreement by the parties thereto to abide by the decision arrived at upon such arbitration, and, when requested by both parties, to designate a person or persons to act as impartial arbitrator or arbitrators of such controversy or dispute;
(c) To assist in establishing, when desired by
the parties, methods for resolving future contro-
versies or disputes between the parties; and to deal
with matters of interest to both parties which may
thereafter arise;

(d) To investigate issues between employers and
employees, and practices and activities thereof, with
respect to such controversy or dispute; conduct hear-
ings, take testimony, make findings of fact, and formu-
late recommendations for the settlement of any such
controversy or dispute; and make public such findings
and recommendations whenever in the judgment of the
Board the interests of industrial peace so require;

(e) To request the National Labor Relations Board,
in any controversy or dispute relating to the appropriate
unit or appropriate representatives to be designated for
purposes of collective bargaining, to expedite as much
as possible the determination of the appropriate unit
or appropriate representatives of the workers.

3. Whenever a controversy or dispute is certified to the
Board, in accordance with section 2, the Chairman, in accordance
with regulations prescribed by the Board, shall designate as a
division of the Board such members as he deems necessary to take
action with respect to such controversy or dispute, and to per-
form in connection therewith any of the duties enumerated in
section 2; provided (a) that no less than three members shall
be assigned to any such division, and (b) that each of the three
groups represented on the Board shall be represented on any such
division.

4. Whenever a controversy or dispute which has not been
certified to it in accordance with section 2 is brought to the
attention of the Board, it shall refer the matter to the Depart-
ment of Labor.

It is hereby declared to be the duty of employers and employees
engaged in production or transportation of materials essential to
national defense to exert every possible effort to settle all their
disputes without any interruption in production or transportation.
In the interest of national defense the parties should give to the
Conciliation Service of the Department of Labor and to the Office
of Production Management (a) notice in writing of any desired
change in existing agreements, wages, or working conditions; (b)
full information as to all developments in labor disputes; and (c)
such sufficient advance notice of any threatened interruptions to
continuous production as will permit exploration of all avenues of
possible settlement of such controversies so as to avoid strikes,
stoppages, or lockouts.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,
March 19, 1941.

The President has appointed the following members of the
National Defense Mediation Board created by the above order:

REPRESENTING THE PUBLIC:

Clarence A. Dykstra of Wisconsin, President of the University of Wisconsin

William Hammatt Davis of New York, Patent Attorney

Frank P. Graham of North Carolina, President of the University of North Carolina

REPRESENTING EMPLOYEES:

George Meany of New York, General Secretary of the American Federation of Labor

George M. Harrison of Ohio, Grand President of the Brotherhood of Railway and Steamship Clerks

Philip Murray of Pennsylvania, Chairman, Steel Workers' Organizing Committee

Thomas Kennedy of Pennsylvania, Secretary-Treasurer United Mine Workers of America

REPRESENTING EMPLOYERS:

Walter C. Teagle of Connecticut, former President Standard Oil Company of New Jersey

Roger D. Lapham of California, President of the American Hawaiian Steamship Company

Eugene Meyer of the District of Columbia, Publisher of the Washington Post

Cyrus Ching of Pennsylvania, Vice-President of the United States Rubber Corporation
Copy to Mr. Bell 3/20.41
March 19, 1941

Dear Henry:

In reply to your letter enclosing memorandum of March 10th from the President, beg to advise that the RFC has been requested by the War Department to buy the following plants:

Tennessee Powder Company, Memphis, Tennessee
Buffalo Arms Corporation, Buffalo, New York
Kelsey-Hayes Wheel Co., Plymouth, Michigan

These aggregate about $46,000,000. We have been prepared to take
them over for several weeks, but there is a good deal of paper
work for the lawyers to do.

We have today given the Tennessee Powder Company a com-
mitment to take over its plant when completed, at cost, which the
Company estimates to be approximately $26,000,000. It is expected
that the plant will be completed about May 15, at which time the
deed will be delivered and money paid.

The others should not require more than thirty days be-
fore definite written commitments can be made. The plants cannot
actually be taken over until the construction is complete and titles
passed.

A few more plants have been discussed, but no requests
have come through for them.

