

DIARY

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October 7, 1942  
9:35 a.m.

HMJr: Hello.

Operator: McCloy.

HMJr: Right.

Operator: Go ahead.

HMJr: Hello.

John J.  
McCloy: Hello.

HMJr: Good morning.

M: I was talking to Eddie a little while ago.

HMJr: Yes.

M: He said he thought I ought to talk to you a little bit about this thing - that conversation I had with him.

HMJr: Yeah.

M: There may be some elements in - that would be helpful to you that I know maybe that you don't know.

HMJr: Yes.

M: When would it be convenient for me to come over and see you?

HMJr: Gosh, I'm doing financing today.

M: What's that?

HMJr: I'm in the middle of a financing.

M: Right. Well, tomorrow some time?

HMJr: Ah....

M: Or any time you suggest.

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HMJr: Well, I'm just thinking.  
M: It won't take....  
HMJr: Could I call you up a little bit later?  
M: Yes. It won't take fifteen minutes.  
HMJr: I see.  
M: Okay.  
HMJr: I - I'll call you definitely.  
M: Good, fine. Thank you.  
HMJr: Thank you.  
M: Goodbye.

October 7, 1942  
10:10 a.m.

#### FINANCING

Present: Mr. Bell  
Mr. Haas  
Mr. Murphy  
Mr. Kuhn  
Mr. Eccles  
Mr. Szymczak  
Mr. Piser  
Mr. Draper  
Mr. Goldenweiser  
Mr. Sproul  
Mr. Rouse

H.M.JR: All right, gentlemen.

MR. ECCLES: Yesterday you suggested two things, a statement that the Board and the Treasury might put out jointly, and a statement to the Treasury with reference to the action that the Fed would undertake insofar as future support of the market.

H.M.JR: Yes, sir.

MR. ECCLES: Now, with reference to that, we met yesterday and discussed this whole issue most of the afternoon, and as is usually the case with a group, found it quite impossible to agree and get together. Some felt a statement should be given and some felt one should not be given. I am speaking of the public statement. As to the form of the statement, there is not any unanimity of agreement.

H.M.JR: Which are you going to do first? Which one will you do first, the statement or the agreement?

MR. ECCLES: I am mentioning the statement. So far as the agreement was concerned, there was a unanimity of agreement that a written statement saying specifically what the Executive Committee would do over the next six

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months, was impossible; that in the first place, the only authority that the Committee had is the power that the full committee of the Open Market Committee has specifically given to it; that the Board, as an agency separate from the Executive Committee, has authority with reference to excess reserves and discount rates.

So looking back to the authority that the Committee had, and the commitments already made, it was our feeling - and I will review the situation up to date, briefly - that on December 8 this statement was given to the public and it was cleared with the Treasury. The Board of Governors of the Federal Reserve System issued the following statement, today - and I might say that this statement was cleared with all of the bank presidents - they were all talked to on the telephone prior to the release, so that this statement of general policy does have the endorsement of the System as a whole.

"The financial and the banking mechanism of the country is, today, in a stronger position to meet any emergency than ever before. The existing supply of funds and of bank reserves is fully adequate to meet all present and prospective needs of the Government and of private activity.

"The Federal Reserve System has powers to add to these resources to whatever extent may be required in the future. The System is prepared to use its powers to assure that an ample supply of funds is available at all times for financing the war effort, and to exert its influence toward maintaining conditions in the United States Government security market that are satisfactory from the standpoint of the Government's requirements. Continuing the policy which was announced following the outbreak of war in Europe, the Federal Reserve banks stand ready to advance funds on United States Government securities, at par, to all banks."

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Now, there is a general statement that seems to me to be pretty all-inclusive as a commitment, both to the public and to the Treasury.

With reference to the question of performance, since that time there has been a posted rate on bills, in which the Treasury and the System agreed upon the three-eighths bill, and we had all twelve banks stand ready to buy at any time on demand, any and all bills offered; likewise, to let the banks buy those bills back when they wanted. So we have created an instrument which was the equivalent to cash, an instrument that made it possible for any bank to immediately adjust their reserve position automatically, and that put a ceiling on the bill market. We definitely put a ceiling at three-eighths on bills by that process. The bill market has been, in effect, underwritten at that market, even though the volume of bills has been increased and although the System favors a substantially further increase so as to give more of that type of an instrument to operate in.

In addition to that, the power was gotten from the Congress to reduce the reserve requirements in the central reserve cities, and action has been taken now, to bring about that reduction in three successive moves, adding a billion two hundred million to the reserves. Since last April - I think it is about April - the System has purchased a billion and a half of securities in the open market. Thus we have added, through the decrease of reserves, to our open market approximately - very close to three billion dollars.

