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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS
Friday, March 27, 1942.

The Secretary of the Treasury, by this public notice, invites tenders for 150,000,000, or thereabouts, of 78-day Treasury bills, to be issued on a discount basis under competitive bidding. The bills of this series will be dated April 1, 1942, and will mature June 18, 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 war time, Monday, March 30, 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 April 1, 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

(over)

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.

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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.

Two X's
VIA Nogales
PHONE-LONG DISTANCE
RANCHO DE LA OSA
TUCSON, ARIZONA

straight
RANCHO DE LA OSA
SASABE, ARIZONA

6C-2
Phoned to Nogales
Customs (588) for
immediate TWA
transmission to
WA 168

NO 588

WA 168

Wan Bell

Please arrange to have President

American Bankers plus ~~at~~ ~~Storica~~
of A.B.A.

the secretary, ~~and~~ and any body else
they wish to bring in Washington
next Tuesday prepared to discuss
ways and means of selling government
Treasury securities through the banks
to businesses with so called idle
idle funds. ~~agreed~~ K.M.J.

also invite B. M. Edwards
if you think he can be
helpful. ~~in~~

TOD
(to Smith)
Nogales 588
for T-to WA 168
5/27/48

5-20-0

C O P Y

T WA 168 TREASURY COMMUNICATIONS

1942 MAR 27 PM 1 23

CUSTOMS PATROL NOGALES ARIZONA

THE FOLLOWING MESSAGE WAS TELEPHONED TO THIS OFFICE FOR TRANSMISSION
BY TELETYPE TO DANIEL W BELL OF THE TREASURY DEPARTMENT

PLEASE ARRANGE TO HAVE PRESIDENT OF AMERICAN BANKERS PLUS THE SECRETARY
OF A. B. A. AND ANYBODY ELSE THEY WISH TO BRING, IN WASHINGTON NEXT
TUESDAY PREPARED TO DISCUSS WAYS AND MEANS OF SELLING TREASURY SECURITIES
THRU BANKS TO BUSINESSES WITH SO CALLED IDLE FUNDS. ALSO INVITE
E. M. EDWARDS IF YOU THINK HE CAN BE HELPFUL.

HENRY MORGENTHAU JR.



THE UNDER SECRETARY OF THE TREASURY
WASHINGTON

March 27, 1942

MEMORANDUM FOR THE FILES:

Mr. Burt, assistant to Mr. J. Wilson Jones of the Federal Reserve Bank in New York, telephoned me the following information concerning the corporations referred to in the Secretary's telegram of March 26.

Phelps Dodge Corporation - The gentleman with whom Mr. Burt talked in this corporation does not know of any complaint from his plant in Arizona. He said that out of 9,000 employees in 22 plants and mines, 2,000 have joined the pay roll allotment plan. He is interested in the whole scheme and is now considering becoming an issuing agent. He promised to let the Federal Reserve Bank know his decision within the course of the next few days or so.

Magma Copper Corporation - The Secretary's telegram gave this name as "Inspiration Magma Corporation." No such name could be found but it is assumed that the above mentioned corporation is the one the Secretary had in mind. This concern has a pay roll plan and they employ about 1100 in the Arizona mine. The gentleman with whom Mr. Burt talked does not know of any complaint but he is writing to his General Manager asking for a report on the whole setup. He is also suggesting to the General Manager at the Arizona plant that the company become an issuing agent.

Inspiration Consolidated Copper Corporation - The Secretary did not mention this company, but in view of the fact that the word "Inspiration" tied up with the Magma Copper Corporation, it is assumed that he may have had this company also in mind. This company employees approximately 1500 people in Arizona. The gentlemen with whom Mr. Burt spoke did not know if they had a pay roll allotment plan but he is writing to find out. He will also ascertain if they want to become an issuing agent.

American Smelting & Refining Company - This firm has 3,000 employees in Arizona. They have not received any complaints about issuing Savings Bonds. When the company's representative was first approached on this subject today he was very antagonistic to the whole scheme, but at the end of the conference he had quieted down and asked to be furnished with a set of the forms.

FOR DEFENSE



BUY
UNITED
STATES
SAVINGS
BONDS
AND STAMPS

- 2 -

I was advised by the Federal Reserve of New York that Mr. Sproul has been working on this company since January and he has not been able to get any promise that they would become an issuing agent or that they would adopt the pay roll allotment plan. While the company representative did not promise anything, the gentleman who interviewed him received the impression that they would write to their General Manager in Arizona for a report on the whole situation.



THE UNDER SECRETARY OF THE TREASURY

WASHINGTON

March 27, 1942

MEMORANDUM FOR THE FILES

I talked this morning to Mr. Taylor, First Vice President of the Valley National Bank at Phoenix, Arizona, regarding the designation of his other 17 branches as issuing agents.

He told me that these branches are in small towns, mostly mining camps, and he does not feel that the safekeeping facilities of those banks are such as to permit them to keep a stock of savings bonds on hand. He also said that the personnel is inadequate and untrained for this purpose. In many places they only have two people and they could not handle this work as efficiently as it is now being handled from the head office and the other two branches.

He said they have been watching the situation right along and they have felt that they were covering the territory very well. All of these branches take applications and send them either to the head office or to one of the other two branches and receive their bonds within a period of two or three days. Also, the Post Offices are issuing bonds in this territory.

I asked him about the State Committee. He said it was quite active, that one of their directors was on the Committee and he had been doing quite a bit of work for the Committee.

He said, however, that he would take another look at the situation to see if any of the branches could be made issuing agents with safety. He would also talk to some of the Committee and have some of them consider this matter.

FOR DEFENSE



swf3



THE UNDER SECRETARY OF THE TREASURY
WASHINGTON

March 27, 1942

MEMORANDUM FOR THE FILES:

Referring to the Secretary's telegram of March 26 regarding the Valley National Bank of Phoenix, Arizona, Mr. Lee of that bank called me this afternoon and furnished me the following information, in addition to that furnished by Mr. Taylor this morning.

Mr. Lee said that he was quite disturbed about the criticism of his bank in furnishing facilities for the purchase of Savings Bonds. He thought he was acquainted with the source of the information which the Secretary had received; he assumed that it came from a Mr. Rawline who is connected with the Phelps Dodge Corporation, and who professes to be a very public-spirited individual but does very little for the public. He stated he was quite certain that his bank had met all the requirements of the districts which it and its branches represent, that the branches, outside of the two which are issuing agents, are nothing more than change centers, have no facilities for issuing bonds, and insufficient personnel. Mr. Rawlins has tried on a number of occasions to get the banks located in the city where the Phelps Dodge Corporation is located to issue bonds on pay day. It would be a physical impossibility for that branch to issue bonds on that day and in all probability customers would have to wait longer for their securities than they do now when buying them through the head office and the two branches. Mr. Lee also stated that his bank has spent a great deal on advertising, newspapers, billboards, the radio, and by writing letters in the interest of the savings bond program, and they are cooperating with the Post Offices. In all of these cases where the small branches are located there is a Post Office selling bonds and in a few of the places the Post Office has asked the branches to send their applications to them for the issuance of the bonds. He assumes that they would like to get the credit for the issuance and they are cooperating in that with the Post Office. Mr. Lee promised to send me copies of the letters which he has written in this matter.

FOR DEFENSE



sub B

March 27, 1942

TO: HAROLD N. GRAVES ^g

SUBJECT: PROGRESS REPORT FROM DEFENSE SAVINGS STAFF

PLEDGE CAMPAIGN

The dates set for starting the Pledge Campaign in the various states follows:

Oklahoma	Now going on	Nebraska	April 15
Oregon	Now going on	Pennsylvania	April 16
Iowa	Now going on	Florida	April 17
Montana	Now going on	Vermont	April 19
Colorado	April 6	Massachusetts	April 20
Idaho	April 6	Washington	April 22
Kansas	April 6	N. Carolina	April 22
Wyoming	April 6	N. California	April 22
Virginia	April 6	S. California	April 22
Utah	April 6	Indiana	April 27
New Mexico	April 6	Connecticut	May 1
South Carolina	April 7	Georgia	May 3
South Dakota	April 13	Maryland	May 4
Nevada	April 13	Illinois	- Date undecided

The American Legion has printed and distributed an 8-page folder containing instructions to Post Commanders concerning cooperation in the Pledge Campaign. One of the pages contains a joint report form to be signed by the Post Commander and by the Local Chairman of the Defense Savings Staff in which the Commander pledges

EWB
3/30/42

PLEDGE CAMPAIGN (Continued)

cooperation and the Local Defense Savings Chairman also signs to indicate acknowledgment. Post Commanders are instructed to call on our Local Chairmen and offer full cooperation. (Copy of Legion folder attached.)

Regional Division of States

The regional division of states has been divided as follows:

Pacific Coast Region

Washington
Northern California
Southern California
Oregon
Texas

Mountain Region

Idaho Nevada
Arizona Wyoming
Colorado North Dakota
Montana South Dakota
New Mexico Utah

Midwest Region

Ohio Iowa
Indiana Kansas
Illinois Minnesota
Michigan Nebraska
Wisconsin

Northeastern Region

Connecticut New Jersey
Delaware New York
Maine Rhode Island
New Hampshire Pennsylvania
Vermont Massachusetts.

Remaining States

Louisiana	Tennessee	Alabama
Florida	Oklahoma	Arkansas
Mississippi	Kentucky	Georgia
Maryland	Virginia	West Virginia
North Carolina	South Carolina	District of Columbia

PAYROLL SAVINGS

The Payroll Savings Plan has been installed by 47,929 concerns throughout the nation, as of March 21. Sixty-one per cent of the 30,400,000 employees in private business concerns are now able to purchase Savings Bonds through the

PAYROLL SAVINGS (Continued)

Plan, and it is also available to 31 per cent of the 4,400,000 employees of Federal, State and local governments.

Installation of the Plan by the War Department was announced this week, making Bond purchases available to the approximately 2,500,000 men in the Army, and for 500,000 civilian employees of the War Department.

CHANGE IN NAME

A comprehensive plan for publicizing War Savings Bonds and War Savings Stamps at the time of the change in name through Press and Radio was developed this week. A copy of this plan is attached.

BUSINESS PUBLICATIONS

For the use of those publishers who feel that Payroll Savings promotion is not particularly applicable to their readers -- chiefly magazines in the professional fields such as dentistry, medicine, architecture, etc. -- a special advertisement has been prepared. It is headed "Fighter Planes Like This Cost \$55,000 each". Proof of this advertisement attached.

Reports already have been received from 545 business publications that they are using our advertising release No. 3. The total circulation of these publications is 3,998,814.

COMPANY PUBLICATIONS

Plans for Defense Savings participation in the National Council of Industrial Editors Association's Convention in Chicago from May 14 to May 17 were discussed at a meeting with Merrick Jackson, Chairman of our House Publications Committee. Plans were devised to provide for increased emphasis in our copy of the part that women play in war industry.

MAGAZINES

THE SATURDAY EVENING POST and THE COUNTRY GENTLEMAN are currently publishing advertisements about the bond buying activities of American citizens. Further advertisements, along this line, are scheduled for future issues, through arrangements made with the Curtis Publishing Company by the Business Publications section. (Copies attached.)

Attached are examples of Savings Bond mentions in various "pulp" magazines. The current copies attached are published by one concern and have a total circulation in excess of 2,000,000. These are the first results of an intensified campaign covering this phase of popular publications, and is being carried forward rapidly to embrace the entire field of adventure and detective magazines. Total circulation in this field exceeds 10,000,000.

Attached is a copy of cover of the May issue of LADIES HOME JOURNAL.

SPECIAL

Attached is a broadside from the Harper Standard Engraving Company of Dallas, Texas, showing the potential use of Bond and Stamp slogans in connection with political advertising. The Company is forwarding additional copies of this broadside for distribution to the major engraving companies throughout the country.

JANUARY BOND SALES

An analysis of sales of Series E Bonds in January, with chart showing total sales, May through January, is attached.

PRESS

A detailed plan to intensify our coverage on the principal news wire and feature services was started this week.

Invitations were sent to 50 distinguished authors and outstanding personalities asking them to submit articles which we will syndicate nationally.

We have made arrangements with the news editors of INTERNATIONAL NEWS SERVICE, UNITED PRESS and ASSOCIATED PRESS, and also of NEA (National Editorial Association) to use this medium on a continuing basis.

Attached is an editorial from the Washington Daily News which appeared in all Scripps Howard Newspapers, which presents, in detail, arguments against the use of paid advertising by the Treasury and other Government departments in

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PRESS (Continued)

in promoting the sale of Defense Bonds and Stamps.

RELIGIOUS PRESS

A Church Press Advisory Committee was formed this week, and the first meeting held in Washington. Members of this Committee are John L. Fortson, Public Relations Director of the Federal Council of Churches in America; Bernard Postal, President of the American Jewish Press Club and Editor of B'NAI B'RITH; and Donald T. Sheehan, Director of Public Relations for the National Catholic Welfare Conference.

Plans were worked out for increase in the amount of material which church publications can use. Several mailings have already been made to 250 Catholic publications, with a total circulation of 7,000,000; to 300 Protestant publications, with a total circulation of 15,000,000; and to 75 Jewish publications, with a total circulation of 5,000,000.

A second meeting of the Church Press Advisory Committee will be held in Washington on April 1.

RADIO

Coast to coast broadcasts were made several times daily by 41 nationally known figures, who appeared as Minute Men over all networks. (The more prominent of these are listed in an attachment with this report.)

PRESS (Continued)

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RADIO

Coast to coast broadcasts were made several times daily by 41 nationally known figures, who appeared as Minute Men over all networks. (The more prominent of these are listed in an attachment with this report.)

RADIO (Continued)

Junior Minute Men are appearing regularly on women's programs. Currently, they are scheduled on the following well known broadcasts:

1. "Let's Pretend", CBS, coast-to-coast,
11:30 A. M. Saturdays
2. Mary Martha McBride, NBC, Red
1:00 - 1:30 P. M. Fridays
3. Alma Kitchell's "Brief Case", NBC, Blue
2:15 P.M. Wednesday
4. Nick Kenny's program, WMCA, 11:30 AM, Saturdays.

Forty-three sponsors have announced their adoption of the Payroll Savings Plan to date, and have urged universal adoption by all listeners on fifty-three coast-to-coast network broadcasts.

A complete list of programs making these appeals is attached.

All of the nation's 868 stations now have adopted the Payroll Savings Plan for their employees, and of these, 317 report 100 per cent membership.

A portfolio detailing the cooperation given Defense Savings by the William J. Wrigley Jr. Chewing Gum Company through its radio program is attached.

RETAILERS

Approximately 400 retailers from the Middle West and the East will attend a Clinic at the Hotel Sherman in Chicago on Monday, May 4. This meeting was originally scheduled for April 3.

RADIO (Continued)

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Approximately 400 retailers from the Middle West and the East will attend a Clinic at the Hotel Sherman in Chicago on Monday, May 4. This meeting was originally scheduled for April 3.

RETAILERS (Continued)

In May an intensive campaign to sell Stamps to the retail public will be undertaken by both chain and independent drug stores throughout the nation. Wholesalers and manufacturers also will take part in this campaign.

NEWSREELS

The Defense Savings Newsreel crews operated this week in Alabama, California, Louisiana, Massachusetts, Ohio and Oregon. A copy of the Defense Savings Staff's latest newsreel release is attached.

ENTERTAINMENT

The Lucy Monroe Songfest at Jacksonville, Florida will be held in Municipal Stadium on Saturday, March 28. An audience of 25,000 is anticipated, with all local civic organizations participating.

Sally Payne, Republic Pictures Western singing star, on Wednesday, March 18, appeared in Cutbank, Montana to help initiate the local Pledge Campaign.

Simone Simon appeared at Syracuse, New York, at a rally on Monday, March 22; at a Victory Banquet the same night she sold approximately \$10,000 worth of Bonds by sitting at tables where table holders had first bought Bonds.

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VICTORY HOUSES

A Victory House opened in Reading, Pennsylvania, on Friday, March 27, with Ray Bolger, stage and screen dancing star and comedian, serving as Master of Ceremonies. A crowd of 20,000 attended opening day exercises. A civic banquet and a large afternoon parade were features of the opening day celebration.

Baltimore will have a Victory House soon. It will be built and maintained by the City of Baltimore.

CONFIDENTIAL

Daily changes in the stock of Series E savings bonds on hand 1/

(In thousands of pieces)

	: Number of : pieces sold : this day	: Number of pieces : manufactured : this day	: Stock on hand : at close of : day	: IBM : deliveries : this day
March 16	271	300	26,413	-
17	144	300	26,569	-
18	148	300	26,721	650
19	160	300	26,861	-
20	259	300	26,902	600
21	162	none-closed	26,740	-
22	none-closed	none-closed	26,740	-
23	312	300	26,728	-
24	129	300	26,899	750
25	186	300	27,013	-
26	211	300	27,102	-

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

March 27, 1942

1/ Includes stock in hands of (1) Federal Reserve Banks and branches, (2) Post offices,
(3) Federal Reserve Bank issuing agents, and (4) Treasury vaults in Washington.

UNITED STATES SAVINGS BONDS

Comparative Statement of Sales During
First Twenty-two Business Days of March, February and January 1942
(March 1-26, February 1-26, January 1-26)
On Basis of Issue Price

(Amounts in thousands of dollars)

Item	Sales			Amount of Increase or Decrease (-)		Percentage of Increase or Decrease (-)	
	March	February	January	March	February	March	February
				over February	over January	over February	over January
Series E - Post Offices	\$ 74,221	\$ 80,985	\$135,523	-\$ 6,764	-\$ 54,538	- 8.4%	- 40.2%
Series E - Banks	<u>218,123</u>	<u>287,297</u>	<u>428,497</u>	- <u>69,174</u>	- <u>141,200</u>	- <u>24.1</u>	- <u>33.0</u>
Series E - Total	292,344	368,282	564,021	- 75,938	- 195,739	- 20.6	- 34.7
Series F - Banks	35,839	48,723	62,065	- 12,884	- 13,342	- 26.4	- 21.5
Series G - Banks	<u>156,998</u>	<u>235,462</u>	<u>238,530</u>	- <u>78,464</u>	- <u>3,068</u>	- <u>33.3</u>	- <u>1.3</u>
Total	<u>\$485,181</u>	<u>\$652,466</u>	<u>\$864,616</u>	<u>-\$167,285</u>	<u>-\$212,150</u>	- <u>25.6%</u>	- <u>24.5%</u>

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

March 27, 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 - March, 1942

On Basis of Issue Price

(In thousands of dollars)

Date	Post Office Bond Sales Series E	Bank Bond Sales				All Bond Sales			
		Series E	Series F	Series G	Total	Series E	Series F	Series G	Total
March 1942									
2	\$ 5,811	\$ 15,868	\$ 2,043	\$ 8,726	\$ 26,636	\$ 21,678	\$ 2,043	\$ 8,726	\$ 32,447
3	2,975	8,459	1,629	8,780	18,868	11,434	1,629	8,780	21,843
4	3,395	8,833	2,658	12,558	24,048	12,228	2,658	12,558	27,443
5	3,869	10,448	1,680	11,870	23,998	14,317	1,680	11,870	27,867
6	4,179	10,696	1,759	10,825	23,279	14,875	1,759	10,825	27,458
7	3,480	11,586	1,586	6,328	19,499	15,066	1,586	6,328	22,979
9	4,967	18,636	3,944	8,488	31,068	23,604	3,944	8,488	36,035
10	2,804	5,719	1,365	4,162	11,246	8,523	1,365	4,162	14,050
11	3,156	10,002	1,533	7,287	18,823	13,158	1,533	7,287	21,979
12	2,686	8,114	1,133	5,504	14,750	10,800	1,133	5,504	17,436
13	2,682	10,594	1,065	5,007	16,666	13,276	1,065	5,007	19,348
14	2,797	6,616	1,102	4,745	12,463	9,413	1,102	4,745	15,260
16	4,464	13,193	1,415	8,693	23,301	17,658	1,415	8,693	27,766
17	2,967	6,384	1,015	2,561	9,961	9,351	1,015	2,561	12,927
18	2,552	7,097	1,201	9,433	17,731	9,650	1,201	9,433	20,283
19	2,559	7,911	1,019	5,527	14,457	10,470	1,019	5,527	17,016
20	3,510	13,306	1,511	5,524	20,341	16,817	1,511	5,524	23,852
21	2,662	7,998	1,122	3,714	12,833	10,660	1,122	3,714	15,495
23	4,362	13,955	1,953	8,199	24,107	18,317	1,953	8,199	28,469
24	2,297	5,330	900	3,604	9,833	7,628	900	3,604	12,131
25	3,003	7,982	2,207	9,076	19,265	10,985	2,207	9,076	22,268
26	3,045	9,393	2,002	6,391	17,785	12,437	2,002	6,391	20,830
Total	\$ 74,221	\$218,123	\$ 35,839	\$156,998	\$410,960	\$292,344	\$ 35,839	\$156,998	\$485,181

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

March 27, 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.