Sincerely yours,

[Administrator]

Honorable Henry Morgenthau, Jr.
Secretary of the Treasury
Washington, D. C.
Copies to:

Mr. Bell
Mr. Cochran
Mr. Foley
Mr. White
Mr. Young

Note: Mr. Young identified the attached as "the lost Kingsley-Wood memo".
March 19, 1941.

Dear Henry:

I just found a copy of the memorandum which has been lost over here.

H. L. H.

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

Enclosure.
I.

The outcome of the Lend and Lease Bill should fully meet British financial requirements at any rate for a year, provided that the President can see his way to interpret it and use his discretion along the following lines:

1) To treat British-type munitions equally with common-type munitions as defence articles within the meaning of the Bill.

Apart from the difficulty of finding sufficient liquid funds to meet payments during the interim period, the anxieties of recent weeks have been mainly due to uncertainty whether British-type munitions would be financed under the Bill (both future payments and the reimbursement of advance payments) as well as American-type munitions, for if British-type munitions are not to be financed under the Bill the British Treasury will be completely in the soup. Yet it is obvious that British-type munitions are articles of defence equally with American-type.

2) To bring within the ambit of the Bill machine tools and components and raw materials such as steel, oil, drop forgings, alloy metals, etc., which are used directly or indirectly for defence purposes, but are also capable of being used for general as well as defence purposes.

Although it is obviously impracticable to follow a particular consignment of e.g. steel or oil through all its processes and movements, the quantities of such materials purchased from the U.S.A. will be far less than the total quantity of these materials used for defence purposes.

3) To transfer to U.S. Government agents as soon as possible after the Bill becomes law all contracts for future delivery falling under the above two headings in respect of which the British Treasury have made advance payments or
have incurred capital expense and to reimburse such payments to the British Treasury in cash, these transfers to cover British-type munitions as well as common-type.

It is estimated that such reimbursements might amount to $550 millions in respect of the American-type munitions and $170 millions in respect of British-type munitions.

With these reimbursements it is estimated that, after allowing for sales of securities, the Treasury should be able to meet foreseeable dollar needs throughout the world, apart from those of which they hope to be relieved by the Lend and Lease Bill, for a period of about a year, and to restore the minimum working balance of $600 millions required to meet contingencies everywhere. This is a necessary minimum for they have no other liquid exchange resources.

II.

Some further provision (which so far as can be seen at present should be in the neighborhood of $300 millions) would be necessary if the British Treasury are to be in a position to maintain their minimum working balance and to meet their gold and dollar commitments after the end of a year. The two following suggestions deserve consideration:

(i) That the Bill should be interpreted as covering such war necessaries as agricultural and forestry products purchased in the United States, as well as agricultural tractor and machinery and fertilizers.

(ii) That the Bill should be retrospective so as to apply (to take the easiest case) to any American-type munitions of which delivery has been accepted before the passage of the Bill, whereas under present arrangements even American-type munitions will have to be financed out of the free British resources in every case in which delivery has been accepted before the Bill becomes law.
March 19, 1941.

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Secretary of State,

Washington.

1083, nineteenth.

FOR THE TREASURY FROM BUTTERWORTH.

The Chancellor of the Exchequer's recent acceptance of an amendment to the Consolidated Loan Bill which reduced the maximum interest at which the Government may borrow from 5 per cent to 3 per cent, evoked little comment. Nevertheless, his last night's reply to a Parliamentary question in which he announced the first war-time relaxation of the ban on conversions of municipal loans, arises out of this transformation from a de facto to a de jure cheap money system. There has been agitation for the removal of this municipal ban ever since the outbreak of war when the Government announced that conversions of local Government authorities' loans would not for the time being be permitted. Now the conversions of any such loans paying more than 4 per cent will be permitted on terms to be approved by the British Treasury.
2-2-1982, March 19, from London

There are outstanding some £32 million carrying the option to repay from last and this year, over £12 million of which pay interest at 6 percent. Significantly also this announcement follows closely on the cash repayment of £14 million of London County Council 5 percent 1940-60 stock, a factor which obviously materially reduced the total amount covered by such a step. This morning's press does not, in any instance, connect yesterday's announcement with the amendment of the Consolidated Loan Bill, regarding it as indicative of the comfortable conditions in the Government securities market and of there being no need for the Government to launch a big loan in the near future. It is also noted in the two London financial dailies that the step is not unlikely to be followed by similar conversion concessions to Dominion and Colonial Governments who have some £40 million convertible stocks outstanding at high rates of interest.