I would say that our purpose now is to carry out vigorous open-market operations. That is being done today. We expect to do it tomorrow, to whatever extent buying is necessary in order to take all offerings; and by taking them, I don't mean at reduced prices. I mean at existing or increasing prices. After the financing, open-market operations would be continued sufficiently to maintain a stable condition in the Government market - a condition that would exist at the time of the financing - and to offset all currency withdrawals. There is approximately an average of

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about a hundred million a week in expansion of currency. We would expect to operate in the market sufficiently to put into the market an amount to offset that currency, and such additional amounts - that would be a minimum - and such additional amounts as would be required to maintain the stability of the market.

The reserve banks are willing to reduce the discount rate to one half of one percent. The initiation has to come from the banks. It comes to the Board and we have approval or disapproval, but the initiation on the discount rate comes - and each of the presidents at the meeting last week said that when the System had decided on a policy, if they were advised what that policy was they would undertake to establish the discount rate required as a System policy, knowing beforehand that the Board would approve of their action.

MR. BELL: That is the one-half of one percent discount rate on Treasury securities?

MR. ECCLES: Well, I think the majority opinion is that it should be a half of one percent discount rate on your short - on your bills and on your certificates and any Government security that falls within a maturity of one year, taking the whole group of outstanding certificates, as well as notes and bonds, that fall within that range.

I don't know how many billions there are, but there is a very large volume in the aggregate, and make those immediately available at a preferential discount rate. There is some feeling that the rate should be a half of one percent on any and everything, just a discount rate, for loans or whatever it may be.

In any case, whichever may be done would, of course, be a move in the direction of facilitating financing. We have agreed to maintain the pattern of rates from the three-eighths, on the one end, to the two and a half's on the other end.

Now, there has been some sagging between the two's, particularly in the note market. I think that that sagging cannot be permitted to go further. It may have gone too far, but it is my personal feeling that you do have the point of the three-eighths, your two's, and your long bonds - that pattern has been held with some intermediate adjustments, and as I say, some sagging in the note market.

As to the means of accomplishing this, we feel that it is a matter that we cannot make a commitment as to how many securities we might buy, what action may be taken with reference to decreasing reserves, and when. I think it is more than the Treasury should expect us to do, to do that. I think our performance in the past and our general commitment here should be sufficient to satisfy the Treasury that we recognize our responsibility in this matter, and expect to carry it out and use the means at our disposal, which are adequate to meet any financing program that may be required.

We are of the opinion - I think I can say unanimously - that the question of a good tone to the market, such as was had before the war period, is something that is pretty largely out of the picture. You are not operating in that kind of a market. With the volume of financing running into four or five billion dollars a month, everybody knows that they are not only going to get all they want, but they are going to maybe have to take even more than they want. So that it isn't a question of being anxious to just go out and to buy anything at a premium. There is no interest in paying two, or three, or four thirty-seconds. There is no anxiety to be buying. We could go out and buy, I suppose, almost an unlimited amount, and it is not going to hasten any purchaser into the market.

The thing that will give a better tone to the market than any possible operations on the part of the System is, of course, when the public gets a feeling that there is going to be a prevention of inflation. There still is a good deal of uncertainty, especially on the part of the larger investors.

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H.M.JR: Can't we sum this up a little?

MR. ECCLES: That is the general picture. Now I have covered the field, and I will be through in just one second on that.

It is that when people are assured that their money put in bonds is not going to lose its purchasing power over the years, there will then be a better tone and a greater confidence in the purchase of securities. That, of course, is going to depend, as you know as well as we do, upon how much - what kind of a tax system we get and how much is taken out that way; and to the extent we can reduce the amount of financing done by the banks, just to that extent you are going to help the tone of the market.

Now, that is the general statement. I mean, that is the statement we wanted to make to the Treasury.

Now, on the public statement, I have a suggested public statement here if you want me to--

H.M.JR: Could I see it, please? (Statement handed to the Secretary by Eccles, copy attached.)

MR. ECCLES: I am not entirely in agreement with it.

H.M.JR: Let me read it. (Statement read by the Secretary.)

I am not too crazy about it. I mean, this isn't something that would make any sense to the man on the street.

MR. ECCLES: I have no objection to what is in the statement. I think it is a good general statement for the market.

H.M.JR: When I say "on the street" I mean on the farm.

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MR. ECCLES: You don't mean in Wall Street.