March 27, 1942.

MEMORANDUM FOR THE PRESIDENT:

In accordance with your memorandum of yesterday, an order of the Secretary of the Treasury (a copy of which is enclosed) has today been issued under authority of Executive Order No. 8976 as modified by Executive Order No. 9083 waiving compliance with the navigation laws to the extent necessary to permit the transportation of supplies and merchandise to Alaska and between ports in Alaska in Canadian vessels.

Under the terms of this order it will be possible, after shipping supplies from this country by rail or truck to Prince Rupert, British Columbia, to transport them on Canadian vessels to Alaska, and also to move supplies and materials between places in Alaska by Canadian vessels.

(SIGNED) D. W. BELL

Acting Secretary of the Treasury.

H E Sweet/ms March 27, 1942.

By Messenger *Hopkins* 12:55
3/28/42

N. M. C.

Gilbert Thompson

MAR 27 1942

TITLE 46 - SHIPPING

Subchapter A - Documentation, Entrance and Clearance of
Vessels, Etc.

AN ORDER

Waiving compliance with the provisions of
Section 27 of the Merchant Marine Act,
1920, as amended.

By virtue of the authority vested in me by
Executive Order No. 8976, dated December 12, 1941 (6 P.M.
6441), as modified by Executive Order No. 9083, dated
February 28, 1942 (7 P.M. 1609), I hereby waive compliance
with the provisions of Section 27 of the Merchant Marine
Act, 1920, as amended (46 U.S.C. 883), to the extent
necessary to permit the transportation of merchandise on
Canadian vessels between points in Alaska, and also to
permit the transportation of merchandise on Canadian vessels
between Prince Rupert, B. C. and points in Alaska, as a
portion of the transportation of that merchandise between
points in the United States and points in Alaska.

(Signed) Herbert E. Gaston
Acting Secretary of the Treasury.

For Publication
Federal Register Series No.

HESweet/mag - March 27, 1942.

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For Publication
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HESweet/mmg - March 27, 1942.

THE WHITE HOUSE
WASHINGTON

March 26, 1942

MEMORANDUM FOR The Secretary of the Treasury ✓
The Secretary of the Navy
and Mr. Eastman

The Governor of Alaska and the Chairman of the National Resources Planning Board have called to my attention the need for lifting (in accordance with the authority granted by the Congress in the Second War Powers Act) the coastwise shipping restrictions as they apply to Canadian boats operating in Alaska waters and American boats using Canadian ports.

In order to supply the Towns of Skagway and Haines, it is now necessary to send American boats on a side trip of approximately two hundred miles. With the shipping restrictions removed, these Lynn Canal towns might easily be supplied by the Canadian boats, which must continue to go there anyway.

It is also possible by removal of these restrictions and by making full use of Prince Rupert, British Columbia, as a supply base, to shorten the sea route to Alaska by some six hundred miles. This would be a substantial aid in augmenting the amount of supplies which may be transported to our bases in Alaska or in releasing some shipping space for use in other theaters of operations.

It is also reported to me that existing food reserves in southeast Alaska are dangerously low. Obviously, all available shipping space, including that which our Canadian friends might provide, should be utilized to move more food to Alaska.

This evidence impels me to believe that the restrictions should quickly be lifted, insofar as the Alaska trade is concerned.

Franklin D. Roosevelt

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WASHINGTON

March 26, 1942

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This evidence impels me to believe that the restrictions should quickly be lifted, insofar as the Alaska trade is concerned.

Lester B. Granger

For your information.

March 27, 1942.

To: Archibald MacLeish

From: Alan Barth

EDITORIAL OPINION
ON THE WAR:
LULL BEFORE THE STORM

Interlude

This year's Spring fever is a compound of hope, apprehension and unrest. For months past, the country's editorial pages have forecast this Spring as a time of testing, as a climax of the war in which the whole future of the world will be determined. And now, suddenly, somewhat frighteningly, the fateful season is at hand.

The newspapers are filled with speculation as to the direction which events will take in the weeks and months ahead. How largely they acknowledge that initiative still rests in enemy hands is pathetically attested by the focus of attention upon what Germany will do next. The editorial writers are bracing themselves for a fresh explosion of Nazi fury in Russia, in the Middle East, in North Africa, even, perhaps, once more against the British Island. The most hopeful feature of this outlook is a conviction that this Spring holds the last chance for a Nazi triumph.

Continued and synchronous offensive action by Japan is anticipated. The prevailing belief is that the Japanese will now concentrate their efforts on India. But the ex-isolationists have visions of a fresh assault upon Hawaii; the New York Daily News and Washington Times-Herald continue to put at the head of their editorial pages, "Make Hawaii Impregnable." Some commentators expect the Japanese, in addition, to thrust at Russia's eastern maritime provinces -- perhaps because, in this contingency, they glimpse a roseate hope for American bombing raids on Tokyo from Siberian bases.

The variety of speculation about Axis plans is a tribute to those who plant enemy propaganda. As the St. Louis Post-Dispatch observes, "Ajax and Atlas must sigh with relief these days as they contemplate the program of Spring activity worked out for Hitler and Mein Intuition by American news commentators, foreign observers and reliable sources from Ankara to New Delhi."

Editorial ardor for a United Nations offensive this Spring has abated in some measure; the difficulties have become more real. Nevertheless there is general insistence that everything possible be done to send supplies to MacArthur. With growing vigor commentators suggest the opening of a new front in Europe as the one effective means of supporting Russia and perhaps crushing Hitler now.

On the whole, the press gives a sense of taut expectancy. It has treated the week's events, particularly announcement of the Navy's raids on Wake and Marcus Islands, with due fanfare. But there has been no genuinely dramatic news to compare with the preceding week's transfer of General MacArthur. Editorial eyes are on the horizon. The interlude is one of anxious waiting.

Nerves

Waiting has produced an acute nervousness. And this nervousness may account, in part, for an unprecedented wave of dissatisfaction and impatience with the Government.

It seems no overstatement to declare at this juncture that the President is in danger of losing an essential part of the warm confidence with which most American newspapers have supported his conduct of the war. For there is an uneasy belief that he is fumbling. And this belief is not confined by any means to his enemies; it is shared, to some degree, by those who have consistently been in full sympathy with his foreign policy.

The President's enemies, to be sure, have sought to capitalize on the difficulties confronting him and in doing so have wrapped themselves in a mantle of martyrdom. Their constant, plaintive wail is that the Government considers criticism as tantamount to treason.

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Much of the criticism from supporters of the Administration's foreign policy, it is true, is directed at Labor and at the social gains of the New Deal -- at the principle of the 40-hour week in particular. But despite the synthetic character of many of these complaints there is a sense that the President's leadership has lacked toughness and firmness.

There is an angry feeling among editorial writers of every political coloration that the Government is coddling and cajoling the American people. Dorothy Thompson gives acidulous expression to this feeling in discussing a series of pamphlets prepared by the War Department for mothers, wives and sweethearts of soldiers. "It seems, reading them," she says, "that the American Army is some sort of Ye Olde Summer Camp for the spoiled and blase children of doting mothers. The purpose of the pamphlets, of course, is to convince mammas that their darlings are having the time of their lives in the Army God forbid that there should be any indication that the American soldier is going to face and risk death -- risk death for America, for freemen everywhere, for the salvation and security of generations yet unborn."

Newspapers everywhere express a deep conviction that Americans now understand the meaning of this war, are terribly in earnest about winning it and no longer need to be enticed, wheedled or

otherwise gentled into shouldering their share of the burden. The editorial cry is that the public cannot reasonably be expected both to lead and to follow; it needs and demands direction from those it has chosen for leadership. If the press can be taken as a barometer in this sphere, the American people are ready, and indeed, eager for marching orders. They want their Government to be tough, determined and, above all, forthright. They don't want the war to be "sold" to them, as though they were children obliged to take a disagreeable medicine. They have enlisted voluntarily and want command, not conciliation or comfort, from their Government.

The dominant theme of the press today is that the President has failed to assume authority as Commander-in-Chief of the United States on the home front.

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The dominant theme of the press today is that the President has failed to assume authority as Commander-in-Chief of the United States on the home front.

MAR 27 1942

My dear Colonel Donovan:

I am enclosing copy of report on our experts to some selected countries for the period ending March 20, 1942.

Sincerely yours,

(SIGNED) D. 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 E Streets, N. W.,
Washington, D. C.

Enclosure

*M. M. C.
Copies to Dr. White*

By Messenger

*Sturgis 9:55
3/28/42*

HDW:meh
3/26/42

Ret. to Secy's office

MAR 27 1942

My dear Mr. Perkins:

I am enclosing five copies of the report on our exports to some selected countries for the period ending March 20, 1942.

Sincerely yours,

(SIGNED) D. W. BELL

Acting Secretary of the Treasury

Mr. Milo Perkins,
Executive Director,
Board of Economic Warfare,
2501 Que Street, N. W.,
Washington, D. C.

Enclosures

EDW:meh
3/26/42

n. m. c.
Copies to J. A. White

By Messenger

Sturges 9:55
3/28/42
Rt. to Secy's Office

MAR 27 1942

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Sincerely yours,

(SIGNED) D. W. BELL

Acting Secretary of the Treasury

The Honorable

The Secretary of State,
Washington, D. C.

Enclosure

n. m. c.

Copy to Dr. White

HDW:mah
3/26/42

By Messenger *Sturgis 9:55*
3/28/42

Ret. to Secy's Office

MAR 27 1942

My dear Mr. President:

I am enclosing report on our exports
to some selected countries for the period
ending March 20, 1942.

Faithfully,

(SIGNED) D. W. BELL

Acting Secretary of the Treasury

The President,

The White House.

Enclosure

HDS:neh
3/26/42

*N.M.C.
Copies to Dr. White*

By Messenger *Surgeon 9:55
3/28/42*

Rel. to Design Office

MAR 27 1942

My dear Mr. President:

I am enclosing report on our exports
to some selected countries for the period
ending March 20, 1942.

Faithfully,

(SIGNED) D. W. BELL

Acting Secretary of the Treasury

The President,

The White House.

Enclosure

HDS:meh
3/26/42

N.M.C.
Copies to Dr. White
By Messenger *Sturgis* 9:55
3/28/42

Rel. to Secy's Office

March 26, 1942

Exports to Russia, Free China, Burma and other blocked countries, as reported to the Treasury Department during the 10-day period ending March 20, 1942.

1. Exports to Russia

Exports to Russia, as reported to the Treasury during the ten-day period ending March 20, 1942 amounted to nearly \$29,000,000 as compared with approximately \$33,000,000 during the previous ten-day period. Military tanks, motor trucks and chassis and landplanes were the chief items. (See Appendix C.)

2. Exports to Free China and Burma

Exports to Free China during the period under review amounted to more than \$6,000,000. Landplanes accounted for more than 60 percent of the total. (See Appendix D.)

Exports to Burma amounted to only \$3,000. (See Appendix E.)

3. Exports to France

No exports to France were reported during the period under review.

4. Exports to other blocked countries

Exports to other blocked countries are given in Appendix A.

By Messenger

March 26, 1942

Exports to Russia, Free China, Burma and other blocked countries, as reported to the Treasury Department during the 10-day period ending March 20, 1942.

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2. Exports to Free China and Burma

Exports to Free China during the period under review amounted to more than \$5,000,000. Landplanes accounted for more than 50 percent of the total. (See Appendix D.)

Exports to Burma amounted to only \$3,000. (See Appendix E.)

3. Exports to France

No exports to France were reported during the period under review.

4. Exports to other blocked countries

Exports to other blocked countries are given in Appendix A.

By Messenger

STRICTLY CONFIDENTIAL
NOT FOR PUBLICATION

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 March 20, 1942.

(In thousands of dollars)

	July 28 to Feb. 28	Period ended March 10	Period ended March 20	Total Domestic Exports
S. S. R.	\$175,709	\$ 32,485	\$ 28,554	\$ 236,748
Free China	49,756	2,879	8,058	60,693
Burma 2/	11,082	23	3	11,108
France 2/	6	-	-	6
Occupied France	2	-	-	2
Unoccupied France	28	-	-	28
Spain	2,785	48	-	2,833
Switzerland	7,116	283	7	7,406
Sweden	13,849	-	6	13,855
Portugal	6,325	606	2	6,933
French North Africa 1/	6,283	-	-	6,283

Treasury Department, Division of Monetary Research

March 24, 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/ Includes Morocco, Algeria and Tunisia.

5/ Less than \$500.

WJ:jdj 3/24/42

APPENDIX B

Exports from the U. S. to Free China, Burma and
U.S.S.R. as reported to the Treasury Department
July 28, 1941 - March 20, 1942

(Thousands of Dollars)

	Exports to Free China	Exports to Burma $\frac{1}{2}$	Exports to U.S.S.R.
July 28 - Aug. 2	395		4,523
Aug. 4 - Aug. 9	-		551
Aug. 11 - Aug. 16	309		986
Aug. 18 - Aug. 23	2		2,735
Aug. 25 - Aug. 30	1		1,023
Sept. 2 - Sept. 6	204		4,280
Sept. 8 - Sept. 13	2,281 $\frac{2}{5}$		5,217
Sept. 15 - Sept. 20	3,822 $\frac{2}{5}$		752
Sept. 22 - Sept. 27	110	449	2,333
Sept. 29 - Oct. 4	1,225	684	323
Oct. 6 - Oct. 11	5,312	1,157	6,845
Oct. 13 - Oct. 18	5	33	1,924
Oct. 20 - Oct. 25	269	403	5,623
Oct. 27 - Nov. 1	4,772	58	4,484
Nov. 3 - Nov. 8	1,672	342	4,552
Nov. 10 - Nov. 15	2,851	88	2,677
Nov. 17 - Nov. 22	1,228	1,021	3,581
Nov. 24 - Nov. 29	3,239	1,364	2,436
Dec. 1 - Dec. 6	791	64	3,609
Dec. 8 - Dec. 13	2,337	18	12,040
Dec. 15 - Dec. 20	111	8	4,580
Dec. 22 - Dec. 27	1	196	1,829
Dec. 29 - Jan. 3	35	2	3,993
Jan. 5 - Jan. 10	91	1,073	8,247
Jan. 12 - Jan. 17	1,695	447	5,874
Jan. 19 - Jan. 24	-	-	3,885
Jan. 26 - Jan. 31	6,938	923	9,608
Feb. 1 - Feb. 10 $\frac{4}{5}$	4,889	1,054	13,315
Feb. 10 - Feb. 20	4,853	583	26,174
Feb. 20 - Feb. 28 $\frac{5}{5}$	2,921	-	28,119
Mar. 1 - Mar. 10	2,879	23	32,409
Mar. 10 - Mar. 20	8,058	3	28,556
Total	63,296	9,995	237,183

1. These figures are in part taken from copies of shipping manifests.
2. Figures for exports to Free China during these weeks include exports to Rangoon which are presumed to be destined for Free China.
3. It is presumed that a large percentage of exports to Burma are destined for Free China.
4. Beginning with February 1 figures will be given for 10-day period instead of week except where otherwise indicated.

APPENDIX C

Principal Exports from U. S. to U.S.S.R.
as reported to the Treasury Department
during the ten-day period ending
March 20, 1942

(Thousands of Dollars)

TOTAL EXPORTS

\$ 24,996

Principal Items:

Military tanks (medium)	3,959
Motor trucks and chassis	2,611
Landplanes (Curtiss P-40-E)	1,990
Military tanks (light)	1,920
Brass and bronze plates and sheets	1,799
Landplanes (Douglas A-20-G)	1,200
Explosive shells and projectiles	990
Wool cloth	917
Sugar	904
Automatic arms	741
Relief supplies - surgical and hospital	706
Lard	635
Aircraft engines	633
Pork, canned	604
Wheat flour	590
Metallic cartridges	574
Diesel marine engines	491
Insulated copper wire	460
Tin plate	408
Metal-grinding machines and parts	393
Sole leather	376
Trinitro toluene (T.N.T.)	357
Pork	311

APPENDIX D

Principal Exports from U. S. to Free China
as reported to the Treasury Department
during the ten-day period ending
March 20, 1942

(Thousands of Dollars)

TOTAL EXPORTS

\$ 2,058

Principal Items:

Landplanes (Vultee P-66)	3,582
Landplanes (Republic P-43)	3,393
Landplanes (Partial shipment)	381
Refined copper	192
Printed matter (Bank notes)	176
Gun parts and tools	156
Aircraft parts and accessories, n.e.s.	60

APPENDIX D

Principal Exports from U. S. to Free China
as reported to the Treasury Department
during the ten-day period ending
March 20, 1942

(Thousands of Dollars)

TOTAL EXPORTS

\$ 2,058

Principal Items:

Landplanes (Vultee P-66)	3,562
Landplanes (Republic P-43)	3,393
Landplanes (Partial shipment)	981
Refined copper	192
Printed matter (Bank notes)	176
Gun parts and tools	156
Aircraft parts and accessories, n.e.s.	60

APPENDIX E

Principal Exports from U. S. to Burma
as reported to the Treasury Department
during the ten-day period ending
March 20, 1942

(Thousands of Dollars)

TOTAL EXPORTS

63

Principal Items:

Generators

2

X-ray tubes, apparatus, and accessories

1

March 27, 1942.

Dear Mr. Hopkins:

I have not yet received any additional information from the British on war materials available for purchase by the United States. In the meantime, I have had the enclosed memorandum prepared summarizing the approximate situation.

Very sincerely yours,

(Signed) H. D. White

H. D. White
Assistant to the Secretary

Mr. Harry Hopkins

The White House

Washington, D. C.

Enclosure

3/27 Sent by Spec. Mess. via Chief Clerk's office.

HDW:JEN:cmh
3/27/42

March 26, 1942

Mr. White

Mr. Eicks

Subject: Value of British war materials available for purchase by the United States

(in millions)

1. Value of materials contracted for by the British but not yet delivered to them, as of March 1	\$ 925
2. Plus aircraft materials delivered to the British but not yet shipped out of the United States, as of March 1	180
3. Less ships that the British are reported to be unwilling to sell	- 70
4. Less shipments to the British from March 1 to April 1 (about)	- 135
Value of materials available for sale on April 1	\$ 900

As of April 1, the British will have outstanding advance payments on their undelivered materials of \$360 million, and full payments outstanding on the \$180 million of aircraft items delivered to them but not yet shipped, or a total of \$540 million that might be refunded to them in cash. The rest of the \$900 million would be received in the form of relief from future payments.

Each of the items is briefly discussed below.

1. Table I, attached, summarizes all available information on the value of undelivered materials from British contracts in the United States. It shows that the total value on March 1 was \$925 million, and that it is expected to be \$800 million on April 1. It also shows that the values of materials in the larger categories were as follows on March 1 (we are awaiting later figures):

(in millions)

Airframes, engines, and accessories	\$ 557
Tanks	93
Ships	70
Ammunition	40
Explosives and propellants	15

- 2 -

2. Table II, attached, summarizes the data submitted by the British on their aircraft contracts. The table shows that it would be possible to raise considerably more than \$557 million from the sale of British aircraft contracts. This is so because large numbers of items, particularly engines, that are recorded as delivered to the British have not yet been shipped from the country. They are recorded as "at factory" and "awaiting shipment." Presumably, if the United States is to purchase some of the undelivered British materials, there would be no objection to the purchase of similar materials delivered but not yet shipped.

	(in millions)		
	<u>At factory</u>	<u>Awaiting Shipment</u>	<u>Unfilled Orders</u>
Airframes 1/	\$ 22	\$ 16	\$ 321
Engines 2/	123	6	202
Propellers 3/	-	12	7
	<u>\$ 145</u>	<u>\$ 34</u>	<u>\$ 530</u>

1/ At \$50,000 for pursuits, \$200,000 for bombers, \$70,000 for dive bombers, \$25,000 for trainers, and \$50,000 for others.

2/ At \$20,000 each.

3/ At \$3,000 each.

In addition to these amounts there would probably be some materials "at factory" and "awaiting shipment" from British non-aircraft contracts. We have no data, however, with which to estimate this amount.

3. The \$70 million of ships represents the values of cargo ships to be delivered from British contracts with the Todd Shipbuilding Company. Mr. Bowley's letter of March 25 stated that he thought the British did not want to sell these ships. This would reduce the total available by \$70 million, as shown in the summary.

4. All the figures given above exclude Canadian and Australian contracts.

- 2 -

2. Table II, attached, summarizes the data submitted by the British on their aircraft contracts. The table shows that it would be possible to raise considerably more than \$557 million from the sale of British aircraft contracts. This is so because large numbers of items, particularly engines, that are recorded as delivered to the British have not yet been shipped from the country. They are recorded as "at factory" and "awaiting shipment." Presumably, if the United States is to purchase some of the undelivered British materials, there would be no objection to the purchase of similar materials delivered but not yet shipped.