Sir Kingsley Wood stated that in order to reduce to a minimum interference with the Government's borrowing operations, a public works loans bill will be introduced giving powers to the British Treasury to make loans to local governments out of the local loans fund up to the amount required to repay any unconverted stock resulting from the conversion operations. This is obviously designed as a safeguard against any new cash being taken from the
3- 1082, March 19, from London

the market. In reply to a supplementary question as to whether the minimum rate of 4 percent is to be applicable to all local Government bodies, whatever the rate at which they have been able to borrow, the Chancellor of the Exchequer said: "Yes, but I must take the higher interest loans first and see how I get on with them".

WINANT

ALC
<table>
<thead>
<tr>
<th align="left">Stocks: Hurricanes; Spitfires; Wellingtons; Blenheims; Whitley and Hampden</th>
</tr>
</thead>
<tbody>
<tr>
<td align="left">B. Pilots - Strength in RAF</td>
</tr>
<tr>
<td align="left">C. Awaiting Repairs and Inspection</td>
</tr>
</tbody>
</table>
Confidential 

March 19, 1941.

Dear Henry:

I attach an up-to-date schedule of the "air" figures.

Yours sincerely,

[Signature]

The Honourable
Henry Morgenthau, Jr.,
Secretary of the Treasury,
Washington, D. C.
<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 10</td>
<td>3,209</td>
<td>3,101</td>
<td>1,874</td>
</tr>
<tr>
<td>Sept. 27</td>
<td>3,735</td>
<td>4,149</td>
<td>1,882</td>
</tr>
<tr>
<td>Nov. 29</td>
<td>4,185</td>
<td>4,298</td>
<td></td>
</tr>
<tr>
<td>Dec. 31</td>
<td>5,004</td>
<td>4,586</td>
<td>1,804</td>
</tr>
<tr>
<td>1941</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Jan. 31</td>
<td>5,477</td>
<td>4,630</td>
<td>1,815</td>
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<tr>
<td>Feb. 28</td>
<td>6,239</td>
<td>4,528</td>
<td>1,762</td>
</tr>
</tbody>
</table>
CONFIDENTIAL

(To Keep You Posted)

March 19, 1941

To: The Secretary
From: Mr. Young

Re: British Aircraft Shipments

Attached herewith is the latest statement of aircraft shipped to the United Kingdom and other points. This statement gives figures showing the number of planes which have been received at the assembly points during this last week.
## STATEMENT NO. 6

**STATEMENT OF AIRCRAFT SHIPPED TO U. K. & OVERSEAS COMMANDS**

<table>
<thead>
<tr>
<th>Type</th>
<th>Destination</th>
<th>Assembly Point</th>
<th>By Sea during week ending Feb. 22/41</th>
<th>By Air during week ending Mar. 15/41</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Douglas</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boston II</td>
<td>U. K.</td>
<td>U. K.</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td><strong>Lockheed</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hudson III</td>
<td>U. K.</td>
<td>U. K.</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>U. K.</td>
<td>U. K.</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>(via Gander)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hudson IV</td>
<td>U. K.</td>
<td>U. K.</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td><strong>Glenn Martin</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maryland I</td>
<td>S. Afr.</td>
<td>Capetown</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td><strong>Consolidated</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P.B.Y.</td>
<td>U. K.</td>
<td>U. K.</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>(via Bermuda)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liberator-B24</td>
<td>U. K.</td>
<td>U. K.</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>(via Gander)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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*British Air Commission
March 17, 1941*
MEMORANDUM

To: Harry Hopkins
From: Oscar Cox and Philip Young
Subject: Effective Aircraft Aid to Britain Within the Next 120 Days.

For further exploration and action, you may wish to consider the following:

1. Boeing B17D Long-Range Bombers

Deliveries to the Army of the B17D bombers are scheduled as follows:

- 8 in March
- 12 in April
- 15 in May.

The present production calls for the Norden bomb sight to be installed in the planes.