MR. BELL: Main Street. (Laughter)

MR. ECCLES: Of course, I think that it is not important to make very much sense to the average person, because it is the financial market that it - the banker and the financial people that we are interested in, in connection with this type of financing. The defense savings bond, of course, is an instrument for the man on the farm and otherwise.

MR. BELL: We discussed that a little in the few minutes we had before we came in here. We have a feeling that there should not be any statement. We think there should be more action than anything else.

MR. ECCLES: That suits us, Dan.

MR. SZYMCAK: You hit it right on the head.

MR. ECCLES: We are not advocating a statement, and we think - at least some of us think, that if a statement is to be made, the reason for the statement would be in case a two percent bond is put out the banks should understand the role that they are playing in this picture. That would be the only reason for a statement.

H.M.JR: Well, supposing you excuse us a few minutes. Let me go into Bell's room and talk to the boys. Do you mind? I think we will save time.

(At this point there was a short recess.)

H.M.JR: This is the way - I don't know whether, before I say something, we ought to maybe hear - is there any dissenting--

MR. ECCLES: Well, I don't know. These fellows can each speak for himself.

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MR. SPROUL: I was in agreement. I think we are all in general agreement on the statement - the oral statement of what the Reserve System was prepared to do, and what this group was authorized to say it was prepared to do at this time.

On the question of a public statement, I think there was some question there in all of our minds as to whether one needed to be issued at this time and what the purpose of it was. I think there might be some purpose to it as a general reaffirmation of things we have said before, but that is not necessary and need not be put out in order to insure the success of this forthcoming financing.

MR. BELL: You say it needs to be put out?

MR. SPROUL: No, I say I don't think it needs to be put out.

H.M.JR: Well - you wanted to say something else, Allan?

MR. SPROUL: It would be somewhat of a reaffirmation of what has been said. I had put down these four points which express - I wasn't here yesterday - my personal views, which coincide, I think, almost entirely with what has been said.

One, that we are engaged in open-market operations to provide the necessary over-all volume of reserve funds, including offset to increased currency circulation. I do not believe that any particular volume of excess reserves, either in New York or in the whole country, is necessary, but I do believe that it is the ready availability of reserve funds which is important.

Two, that by rediscounting we would take care of individual banks which may need funds, although as a whole, banks within this group have been provided with ample reserve funds by open-market operations.

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Three, to make rediscounting further effective, a reduction in discount rates on Government securities maturing or, I think, callable within a year to one half of one percent would be desirable.

Four, that further reduction in reserve requirements should be made only if a widespread increase in reserve funds which cannot be accomplished through open-market operations or rediscounting becomes necessary.

I think that is in general agreement with what was said here by the Chairman.

H.M.JR: Well, of course, the purpose of this whole thing is this divergence of opinion between the advice which you in New York have been giving me on the two and a quarter, plus the people who came down to see me, as against the advice that I am getting from the Federal Reserve Board, and members of this Open Market Committee.

Now, we are not anxious for a statement. What we feel is this, that action on the part of the Open Market Committee would speak much louder than any statement, and I don't think you could get out a much better statement than the one which was gotten out - what was it - December 8?

The suggestion that we would like to make for your consideration is this, along the ideas of action, that you gentlemen seriously consider buying from the Treasury five hundred million dollars of either a special security or the last certificate which was issued; and if, on consideration, you should decide that that was desirable that that announcement be made either today or tomorrow morning. That would be action. It is along those lines that we would like to see something done.

MR. SPROUL: We would buy direct from the Treasury and then you would reduce the amount of your open-market financing to that extent?

MR. BELL: The next one.

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MR. SPROUL: Not this one, but the next one?

MR. BELL: The next one, with the announcement that this was done to build up reserves and not necessarily to supply the Treasury with money which it couldn't borrow, but merely for the reserve picture only.

MR. SPROUL: My own view is that is the worst possible thing you could do at this time.

H.M.JR: What is that?

MR. SPROUL: It is the worst possible thing you could do at this time. It would further develop the idea that the financing of the Government is going to be very difficult, and is going to have to be undertaken by methods which are in themselves inflationary, and would just accomplish the reverse of what you might be trying to accomplish.

H.M.JR: We differ with you.

MR. SZYMCAK: Mr. Secretary, did you have in mind doing it now or in the next financing in November?

H.M.JR: No, no, now. You fellows - you see, here they have handed me six different securities which are either selling at a par or two or three thirty-seconds above par. Now, it is a one percent note; a one and a half; a one and three-quarters; a two percent bond; and a two and a quarter percent bond. That is at seven thirty-seconds. It is this delicacy of the approach on the market.