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	<u>At factory</u>	<u>Awaiting Shipment</u>	<u>Unfilled Orders</u>
Airframes 1/	\$ 22	\$ 16	\$ 121
Engines 2/	123	6	202
Propellers 1/	-	12	7
	<u>\$ 145</u>	<u>\$ 34</u>	<u>\$ 530</u>

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4. All the figures given above exclude Canadian and Australian contracts.

TABLE 1
VALUE OF UNDELIVERED MATERIALS FROM BRITISH ARMS CONTRACTS
IN THE UNITED STATES ON MARCH 1 AND APRIL 1, 1942
 (in millions)

	Balance Due March 1	Advances Outstanding March 1	Total Value on March 1		Balance Due April 1	Advances Outstanding April 1	Total Value on April 1
frames, engines, and accessories	\$ 327	\$ 230 *	\$ 557 *		\$ 293	\$ 220 *	\$ 513 *
as	52	41	93		42		
ps	43	27 *	70 *		37		
munition	30	10	40		22		
explosives	9	6	15		9		
training schools	16				14		
mine tools	8				6		
science equipment	5				3		
petroleum products	5	108 *	149 *		5		
iron and steel	4				3		
non-ferrous metals	2				2		
other	1				1		
						143	287
Total	\$ 502	\$ 422	\$ 924		\$ 437	\$ 363	\$ 800

Approximations

Treasury Department, Division of Monetary Research

March 26, 1942

SH/grs - 3/26/42

TABLE I

VALUE OF UNDELIVERED MATERIALS FROM BRITISH ARMS CONTRACTS
IN THE UNITED STATES ON MARCH 1 AND APRIL 1, 1942
(in millions)

	Balance Due March 1	Advances Outstanding March 1	Total Value on March 1	Balance Due April 1	Advances Outstanding April 1	Total Value on April 1
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as	22	41	93	42	143	287
as	43	27 *	70 *	37		
munition	30	10	40	22		
explosives	9	6	15	9		
training schools	16	108 *	149 *	14		
mine tools	8			6		
amusement equipment	5			3		
petroleum products	5			5		
iron and steel	4			3		
non-ferrous metals	2			2		
other	1			1		
Total	\$ 502	\$ 422	\$ 924	\$ 437	\$ 363	\$ 800

Approximations

Treasury Department, Division of Monetary Research

March 26, 1942

HR/grs - 3/26/42

TABLE II
STATUS OF BRITISH AIRCRAFT CONTRACTS

	Ordered	At factory, on "Embodiment loan" or in transit	Awaiting Shipment From U.S.	Unfilled Orders
1. Airframes				
Pursuits	14,190	41	50	1,169
Bombers	3,984	99	65	807
Dive bombers	1,500	7	0	1,443
Trainers	1,822	5	4	0
Others	847	7	0	0
	<u>11,703</u>	<u>154</u>	<u>119</u>	<u>3,419</u>
2. Engines				
Allison	4,215	989	64	358
Packard	6,000	6	12	5,827
Pratt & Whitney	11,223	889	90	1,799
Wright	13,481	4,255	147	2,141
Other	912	-	-	-
Used	332	-	1	-
	<u>36,163</u>	<u>6,139</u>	<u>314</u>	<u>10,085</u>
3. Propellers				
Various	<u>23,910</u>	<u>4,182</u>		<u>2,331</u>

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	<u>11,703</u>	<u>154</u>	<u>119</u>	<u>3,411</u>
2. Engines				
Allison	4,215	989	64	358
Packard	6,000	6	12	5,827
Pratt & Whitney	11,223	889	90	1,759
Wright	13,481	4,255	147	2,141
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Used	332	-	1	-
	<u>36,163</u>	<u>6,139</u>	<u>314</u>	<u>10,085</u>
3. Propellers				
Various	<u>23,910</u>	<u>4,182</u>		<u>2,331</u>

BRITISH SUPPLY COUNCIL IN NORTH AMERICA

REPUBLIC 7860



Box 680
BENJAMIN FRANKLIN STATION
WASHINGTON, D. C.

March 26, 1942.

Dear Dr. White,

I now enclose a complete statement of the British Air Commission contracts outstanding as on February 28th, 1942.

Some of these figures do not agree very closely with those which I gave you in my previous letter, but I told you that the latter were rough estimates only and you should take the figures which now enclose as correct.

I have only this copy of the statement available at the moment, but if you need further copies let me know and I can let you have them in day or two.

I will send you a similar statement for the British Purchasing Commission contracts as soon as I can -- I hope at the end of the week.

Yours sincerely,

T. K. S. S. S.

White
Director of Monetary Research
United States Treasury
Washington, D.C.

1. CONTRACT NUMBER	2. CONTRACTOR	3. NATURE OF SUPPLY	4. MATERIAL, REMAINING TO BE DELIVERED	5. EST. LIABILITIES TO CONTRACTOR	6. UNPAID ADVANCES	7. VALUE OF UNDELIVERED MATERIAL
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SUPPLY COUNCIL IN NORTH AMERICA



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WASHINGTON, D. C.

March 26, 1942.

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Yours sincerely,

T. K. Sawyer

etary Research
es Treasury
on, D.C.

1. CONTRACT NUMBER	2. CONTRACTOR	3. NATURE OF SUPPLY	4. MATERIAL ESTIMATED TO BE DELIVERED	5. EST. AVAILABLE TO CONTRACTOR	6. UNPAID ADVANCES	7. VALUE OF UNPAID MATERIAL
PART. A. AIRCRAFT CONTRACTS						
A-242	Lockheed Aircraft Corp.	Lightning aircraft & spares	643 Aircraft & spares	\$ 39,272,248.	\$ 17,481,548.	\$ 56,753,796.

1. CONTRACT NUMBER	2. CONTRACTOR	3. NATURE OF SUPPLY	4. MATERIAL REMAINED TO BE DELIVERED	5. NET LIABILITY TO CONTRACTOR	6. UNPAID ADVANCES	7. VALUE OF UNDELIVERED MATERIAL
PART. A. AIRCRAFT CONTRACTS						
A-242	Lockheed Aircraft Corp.	Lighting aircraft & spares	643 Aircraft & spares	\$ 39,272,248.	\$ 17,481,548.	\$ 56,753,796.
A-344	Lockheed Aircraft Corp.	Ventura aircraft	240 Aircraft & spares	19,278,121.	10,221,736.	29,499,857.
A-1748	Lockheed Aircraft Corp.	" "	375 Aircraft & spares	24,585,976.	21,876,516.	46,462,492.
A-1749	Lockheed Aircraft Corp.	Hudson aircraft	Spares only	1,592,291.	361,212.	1,953,503.
A-87	Douglas Aircraft Co. Inc.	Boston III aircraft	Spares only	1,221,951.	517,466.	1,739,417.
A-642	Brewster Aeronautical Corp.	Bermuda aircraft	450 Aircraft & spares	22,868,246.	21,585,979.	44,454,225.
A-1492	Brewster Aeronautical Corp.	" "	300 Aircraft & spares	11,164,470.	11,203,530.	22,368,000.
A-250	North American Aviation Inc.	Mustang aircraft	Spares only	409,514.	5,494,883.	5,814,397.
A-1493	North American Aviation Inc.	Mustang Aircraft	300 Aircraft & spares	8,720,877.	7,639,170.	16,360,047.
A-224	Glenn L Martin Company	Baltimore Aircraft	191 Aircraft & spares	13,505,269.	18,268,384.	31,773,653.
A-1548	Grumman Aircraft Engineering Corporation	Martlet Aircraft	42 Aircraft & spares	941,256.	2,054,355.	2,995,611.
A-1326	Bell Aircraft Corporation	Aircobra Aircraft	2 Aircraft & spares	695,722.	695,469.	1,391,191.
A-1476	Bell Aircraft Corporation	" "	134 Aircraft & spares	4,081,153.	3,745,354.	7,826,507.
A-557	Vultee Aircraft, Inc.	Vengeance Aircraft	500 Aircraft & spares	21,649,515.	21,860,741.	43,510,256.
A-1555	Northrop Aircraft, Inc.	" "	193 Aircraft & spares	6,726,729.	10,915,720.	17,642,449.

1. CONTRACT NUMBER	2. CONTRACTOR	3. NATURE OF SUPPLY	4. MATERIAL REMAINING TO BE DELIVERED	5. NET LIABILITY TO CONTRACTOR	6. UNPAID ADVANCES	7. VALUE OF UNDELIVERED MATERIAL
PART. A. AIRCRAFT CONTRACTS						
A-242	Lockheed Aircraft Corp.	Lighting aircraft & spares	643 Aircraft & spares	\$ 39,272,248.	\$ 17,481,548.	\$ 56,753,796.
A-344	Lockheed Aircraft Corp.	Ventura aircraft	240 Aircraft & spares	19,278,121.	10,221,736.	29,499,857.
A-1748	Lockheed Aircraft Corp.	" "	375 Aircraft & spares	24,585,976.	21,876,516.	46,462,492.
A-1749	Lockheed Aircraft Corp.	Hudson aircraft	Spares only	1,592,291.	361,212.	1,953,503.
A-87	Douglas Aircraft Co. Inc.	Boston III aircraft	Spares only	1,221,951.	517,466.	1,739,417.
A-642	Brewster Aeronautical Corp.	Bermuda aircraft	450 Aircraft & spares	22,868,246.	21,585,979.	44,454,225.
A-1492	Brewster Aeronautical Corp.	" "	300 Aircraft & spares	11,164,470.	11,203,530.	22,368,000.
A-250	North American Aviation Inc.	Mustang aircraft	Spares only	409,514.	5,494,883.	5,904,397.
A-1499	North American Aviation Inc.	Mustang Aircraft	300 Aircraft & spares	8,720,877.	7,639,170.	16,360,047.
A-224	Glenn L Martin Company	Baltimore Aircraft	191 Aircraft & spares	13,505,269.	18,268,384.	31,773,653.
A-1548	Grumman Aircraft Engineering Corporation	Martlet Aircraft	42 Aircraft & spares	941,256.	2,054,355.	2,995,611.
A-1326	Bell Aircraft Corporation	Aircobra Aircraft	2 Aircraft & spares	695,722.	695,469.	1,391,191.
A-1476	Bell Aircraft Corporation	" "	134 Aircraft & spares	4,081,153.	3,745,354.	7,826,507.
A-557	Vultee Aircraft, Inc.	Vengeance Aircraft	500 Aircraft & spares	21,649,515.	21,860,741.	43,510,256.
A-1555	Northrop Aircraft, Inc.	" "	193 Aircraft & spares	6,726,729.	10,915,720.	17,642,449.

STATEMENT OF CONTRACTS WITH CONTRACTS AS OF FEBRUARY 28, 1942

1. CONTRACT NUMBER	2. CONTRACTOR	3. NATURE OF SUPPLY	4. MATERIAL REMAINING TO BE DELIVERED	5. NET LIABILITY TO CONTRACTOR	6. UNPAID ADVANCES	7. VALUE OF UNDELIVERED MATERIAL
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A-224	Glenn L Martin Company	Baltimore Aircraft	"	191 Aircraft & spares	13,505,269.	18,268,384.	31,773,653.
A-1548	Gruman Aircraft Engineering Corporation	Martlet Aircraft	"	42 Aircraft & spares	941,256.	2,054,355.	2,995,611.
A-1326	Bell Aircraft Corporation	Airacobra Aircraft	"	2 Aircraft & spares	695,722.	695,469.	1,391,191.
A-1476	Bell Aircraft Corporation	"	"	134 Aircraft & spares	4,081,153.	3,745,354.	7,826,507.
A-557	Valtee Aircraft, Inc.	Vengeance Aircraft	"	500 Aircraft & spares	21,649,515.	21,860,741.	43,510,256.
A-1555	Northrop Aircraft, Inc.	"	"	193 Aircraft & spares	6,726,729.	10,915,720.	17,642,449.

STATEMENT OF CONTRACTING OFFICE CONTRACTS AS AT FEBRUARY 28, 1943

1. CONTRACT NUMBER	2. CONTRACTOR	3. NATURE OF SUPPLY	4. MATERIAL REMAINING TO BE DELIVERED	5. NET LIABILITY TO CONTRACTOR	6. UNPAID ADVANCES	VALUE OF UNDELIVERED MATERIAL
PART A. AIRCRAFT CONTRACTS (CONT'D)						
F-272	Glenn L Martin Company	Maryland aircraft & spares	Spares only	\$ 302,646.	\$ 867,313.	\$ 1,169,959.
F-672	Boeing Aircraft Corporation	Boston III "	Spares only	1,446,573.	1,318,930.	2,765,503.
F-677	Consolidated Aircraft Corp.	Liberator "	Spares only	923,657.	2,115,570.	3,039,227.
F-704	North American Aviation, Inc.	Harvard II "	Spares only	1,754,541.	1,821,646.	3,576,187.
A-1835	Curtiss-Wright Corporation	Kittyhawk "	Spares only	576,329.	348,320.	924,649.
A-67	Lockheed Aircraft Corp.	Hudson aircraft	Spares only	145,000.	90,825.	235,825.
A-68	Lockheed Aircraft Corp.	" "	Spares only	712,875.	193,582.	906,457.
A-446	Lockheed Aircraft Corp.	" "	Spares only	48,000.	4,764.	52,764.
A-1451	Lockheed Aircraft Corp.	Lodestar "	Spares only	17,400.	10,700.	28,100.
A-71	Brewster Aeronautical Corp.	Buffalo "	Spares only	188,794.	84,170.	272,964.
A-96	North American Aviation Inc.	Harvard II aircraft	Spares only	29,070.	12,460.	41,530.
A-457	North American Aviation Inc.	" " "	Spares only	50,000.	16,000.	66,000.
A-37	Consolidated Aircraft Corp.	Catalina aircraft	Spares only	450,000.	380,000.	830,000.
A-218	Bell Aircraft Corporation	Airacobra aircraft	Spares only	575,000.	396,719.	971,719.
F-210	Consolidated Aircraft Corp.	Catalina aircraft	Spares only	157,308.	157,307.	314,615.
F-229	United Aircraft Corp.	Chesapeake aircraft	Spares only	86,531.	51,074.	137,605.
F-271	Douglas Aircraft Corp.	D.B. 7 & 7A aircraft	Spares only	205,000.	47,000.	252,000.

A-1326	Bell Aircraft Corporation	Aircraft	134 Aircraft & spares	4,081,153.	3,745,354.	7,826,507.
A-1476	Bell Aircraft Corporation	"	"	21,649,515.	21,860,741.	43,510,256.
A-557	Vultee Aircraft, Inc.	Vengeance Aircraft	500 Aircraft & spares	6,726,729.	10,915,720.	17,642,449.
A-1555	Northrop Aircraft, Inc.	"	193 Aircraft & spares			

STATEMENT OF OUTSTANDING AIRCRAFT CONTRACTS AS AT FEBRUARY 28, 1945

1. CONTRACT NUMBER	2. CONTRACTOR	3. NATURE OF SUPPLY	4. MATERIAL REMAINING TO BE DELIVERED	5. NET LIABILITY TO CONTRACTOR	6. UNAPPLIED ADVANCES	VALUE OF UNDELIVERED MATERIAL
PART A. AIRCRAFT CONTRACTS (CONT'D)						
F-272	Oleum L. Martin Company	Maryland aircraft & spares	Spares only	\$ 302,646.	\$ 867,313.	\$ 1,169,959.
F-672	Boeing Aircraft Corporation	Boston III "	Spares only	1,446,573.	1,318,930.	2,765,503.
F-677	Consolidated Aircraft Corp.	Liberator "	Spares only	923,657.	2,115,570.	3,039,227.
F-704	North American Aviation, Inc.	Harvard II "	Spares only	1,754,541.	1,821,646.	3,576,187.
A-1835	Curtiss-Wright Corporation	Kittyhawk "	Spares only	576,329.	348,320.	924,649.
A-67	Lockheed Aircraft Corp.	Hudson aircraft	Spares only	145,000.	90,825.	235,825.
A-68	Lockheed Aircraft Corp.	" "	Spares only	712,875.	193,582.	906,457.
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P-229	United Aircraft Corp.	D.B 7 & 7A aircraft "	Spares only	205,000.	47,000.	252,000.
P-271	Douglas Aircraft Corp.					

STATEMENT OF OUTSTANDING BRITISH CONTRACTS AS AT FEBRUARY 28, 1942

1. CONTRACT NUMBER	2. CONTRACTOR	3. NATURE OF SUPPLY	4. MATERIAL REMAINING TO BE DELIVERED	5. NET LIABILITY TO CONTRACTOR	6. UNAPPLIED ADVANCES	7. VALUE OF UNDELIVERED MATERIAL
PART A. AIRCRAFT CONTRACTS (CONT'D)						
P-719	Douglas Aircraft Corp.	Boston Aircraft	Spares only	\$ 663,319.	\$ 384,808.	\$ 1,048,127.
P-288	Douglas Aircraft Corp.	D.B 7 Aircraft	Spares only	107,000.	39,900.	146,900.
P-294	Douglas Aircraft Corp.	Boston II Aircraft	Spares only	197,600.	84,000.	281,600.
A-84	Curtiss-Wright Corp.	Tomahawk Aircraft	Spares only	161,434.	161,434.	322,868.
A-2012	Curtiss-Wright Corp.	Mohawk Aircraft	Spares only	26,000.	6,300.	32,300.
A-577	Curtiss-Wright Corp.	" "	Spares only	16,700.	8,527.	25,227.
P-418	Douglas Aircraft Corp.	Engines for Wright C42600 Engines	Spares only	84,000.	26,639.	110,639.
A-500	Lockheed Aircraft Corp.	Johnson Spares	Spares only.	15,800.	10,000	25,800.

STATEMENT OF OUTSTANDING BRITISH CONTRACTS AS AT FEBRUARY 28, 1942

1. CONTRACT NUMBER	2. CONTRACTOR	3. NATURE OF SUPPLY	4. MATERIAL REMAINING TO BE DELIVERED	5. NET LIABILITY TO CONTRACTOR	6. UNAPPLIED ADVANCES	7. VALUE OF UNDELIVERED MATERIAL
PART B. ENGINE CONTRACTS						
A-194	Curtiss-Wright Corporation	Wright engines	259 Wright engines	\$ 2,530,458.	\$ 2,503,495.	\$ 5,033,953.
A-196	General Motors Corporation	Allison engines	358 Allison engines	4,859,800.	3,241,156.	8,100,956.
A-282	United Aircraft Corporation	Pratt & Whitney engines	149 Pratt & Whitney engines	2,057,809.	1,342,392.	3,400,201.
A-787	Packard Motor Car Company	Merlin engines	5827 Merlin engines	69,346,054.	37,782,863.	107,128,917.
A-5095	United Aircraft Corporation	Pratt & Whitney engines	1207 Pratt & Whitney engines	15,782,098.	13,072,868.	28,854,966.
A-5103	Curtiss-Wright Corporation	Wright engines	1457/8 400 (R3350) "	17,640,039.	20,097,442.	37,737,481.
F-244	United Aircraft Corporation	Pratt & Whitney engines	403 Pratt & Whitney engines	5,114,922.	3,657,852.	8,772,774.
F-159	Curtiss-Wright Corporation	Wright engines	Wright engine G11820 Spares	25,000.	1,243.	26,243.
F-249	General Motors Corporation	Allison engines & spares	Spares only	21,280.	10,929.	32,209.
F-287	United Aircraft Corporation	Conversion of P & W engines	Spares only	26,209.	5,929.	32,138.
F-296	Pratt International Corp.	R1520 & R2600 engines	Spares only	6,779.	10,156.	16,935.
F-694	United Aircraft Corporation	Pratt & Whitney engines & spares	Spares only	12,000.	10,871.	22,871.

STATEMENT OF OUTSTANDING BRITISH CONTRACTS AS AT FEBRUARY 28, 1942

1. CONTRACT NUMBER	2. CONTRACTOR	3. NATURE OF SUPPLY	4. MATERIAL REMAINING TO BE DELIVERED	5. NET LIABILITY TO CONTRACTOR	6. UNAPPLIED ADVANCES	7. VALUE OF UNDELIVERED MATERIAL
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P-39C	Spares only	12,000.	10,871.	22,871.
P-40	Spares only			
P-50A	Spares only			

STATEMENT OF OUTSTANDING BRITISH CONTRACTS AS AT FEBRUARY 28, 1942

1. CONTRACT NUMBER	2. CONTRACTOR	3. NATURE OF SUPPLY	4. MATERIAL REMAINING TO BE DELIVERED	5. NET LIABILITY TO CONTRACTOR	6. UNAPPLIED ADVANCES	7. VALUE OF UNDELIVERED MATERIAL
PART C. PROPELLERS						
A-2266	United Aircraft Corporation	Hamilton Standard Propellers	271 H.S. Propellers	\$ 577,960.	\$ 410,752.	\$ 988,712.
A-2551	United Aircraft Corporation	Hamilton Standard Propellers	349 H.S. Propellers	655,024.	534,319.	1,189,343.
A-5249	Curtiss-Wright Corporation	Curtiss-Wright Propellers	Spares only	212,296.	179,290.	391,586.
P-731	Curtiss-Wright Corporation	Curtiss-Wright Propellers	1669 Propellers	5,858,121.	3,943,901.	9,802,022.
A-320	United Aircraft Corp.	Hamilton Standard Propellers	Escalation only	200,000.		200,000.