These bombers can, of course, be flown abroad.

It may be that some of these bombers can and should be allocated to Britain.
If this is done, there are three alternatives on the handling of the bomb sight:

(a) They may be delivered to the British intact with the Norden sight installed.

The traditional argument for not doing this is that the Norden sights are especially usable in the bombardment of ships, and to use them on a land plane, such as Bl7D, would be taking too many risks of disclosing its secret to the Germans without any particular compensating advantages, since the Sperry sight will presumably do as well for land bombardment. It may be well to reconsider this problem at this time.

(b) They may be delivered to the British for conversion to the Sperry instead of the Norden sight. This had been done with respect to the Bl7C's--an earlier model.

(c) Arrangements can be made with Boeing before the production is advanced too far to install
the Sperry instead of the Norden sight for planes contemplated for delivery to Britain.

(d) Methods set forth in (b) and (c) can be combined so that some of the planes are delivered with the Norden sight, which is to be ripped out and have the Sperry sight put in to replace it, and some of those scheduled for later delivery have the Sperry sight installed in the process of production.

If some of these planes are made available to the British, it would doubtless be of great assistance to them if any of the following alternatives could be carried out:

(a) Have the United States deliver the planes to Newfoundland, to be picked up there by the British for delivery to England.

(b) Have some of the planes delivered to Bermuda, and then picked up by the British for delivery to England.
(c) Have some of the planes delivered to Hawaii, and then picked up by the British for delivery to Singapore.

(d) Have some of the planes delivered direct to England and to Singapore.

2.

**Boeing Bl7E Long-Range Bombers**

Deliveries on this model start in July. At the present time, deliveries of these planes are scheduled as follows:

- 7 in July
- 11 in August
- 15 in September
- 18 in October.

The same problems and the same alternatives that are presented in connection with the Bl7D are presented here, with the exception that the deliveries are to come later than those of the Bl7D.

3.

**Consolidated B24E Long-Range Bombers**

These planes are being delivered now to the British.

One way in which effective aid can be given to Britain
in connection with these planes is to increase the training of the crews necessary to ferry these planes abroad or to operate them in combat. It is conceivable that by the use of the United States Government fields and personnel—which would first have to be trained—the training of the British crews could be speeded up.

It is also possible that effective aid could be given by the delivery by the United States Government of these planes to Newfoundland, Bermuda, England, or Singapore.

4.

Consolidated B24C Long-Range Bombers

The first delivery of these planes starts in September, 1941.

None of these has, as yet, been officially allocated to Britain. It may be that all or part of these should go to Britain, particularly if none of the Boeing B17E's is allocated to Britain.

5.

Martin B26 Light Heavy-Weight Bombers

Deliveries of this model are scheduled as follows:
14 in March
32 in April
44 in May
50 in June
50 in July.

Deliveries of the new version of this plane, the B26A,
are scheduled for August, and thereafter.

By the use of additional fuel tanks, these planes can
be flight delivered to England. It is not a very difficult
task to install these additional tanks.

None of these planes has as yet been officially allocated
to Britain. Even if the allocation were fifty-fifty, it
would be of immediate and effective assistance to Britain.

6.

North American B25 Medium Bombers

Deliveries on this plane are scheduled as follows:

10 in March
22 in April
21 in May
22 in June
22 in July
41 in August
38 in September
44 in October
48 in November
78 to 84 per month from then
on to August, 1942.

None of these planes has been officially allocated to Britain.
Here again, with additional tanks, these planes can be flight delivered to England.

Some allocation of them to Britain would be of immediate and effective help.

7.

**Fighter Ships**

Many of the fighter ships are presently destined for Africa. Consideration may well be given to the use of aircraft carriers to get these planes to the closest point from which they can be flight delivered to their ultimate destination. In the alternative, they might be delivered to such a place as Bathurst, which is below Dakar.

8.

**Getting Planes in England into the Air**

There are many airplanes in England which can not be effectively put into the air because they lack propellers, spare parts, etc.

The British are submitting a deficiency list on these items. To the extent that these deficiencies can be met, it will mean that many planes can be quickly put into operation.