MR. SPROUL: Mr. Secretary, I think that is the kind of a market you are in now, not a market with six or seven billion dollars of excess reserves, and only the ordinary peace-time financing to be done. You are in a market with extraordinary wartime financing to be done, with the knowledge that the amount that has to be done from month to month, and I think the best thing you can expect to have is a market which stays around the issue price, and doesn't, from issue to

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issue, go up to a premium, give you a constantly declining price in rate. I think that is undesirable and impossible under these conditions. A market which maintains the issues at about par, or slightly above, is the best and the only kind of a market you can have under these conditions.

H.M.JR: With the result that the whole banking fraternity comes in and wants a two and a quarter percent bond.

MR. SPROUL: I don't think they all want a two and a quarter percent bond. I think some of them want a two; and the question is not whether you can sell a two or a two and a quarter. I think you can sell both. The question is - certainly in my mind, and I think in many of the bankers' minds - whether you can do better with a two and a quarter from the standpoint of selling the bonds out through the country where the banks have not been buying so heavily as in the money centers, and whether you can sell some outside the banking system rather than sell it all to the banks.

H.M.JR: Well, I have been told that repeatedly over and over again, and the thing we feel, here, after listening to the Board, is that if the banking fraternity for the nation felt that we meant business - the combined organizations - and this was going to be two percent, and that five hundred million dollars was added to the reserve picture, that that meant business.

But I said yesterday - I mean I started talking about this reserve thing three or four months ago, and I have kept fairly quiet because I didn't seem to make much progress. Well now, I have kept quiet so there is no sense of going back over the three months. But I am registering very definitely and very emphatically, now, that I would like a more positive approach to this thing, and not just keep these securities either at par or barely above par, because I don't think you give these buyers a comfortable

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feeling. I mean, this idea that you are going to take something as it goes down one thirty-second - look what happened yesterday in the market. I mean, that is no way to dress up a market. I mean what was done yesterday, letting the thing sag in the last twenty minutes, let the thing sag - and it just sort of forces my hand to go into a two and a quarter.

MR. SPROUL: I don't think that forces your hand at all, and I don't think punching the market around a thirty-second or two is going to change the tone of the market. That is set by the fact that you have to come back month after month for five billion dollars and we cannot change that situation.

H.M.JR: It isn't a question of punching the market, but it is a question that we think here you should be more aggressive, I mean, in the approach to this thing - not in such a delicate manner. You are going to spend the five hundred million anyway. It is a question of whether you are going to do it over a period of a couple of weeks or you do it at one stroke - you are going to have to do it anyway.

MR. ECCLES: Isn't this true, that if you bid the market up to where there is a premium, it is perfectly natural that that would only encourage selling in order to take their three or four or five or six thirty-seconds - whatever profit they could take - knowing that they could get a new issue at par again in the course of a few weeks. It seems to me that to take people out of the last issue they subscribe for, at a profit each time--

H.M.JR: I don't mean that, Marriner, I don't mean that. I mean, if you found that they were unloading on you, that would be something else.

MR. ECCLES: Wouldn't they be likely to do more unloading the stronger the market was?

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MR. SPROUL: That is exactly what they do do.

MR. ECCLES: They work on thirty-seconds, and the dealers would be constantly getting people to sell, because they get their commission, to the Fed, so that they would be ready for the next issue. So all you would be doing is taking them out at a profit to come in at par at the next issue; and they have got to learn, it seems to me, that they subscribe for these bonds; if it is the banks, they take them to hold and not to be selling at a few thirty-seconds profit merely to come in again.

I don't mean by that that we should let the market sag below par, or that we should necessarily let any substantial number of issues stay at par.

H.M.JR: Well, Marriner, to get that down, why, in the last twenty minutes last night, should they let the thing slough off? I don't understand it. We sit here all day and talk about the--

MR. ECCLES: Bob, I didn't know anything about that until this morning. I don't think there was any intent on the part of - certainly the Committee - to let the market sag. Bob can speak on that with more authority than I could. What is your explanation, Bob?

MR. ROUSE: Well, it has happened, I think, with every impending financing for as long as I can remember, and we got the market up one or two thirty-seconds at the end of last week, anticipating there would be pressure immediately before the financing. We have not wanted to have a fixed market; we wanted to have the appearance of a natural market, and it certainly was unusual to have a substantial supply of securities available for sale with no takers, which was the case on the afternoon of the second or first day preceding the financing period.

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The instructions we issued were to buy freely yesterday. There were very large amounts of the one and a quarter percent note - the last note available - of which we took about twenty-one million, and there were some blocks of securities, but there was very little business being done. The quotations were not down. We could have bulled it up, I suppose.