STATEMENT OF OUTSTANDING BRITISH CONTRACTS AS AT FEBRUARY 28, 1942

1. CONTRACT NUMBER	2. CONTRACTOR	3. NATURE OF SUPPLY	4. MATERIAL REMAINING TO BE DELIVERED	5. NET LIABILITY TO CONTRACTOR	6. UNAPPLIED ADVANCES	7. VALUE OF UNDELIVERED MATERIAL
PART C. PROPELLERS						
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A-320	United Aircraft Corp.	Hamilton Standard Propellers	Escalation only	200,000.		200,000.

STATEMENT OF OUTSTANDING BRITISH CONTRACTS AS AT FEBRUARY 28, 1942

1. CONTRACT NUMBER	2. CONTRACTOR	3. NATURE OF SUPPLY	4. MATERIAL REMAINING TO BE DELIVERED	5. NET LIABILITY TO CONTRACTOR	6. UNAPPLIED ADVANCES	7. VALUE OF UNDELIVERED MATERIAL
PART D. MISCELLANEOUS CONTRACTS						
A-247	Dow Chemical Company	Magnesium	1,535,359 lbs. Magnesium	\$ 340,812.	\$ 153,600.	\$ 494,412.
A-1536	Dow Chemical Company	"	4,800,000 lbs. Magnesium	1,176,000.	360,000.	1,536,000.
A-6037	Reynolds Metals Company	Aluminum		109,530.	239,008.	348,538.
T-571	Bendix Aviation	Starters & Generators	1223 Starters 3000 Generators			
A-5223	Packard Motor Car Company	Magnetos	(Approx) 11,800 Magnetos	1,166,884.	583,442.	1,750,326.
A-2242	Spartan Gyroscopic Company, Inc.	Bomb Sights	130 Bomb Sights	476,100.	1,784,100.	2,260,200.
A-2246	Kelsey - Hayes Wheel Company	Oxygen Cylinders	6271 Oxygen Cylinders	955,093.	516,083.	1,471,176.
A-2328	Dow Chemical Company	Magnesium	3,455,743 lbs. Magnesium	116,221.	39,502.	155,723.
A-2371	Bendix Aviation Corporation Bendix Radio Division	Radio spares & instruments	249 Radio instruments & spares	825,343.	120,000.	945,343.
A-2559	Bendix Aviation Corporation Scintilla Magneto Division	Magnetos	9994 Magnetos	166,330.	41,674.	208,004.
A-5082	Pan American Airways	Spares for planes		1,289,328.	559,664.	1,848,992.
A-6081	Aluminum Company of America	Aluminum Alloy		167,680.	269,652.	437,332.
A-2381	Aluminum Company of America	Aluminum Rod & Bar		14,402.	145,013.	159,415.
				25,733.	123,702.	149,435.

STATEMENT OF OUTSTANDING BRITISH CONTRACTS AS AT FEBRUARY 28, 1942

1. CONTRACT NUMBER	2. CONTRACTOR	3. NATURE OF SUPPLY	4. MATERIAL REMAINING TO BE DELIVERED	5. NET LIABILITY TO CONTRACTOR	6. UNAPPLIED ADVANCES	7. VALUE OF UNDELIVERED MATERIAL
PART D. MISCELLANEOUS CONTRACTS						
A-247	Dow Chemical Company	Magnesium	1,535,359 lbs. Magnesium	\$ 340,812.	\$ 153,600.	\$ 494,412.
A-1536	Dow Chemical Company	"	4,800,000 lbs. Magnesium	1,176,000.	360,000.	1,536,000.
A-6037	Reynolds Metals Company	Aluminum				
P-674	Bendix Aviation	Starters & Generators	1223 Starters 3000 Generators	109,530.	239,008.	348,538.
A-5223	Packard Motor Car Company	Magnetos	(Approx) 11,800 Magnetos	1,166,884.	583,442.	1,750,326.
A-2242	Sperry Gyroscope Company, Inc.	Bomb Sights	130 Bomb Sights	476,100.	1,784,100.	2,260,200.
A-2246	Kelsey - Hayes Wheel Company	Oxygen Cylinders	6271 Oxygen Cylinders	955,093.	516,083.	1,471,176.
A-2328	Dow Chemical Company	Magnesium	3,455,743 lbs. Magnesium	116,221.	39,502.	155,723.
A-2391	Bendix Aviation Corporation Bendix Radio Division	Radio spares & instruments	249 Radio instruments & spares	825,343.	120,000.	945,343.
A-2559	Bendix Aviation Corporation Scintilla Magneto Division	Magnetos	9994 Magnetos	166,330.	41,674.	208,004.
A-5082	Pan American Airways	Spares for planes		1,289,328.	559,664.	1,848,992.
A-6081	Aluminum Company of America	Aluminum Alloy		167,680.	269,652.	437,332.
A-281	Aluminum Company of America	Aluminum Rod & Bar		14,402.	145,013.	159,415.
				25,733.	123,702.	149,435.

STATEMENT OF OUTSTANDING BRITISH CONTRACTS AS AT FEBRUARY 28, 1942

1. CONTRACT NUMBER	2. CONTRACTOR	3. NATURE OF SUPPLY	4. MATERIAL REMAINING TO BE DELIVERED	5. NET LIABILITY TO CONTRACTOR	6. UNAPPLIED ADVANCES	7. VALUE OF UNDELIVERED MATERIAL
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A-2559	Bendix Aviation Corporation Scintilla Magneto Division	Magnetos	9994 Magnetos	1,289,328.	559,664.	1,848,992.
A-5082	Pan American Airways	Spares for planes		167,680.	269,652.	437,332.
A-5081	Aluminum Company of America	Aluminum Alloy		14,402.	145,013.	159,415.
A-281	Aluminum Company of America	Aluminum Rod & Bar		25,733.	123,702.	149,435.

REPORT OF DISBURSING OFFICER SUBMITTED AS AT FEBRUARY 28, 1942

1. CONTRACT NUMBER	2. CONTRACTOR	3. NATURE OF SUPPLY	4. MATERIAL REMAINING TO BE DELIVERED	5. NET LIABILITY TO CONTRACTOR	6. UNPAID ADVANCES	7. VALUE OF UNDELIVERED MATERIAL
PART D. MISCELLANEOUS CONTRACTS (CONT'D)						
A-248	Colt's Patent Fire Arms Mfg. Co.	Machine Gun spares	Spares only	\$ 83,183.	\$ 44,500.	\$ 127,683.
A-281	Aluminum Company of America	Aluminum		149,435.	123,702.	273,137.
A-621	Fairchild Aviation Corporation	Aerial Cameras		55,175.	55,174.	110,349.
A-1144	Aviation Corporation (Lycoming Div.)	Crankshafts for engines		3,072.	3,391.	6,463.
A-1453	Fairchild Aviation Corporation	Camera Gun spares	Spares only	10,276.	12,299.	22,575.
A-2454	Fairchild Aviation Corporation	Aircraft Octants		39,099.	39,200.	78,299.
A-1455	Sperry Gyroscope Co. Inc.	Gyro spares	Spares only	62,191.	33,487.	95,678.
A-1948	Bendix Aviation Corporation (Bendix Radio Div.)	Radio spares	Spares only	55,670.	16,823.	72,493.
A-5203	Bendix Aviation Corporation (Bendix Radio Div.)	Radio spares	Spares only	14,557.	3,639.	18,196.
A-5247	Bendix Aviation Corporation (Bellcase Aviation Div.)	Starter spares	Spares only	3,780.	3,780.	7,560.
A-2488	Farnsworth Television and Radio Corporation	Oxygen Equipment		33,703.	11,474.	45,177.
A-5031	Bendix Aviation Corporation (Bendix Radio Div.)	Radio spares	Spares only	7,739.	2,012.	9,751.

**BRITISH AIR COMMISSION**

1785 MASSACHUSETTS AVENUE

WASHINGTON, D. C.

TELEPHONE HOBBART 9000

PLEASE QUOTE

REFERENCE NO. _____

With the compliments of British Air Commission
who enclose Statement No. 26 - Aircraft Despatched
- for week ended March 24, 1942.

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

March 27, 1942.

MOST SECRETSTATEMENT NO. 26AIRCRAFT DESPATCHED FROM THEUNITED STATES DURING WEEKENDED MARCH 24, 1942

	DESTINATION	ASSEMBLY POINT	BY SEA	BY AIR	FLIGHT DEL'D FOR USE IN CAN
<u>WELL</u>					
diracobra	U.K.	U.K.	11		
<u>DOING</u>					
17E "Fortress II"	U.K.	U.K.		3	
<u>ESSNA</u>					
17 "Crane I-A"	Canada	Canada		10	
<u>NSOLIDATED</u>					
24 D	U.K.	U. K.		6	
Y 5A	Canada	Canada		12	
<u>RTISS</u>					
ettyhawks IA	New Zealand	Auckland	10		
	Australia	Sydney	20		
	Australia	Melbourne	2		
<u>ENN MARTIN</u>					
ltimore	Middle East	Port Sudan	17		
<u>CHIEED</u>					
son IIIA	New Zealand	Auckland	13		
	Australia	Melbourne	13		
29 Huddon III A-AC 5	Canada	Canada		4	
A 29A-AC-151	U.K.	U.K.		26	
29 Lodestar IIA-C53	M.E.	Port Sudan		1	
atura Bomber	U.K.	Canada en route		21	
<u>NEUMAN</u>					
artlet II	India	Bombay	5		
<u>NORTH AMERICAN</u>					
Mustang	U.K.	U.K.	31		
<u>STEARMAN</u>					
P T 27	Canada	Canada		74	
<u>TOTALS</u>			122	157	

British Air Commission
March 27th, 1942.

**BRITISH AIR COMMISSION****1785 MASSACHUSETTS AVENUE****WASHINGTON, D. C.****TELEPHONE HOBBART 9000**

PLEASE QUOTE

REFERENCE NO. _____

With the compliments of British Air Commission
who enclose Statement No. 27 - Aircraft Despatched
- for week ended March 31, 1942.

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

March 27, 1942.

MOST SECRETSTATEMENT NO. 27AIRCRAFT DESPATCHED FROM THE UNITEDSTATES DURING WEEK ENDED MARCH 31st, 1942

TYPE	DESTINATION	ASSEMBLY POINT	BY SEA	BY AIR	FLIGHT DELIVERED FOR USE IN CAN.
Cobra	U.K.	U.K.	24		
<u>TISS</u>					
tyhawks IA	Middle East	Port Sudan	4		
	New Zealand	Auckland	8		
<u>ENA-</u>					
W17 Crane IA	Canada	Canada			8
<u>CONSOLIDATED</u>					
erator II	U.K.	Canada en route		1	
<u>ECMIL</u>					
8 9	U.K.	U.K.	4		
<u>EN MARTIN</u>					
ttmore	Middle East	Port Sudan	19		
<u>OTHER</u>					
9 Hudson III					4
A-AC 5	Canada	Canada			1
son V	Canada	Canada			
son III	New Zealand	Auckland	11		
utura Bomber	U.K.	Canada en route		3	
A 29A-AC-151	U.K.	U.K.		11	
<u>NORTH AMERICAN</u>					
Harvard II	Canada	Canada			2
Mustang	U.K.	U.K.	22		
TOTALS			92	15	15

British Air Commission,
April 3rd, 1942.

C
O
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DEPARTMENT OF STATE

WASHINGTON

March 27, 1942

In reply refer to
FD 851.515/156

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and encloses copies of a paraphrase of telegram no. 185, dated March 26, 1942, from the American Consulate General, Algiers, Algeria, concerning shipments of gold to France from Algeria.

Enclosure:

From Algiers, no. 185,
March 26, 1942.

Copy:lc:3/27/42

C
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PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Consulate General, Algiers, Algeria.

DATE: March 26, 1942, noon.

NO.: 185.

Reliable information has been received by Knox and Boyd to the effect that from January 1 to March 13, inclusive, a total of 18845 kilos of gold has been shipped to France from Algiers by plane. The weight of cases is included in this total. Forty-three trips were made to ship this amount of gold.

By despatch I am sending a detailed statement of the day by day shipments.

This telegram has been repeated to Casablanca and to Vichy.

COLE

Copy:lc:3/27/42

INCOMING CABLEGRAM

From: Buenos Aires
Sent: March 27, 1942
Recd: March 28, 1942

Federal Reserve Bank of New York

#74

In order to increase our gold reserves, please buy for our account gold bars for the equivalent of U.S. \$4,000,000 keeping the gold bars earmarked for our account. Cable execution.

/s/ Banco Central de la Republica Argentina

Received by telephone from Federal Reserve Bank of New York, 3/28/42,
10:20, kma

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London, England
DATE: March 27, 1942, 10 p.m.
NO.: 1488, Sections 1, 2, 3, 4

This message is in strict confidence from Casaday and Penrose for the Secretary of the Treasury.

The alleged difficulties involved in the present system of collecting at the source the income tax on the wage earners has recently come under considerable discussion. 2,500,000 wage earners came under this system in 1941. In January 1942 3,000,000 more workers at lower wage levels were brought into the system. There was a delay for over a week in getting the forms out because of the extraordinary pressure of work on the inland revenue. Considerable complications were caused for some time by this delay.

The present system has been attacked by some of the weekly journals, newspapers and a number of employers on the following grounds:

1. Because of the great complexity of the present methods they cannot be satisfactorily explained to workers.
2. Workers in the lower wage brackets under this system of assessment are subjected to hardship.

In relation to the first of these points, it may reasonably be held that there was a deficiency of explanatory propaganda

-2-

propaganda. Not until February 1942 was there issued an effective pamphlet, INCOME TAX QUIZ FOR WAGE EARNERS. Other methods of spreading propaganda such as the radio seem to have been used insufficiently. The incompatibility of extreme simplicity in the way the tax is assessed and the requirements of equity is a strong argument Government spokesmen have advanced but the most does not seem to have been made of this argument.

Regarding the second of these points in as much as only three months of the year of assessment and nine months of the following year make up the period in which the tax is deducted, the argument has been presented that the deduction of tax may come at some time when because of seasonal fluctuation, illness, or lack of employment at the end of the war, the current wages of the workers are far below the average they earned during the assessment period.

Some elaborate and ingenious schemes to replace the present method of taxation by a system of current taxation of wages making the year of deduction and the base year coincide have been worked out by a few employers and the Inland Revenue Staff Federation.

For a time the General Council of the Trade Union supported one of these schemes and pressed the Treasury to adopt it. Keynes indicates, however, that after conferring with

-3-

with the Inland Revenue, the T. U. C. delegates dropped their demands and that at present it seems unlikely that there will be a change in the system. It seems obvious that the difficulties have been greatly exaggerated by the agitation by the London ECONOMIST and newspapers and that the system is being accepted and has come to stay at least for the duration of the war in its general lines.

Some of the arguments which caused the Inland Revenue to veto the plans to make the base year and the year of deduction coincide are as follows:

(1) At a time when clerical labor is very scarce, such plans would involve more work for employers.

(2) Deductions from wages based on computations by the employer would be involved and no opportunity would be given the work to question them until the end of the year. Now a notice of assessment is received by the worker and he can appeal against it before the deduction of any tax. The Inland Revenue tells the employer in advance what tax to deduct.

(3) Usually not until the end of the week does the employer know what the total earnings of the workers are. Under the proposed plans all the computations of the tax would have to be done on the last day, which would be impossible so there would always be a one week lag.

MATTHEWS

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE March 27, 1942

TO *Miss Chauncey*
Secretary Morgenthau

FROM Mr. Dietrich

CONFIDENTIAL

Registered sterling transactions of the reporting banks were as follows:

Sold to commercial concerns	£103,000
Purchased from commercial concerns	£ 20,000

Open market sterling held at 4.03-3/4, with no reported transactions.

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

Canadian dollar	13% discount
Argentine peso (free)	.2370
Brazilian milreis (free)	.0516
Colombian peso	.5775
Mexican peso	.2064
Uruguayan peso (free)	.5295
Venezuelan bolivar	.2815
Cuban peso	1/8% premium

In order to increase the Stabilization Fund's gold balance, we purchased \$250,000 in gold from the General Fund through the New York Assay Office.

The Federal Reserve Bank of New York reported that the Bank of the Colombian Republic shipped \$284,000 in gold from Colombia to the Federal for its account, for sale to the New York Assay Office.

In London, spot and forward silver remained at 23-1/2d, equivalent to 42.67¢.

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.

(U.S. SECRET)

OPTTEL No. 101

Information received up to 7 A.M., 27th March, 1942.

1. NAVAL

On the 25th and 26th shipping at MALTA was heavily attacked by a total of 160 enemy aircraft. Of the convoy recently arrived a Norwegian and a British ship were hit, but it is hoped to save part of former's cargo and nearly all the latter's. H.M. Auxiliary Supply Ship was set on fire and is expected to sink. One of H.M. Cruisers was holed by near misses but is in no danger of sinking. H.M. Destroyer was hit and sunk. A submarine was badly damaged by near misses and a Fleet Oiler had to be beached. Ten enemy aircraft were destroyed, four probably destroyed and fourteen damaged. H.M. Destroyer and a Fleet Oiler were torpedoed and sunk North East of SOLLUM early on 26th. Five Officers and 45 Ratings have been rescued from the Destroyer and 20 Officers and men from the oiler. Survivors have been rescued from a Dutch tanker reported on fire off NOVA SCOTIA.

2. MILITARY

BURMA. 26th. SITTANG FRONT. Fighting continues in the YEDASHE-TOUNGOO area where about 1,000 Japanese are engaged. Our losses are remarkably small. Enemy has side-stepped TOUNGOO and is reported to have occupied KYUNGON. Stout resistance is being offered and the Chinese troops in TOUNGOO have been ordered to fight it out. A further Chinese Division has arrived at PYANMANA. IRRAWADDY Front. Enemy forces are reported at KYANGIN 40 miles south of PROME and at three localities on the PROME Road, but there has been no contact yet. Chinese forces are reported to have been engaged between the 17th and 20th with a Siamese force led by Japanese in the area South of MONUTUN.

RUSSIA. German counter attacks continue in the area west of RZHEV. South west of YUKHNOV the Russian advance towards YELNYA has made further progress.

3. AIR OPERATIONS

WESTERN FRONT. 25th/26th. About 225 tons of H.E. including fourteen 1,000 lbs., four 2,000 lbs., and fifteen 1,900 lbs. bombs and 27,250 incendiaries (approximately 60 tons) were dropped on ESSEN. Visibility was good but with much ground haze. Many large fires and explosions were reported in the town in Kurpps works and in the railway centre. 26 R.C.A.F., 10 R.A.A.F. and 9 New Zealand aircraft took part. One of the latter is missing. At ST. NAZAIRE, 40 tons were dropped in good visibility.

26th. 24 Bostons escorted by 60 fighters were sent to attack shipping at LE HAVRE. Direct hits were made on a possible raider and on warehouses. Eight enemy fighters were shot down and two damaged for the loss of 2 Spitfires and one Boston. Hudsons attacked four merchant vessels of 2,000 to 3,000 tons off the Dutch coast and probably hit two of them.

26th/27th. 198 aircraft were despatched - ESSEN 115, Seaming 36, Propaganda leaflets 15, LE HAVRE 1, Oil refineries near GHENT 8, intruder operations over enemy aerodromes 16. Visibility at ESSEN was good. Intruders destroyed one and probably destroyed another enemy bomber. 19 R.C.A.F., 7 R.A.A.F. and 7 New Zealand aircraft took part. 15 aircraft are missing including one R.C.A.F. About 30 enemy aircraft operated over our North-East coast of which ten penetrated inland. One was shot down by anti-aircraft.

BURMA. 24th. 54 bombers with fighter escort attacked AKYAB aerodrome and destroyed 5 Hurricanes and 2 Heinkel's on the ground. One enemy aircraft was shot down, three probably destroyed and two damaged. We lost three Hurricanes. Reference OPTTEL No. 97. MAGHE. Further reports indicate that out of 52 aircraft on the aerodrome 22 were destroyed, 8 are repairable and 21 were flown away.