OSC: djb - 3/19/41.
Typed: djb - 3/19/41.
March 19, 1941

My dear Mr. Ambassador:

Now that the Lend-Lease law has begun to operate, I should like to send you a personal word of appreciation.

You already know, I suppose, that I am no longer advising and assisting your Government in its purchases here. Mr. Harry Hopkins has now taken over this work, and will, I know, do everything possible to be helpful to you.

During all of these busy months it has been a real satisfaction to me to feel that I was doing something, however small, to be of assistance to your brave country. Your own cooperation helped greatly in making my part of the task easier. I should just like you to know at this time that you will have my deep respect and regard, and my best wishes always.

Yours sincerely,

(Signed) H. Morgenthau, Jr.

His Excellency
Dr. Hu Shih,
Ambassador of China.

Copy to Philip Young
March 19, 1941

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The Honorable
Simon P. Diamantopoulos,
Minister of Greece.

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March 10, 1941

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Copy to Philip Young
Registered sterling transactions of the reporting banks were as follows:

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Open market sterling held steady at 4.03-1/2. Transactions of the reporting banks were as follows:

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<td>commercial concerns</td>
<td></td>
</tr>
</tbody>
</table>

Further improvement took place in the Cuban peso, which was quoted at a discount of 4-15/16% this afternoon. This is the best rate that has been quoted for that currency since June 1939, and the current strength reportedly reflects the seasonal movement of Cuban sugar to this country.

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

- **Canadian dollar**: 15-1/16% discount
- **Swiss franc (commercial)**: .2322
- **Swedish krona**: .2385
- **Reichsmark**: .4005
- **Lira**: .0505
- **Argentine peso (free)**: .2315
- **Brazilian milreis (free)**: .0505
- **Mexican peso**: .2066

In Shanghai, the yuan was quoted at 5-13/32¢, off 1/32¢, and sterling was 1-1/2¢ lower at 3.91-1/2.

No new gold engagements were reported. We made no purchases or sales of gold.

We were informed today that the gold price quoted in the Bombay market at the end of last week was equivalent to $35.44, or about 24¢ higher than the price quoted two weeks ago. Silver was equivalent to 45.07¢, compared with 44.87¢ as of February 7.

In London, spot silver was unchanged at 23-1/2d. Forward silver was also quoted at 23-1/2d, up 1/16d. The U.S. equivalent of this price is 42.67¢.
Handy and Harman's settlement price for foreign silver was unchanged at 35-3/4¢. The Treasury's purchase price for foreign silver was also unchanged at 35¢.

We made one purchase of silver amounting to 50,000 ounces under the Silver Purchase Act. This consisted of new production from foreign countries, for forward delivery.
19th March, 1941.

Dear Mr. Secretary,

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

Believe me,

Dear Mr. Secretary,

Very sincerely yours,

[Signature]

The Honourable
Henry Morgenthau, Jr.,
United States Treasury,
Washington, D.C.
1. **VOLK Deviation from London March 17, 1945.**

2. **Part of Race Track Open Southern Portion.**

3. British troops landed each side of Ciphertext.

4. "*" 100 prisoners were captured.

5. British forces landed again after the 14th.

6. "*" 100 prisoners were also captured.

7. Allied vessels reportedly attacked by "*" fire.

8. Allied forces were attacked by "*" fire.

9. "*" action was reported.

10. "*" action was reported.

---

**WARNING**

Aircrews destroyed on the ground.

Aerodrome at Korat and Valen were bombed on March 15th. A petrol dump was set on fire and four aircraft destroyed on the ground.

---

**ROYAL AIR FORCE**

**42nd Wing**

**8.** Operations continue.

---

**ARMADA.**

**Italian offensive appears broken.**

---

**BRITISH**

**CIVILIAN** morale at Athens is good; less satisfactory in Salonica. Large number of refugees moving.

---

**ARMADA.**

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**BRITISH**

**OF MARSHAL 14/15th.**

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**ATTACK** on March 15th, attacks were launched against town. A peak 3 miles west of the town was attacked and a footing gained on the heights. A mine on the town was captured and a footing gained on the heights. 26 mines south-west of town. Strong enemy resistance encountered.

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**ADDITION** to American formations.

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3 aircraft on the ground.