4. HOME SECURITY

26th/27th. Coke ovens were damaged and some Benzole and oil lost at Malton Colliery near DURHAM. Bombs also seriously damaged the By-products Plant. During the week 19/25 March, the average scale of German air attack on MALTA and shipping in the vicinity was about 150 aircraft per 24 hours. This is the highest scale yet produced here. There are now over 400 German aircraft in SICILY of which about 1/3 are bomber types which is the greatest concentration ever assembled there. It is not thought that this intensity of attack can be maintained. German air strength in LIBYA is about 88% of what it was last November during the British offensive and only about 65% of the maximum achieved during December. This reduction is partly due to increase against MALTA. There are now about 25 F.W. 200 aircraft (4 engined long range Condor Type) in DENMARK and NORWAY which also represents the largest concentration so far of this type in these areas. They are probably intended to provide reconnaissance for the German Naval units.

W.A. &
T. Coll.

Govt. Coll.

65 6C

To be delivered
at 9:00 Am.

Phoned Nagah
for TWX
WA-105

Harold Graves:

I think it would be an excellent idea for us
to get permission to participate in all army day
parades stop I suggest having several defense
band floats in each parade stop You will
have to move fast to accomplish this.

H.M. Jr.

~~T.O.H.~~ ~~653~~
T.O.O. NOBATES TWX
LORLEY T- WA-105
1855 - 3/27/42

S-21-0

CUSTOMS PATROL NOGALES

TREASURY DEPARTMENT
TELEGRAPH SERVICE
TIMED WIRE SERVICE

66

THE FOLLOWING MESSAGES WERE TELEPHONED TO THIS OFFICE LAST NIGHT FOR
TRANSMISSION BY TELETYPE

1942 MAR 28 AM 9 02

FOLLOWING MESSAGES TO BE DELIVERED AT NINE A M MARCH 28TH

HAROLD GRAVES
TREASURY DEPARTMENT
WASHINGTON D C

I THINK IT WOULD BE AN EXCELLENT IDEA FOR US TO GET PERMISSION TO
PARTICIPATE IN ALL ARMY DAY PARADES. I SUGGEST HAVING SEVERAL
DEFENSE BOND FLOATS IN EACH PARADE. YOU WILL HAVE TO MOVE FAST TO
ACCOMPLISH THIS.

HENRY MORGENTHAU JR

TO:

Miss Chauncey 67

Secretary talked
to Mr. Gaston
about this at
lunch. 3/30/42

3/30/42

From: Lieut. Stephens

Gov't Coll

CLASS OF SERVICE DESIRED	
DOMESTIC	CABLE
TELEGRAM	<input checked="" type="checkbox"/> ORDINARY
DAY LETTER	URGENT RATE
SERIAL	DEFERRED
OVERNIGHT TELEGRAM	NIGHT LETTER
SPECIAL SERVICE	SHIP RADIOGRAM

Patrons should check class of service desired; otherwise the message will be transmitted as a telegram or ordinary cablegram.

WESTERN COPY UNION

1207-B

A. N. WILLIAMS
PRESIDENT

NEWCOMB CARLTON
CHAIRMAN OF THE BOARD

J. C. WILLEVER
FIRST VICE-PRESIDENT

68	
G.C.	
ACCOUNTING INFORMATION	
TIME FILED	

and the following telegram, subject to the terms on back hereof, which are hereby agreed to

To HERBERT GASTON TUCSON, ARIZ. (LA OSA)
28 MARCH 1942
 Care of or Apt. No. TREASURY DEPARTMENT,
 Street and No. WASHINGTON, D.C.
 Place (To be delivered 9:00 AM. (EWT) MONDAY, 30 MARCH)

PLEASE SPEAK TO ME MONDAY ABOUT HELEN LOMBARD'S STORY IN MARCH 26 WASHINGTON EVENING STAR x I HOPE CASE SHE MENTIONS HAS BEEN CLEARED x

WANT A REPLY?
 "Answer by WESTERN UNION"
 or similar phrases may be
 included without charge.

WU/TE
 TOD 3/28/42
 1800-

HENRY MORGENTHAU, JR.

S-23-0

Sender's address
 for reference

Sender's telephone
 number

MAR 26 1942

Governmental 'Adhesive Tape' Holds Up Act of Mercy

Warm Clothing for Prisoners of One of U. S. Allies May Reach Them by Summer

By HELEN LOMBARD.

A new vernacular is springing up in wartime Washington. The now old-fashioned expression "red tape" belongs to the happy era when slow governmental processes were due to the leisurely habit of mind by golfing and tea-ing Washington officialdom. Today the expression has changed: "adhesive tape" now describes the technique used by war-pyramided officials who are jealous of each other's prerogatives and determined to sit tight rather than yield an inch in their overlapping fields.

Sometimes the "adhesive tape" refers to large items, such as desperately needed ships and Diesel engines, which stick in administrative pigeon holes. Sometimes "adhesive tape" prevents woolen socks and sweaters from reaching the shivering mortals for whom they are intended.

A group of kind-hearted ladies in Canada knitted 200 sweaters and 400 pairs of socks for the unfortunate prisoners of war of one of America's fighting allies. The articles were sent to Washington to be added to others and repacked

according to the requirements of the Berlin government.

The articles were shipped direct to Washington in care of the envoy of the country in question. When they arrived at the Post Office the customs authorities stepped in and informed the wife of the Ambassador that the shipment was dutiable at the high tariff applicable to woolen goods.

In vain the Red Cross certified that the things in question were to be distributed according to the rules of the International Red Cross. In vain the State Department certified that the envoy in question was a bona fide diplomat entitled to all courtesies and that his particular war relief organization was approved by the department. The Treasury

answered that there was no indication that the goods were in transit and therefore entitled to be admitted duty free.

After months of argument the envoy took the matter up with top Treasury officials, who were unable to do away with the adhesive tape but who courteously suggested a way around it. It was suggested to the diplomat that he sign a declaration stating that the 200 sweaters and 400 pairs of socks were for his personal use and consequently non-dutiable under the diplomatic franchise. The envoy protested that while diplomacy has not always dealt exclusively in the truth, he could hardly bring himself to declare that 200 sweaters and 800 socks were for his personal use.

Secretary Morgenthau, who has the reputation of being quite a busy man, was finally drafted as umpire in the momentous question. At this writing the situation appears to be well in hand and it looks as if the war prisoners of our gallant ally (whose army is still resisting the Axis) will receive the woolen goods by the middle of next summer.

(Released by the Bell Syndicate, Inc.)

Analysis of Exposure to Payroll Savings Plans
March 28, 1942

	Number exposed to payroll savings plans	Total number in the country (estimated)	Percent of total exposed
Part A - Summary by Number of Organizations Exposed			
Business organizations			
1) Large railroads.....	158	167	95
2) Other firms with 500 employees or more.....	5,534	7,301	76
3) Other firms with 100 to 499 employees.....	13,721	26,823	51
4) Subtotal - large firms.....	19,413	34,291	57
5) Firms with less than 100 employees.....	32,224	*	*
6) Total business organizations.....	51,637	*	*
Governmental organizations.....	*	*	*
Grand total.....	<u>51,637</u>	<u>*</u>	<u>*</u>

Part B - Summary by Number of Employees Exposed			
Business organizations			
1) Large railroads.....	1,273,260	*	*
2) Other firms with 500 employees or more.....	13,907,811	*	*
3) Other firms with 100 to 499 employees.....	2,985,635	*	*
4) Subtotal - large firms.....	18,166,706	*	*
5) Firms with less than 100 employees.....	792,008	*	*
6) Total business organizations.....	<u>18,958,714</u>	<u>30,400,000 1/</u>	<u>62</u>
Governmental organizations			
1) Federal Government.....	397,981	1,700,000 1/	23
2) State and local governments.....	974,122	2,700,000	36
3) Total governmental organizations.....	<u>1,372,103</u>	<u>4,400,000</u>	<u>31</u>
Grand total.....	<u>20,330,817</u>	<u>34,800,000 1/</u>	<u>58</u>

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

April 3, 1942

includes agricultural employees, military personnel, employees on WPA or NYA or CCC projects,
 contractors, firm members, self-employed, casual workers and persons in domestic service.
 Not available.

Firms Employing 100 to 499 Persons Participating in Payroll Savings Plans
(As reported by the Defense Savings Staff's State Administrators)

State	Number of firms with payroll savings plans			Total number of firms (estimated)	Percent of total having payroll savings plans		
	Jan. 10	Mar. 21	Mar. 28		Jan. 10	Mar. 21	Mar. 28
.....	17	109	125	285	6	38	44
.....	15	41	42	58	26	71	72
.....	22	40	41	142	15	28	29
California.....	160	473	492	492	33	96	100
California.....	495	695	711	1,171	42	59	61
.....	64	112	112	170	38	66	66
.....	100	263	267	622	16	42	43
.....	0	9	14	84	0	11	17
Columbia.....	8	41	46	152	5	27	30
.....	48	133	140	140	34	95	100
.....	56	114	119	589	10	19	20
.....	19	27	30	50	38	54	60
.....	48	1,007	1,066	2,252	2	45	47
.....	0	386	394	586	0	66	67
.....	4	116	148	271	1	43	55
.....	114	275	275	275	41	100	100
.....	75	108	116	312	24	35	37
.....	0	155	162	384	0	40	42
.....	3	50	56	198	2	25	28
.....	32	126	135	405	8	31	33
ts.....	53	575	586	1,523	3	38	38
.....	137	639	659	1,022	13	63	64
California.....	181	366	367	399	45	92	92
California.....	30	58	58	143	21	41	41
.....	0	427	440	664	0	64	66
.....	22	36	38	39	56	92	97
.....	6	90	91	123	5	73	74
.....	8	14	14*	24	33	58	58
re.....	7	79	79	145	5	54	54
.....	171	338	364	869	20	39	42
.....	12	32	33	35	34	91	94
ina.....	505	1,723	1,815	4,239	12	41	43
.....	29	238	253	499	6	48	51
a.....	4	9	9	29	14	31	31
.....	0	946	1,004	1,739	0	54	58
.....	29	157	159	345	8	46	46
.....	21	177	182	271	8	65	67
a.....	713	1,546	1,591	2,032	35	76	78
d.....	49	144	144	224	22	64	64
ins.....	13	66	68	174	7	38	39
a.....	5	18	18	19	26	95	95
.....	0	79	79*	448	0	18	18
.....	74	237	255	1,375	5	17	19
.....	13	33	36	111	12	30	32
.....	30	53	57	63	47	84	90
.....	31	230	248	338	9	68	73
.....	71	219	226	323	22	68	70
ia.....	0	64	81	272	0	24	30
.....	0	253	258	680	0	37	38
.....	1	15	16	16	6	94	100
.....	0	2	2	2	0	100	100
.....	46	49	49	52	88	94	94
.....	<u>3,541</u>	<u>13,192</u>	<u>13,770</u>	<u>26,875</u>	<u>13</u>	<u>49</u>	<u>51</u>

Firms Employing 500 Persons or More Participating in Payroll Savings Plans
(As reported by the Defense Savings Staff's State Administrators)

State	Number of firms with payroll savings plans			Total number of firms (estimated)	Percent of total having payroll savings plans		
	Jan. 10	Mar. 21	Mar. 28		Jan. 10	Mar. 21	Mar. 28
.....	9	45	49	76	12	59	64
.....	15	21	21	21	71	100	100
.....	6	17	17	18	33	94	94
California.....	114	158	158	196	58	81	81
California.....	123	161	165	165	75	98	100
.....	22	25	26	32	69	78	81
.....	97	149	150	185	52	81	81
.....	2	10	13	28	7	36	46
Columbia.....	12	27	29	52	23	52	56
.....	18	34	35	66	27	52	53
.....	35	58	60	143	24	41	42
.....	8	9	10	10	80	90	100
.....	277	404	415	634	44	64	65
.....	41	123	127	180	23	68	71
.....	9	38	41	53	17	72	77
.....	16	33	33	33	48	100	100
.....	19	40	43	70	27	57	61
.....	0	35	37	85	0	41	44
.....	42	54	54	54	78	100	100
.....	40	104	105	154	26	68	68
.....	41	271	277	370	11	73	75
.....	305	327	332	333	92	98	99
.....	87	102	103	105	83	97	98
.....	12	16	16	28	43	57	57
.....	0	152	154	154	0	99	100
.....	4	5	5	5	80	100	100
.....	28	37	37	41	68	90	90
.....	3	5	5*	5	60	100	100
.....	17	30	30	30	57	100	100
.....	185	238	241	241	77	99	100
.....	5	6	6	6	83	100	100
.....	435	832	850	1,350	32	62	63
.....	49	109	110	168	29	65	65
.....	0	1	1	1	0	100	100
.....	285	498	502	557	51	89	90
.....	22	40	40	62	35	65	65
.....	51	69	70	70	73	99	100
.....	336	549	564	625	54	88	90
.....	58	73	73	90	64	81	81
.....	27	71	73	96	28	74	76
.....	3	4	4	4	75	100	100
.....	4	22	22*	106	4	21	21
.....	36	58	59	187	19	31	32
.....	8	10	10	14	57	71	71
.....	10	12	12	13	77	92	92
.....	41	92	96	96	43	96	100
.....	44	61	63	74	59	82	85
.....	2	41	43	67	3	61	64
.....	84	143	144	144	58	99	100
.....	0	1	1	1	0	100	100
.....	0	3	3	3	0	100	100
.....	98	109	109	115	85	95	95
.....	3,185	5,532	5,643	7,416	43	75	76

The Secretary of the Treasury, Division of Research and Statistics.
for March 21, inasmuch as no March 28 report was received.

April 3, 1942

CONFIDENTIAL

Daily changes in the stock of Series E savings bonds on hand ^{1/}

(In thousands of pieces)

	: Number of : pieces sold : this day	: Number of pieces : manufactured : this day	: Stock on hand : at close of : day	: IBM : deliveries : this day
March 16	271	300	26,413	-
17	144	300	26,569	-
18	148	300	26,721	650
19	160	300	26,861	-
20	259	300	26,902	600
21	162	none-closed	26,740	-
22	none-closed	none-closed	26,740	-
23	312	300	26,728	-
24	129	300	26,899	750
25	186	300	27,013	-
26	211	300	27,102	-
27	181	300	27,221	-

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

March 28, 1942

^{1/} Includes stock in hands of (1) Federal Reserve Banks and branches, (2) Post offices,
(3) Federal Reserve Bank issuing agents, and (4) Treasury vaults in Washington.

CONFIDENTIAL

UNITED STATES SAVINGS BONDS

Comparative Statement of Sales During
First Twenty-three Business Days of March, February and January 1942
(March 1-27, February 1-27, January 1-27)
On Basis of Issue Price

(Amounts in thousands of dollars)

Item	Sales			Amount of Increase or Decrease (-)		Percentage of Increase or Decrease (-)	
	March	February	January	March	February	March	February
				over	over	over	over
				February	January	February	January
Series E - Post Offices	\$ 76,736	\$ 84,361	\$140,490	-\$ 7,625	-\$ 56,129	- 9.0%	- 40.0%
Series E - Banks	<u>226,272</u>	<u>301,631</u>	<u>440,001</u>	- <u>75,359</u>	- <u>138,370</u>	- <u>25.0</u>	- <u>31.4</u>
Series E - Total	303,008	385,992	580,492	- 82,984	- 194,500	- 21.5	- 33.5
Series F - Banks	37,154	50,310	65,634	- 13,156	- 15,324	- 26.1	- 23.3
Series G - Banks	<u>162,053</u>	<u>244,819</u>	<u>261,655</u>	- <u>82,766</u>	- <u>16,836</u>	- <u>33.8</u>	- <u>6.4</u>
Total	<u>\$502,215</u>	<u>\$681,121</u>	<u>\$907,781</u>	- <u>\$178,906</u>	- <u>\$226,660</u>	- <u>26.3%</u>	- <u>25.0%</u>

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

March 28, 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.

CONFIDENTIAL

UNITED STATES SAVINGS BONDS

Comparative Statement of Sales During
First Twenty-three Business Days of March, February and January 1942
(March 1-27, February 1-27, January 1-27)
On Basis of Issue Price

(Amounts in thousands of dollars)

Item	Sales			Amount of Increase or Decrease (-)		Percentage of Increase or Decrease (-)	
	March	February	January	March	February	March	February
				over February	over January	over February	over January
Series E - Post Offices	\$ 76,736	\$ 84,361	\$140,490	-\$ 7,625	-\$ 56,129	- 9.0%	- 40.0%
Series E - Banks	<u>226,272</u>	<u>301,631</u>	<u>440,001</u>	- <u>75,359</u>	- <u>138,370</u>	- <u>25.0</u>	- <u>31.4</u>
Series E - Total	303,008	385,992	580,492	- 82,984	- 194,500	- 21.5	- 33.5
Series F - Banks	37,154	50,310	65,634	- 13,156	- 15,324	- 26.1	- 23.3
Series G - Banks	<u>162,053</u>	<u>244,819</u>	<u>261,655</u>	- <u>82,766</u>	- <u>16,836</u>	- <u>33.8</u>	- <u>6.4</u>
Total	<u>\$502,215</u>	<u>\$681,121</u>	<u>\$907,781</u>	- <u>\$178,906</u>	- <u>\$226,660</u>	- <u>26.3%</u>	- <u>25.0%</u>

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

March 28, 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.

CONFIDENTIAL

UNITED STATES SAVINGS BONDS
Daily Sales - March, 1942
On Basis of Issue Price
(In thousands of dollars)

Date	Post Office Bond Sales Series E	Bank Bond Sales				All Bond Sales			
		Series E	Series F	Series G	Total	Series E	Series F	Series G	Total
March 1942									
2	\$ 5,811	\$ 15,868	\$ 2,043	\$ 8,726	\$ 26,636	\$ 21,678	\$ 2,043	\$ 8,726	\$ 32,447
3	2,975	8,459	1,629	8,780	18,868	11,434	1,629	8,780	21,843
4	3,395	8,833	2,658	12,558	24,048	12,228	2,658	12,558	27,443
5	3,869	10,448	1,680	11,870	23,998	14,317	1,680	11,870	27,867
6	4,179	10,696	1,759	10,825	23,279	14,875	1,759	10,825	27,458
7	3,480	11,586	1,586	6,328	19,499	15,066	1,586	6,328	22,979
9	4,967	18,636	3,944	8,488	31,068	23,604	3,944	8,488	36,035
10	2,804	5,719	1,365	4,162	11,246	8,523	1,365	4,162	14,050
11	3,156	10,002	1,533	7,287	18,823	13,158	1,533	7,287	21,979
12	2,686	8,114	1,133	5,504	14,750	10,800	1,133	5,504	17,436
13	2,682	10,594	1,065	5,007	16,666	13,276	1,065	5,007	19,348
14	2,797	6,616	1,102	4,745	12,463	9,413	1,102	4,745	15,260
16	4,464	13,193	1,415	8,693	23,301	17,658	1,415	8,693	27,766
17	2,967	6,384	1,015	2,561	9,961	9,351	1,015	2,561	12,927
18	2,552	7,097	1,201	9,433	17,731	9,650	1,201	9,433	20,283
19	2,559	7,911	1,019	5,527	14,457	10,470	1,019	5,527	17,016
20	3,510	13,306	1,511	5,524	20,341	16,817	1,511	5,524	23,852
21	2,662	7,998	1,122	3,714	12,833	10,660	1,122	3,714	15,495
23	4,362	13,955	1,953	8,199	24,107	18,317	1,953	8,199	28,469
24	2,297	5,330	900	3,604	9,833	7,628	900	3,604	12,131
25	3,003	7,982	2,207	9,076	19,265	10,985	2,207	9,076	22,268
26	3,045	9,393	2,002	6,391	17,785	12,437	2,002	6,391	20,830
27	2,515	8,149	1,315	5,056	14,519	10,664	1,315	5,056	17,034
Total	\$ 76,736	\$226,272	\$ 37,154	\$162,053	\$425,479	\$303,008	\$ 37,154	\$162,053	\$502,215

March 28, 1942.

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

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

Figures are rounded to nearest thousand and will not necessarily add to totals.

REPORT OF NATIONAL DEFENSE CASESFor Week ~~Period~~ Ending March 28, 1942

Previously reported cases reopened		103
Applications received from defense agencies to date		9096
Investigations completed and reports forwarded to defense agencies to date	5850	(9199)
Applications withdrawn	486	
Applications transferred to Dept. of Justice	<u>2852</u>	<u>9188</u>
Cases pending for attention		11

Status of pending cases:

In office	-	
In field	11	<u>11</u>

Names submitted to Department of Justice

5/3/41 to date	4282
Reports received on above	2591

Distribution of Field Cases in Treasury Districts

No. 1 - Boston	1	No. 9 - Chicago	-
No. 2 - New York	3	No. 10 - Dallas	-
No. 3 - Philadelphia	2	No. 11 - Kansas City	-
No. 5 - Washington	3	No. 12 - St. Paul	-
No. 6 - Atlanta	-	No. 13 - Denver	-
No. 7 - Louisville	1	No. 14 - San Francisco	-
No. 8 - Detroit	1	No. 15 - Seattle	-

and similar

Number of Agents Engaged in This/Work

Intelligence Unit	3
Alcohol Tax Unit	51
Secret Service	-
Customs Service	2
Narcotics Service	4

Remarks

Cases closed week ending March 28, 1942 - 3

Of the 11 cases outstanding 6 are reopened cases, so there are 5 yet on which no information has been furnished O.E.M. by this office.


For Miss Chauncey

**TREASURY DEPARTMENT
OFFICE OF THE SECRETARY**

March 26, 1942

CONFIDENTIAL

Received this date from the Federal Reserve Bank of New York, for the confidential information of the Secretary of the Treasury, compilation for the week ended March 15, 1942, showing dollar disbursements out of the British Empire and French accounts at the Federal Reserve Bank of New York, and the means by which these expenditures were financed.



dm:3/26/42



OFFICE OF THE DIRECTOR

TREASURY DEPARTMENT

PROCUREMENT DIVISION

WASHINGTON

March 28, 1942

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MEMORANDUM TO THE SECRETARY:

There is submitted herewith the operating report of Lend-Lease purchases for the week ended March 28, 1942.

Emphasis is being laid upon the expediting of Lend-Lease goods to the ports, particularly the Russian Program, to meet available shipping. We have taken steps to overcome the present difficulty of being without information concerning ships until they actually arrive at ports which causes a delay in getting goods to the ships, and to effect this we are now cooperating with all agencies concerned, pending the taking over of the control of shipping by the recently formed Transport Control Committee which is expected to start functioning within about one week.

Clifton E. Mack
Clifton E. Mack

Director of Procurement

FOR DEFENSE



LEND-LEASE
TREASURY DEPARTMENT, PROCUREMENT DIVISION
STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND
DELIVERIES TO FOREIGN GOVERNMENTS AT U. S. PORTS
AS OF MARCH 28, 1942
(In Millions of Dollars)

	<u>Total</u>	<u>U. K.</u>	<u>RUSSIA</u>	<u>CHINA</u>	<u>ADMINISTRATIVE EXPENSES</u>	<u>UNDISTRIBUTED & MISCELLANEOUS</u>
Allocations	\$1393.3 (952.0)	\$638.7 (617.9)	\$212.8 (199.3)	\$ 52.3 (51.4)	\$.9 (.9)	\$488.6 (82.5)
Purchase Authoriza- tion (Requisitions)	\$ 828.6 (804.5)	\$565.8 (560.1)	\$213.9 (195.5)	\$ 45.6 (45.5)	- -	\$ 3.3 (3.4)
Requisitions cleared for purchase	\$ 774.1 (753.4)	\$545.1 (537.1)	\$185.1 (173.3)	\$ 40.6 (39.6)	- -	\$ 3.3 (3.4)
Obligations (Pur- chases)	\$ 727.5 (704.0)	\$515.0 (504.3)	\$173.4 (161.1)	\$ 35.8 (35.2)	\$.7 (.7)	\$ 2.6 (2.7)
*Deliveries to For- eign Governments at U. S. Ports	\$ 265.0 (253.0)	\$225.1 (217.1)	\$ 24.3 (21.0)	\$ 15.0 (14.4)	- -	\$.6 (.5)

*Deliveries to foreign governments at U. S. Ports do not include the tonnage that is either in storage, "in-transit" storage, or in the port area for which actual receipts have not been received from the foreign governments.

Note: Figures in parentheses are those shown on report of March 21, 1942.

EXPLANATION OF CHANGES

There was a net increase of \$431,277,022 in allocations for the week.

Purchase Authorizations, Requisitions Cleared for Purchase, and Obligations, increased in total and for all countries with the exception of Poland. The cancellation of two contracts for 25,000 pairs of shoes and 250,000 yards of percale caused the Polish decrease.

C
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81

DEPARTMENT OF STATE
WASHINGTON

In reply refer to
FD

March 28, 1942

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and encloses copies of telegram No. 193, dated March 28, 1942, from the American Consulate General, Sydney, Australia, reporting the total amount of Treasury checks received from the Commonwealth Bank.

Telegram No. 100 was transmitted to the Secretary of the Treasury in this Department's letter of March 16, 1942. The Department's telegram No. 128, March 27, 11 p.m., was transmitted to the Secretary of the Treasury in this Department's letter of March 27, 1942. Copies of the paraphrase of telegram No. 188 were transmitted to the Secretary of the Treasury in this Department's letter of March 26, 1942.

Enclosure:

From Consulate General, Sydney,
No. 193, March 28, 1942.

Copy:bj:3-28-42

ELP

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

Sydney

Dated March 28, 1942.

Rec'd 12:16 a.m.

Secretary of State,

Washington.

193, March 28, midnight.

Referring to the Department's telegram 100, March 14, 1 p.m. aggregate amount Treasury checks received from Commonwealth Bank March 26 \$8,591.40.

Referring to the Department's telegram 128, March 27, 11 p.m. Commonwealth Bank had cashed Navy bill specified in my telegram 188 and today presented the bill to this Consulate General for credit in accordance with the Department's telegram 100.

PALMER

EMB

C O P Y

ACKNOWLEDGMENT OF CABLEGRAM

March 28, 1942

Chungking March 28, 1942

Federal Reserve Bank of New York

New York

No. 3

Please pay Bank of China New York Agency for credit
of their Kunming Office U. S. dollars 83,159.81

Stabilization Board of China

INCOMING CABLEGRAM

Date: March 28, 1942

Rec'd: March 29, 1942

From: Chungking

Federal Reserve Bank of New York,

New York, N. Y.

#4

Pay to Chase National Bank of the City of New York for
credit of the Central Bank of China U. S. dollars 2,023,430.64.

(Sgd.) Stabilization Board of China

(Received by telephone from Federal Reserve Bank of New York, N.Y.
9:55 a.m. March 30, 1942)

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

Cairo.

Dated March 28, 1942

Rec'd 8:12 p.m.

Secretary of State,

Washington.

478, March 28, 9 a.m.

Department's 184, March 4, 7 p.m., paragraph 3.

Inform Treasury Department that Barclay's Bank
on March 25 delivered to the Legation four Treasury
checks totaling \$354.53. Checks will be forwarded
by next pouch.

KIRK

KLP

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86

DEPARTMENT OF STATE
WASHINGTON

In reply refer to
FF 860D.4061 Motion
Pictures/28

March 28, 1942

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and transmits paraphrased copies of telegrams, nos. 205, March 13, 10 a.m.; 226, March 18, 10 a.m., and 239, March 26, 5 p.m., received from the American Legation at Helsinki, concerning the present status and future prospects of American motion picture film exports to Finland vis-a-vis blocked American funds in Finland and blocked funds of Finland in the United States. Reference is made to this Department's Agenda Cases 3-2-1 and 3-2-1 Supplement.

Enclosures:

Paraphrases of telegrams
nos. 205, March 13,
226, March 18, and 239,
March 26, from Helsinki.

Copy:bj:3-30-42

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMLEGATION, Helsinki
DATED: March 26, 1942, 5 p.m.
NUMBER: 239

Reference is made to telegram no. 226, March 18, from Legation.

The conference of American Film Distributors held in Stockholm was attended by the Finnish M.G.M. distributor, and the representative of Paramount Motion Picture who returned yesterday.

Much concern is felt by these representatives by the fact that their home offices in the United States are now reluctant to ship films to the Finnish market although the necessary licenses permitting the showing of American feature pictures during the film year beginning July 1 had been granted by the Finnish Government which had given assurances that up to December 31, more American feature pictures than usual could be imported. The fact that the offer by the Bank of Finland to furnish dollars for settling of balances held in Finland by the film companies met with failure because licenses permitting the unfreezing of these dollars were denied by the Treasury Department is apparently the basis for this reluctance. Therefore the view has been taken by American film companies that no more films will be sent to Finland, particularly not by Warner, M.G.M. and Paramount.

For more than a year a sum of not more than \$200 per film in foreign exchange representing merely the cost of the master negative has been received by American film companies for pictures distributed in Finland, and the attitude is inexplicable. Blocked accounts have accumulated from their profits which are considerable. It is thus difficult to understand their current decision since practically no change has occurred in the actual monetary position.

The new situation presents grave concern to the distributors of American films as Finnish theater owners had been assured by them that the owners would be able to secure new American pictures if they resisted the German demand for the suppression of American films.

The Legation feels, as the Department may feel, that the relatively minor accounting problems involved is outweighed by political and propaganda value to be derived from continued presentation of the American scene by means of films. Since radio and press are totally influenced if not controlled by the Germans the fact that the motion picture is the sole means by which the American point of view may be presented further strengthens this view.

Sent by courier to Stockholm.

SCHOENFELD

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Helsinki.
TO : Secretary of State, Washington.
DATED: March 18, 1942, 10 a.m.
NUMBER: 226

References are made to Telegrams no. 110, February 11, and 205, March 13, from Legation.

The Finnish representative of Paramount talked with the Secretary of the Legation yesterday. Today he is proceeding to Stockholm for consultation with his head office on the question of future imports into Finland of film.

According to Mr. Hammar, the German Film Chamber representative, Mr. Camman, confessed recently to the Finnish Film Chamber's new Board of Directors that the recent German ultimatum to Sweden and Finland could not be backed up because, contrary to its first supposition, Germany is not in a position to export raw film in sufficient quantities. A "compromise" was offered to the Finns by him that no American pictures would be imported subsequent to December 31, 1942, although the showing of American films already imported could be continued thereafter. Jalanti, the chief of the Foreign Office's commercial section urged acceptance of this offer by the Finnish Film Chamber stating that the maintenance of good relations with the United States was desired and thus his government would give every facility for an increased importation of films from America this year for showing in subsequent years although good terms with Germany must at the same time be maintained. The Finnish Film importers seem inclined to accept Jalanti's suggestion for they feel confident they will be able to import enough feature pictures from America to supply this market for a period of two years at least, if their home offices in the United States will agree.

American film importation is confronted with one difficulty by the fact that yesterday it was decided by the Bank of Finland to reverse its earlier decision authorizing the payment of blocked accounts held by American film companies through the allocation of Finnish dollar balances and now to refuse dollar exchange for new film purchases or for the payment of frozen balances. The situation, thus, in effect, reverts to the position which for the past year and a half has been in existence. Importers have been informed, however, by the Bank of Finland that the use of dollar balances to pay for raw film imports from America will be permitted. Such permission will, of course, be conditional as to whether the allocation of these balances for such payments will be approved by the Treasury Department.

-2-

Prompt action is again requested by the Legation, as previously, to facilitate the continued importation to Finland of films from America both by the assurances that the industry will be supplied with raw film as suggested in the Legation's telegrams under reference and that finished feature films will be shipped to Finland. The question of raw film is important to America distributors because copies of master films can be printed locally on raw film and the cost of such printing can be defrayed from their frozen Finnish mark balances here and thus reduce such balances to some extent.

Stockholm informed.

SCHOENFELD

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMERICAN LEGATION, Helsinki.
TO : Secretary of State, Washington
DATED: March 13, 10 a.m.
NUMBER: 205

Reference is made to telegram no. 156, February 27 from Legation.

Navicerts for approximately 31 metric tons of raw film for Swedish film industry have been granted by the British Ministry of Economic Warfare according to our Legation in Stockholm. However raw film for Finland is unavailable under navicert.

The British, according to information furnished yesterday to McClintock by the British Commercial Secretary in Stockholm have agreed that motion picture films from America for distribution in Finland will be granted navicerts. Moreover, after April 1 export licenses of the United States will replace British navicert documentation for American exports according to a statement by Metheson. Should raw film consignments to Finland be granted export permits by the United States he felt reasonably sure that his Government would "look the other way".

The film industry of Finland not only would be assured of a continued supply of motion picture films from America, if this procedure were adopted, but in addition the modest amount of raw film essential to Finland would be assured. Action along these lines and a prompt decision in the matter before the Germans make new demands is strongly recommended by the Legation.

London and Stockholm informed.

SCHOENFELD

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE March 28, 1942

TO
FROM*Chauncey*
Secretary Morgenthau
Mr. Dietrich**CONFIDENTIAL**

Registered sterling transactions of the reporting banks were as follows:

Sold to commercial concerns	£15,000
Purchased from commercial concerns	£21,000


Open market sterling held at 4.03-3/4, with no reported transactions.

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

Canadian dollar	13% discount
Argentine peso (free)	.2373
Brazilian milreis (free)	.0516
Colombian peso	.5775
Mexican peso	.2064
Uruguayan peso (free)	.5295
Venezuelan bolivar	.2815
Cuban peso	1/8% premium

There were no gold transactions consummated by us today.

The Federal Reserve Bank of New York reported that the Bank of Canada shipped \$1,775,000 in gold from Canada to the Federal for account of the Government of Canada, for sale to the New York Assay Office.



BRITISH MOST SECRET

(U.S. SECRET)

OPTEL No. 102

Information received up to 7 A.M., 28th March, 1942.

1. NAVAL

Early on 27th motor gun boats off the Dutch coast attacked an enemy trawler which was left in flames and sinking. Two motor launches on passage from GIBRALTAR to MALTA are overdue and must be considered lost.

2. MILITARY

LIBYA. 26th. Patrolling activity by both sides. Our patrols inflicted considerable casualties on the enemy in a night raid 25th/26th.

BURMA. 27th. SITTANG FRONT. Severe fighting is taking place in the TOUNGOO area. Japanese pressure being heaviest from the north-west. The Chinese still hold TOUNGOO in spite of heavy casualties.

IRRAWADDY FRONT. Contact has been gained with Japanese columns crossing the PEGU YOMAS from the East.

RUSSIA. The Russians are attacking North-East of GSHATSK, heavy fighting is in progress East of KHARKOV, Russian attacks have made some progress in the DONETS Sector.

3. AIR OPERATIONS

WESTERN FRONT. 25th/26th. Correction: 17 not 10 R.A.A.F. aircraft took part.

26th/27th. About 126 tons of H.E. and incendiary bombs were dropped on ESSEN. Fires were seen in the Krupp Works and near the railway centre. 8 R.C.A.F. Bostons were among the intruders.

27th. 12 Bostons escorted by 12 Squadrons of Spitfires attacked the Power station at OSTEND with unobserved results. Our fighters destroyed one enemy fighter, probably destroyed 3 and damaged 10 more. One is missing.

27th/28th. 87 aircraft were despatched - ST. NAZAIRE 61, sea-mining 18, Dutch aerodromes 8. 5 are missing.

MALTA. 26th. 42 aircraft continued attacks on shipping and on 27th, 38 aircraft attacked LUQA and HAL FAR aerodromes. Fighters and A.A. destroyed 3. Probably destroyed 1 and damaged a further 7.

BURMA. 26th. Enemy aircraft in flights of 10 continuously bombed TOUNGOO.

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BURMA. 26th. Enemy aircraft in flights of 10 continuously bombed TOUNGOO.

BRITISH MOST SECRET

(U.S. SECRET)

OPTEL No. 103

Information received up to 7 A.M. 29th March, 1942.

1. NAVAL

Combined Operations. On 27th/28th a force consisting of four H.M. destroyers with a number of motor launches and small craft escorting the destroyer: CAMPBELTOWN whose bows had been specially prepared and filled with explosive carried out an operation at ST. NAZAIRE with the object of destroying the lock gates and damaging harbour installations. From preliminary reports it appears that the force reached their objective unseen and on time. CAMPBELTOWN rammed the lock gates at 0134 and a heavy explosion was heard and seen at the time that CAMPBELTOWN was due to explode. Immediately CAMPBELTOWN had rammed, special service troops were landed and carried out demolitions in the dockyard. Aircraft had orders not to attack unless they could clearly distinguish their target and owing to complete cloud the majority of the sixty-two detailed returned with their bombs. Motor launches re-embarked the CAMPBELTOWN's crew and as many troops as possible and retired under heavy fire to the destroyers which then withdrew. On leaving ST. NAZAIRE they engaged five German torpedo boats. Air escort on return was provided by coastal command aircraft which destroyed a Ju. 88 and damaged a Heinkel for the loss of one Beaufighter. The British tanker reported yesterday torpedoed on 21st is afloat and making for harbour.

2. MILITARY

BURMA. SITTANG FRONT. Up to morning on 28th the situation had improved considerably. The Chinese still hold TOUNGOO and are preparing a counter attack. IRRAWADDY FRONT. Our troops are concentrated in the PRONE area. An irregular force of 4000 to 5000 Burmans with Japanese leaders is reported to be twenty miles south of PRONE.

RUSSIA. Heavy fighting is continuing west of RZHEV. The Russians are maintaining their pressure in the area south east of VYASMA and have made further progress in the YELNYA sector.

3. AIR OPERATIONS

WESTERN FRONT. 28th. Eight Spitfire Squadrons on an offensive sweep met a considerable number of enemy fighters. Thirteen enemy aircraft were shot down, six probably destroyed and six damaged for the loss of six Spitfires including Group Captain Beamish.

- 2 -

28th/29th. 268 aircraft were despatched: LUBECK - 234, Sea mining - 7. Intruders - thirteen and leaflets - fourteen. Preliminary reports indicate attack on LUBECK very successful. Weather and visibility excellent, 80% attacked, town left well alight and a factory north west of the town destroyed. Twelve bombers including three Stirlings are missing.

LIBYA. 26th/27th. Thirteen Wellingtons bombed BENGHAZI HARBOUR and five others laid mines. One ship was set on fire. Enemy aircraft attacked a troop train east of CAPUZZO, killing nineteen and wounding sixty-nine. In day operations two enemy aircraft were destroyed, three probably destroyed and two damaged for the loss of two Tomahawks.

MALTA. 28th. Thirty-four enemy aircraft attacked without causing damage. One was probably destroyed.

BURMA. 27th. PROME was heavily bombed and three quarters of the town burnt. Casualties were slight.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Monday, March 30, 1942.

Press Service
No. 30-90

The Treasury Department made public today the standard of conduct which United States concerns doing business within Latin America are required to follow with respect to transactions involving enemy nationals. Public Circular No. 18 issued today made it clear that United States concerns operating in Latin America, including their agents, subsidiaries and affiliates, may not deal in any manner whatsoever with enemy nationals, except pursuant to specific authorization of the Treasury Department.

This public circular was issued in response to inquiries received by the Treasury Department after the release of General Ruling No. 11 which prohibits, unless specially licensed, transactions involving trade or communication with enemy nationals. "Enemy national" was defined in General Ruling No. 11 as meaning (a) any person within enemy territory; (b) any person whose name appears on the "black list", i.e., The Proclaimed List of Certain Blocked Nationals, or any person acting for a black listed person; and (c) representatives or agents of the governments of Germany, Italy, Japan, Bulgaria, Hungary or Rumania, whether situated within or without enemy territory. "Enemy territory" was defined as meaning the territory of Germany, Italy and Japan, together with the territory under their occupation or control.

Today's public circular calls attention to the fact that the prohibitions against dealings with enemy nationals are applicable to any person within the Western Hemisphere who is subject to the jurisdiction of the United States, including all individuals and concerns within the United States; all citizens of the United States wherever located; all concerns organized under the laws of the United States or having their principal place of business in the United States, including any agent, subsidiary, or affiliate of any such concern wherever located; and any concern which is owned or controlled by any other concern subject to the jurisdiction of the United States.

The important features of the standard of conduct set forth in today's public circular are the following:

(a) American controlled concerns operating in Latin America are prohibited from having any financial, business, trade or other commercial dealings with persons or firms within enemy territory. Thus a Latin American branch of a New York corporation may not have any dealings (except under license) with a firm situated within Germany, Italy or Japan or within any territory controlled or occupied by such countries.

(over)

PUBLIC CIRCULAR NO. 18
UNDER EXECUTIVE ORDER NO. 8389, AS AMENDED,
AND REGULATIONS ISSUED PURSUANT THERETO,
RELATING TO FOREIGN FUNDS CONTROL.*

(1) Reference is made to General Ruling No. 11, relating to transactions involving trade or communication with an enemy national. Inquiry has been made as to the standard of conduct which United States concerns doing business within Latin America are required to follow with respect to transactions involving enemy nationals.

(2) Any person within the Western Hemisphere who is subject to the jurisdiction of the United States shall not engage in any financial, business, trade or other commercial transaction which is directly or indirectly with, by, on behalf of, or for the benefit of an enemy national, except as specifically authorized by the Secretary of the Treasury, by means of regulations, rulings, instructions, licenses or otherwise.

(3) As used herein, the term "person subject to the jurisdiction of the United States" shall include:

- (a) any citizen of the United States whether within the United States or within any foreign country;
- (b) any person within the United States;
- (c) any partnership, association, corporation, or other organization

* This public circular affects Parts 130 and 131 and will be included in appendices to those parts.
Sec. 5(b), 40 Stat. 415 and 966; Sec. 2, 48 Stat. 1: 54 Stat. 179; Public No. 354, 77th Congress; Ex. Order 8389, April 10, 1940, as amended by Ex. Order 8285, June 14, 1941, Ex. Order 8832, July 26, 1941, Ex. Order 8963, December 9, 1941, and Ex. Order 8998, December 26, 1941; Regulations, April 10, 1940, as amended June 14, 1941, and July 26, 1941. (over)

- (i) which is organized under the laws of the United States; or
- (ii) which has its principal place of business within the United States; or
- (iii) which is owned or controlled by, directly or indirectly, one or more persons subject to the jurisdiction of the United States as herein defined; and
- (d) any agent, subsidiary, affiliate or other person owned or controlled, directly or indirectly, by any person subject to the jurisdiction of the United States as herein defined.