11. GERMAN AIR FORCE. March 16th. Very slight activity.

12. Night of Mar. 16/17th. About 156 enemy aircraft operating. One crashed near Salisbury and another was damaged by our fighters.

13. HOME SECURITY. Night of Mar. 16/17th. Main attack was upon Bristol area. Several fires started all under control by 5 a.m. Large number of gas mains broken and supplies may be considerably reduced for a period. Damage to several water mains some of them large. Very little serious damage to electrical services. No damage to important factories reported except to some plant and buildings at the National Smelting Works at Avonmouth.

14. CORRECTION. Telegram of March 15 paragraph 12. For figure "250,000" read "25,000".
RESTRICTED

0-2/2657-220
No. 343

SITUATION REPORT

I. Western Theater of War.

Air: German. A heavy attack was made last night on Hull and the Humber region. Many of the planes participating flew over the London area and dropped bombs en route.

British. Normal offensive activity concentrating on Kiel, Wilhelmshaven and oil storage at Rotterdam.

II. Balkan Theater of War.

Ground: Bulgaria. No change.

Albania. Local actions.

Air: No reports of activity.

III. Mediterranean and African Theaters of War.

Ground: Eritrea. Italian counter-attacks reported repulsed by the British near Cheren.

Libya. Another attack on the Jarabub oasis is reported repulsed by the Italians.

Ethiopia. The British announce the capture on March 17th of Giggiga which is only 70 miles from the key railroad which links Addis Ababa with the seacoast of Djibouti.

Air: Minor activity throughout the theater.

Note: This military situation report is issued by the Military Intelligence Division, General Staff. In view of the occasional inclusion of political information and of opinion it is classified as Restricted.

REGRADING UCLASSIFIED
London, 11:15 19:00, March 19, 1941.

1. On Tuesday, March 18, British planes carried out raids on German merchant shipping along the coast of Denmark and Holland. The success of these missions has not yet been reported. During the preceding night small formations of British planes carried out raids on the harbor facilities of Helvior and Haak. In addition, 16 British bombers were used in attacks on concentrations of German manufacturing establishments at Rotterdam, Bruns, and Wilhelmshaven.

2. During the night of March 18-19 an alert was in effect in London all night long. German attacks were widely scattered and very heavy during this night. The most severe were directed against the airfields at Hull and Scarborough but raids were carried out all over the area bounded by Middlesbrough, the Isle of Wight, and the east coast. The extent of the damage done has not yet been reported. During the preceding day 29 German planes (20 fighters and 9 bombers) were plotted over the British Isles. A few of them were active over Dover, Norfolk, Essex, and Suffolk, but the majority of them attacked targets in Sussex and Kent. The British shot down one of the fighter planes and one of the bombers. In addition, German aircraft carried out reconnaissance on British coastal shipping and maintained large defensive patrols over the Dover Straits.

3. R.A.F. operations in Middle Eastern theatre were as follows: In Britain two grounded Italian planes were destroyed and bombs were dropped in the Axis-Soviet region; in Libya British bombers attacked the harbor at
4. German air activities in Middle East air theatre consisted of an attack on the airfield at Teima, Greece, and patrols over Malta.

5. The British War Office has information indicating that Lieutenant General Bundo is in command of the German African Forces. Approximately 150 German airplanes of all types have been identified by the British in Ethiopia. German land forces in this area which have been definitely identified are one complete light armed division and a considerable part of one regular armed division. It is the opinion of the British War Office that Germany hopes to bring the strength of this force up to four or five divisions.

6. As a result of German raids on Alexandria during the past few days severe damage has been inflicted on two important munitions plants.

7. The German cruiser of the Scharnhorst class which has been observed at Brest off and on for a number of weeks is no longer there.

8. A German convoy boat was sunk as a result of an attack by British airplanes off the Frician Islands.

9. On March 17 German aircrafts carried out an attack on three British convoys in the Thames Estuary. Some damage was inflicted on one of the vessels.

10. During the week ending March 19 a total of 43 British merchant vessels were lost. The total tonnage of the vessels lost was 90,073. These losses were heavier than the weekly average of losses since the war began. However they were less than those of the week before during which 26 ships totalling about 141,000 tons were lost.

DISTRIBUTION: Secretary of War

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<tr>
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