(4) In appropriate cases, United States diplomatic and consular officers in the other American Republics should be consulted with respect to the matters referred to herein and applications for licenses to engage in transactions referred to herein may be filed with such officers in lieu of filing such applications in the United States. The Treasury Department has delegated authority to such officers through the State Department, and accordingly such officers are in a position to take action on applications in certain cases without first referring such applications to the Treasury Department.

E. H. Foley, Jr.

Acting Secretary of the Treasury.

DEBT LIMIT BILL SIGNED

PRESIDENT ROOSEVELT SIGNED THE BILL RAISING THE
FEDERAL STATUTORY DEBT LIMIT FROM \$65,000,000,000 TO \$125,000,000,000.

THE \$125,000,000,000 LIMIT DOES NOT INCLUDE SECURITIES OF GOVERNMENT AGENCIES SUCH AS THE RFC. MORE THAN \$5,000,000,000 OF SUCH OBLIGATIONS ARE OUTSTANDING, BUT NO MORE WILL BE ISSUED AS THE TREASURY HAS TAKEN OVER FINANCING OF ALL GOVERNMENT AGENCIES.

3/30--R1125A

[PUBLIC LAW 510—77TH CONGRESS]

[CHAPTER 205—2D SESSION]

[H. R. 6691]

AN ACT

To increase the debt limit of the United States, to further amend the Second Liberty Bond Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the Public Debt Act of 1942.

SEC. 2. Section 21 of the Second Liberty Bond Act, as amended, is further amended to read as follows:

"SEC. 21. The face amount of obligations issued under the authority of this Act shall not exceed in the aggregate \$125,000,000,000 outstanding at any one time."

SEC. 3. Section 20 of the Second Liberty Bond Act, as amended, is further amended to read as follows:

"SEC. 20. (a) Any obligations authorized by sections 1, 5, and 18 of this Act, may be issued on an interest-bearing basis, on a discount basis, or on a combination interest-bearing and discount basis, at such price or prices and with interest computed in such manner and payable at such time or times as the Secretary of the Treasury may prescribe; and any such obligations may be offered for sale on a competitive or other basis under such regulations and upon such terms and conditions as the Secretary of the Treasury may prescribe; and his decision with respect to any such issue shall be final.

"(b) Any obligations authorized by this Act and redeemable upon demand of the owner or holder may, under such regulations and upon such terms and conditions as the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury may prescribe, be receivable by the United States in payment of any taxes imposed by the United States.

"(c) Any obligations authorized by this Act may, under such regulations and upon such terms as the Secretary of the Treasury may prescribe, be issued in exchange for any obligations of any agency or instrumentality of the United States which are unconditionally guaranteed both as to principal and interest by the United States, at or before their maturity."

SEC. 4. Section 19 of the Second Liberty Bond Act, as amended, is further amended to read as follows:

"SEC. 19. Any obligations authorized by this Act may be issued for the purchase, redemption, or refunding, at or before maturity, of any outstanding bonds, notes, certificates of indebtedness, Treasury bills, or savings certificates of the United States, and any money received from the sale of such obligations or any other money in the general fund of the Treasury may, under such rules, regulations, terms, and conditions as the Secretary of the Treasury may prescribe, be used for such purchase, redemption, or refunding."

SEC. 5. The authority of the Postmaster General contained in section 6 of the Act of June 25, 1910, as amended (U. S. C., 1940 edition, title 39, sec. 756), and section 22 (c) of the Second Liberty Bond Act, as amended, to prepare and issue postal-savings cards and postal-savings stamps shall terminate on such date as stamps issued by the Secretary of the Treasury pursuant to the authority contained in section 22 (c) of the Second Liberty Bond Act, as amended, are made available for sale to the public; and, as soon as practicable thereafter, the Board of Trustees of the Postal Savings System shall pay to the Secretary of the Treasury a sum equal to the redemption value of all postal-savings stamps outstanding, and after such payment has been made the obligation to redeem such stamps shall cease to be a liability of the Board of Trustees of the Postal Savings System but shall constitute a public debt obligation of the United States.

SEC. 6. Section 4 of the Public Debt Act of 1941 (Public, Numbered 7, Seventy-seventh Congress, first session), is hereby amended to read as follows:

"SEC. 4. (a) Interest upon obligations, and dividends, earnings, or other income from shares, certificates, stock, or other evidences of ownership, and gain from the sale or other disposition of such obligations and evidences of ownership issued on or after the effective date of the Public Debt Act of 1942 by the United States or any agency or instrumentality thereof shall not have any exemption, as such, and loss from the sale or other disposition of such obligations or evidences of ownership shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted; except that any such obligations which the United States Maritime Commission or the Federal Housing Administration had, prior to March 1, 1941, contracted to issue at a future date, shall when issued bear such tax-exemption privileges as were, at the time of such contract, provided in the law authorizing their issuance. For the purposes of this subsection a Territory, a possession of the United States, and the District of Columbia, and any political subdivision thereof, and any agency or instrumentality of any one or more of the foregoing, shall not be considered as an agency or instrumentality of the United States.

"(b) The provisions of this section shall, with respect to such obligations and evidences of ownership, be considered as amendatory of and supplementary to the respective Acts or parts of Acts authorizing the issuance of such obligations and evidences of ownership, as amended and supplemented.

"(c) Nothing contained herein shall be construed to amend or repeal sections 114 and 115 of the Revenue Act of 1941."

Approved, March 28, 1942.

March 30, 1942
12:55 p.m.

Harold
Smith:

How are you?

HMJr:

Fine. I just got back from a week's rest.

S:

Good for you.

HMJr:

Dan Bell tells me that you'd like to sit down and talk over this study you're making.

S:

Yeah.

HMJr:

How'd you like to have lunch on, say, are you free Wednesday?

S:

Wednesday?

HMJr:

Yeah.

S:

Yes, yes, I am. I'll suit your time.

HMJr:

Well, is Wednesday around one o'clock convenient?

S:

Yeah, that'll be fine.

HMJr:

Now, who would you like to have here besides myself?

S:

Well, that's up to you. I was just thinking maybe you and Bell. I want to give you some background on this thing is all.

HMJr:

All right.

S:

How it's developed. And then you can - it can proliferate from there any way you think it should.

HMJr:

Well, we'll make it Bell, you, and I.

S:

Yeah.

HMJr:

How's that?

S:

Fine.

HMJr:

One o'clock Wednesday.

S:

One o'clock Wednesday.

- 2 -

HMJr: Fine.

S: Okay.

HMJr: Thank you.

S: Did you get some rest?

HMJr: Yes, I had a good rest.

S: Good. That's fine.

HMJr: I had - it was distinctly worthwhile.

S: Everybody around here certainly needs something of that sort to keep going these days.

HMJr: I started on the same trip on December 7th, but never got to the airport.

S: (Laughs) I see.

HMJr: So this was postponed from then.

S: Yeah. All right. I'll be there.

HMJr: Thank you.

S: Good-bye.

101
STRICTLY CONFIDENTIAL

March 30, 1942.

Meeting in the Secretary's office, March 30, 1942, at 2:15 p.m.

Present: Secretary Morgenthau
Ambassador Jan Ciechanowski, from Poland
General Sikorsky, Prime Minister
Mr. Janusz Zoltowski, Financial Counselor
Count Raczynski, Minister of Foreign Affairs
Mr. White

The Financial Counselor asked Mr. White to secure the appointment.

The Prime Minister spoke in Polish and the Ambassador translated.

The Prime Minister began by telling the Secretary that he was present in Poland when the Secretary's father arrived on the mission sent by President Wilson. He was a Colonel then, and was assigned to receive Mr. Morgenthau, Sr.

The Prime Minister stated that his Government appreciated very much the interest and help which Secretary Morgenthau had accorded to the British and hoped that the Secretary's keen interest in European affairs would continue. He felt that the continued interest of the United States' high officials in the affairs of Europe would go a long way toward assuring fair arrangements after the war.

Secretary Morgenthau asked him whether any information was being received from Poland and the General replied that they received a great deal of information constantly from Poland; that in fact the British Government obtains the bulk of their information on events in Europe through them. He referred very briefly to the excellent espionage organization they have there. He said that some forty newspapers are printed and distributed in Poland even though the penalty for such illegal action is death. The General said that the information which they obtain from their sources was being made available to our Government.

The General said that recent events had favored Polish troops in that some 50,000 were going to be sent from Russia, where they now were and where food was scarce, to Iran where they would be kept in reserve to be used in case of an attack on that area.

The Secretary asked the General whether in view of all the information that he was obtaining from Europe he would care to forecast Germany's plans for this Spring on the Western front. The General responded that he had just received a lengthy telegram which had confirmed his own previous views of the situation. These views were as follows: Germany did not intend to repeat the mistake in 1942 that it made in

- 2 -

1941 of attacking Russia vigorously at three points: Leningrad, Moscow and in the South. This time they plan to concentrate their attacks on the Southern part, toward the Caucasus. Everything was ready, he said, except "sewing on the last buttons". The Germans also would attack and attempt to take Malta and if successful would use that as a base of operations against North Africa. He said that the Germans already had two or three panzer divisions in North Africa, in addition to two panzer Italian divisions. There were also some ten infantry divisions there, mostly Italian. He thought that the attack on the Russian front and on Malta probably would be simultaneous, and that the Italians were going to attack Cyprus and then possibly the Bulgarians and the Italians would move on to attack Syria. He said that the Russians had become aware of the German plans some five days ago and were revamping their troops accordingly. The General also stated that he had just talked to Ambassador Litvinoff and had expressed the same views.

The Secretary asked whether he cared to hazard an estimate as to what the chances were of the Germans breaking through at the Caucasus. The General replied that he thought the chances were fifty-fifty. The Secretary asked whether he thought the Russians would continue to be able to use Murmansk. The General replied he thought it would be subject to bombardment but no more than that.

The General said that he would like to tell the Secretary that he felt it was important for the United States to make every effort to honestly help the Russians in the present struggle, but that he felt at the same time the Russians ought to be made to live up to their arrangements. He stated that he had told Ambassador Litvinoff exactly that.

The Polish Ambassador said that he regretted that General Sikorsky would have to leave at once if he was to catch his train, and that they were very appreciative of the opportunity the Secretary had given them to talk with him.

H. D. White

Wan

March 30, 1942
3:10 p.m.

FINANCING

Present:

Mr. Buffington
Mr. Haas
Mr. Bell
Mr. Bryce
Mrs. Klotz

H.M.JR: George, give us a thumbnail sketch of what you found on this last trip, will you?

MR. BUFFINGTON: Without exception, all of the companies that I interviewed want to cooperate a hundred percent in helping the Treasury to do its financing. The insurance companies in Boston feel that there are funds available for investment in Government securities, but of the two larger ones interviewed, one felt that the rates were a little bit low. They are trying to meet the three percent guarantee to policy holders. In the main, the other industrial companies all feel that the certificates of debt are attractive - that the certificates of indebtedness are attractive to them and many of them like tap issues.

In Detroit the automobile companies, of which I talked to Ford and Packard, both have a larger part of their inventories frozen. They had to set aside their regular pleasure car business. Many of them have had sharp reductions in cash due to absorbing that into their working capital position to do a very much larger volume of business than they were financed to do. Some of their contracts are very large. Ford Company says they have two billion three hundred million in contemplation in contracts in all their plants. Their pay roll is running a million dollars a day. They would like very much to get free of the contingent liability on their cars that are in distributor's hands, which they carry as a

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contingent liability until they are finally sold.

H.M.JR: Who did you see in the Ford Company?

MR. BUFFINGTON: Mr. Briggs, who is the director of - he is the comptroller of the company. I had an appointment with another man, but he was called to another meeting. The situation in Cleveland is extremely tight. There appears to be, of the six or seven companies interviewed, no idle funds at all. Many of the companies are borrowing and contemplating borrowing additional money before the year progresses much further. Several of them brought up the question about the necessity for pressing further this drive for pay-roll allotments, feeling that much of their earnings from here in will pass through to labor through increases and higher taxes.

H.M.JR: You mean there were four--

MR. BUFFINGTON: They were disappointed in the results that had been obtained to date on pay-roll savings and felt that while they would like to cooperate in the Treasury with making their funds available for temporary investment in Government Securities if they had them, they are all borrowing and passing these larger amounts along to the Government in the form of taxes and higher labor costs.

H.M.JR: Do they think we should press harder for pay-roll deduction?

MR. BUFFINGTON: Yes. They have been disappointed in the results that they have had to date.

H.M.JR: So have I.

MR. BUFFINGTON: That is just a resume (handing paper to Secretary) and I am preparing a detailed account.

MR. BELL: Cleveland is a defense city isn't it?

MR. BUFFINGTON: Yes.

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MR. BELL: So you would find that situation in a defense city.

MR. BUFFINGTON: Yes, although many companies like the Glidden Company aren't primarily a defense company, but they sell to companies who have defense contracts.

MR. BELL: That is the same thing.

MR. BRYCE: Well, the machine tool industry--

H.M.JR: Well, here is the proposition. Of course, what we say is in the room. Here is the thing. We have announced that we will sell Monday or Tuesday a note of seven or eight months, something like that. To give you a little background on this thing, the Federal Reserve Board anyway, part of the System, were very anxious that we should get out some sort of a five year tap issue or a twenty year tap issue. Now, I wasn't ready for it and I felt that there was unequal distribution of the present excess reserves and the New York market situation was particularly tight. I felt it very much the last time, and I said I wouldn't go through another financing under those conditions. Well, much to the disappointment of the Federal Reserve, as a matter of fact, it got to the point where I had to ask them to do this. They said they would only go along if I took full responsibility and asked them, which I did. We would get out one now and a second one later, of the note, with the idea that we would get this additional liquidity, and I had hoped that non-defense businesses might have accumulations who would be glad to put some of their money into these notes, because up to now the bill market is about a fifth of one percent and there isn't much in it for a business. There is something in it for a bank because they can invest in that and they don't have to pay the FDIC one eighth. So anything that they can get to invest their funds attracts them. Now, the thing I particularly asked you to come in for, the thing that I have had in mind and have been thinking about all week, is this: I don't say that this particular six, seven or eight months certificate will be of interest

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to businesses. I don't know. Or to cities or states or counties, but the great trouble is, we sit here in Washington and really know very little. We rely largely on the twelve Federal Reserve Banks. They sort of talk to each other all the time and they don't get out. Now, what I had in mind was this. Now, we sell a certificate and we may go to a five year or we may go to a twenty year, but we have got to sell on the average of two billion dollars a month, and I want to build up a customer's list just the way everybody does in business, which I haven't got. We have the name of every concern who employs five hundred or more people in the United States. We also have the name of every state, county and city with over twenty-five thousand population. The thought that I had in mind was, while I was on the desert, was to get out a letter something like this. "My dear Mr. Smith: The Treasury on Monday, April 6, is going to offer a certificate of indebtedness. We don't know whether this form of security will be of particular interest to you, but it may be. On the other hand, we will be offering more securities and if you are a potential buyer of Government Securities, we would be glad to hear from you and keep you on our mailing list."

And from time to time, if they would care to write us what kind of securities they would be interested in, we would be glad to hear from them. Now, I wanted you to think about it. Let's just say for the minute that we do that.

MR. BRYCE: May I ask you one question?

H.M.JR: Surely.

MR. BRYCE: When you say a list of clients, I immediately think of the people that have been subscribing for your bonds right along. I mean, my background is in Chicago, as George may have told you, and I have been in New York the last four or five years, but I have seen people riding your bond issues, as I express it, that - I mean, people have gone in and - I am thinking about in the Street - have gone in and subscribed for a larger amount of bonds which they weren't going to hold and a great many of those people have gone in and done that and I wondered if you

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have sorted any of them out. Is there a list in there, a good list, at all?

H.M.JR: You see, our trouble is this. When we get out of the Defense Savings Bond field we don't have any names. We do have the banks' holdings. We know what the banks hold.

MR. BRYCE: Sure.

H.M.JR: We know what the insurance companies hold, and it stops there. You interrupt me if I am not right, Dan. There it stops. We did do that here. I can tell you what the banks hold and what kind of securities they hold and the same for the insurance. Is that right, George?

MR. HAAS: Yes.

H.M.JR: But it stops there. But we have been going along and letting five or six Government dealers do this business and naturally they are not going to give me their customer's list.

MR. BRYCE: No. But I am still confused, Mr. Secretary. I am awfully dumb about this. I am still confused - I mean, I haven't been in the Government Bond business. My firm isn't in it. I used to be in Chicago. But each time an offering of bonds is made, a new issue, you have this big subscription.

MR. BELL: Free riders.

MR. BRYCE: And some good ones too, and who has that list? Does that go into each Federal Reserve Bank?

H.M.JR: Here is the supposed expert on that.

MR. BELL: Yes, we have a list of those names in the Federal Reserve Banks. Eventually they come down here, but we can't tell whether or not those people hold those securities.

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MR. BRYCE: I have always thought at some stage of the game you could go to those boys and say, "Here, you have been subscribing this time. Where were you the last time?"

H.M.JR: Those aren't the people that I want.

MR. BRYCE: No, but I thought there might be some in that list. That is why I was interested in your saying that you didn't have a list. I wondered if there had been any attempt to sort them out for the good ones in there.

H.M.JR: Well, it is essentially a black list, a list we have got of the bad ones.

MR. BELL: We can't tell what those people do with the securities unless they register them. We don't know whether they hold them one month or ten years.

H.M.JR: We can give you a list. They have got a list of the boys that have been free riding, what we call the bad boys from our standpoint, and we know who those people are, but we don't know who the people are that we are going to have to rely on from now on.

MR. BRYCE: Sure, whether they are going to buy them and hold them. That is what you want.

H.M.JR: That is the answer. Now, Eccles correctly says he thinks that we should appeal first to the people that have idle funds. Well, I don't - it is very nice to put it out on a piece of paper and say, "Now, we are going to go after these people," and then when we go out and go into Cleveland and Detroit they don't exist. Now, on the other hand, some people say some states have excess funds. We don't know. Let me just go along a minute--

MR. BELL: I might say, Mr. Secretary, that Mills found some funds in St. Louis, I believe, in breweries and people like that. They are on non-defense work.

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H.M.JR: Dudley Mills?

MR. BELL: No, Mills downstairs with Morris.

MR. BUFFINGTON: He accompanied me to Boston and then after he had sat with me for the day interviewing, I let him go to St. Louis alone and his report has not yet come in or is not available.

H.M.JR: Well, the point is, we are now very shortly coming to the point where we have got to look for these people.

MR. BRYCE: Sure.

H.M.JR: We have never done this sort of thing before, and I am just - if you have more questions after my outline, you might adjourn to Bell's room and ask him.

MR. BRYCE: Sure.

H.M.JR: But this is new, what I am putting up. Here is the thought which I haven't been able to decide in my own mind. Supposing we go ahead and do this thing, see, and I make the list in such shape - I take it the list is in such shape it could be done?

MR. BELL: Yes, that is right.

H.M.JR: Now, in this letter, to whom do we refer these people? Do we say, "If you will wire back we will notify you direct the terms"? Or do we say to this man, "Mr. Smith, if you are interested you can get the terms on Monday from any member - any insured bank." Or - this is where you come in - "Any stock exchange house or any investment banker." There are two ways to do this thing. Either to say if you will send it back - I have thought out a way whereby the telegraph companies if they had the names and they were distributed, we can get it in one place in each state, terms to go out to these people, everybody would have a telegram on his desk Monday morning. Or refer them, as I say, to an

insured bank or an investment house or to a member of the New York Stock Exchange, you see.

MR. BRYCE: I see.

H.M.JR: Now, of course we don't know whether these people would be interested. At the present time it is a matter of patriotism. There is nothing in it for them, which is the best salesmanship to keep these people coming right back to us and send out these fifteen or twenty thousand telegrams giving them the terms or say, "Go and see any one of three people who will have the terms and will take your order." There are two ways of doing it.

MR. BELL: Well, this is what we thought. We didn't go quite as far on the letter as you suggested.

H.M.JR: Do you get the idea?

MR. BRYCE: Sure.

MR. BELL: We thought you might announce Wednesday night for Thursday morning's paper that there would be an issue on, say, Tuesday or Wednesday of the following week and you would give the amount. Now, we could go a little further and say that it would be a half percent and where it would fall in there we don't know, six or seven months.

H.M.JR: Let me interrupt you. Just saying it in the paper doesn't satisfy me.

MR. BELL: But I am going further than that.

H.M.JR: It isn't enough, just giving it to the newspapers.

MR. BELL: Wednesday night you would announce it, see, for next morning's papers and then that night we would mail out to all this list this type of letter.

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This would be addressed to the president of the corporation:

"The Treasury Department expects to make a public offering on seven hundred fifty million dollars of Treasury certificates of indebtedness on Tuesday, April 7th. Another offering of these securities will be made later in the month. These securities will be offered at par, will bear interest payable by coupon, and will mature in not more than one year. One of the reasons for issuing these short-term securities at this time is to provide a suitable medium for the investment of current accumulations of business funds temporarily thrown out of employment because of deferred maintenance, reduced inventories, and inability to re-invest depreciation and depletion reserves, or to make plant extensions resulting from the diversion of the largest possible portions of our natural resources to the war effort. I am calling this to your attention since it occurs to me that your corporation may wish to obtain some of these securities on direct subscription. If you are interested in doing so, I suggest that you arrange with your bank or the Federal Reserve Bank in your district to inform you promptly of the details of the offering as the new offering may be open only one day. Prompt action is necessary if you wish to participate."

Now, they will get that Thursday morning, Friday morning, Saturday morning and so forth. That will give them time to get their financing committees together and make a decision before Tuesday when the offering is made.

H.M.JR: Well, now, Dan, let me make the first criticism.

MR. BELL: O.K.

H.M.JR: Nobody who is selling a private security would ever word it that way. It is too much as though they were doing us a favor, you see. I mean, I think we have got to get the thing around a little bit more, not that they are doing us a favor, but a little bit more--well, it is a little bit--

MR. BELL: You mean it is - the statement in here that it is designed to meet certain funds that they have available is wrong?

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H.M.JR: No, you say "You can go and see your bank or your Federal Reserve." Now, I am going on the assumption that two thirds of these people don't know where their Federal Reserve Bank is.

MR. BELL: Oh, if you are going to corporations surely they do and any corporation of this size, I think, will want to deal through their bank.

H.M.JR: Do you think necessarily that a corporation in Maryland would know where their Federal Reserve Bank is?

MR. BELL: I think so, a corporation that employs five hundred or more people.

H.M.JR: Why should they? They have never done business with them.

MR. BELL: No, but they do business with their bank, and they know that that bank is a member in nine cases out of ten, possibly, of the Federal Reserve System.

H.M.JR: Well, the other thing, I don't think we should tell them and describe the kind of funds. I think we should say, "If you have any idle funds which would go into this kind of security, we would be very glad to have you subscribe," or something like that, rather than simply give them a category, because it kind of makes them say, "Well, supposing I have something that doesn't fall in that category." Then the Treasury doesn't want it. Frankly, I would like to have the letter written more the way a man would write it who had a private security to sell.

MR. BRYCE: You want to sell them. So would I.

H.M.JR: Well, George said you are a salesman. That is why I asked you in.

MR. BRYCE: Sure. Well, it is hard for me to sit in a meeting without speaking. I do too much talking.

H.M.JR: Go ahead.

MR. BRYCE: As far as I am concerned, I think I have got the Treasury point of view on this, but I also have spent a lifetime in a certain business, so I am naturally prejudiced to that, but I - to me there are three places to go and buy a bond. One is a bank, one

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is your investment bank, and one is a broker. It just seems to me if you send them in there and you have to have machinery which - and get the word to go in and get them, and they working on the other side, that is the way to get what you are after. I have come in without any of your background or anything. I have been here two months and working with those men in the Defense Savings Staff and trying to get them coordinated, and they are coming along fine. Not the banks, the investment bankers and the brokers. But that is a perfectly natural point of view for me to have. But you have got so much background I don't know anything about it, I mean the procedure before.

H.M.JR: I like what you say, because you agree with me. (Laughter.) What I want, we have done this thing, the Treasury - Federal Reserve way. I would like to try the private business way. This is not a particularly good security to try it on, so I won't be terribly disappointed, but just let's say for a minute that we send them to the three people that you and I mentioned. Have we got time to get those people lined up to handle the business next week, and do they want the business?

MR. BRYCE: It will be a little ragged. They want it, but I was just thinking about the mechanics and so forth.

H.M.JR: I mean, have we got time - are they well enough organized that they could be put on notice so that if they got a call--

MR. BRYCE: Yes, they could do a job, but they won't do as good a job as they would later on when they got organized.

H.M.JR: The first time they wouldn't, anyway.

MR. BRYCE: I am talking about the investment bankers and brokers now. I don't know the banks, but that is a part of my job.

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H.M.JR: Well, the bank thing is handled by the Federal. I am not worrying about that. That machinery is taken care of, but the investment bankers and the brokers--

MR. BRYCE: You can get them rolling any time you want, and they are in a good frame of mind, too. I have heard that from most of the states.

H.M.JR: Dan, why don't we do this, if you don't object. Why not let these people do the job with you of writing another letter, trying to carry out what they think would be the best way to get these - if you are going to do it as though you were in private business and then giving them their choice of going to their bank, their broker, or their investment banker. Then we could meet again tomorrow morning, you see. Do I understand from you - one thing I would like to have you all think over. Do we want to tell these people to go to these - any one of these three, or do we want to notify them themselves of the terms, or we could do both. We could notify them of the terms and then say, "If you want to place an order, place an order this way." What do you think, George?

MR. BUFFINGTON: I am just questioning how you are going to get the actual subscription when you go through the broker. Let's take a New York Stock Exchange member like Clark Dodge. He then will have to come to the Treasury or the Federal Reserve Bank.

MR. BELL: Or to his bank.

MR. BRYCE: If I am in Clark Dodge and a customer comes in and wants a half million certificates or a thousand dollars worth, I am going to find out how to get them for him.

MR. BUFFINGTON: That is right, and I was just thinking whether you are going to go through an additional source to get it. The question I have about the

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letter designed for either of these purposes is, you don't want to eliminate these fellows who are in defense business that have - a lot of these people I have been talking to have large funds for investment even though they are not in non-defense industry, and I think the brokers and the investment bankers can uncover a lot of those buying sources that aren't accustomed to buying, and, therefore, they might not come to their banks, and the banks wouldn't go out to see them, and the investment bankers will.

MR. BRYCE: I would think so.

H.M.JR: George, here is another thing. Certainly we have got to be honest, and I try to be, in this room. We are relying only on the banks. You are asking the banks to do something against their own interests, particularly savings banks. You are asking them to say to Ford Motors or whatever these people are, "Take a million or ten million or a hundred million of these things and draw down your deposits in my bank." It is a pretty tough thing to ask a fellow to do, but the investment bank or the broker, his only interest would be, well, "By doing this I am doing my Government a good turn."

MR. BRYCE: Sure.

H.M.JR: And you have got a little competition.

MR. BRYCE: And he is trying to get it. He is all right, he is patriotic, and he is in a good frame of mind, and let's use him. He can do what you want him to do.

H.M.JR: I don't want it entirely in the hands of the banks, because I am asking them in each of these things to do something which is really in the long run against their own interests.

MR. BUFFINGTON: That is right.

MR. BELL: Of course, I am afraid if the brokers and dealers don't come through their banks, they are going to

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disturb the money market. We have got a lot of these coming through that source, and we got the checks in the Federal Reserve Banks. We draw all of that money out of the market, whereas the banks keep it on deposit. If they don't work through the banks, you will have a disturbance of the money market.

H.M.JR: You could do what you did last time. Now with this legislation you certainly could adjust it.

MR. BELL: Well, it is a little difficult to adjust downward. We can adjust it upward.

MR. BUFFINGTON: But, Dan, even if they go through their banks and leave those deposits there, as the Secretary said, you are getting an added sales impetus. They will work any way you want them to work.

H.M.JR: Certainly a broker would know how to place his order with the Federal Reserve Bank.

MR. BUFFINGTON: Oh, he will place it all right.

H.M.JR: You are not going to be afraid of getting cash instead of getting ten percent down?

MR. BELL: You see, what the broker would do normally is draw a check on his bank for those notes, or have his customer draw a check, which would go directly to the Federal Reserve Bank and pile up cash in the Federal Reserve Bank, whereas if it went through the bank, the bank would merely credit our account and fill out the application, and we will draw the money when we need it.

H.M.JR: But the way you talk about, drawing a check and sending it in, that is non-inflationary, isn't it?

MR. HAAS: No, if it happens the way Dan fears it might happen, it would be anti-inflationary, but it would

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tighten a place where he doesn't want it tightened right now. That is anti-inflationary.

H.M.JR: Well, to the extent that they do it--

MR. HAAS: That is right.

H.M.JR: To the extent that they do it--

MR. HAAS: But it would make the New York situation for instance, more tight than it is right now, worse. But you could counteract that, Danny, by doing some other things, you know, if that happened, and the volume may not be so large anyway.

MR. BELL: Well, the only thing I could do to counteract it would be to let my balance run down, and I wouldn't know how they were coming in.

MR. HAAS: You would have to have close control over it all the time.

MR. BELL: Yes, or I would have to buy securities in the market, which we wouldn't want to do.

H.M.JR: Well, I am not worried so much about the mechanics. I am looking at this as a salesman, and I am talking, I take it, to a salesman. I want to talk to other salesmen. People like Bell, they can find ways to overcome the money market. He always has, and he always will. (Laughter.) But I am in a position where I have got to raise, I figure, two billion dollars a month. I am going to raise, by hook or by crook, a billion dollars a month through Defense Savings Bonds. I mean, that is what I am going to do, and that leaves me another billion to raise the way we are talking about now. Now, to do that, I have got to sell, and now we have put in ninety-nine percent of our sales effort to sell five hundred million this month of Defense Bonds and one percent of our effort into selling the other billion and a half.

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MR. BRYCE: That is right.

H.M.JR: Now, it doesn't make sense, and we have got all these sales organizations in existence, or with the skeleton left yet, in this country, and I am not laying down any law today, Dan, but this is new, and the Federal Reserve Board won't like it, and the banks won't like it; but as I say, I am talking now as a salesman, and I want people selling it whose only interest is that they are doing something for their Government, and they are not taking one of their customer's money out of their own institution and giving it to them. That is what it amounts to. Now, I can't rely on that, Dan, and I am not going to.

MR. BELL: Well, you are not relying on that by this. We are going directly to the corporation, the comptrollers. We are not selling this through the banks.

H.M.JR: Right. Well, up to Saturday you told - you were throwing cold water on going to these corporations. In my conversation Saturday--

MR. BELL: No, only the hundred

H.M.JR: Oh, I thought you were opposed to this.

MR. BELL: Oh, no.

H.M.JR: I thought you said Eccles would fight me tooth and nail on this, going directly to the corporations.

MR. BELL: No, I think Eccles will object to this, not so much going to the corporations as doing it on this type of security; because when we issued our statement the other day, we said that we were going to do this in order to make the money market more flexible and more fluid. Now, we are doing just the opposite by trying to get the corporations to buy it, and not letting the banks buy it, so that they can be switched between banks, and everybody shift their reserves. I don't know

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whether he is going to object seriously, but that is what he is going to argue.

H.M.JR: Well, what I am interested in in the month of April is to find a new sales outlet, and I want to cut my teeth on this security and make my mistakes on this security, and not wait any longer. If I am inconsistent, as far as the money market is concerned, it is just too bad. I would rather be inconsistent, but we will be building up a new sales organization and another thing about this is, we don't rely so much on the banks for this type of security, and then they can concentrate more on selling Defense Bonds.

MR. BELL: That costs them money.

H.M.JR: Sure it does.

MR. BUFFINGTON: The banks are not going to sell this type of security, because it is just taking the thing right away from them. It is taking a security away they would like to have, and taking money out of the banks. You have got to have somebody else selling it to make a sale, I think.

MR. BELL: As I see it, it isn't a question of selling it.

MR. BUFFINGTON: It is getting them accustomed to buying it.

MR. BELL: They are not going to sell it once they get it, but no bank will refuse to put in a subscription for their customers, and their--

MR. BUFFINGTON: They might not be as enthusiastic about the customer buying it as I might be.

MR. BELL: We are going directly to the customers and asking them if they don't want to subscribe; and if they do put in a subscription, they have the same chance as a bank.

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H.M.JR: Have you crossed that bridge? I didn't understand you were with me on that.

MR. BELL: Oh yes, I have crossed that bridge. I have got the letters all drafted and everything for the states and counties and cities.

H.M.JR: Oh, you have crossed the bridge that we will go to these?

MR. BELL: I would like to confine it to five hundred. I think the other is too small.

H.M.JR: That is all right, I will go along on that. I didn't know that you had crossed this bridge.

MR. BELL: Oh, yes.

H.M.JR: Are you all right on this, too?

MR. HAAS: Yes.

H.M.JR: I didn't know that. Then the only thing we are arguing about is with whom will they place the order.

MR. BELL: Yes, and I have no objection to that. I am a little concerned about drawing the money all out of the banks, but I have no objection to putting in here either your broker or your dealers.

MR. BRYCE: Or we can get this thing better organized and you can have it whenever you want it, it is there.

H.M.JR: Don't weaken.

MR. BRYCE: I won't weaken, but they can give you a hand, and we want them working for us.

H.M.JR: No, I want to do it this time this way.

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MR. BELL: I have no objection to this.

H.M.JR: Well, couldn't they - these two gentlemen take the letters and work on them tonight and do it the way they would do it if they were a private business?

MR. BELL: Absolutely, both of them, and the one to the mayors and governors.

H.M.JR: Now, how are these - all right, let's just for a minute say the letter is going to go out. Then are we going to notify them of the terms as well as the direct thing, the three sources to place the order?

MR. BELL: Well, I would like to go at least as far as giving them the amount and the date of the offering. I don't know whether we can go any farther than that.

H.M.JR: Supposing we say in this letter, "If you will get a telegram in to me not later than Friday morning, I will see that you will have the terms on your desk by Monday morning or Tuesday morning"?

MR. BELL: Well, I was wondering if we couldn't send this same list to the Federal Reserve Banks and let them mail it out at the same time they mail it to everybody else.

H.M.JR: Could they do that?

MR. BELL: Oh, yes, we could get that out of here at the same time we get all of the Treasury material out.

H.M.JR: You mean, let them mail it to the twelve Federal Reserves?

MR. BELL: Yes.

H.M.JR: I think you ought to explain how that is done. The more we can decentralize, the better.

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MR. BELL: I expect most of these corporations are on the Fed list.

H.M.JR: But, Dan, this is the thing. I don't want to mail them the thing unless they will say to us that they want it.

MR. BELL: Well, then you have to get a reply to this letter if you don't want to do that.

H.M.JR: Well, that is what I mean - the question I am raising. I mean, I would like in this to put in at the bottom, "If you are interested in receiving this information from now on, please telegraph your nearest Federal Reserve Bank." And then if you want to do that, just put in a map of the United States for the twelve Federal Reserve Districts, and show where every one of the banks are. They can run that off on a mimeograph. I mean, just an enclosure. It would be a sheet of the United States with the twelve Federal Reserve Districts showing where the banks are.

MR. BELL: Well, then we would have to have a reply to the letter if you want to do that. I had in mind just mailing them another set of forms with the application blank attached.

H.M.JR: Well, what I thought--

MR. BELL: For the public, announce it on Tuesday.

H.M.JR: What I am trying to do is make the fellow make up his mind he would like to hear from us, and not just pester him with another letter. Make him say, "Yes, I would like to hear from you." I don't know which is better salesmanship, to make him come back and say, "Please send me the terms."

MR. BRYCE: I know the way I would feel about it. I would do the second way. It is just like circularizing a list. Here she is, bang, and then have it followed up by someone getting in touch with them.

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MR. BUFFINGTON: If I were doing it in the first instance, I would like to know right here in the Treasury without depending on the Federal Reserve Banks what my reply or response was; and then, in the second instance, you may want to put it out to the Federal Reserve Banks. I don't know that that is more of an undertaking than you want to think of in the first instance.

H.M.JR: The easier way is to let the Federal Reserve circularize it. The first letter would go from here, and the second one would go from the Fed, because they would have - and of course the timing, you (Bell) would have to mail out all those addresses to the Fed right away.

MR. BELL: That is right. We can do that Thursday morning.

H.M.JR: The idea that I would like to have it done is to send - are Western Union and Postal consolidated?

MR. BELL: I don't think so.

MR. BUFFINGTON: But it can be worked together very simply.

H.M.JR: Simply send for the two managers and say, "Look, here are thirty thousand telegrams," and give them the names. "Please mail these to your various state offices, and then we will give you the telegram Saturday and you can send one to each of the forty-eight offices," and have the telegram go out from there signed by a Treasury official to these people and have a Treasury thing instead of a Federal Reserve. If they had the names distributed in the forty-eight states, then a telegram would go from each of these - I don't know whether they might send it to New York or telegraph it from Albany, but they could break it down into forty-eight or even more districts. Somebody could send for them and get them to working on it, on their zones. You could get it into their price zones. They must do this for other organizations in campaigns.

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MR. BELL: I expect they do.

H.M.JR: You could get whatever the zone rates are.

MR. BELL: Yes, it could be done that way. It is a little more expensive to do it that way.

MR. HAAS: You would have less than ten thousand wires, wouldn't you, Danny?

MR. BELL: Yes, about ten thousand.

MR. BUFFINGTON: You would know so much more about who your potential customers were and what market you wanted to emphasize when you hit it in that way. You have got twelve places to go to the Federal Reserve Bank if you do it the other way.

H.M.JR: Are you for having them answer or would you send them--

MR. BUFFINGTON: I would have them answer and have them answer here, if I were doing it, because I would like to look it over and see who the prospects were.

H.M.JR: And then everybody who answered would get a telegram, is that it?

MR. BUFFINGTON: That is the way I would do it.

H.M.JR: It would be only half an answer. The telegram wouldn't average over a dollar apiece.

MR. BUFFINGTON: Only in once instance, Dan, to get some kind of an idea of how big your market is and how much emphasis are you going to want to put on it. If it is all New York and Chicago, that presents one kind of a problem. If it is spread all around, it is another type of problem.

MR. BRYCE: You are talking about sending out a wire and giving the returns and having the returns come here?

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MR. BUFFINGTON: If I were doing it, I would send a letter or a wire to these corporations and have them wire back here as to their interests and then I would send--

MR. BRYCE: Have you told them the terms?

MR. BUFFINGTON: I would not have told them at that time the terms. "Are you interested? We are going to do this on the sixth of April. If interested in receiving the terms of this offering and subsequent offerings, wire us." And then when they wired back, I would wire them the terms and then a message such as Dan has outlined here. Then I would know where the market was and who it was.

MR. BRYCE: How do they know what the proposition is, that is what worries me.

MR. BELL: That is what worries me, too. I think if I got this letter on Thursday morning, I would say, "Well, I would like to see what the terms are before I go any further. I am not going to wire until I see."

MR. BUFFINGTON: You are not asking them to subscribe, Dan. You are saying, "If you are interested in being put on the Treasury's mailing list to receive offerings that we are going to make from time to time of general market securities and other securities, send us - let us know and we will put you on our mailing list." You would get back ten thousand the next day or whenever it is, and you would release the wire giving the terms, and in that wire or other message as you plan to send it, you know then that they are apparently interested and tell them how to go about acquiring these securities, and you would then have some knowledge of your market which I don't think you will have ever if you do it the first time through your Federal Reserve Banks.

MR. BELL: I think it is a duplication, but I think ninety percent of these are probably already on the mailing list.

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MR. BUFFINGTON: Well, now, that of course I don't know, but--

H.M.JR: What mailing list, Dan?

MR. BELL: On the Federal Reserve. A lot of these corporations, you know, are on the mailing lists. Federal Reserve Banks right now.

MR. BUFFINGTON: Dan, I have called on twenty-eight or thirty-five companies including those that Mills has called on, and I would say that a third of them are not educated to think in terms of certificates of indebtedness, and when it is finally put up to them, they are all interested. Now, therefore, you have got to get a direct message to them which I don't believe the Federal Reserve Bank or the member banks are going to do because it is not in their selfish interests to get the members across. I am not sure but what you may get some discouragement from the banks in selling these securities because they would rather see that market pretty much to themselves.

MR. BELL: The member banks have nothing to do with circularizing any lists. That is all done by our fiscal agents in the Federal Reserve Banks.

MR. BUFFINGTON: No, it was brought up in Boston. I think it is the United Shoe Machinery Company who buys c/d's from their bank, and I told them about these certificates and they said, "They sound interesting, but how is our bank going to feel about us paying off our certificates of deposit with them?" I don't think there is any incentive to the banks to sell these things to corporations as there is to the investment bankers where they know there is something for them to do getting people interested in buying securities of this type.

MR. BRYCE: The only thing I am confused about, in the bond business, if you are going to put out an issue of bonds, you don't go out ahead of time and say, "We are going to have something. Do you want to hear about it?" But you wait, and here she is, bang! and then you get a list built up quickly as they come in in order.