I have no explanation of it other than that there was a supply of securities which were not taken freely, and that they were large amounts that people were willing to sell to make room for a new issue. That is the whole story.

The way the Secretary put it, that is not an explanation that suits him, I know, but it is entirely a usual situation, and the quotations are not down yet over the past few days. The one and a half percent note got up to four bid last week. We got two's, '49-'51, up to nine bid. They dropped a thirty-second in that last twenty minutes.

The long tax-exempt bonds we have not taken an active interest in. They were quoted down, I believe, three thirty-seconds in that last twenty minutes. But in the group of securities with which we were dealing, that is, the taxable securities, roughly, up to fifteen years, I would not regard a one thirty-second decline as a matter of any consequence. It is a perfectly natural development for a situation of this sort.

MR. BELL: What is being done this morning, Bob?

MR. ROUSE: I could not get through to New York while you were out of the room. The wires were all busy.

The instructions given were these: To take any bills available from the issue on Monday which had not been sold; to buy twenty-five million certificates this morning, for delivery this morning; and to buy aggressively; and, if possible, to put the market up one to two thirty-seconds. Those were the instructions I gave about quarter after nine.

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MR. BELL: What will be necessary if we put out this two percent bond, '50-'52, Marriner?

MR. ECCLES: How do you mean, Dan?

MR. BELL: What do we have to do in the market? That certainly will be quite a weight there.

MR. ECCLES: I don't think you have to do anything. You put the bond out and if they know that, after all, that is the issue, that is what the banks and others are going to get, I think the word can go around, without necessarily a public statement, that the Treasury and the Fed are standing where they have stood from the beginning; that the banks should confine investments to the less than the ten-years and the two percent bond is the peak, and there it is. I think you will get an adequate subscription to it. I would say that if they are not coming in to the extent that we feel they should, then we could ask each of the Reserve Bank presidents to contact the leading bankers. That is all you need to do - a few of the large bankers in each community, and suggest to them that they put in heavy subscriptions, heavier possibly than they have put in, with the idea that that would avoid the Fed having to do something directly.

Now, that is the last thing they want to have done, and if there is an indication that that might happen, you are not going to have any trouble, when you know the issue is two percent, in getting what is necessary. They will get the credit in their war bond account. The funds are not paid out now, and when the funds are withdrawn to the extent that they have to sell either their bond subscription or sell their certificates or bills, they, of course, could again be told that the Fed would expect to furnish them the funds.

MR. SPROUL: Might I ask, Dan, what you think direct purchase of five hundred million from the

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Treasury by the System would accomplish with respect to the market or with respect to this new issue?

MR. BELL: It will put more reserves in the market and certainly give it a tone.

MR. SPROUL: It would put more reserves in.

MR. BELL: It would make the banks feel a little more comfortable in subscribing to a four billion dollar issue.

MR. SPROUL: It would put more reserves in as you spent the money, which would be very promptly; but as for the tone of the market, I don't think it would do anything at all. I think it would have a reverse effect.

MR. BELL: Do you?

MR. SPROUL: Yes.

H.M.JR: What do you think?

MR. WILLIAMS: I think there are two aspects to the problem, one, the immediate one, the current financing, and I think the steps that the chairman has indicated would solve that problem. I think we can get by this satisfactorily. I think the banks have all demonstrated a willingness to cooperate - the reception of our bill program indicates that. By this financing, then, I think the System could engage in a wide-spread intensive campaign among the banks to explain the elements of the Government's war financing program and get adherence to that by the individual banks, and that once by this hurdle we would not be confronted with the uncertainty.

I think they are pressing now because they feel we are in a state of fluctuation; but just as soon as it takes form, they are going to be as well disciplined as anyone else. I think we will not have a repetition of this occurrence.

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MR. ECCLES: There is uncertainty between the two and the two and a quarter. The minute that is settled - then they know--

H.M.JR: Doctor Goldenweiser, what do you think of this suggestion of the Treasury selling the Federal Reserve System five hundred million dollars worth of certificates, one lump sum?

MR. GOLDENWEISER: I think that it would probably do the situation a good deal of damage. I would think it would have a very bad press. I should think that it would make a very bad impression on the market. Mr. Secretary, I think that part of what we are expecting to do now is to buy between four and five hundred millions a month to get the currency demand. I should think that, personally, without knowing what anyone else thinks--I would be very favorable to doing that buying - bunching that buying and doing it quite vigorously for a day or two, but buy it in the market, and not from the Treasury.

H.M.JR: That is a clean-cut statement.

Now, here is my decision as it is, six minutes past eleven. I would like to do the two percent, but you fellows have not convinced me as to your - what is the word they use on the farm?

MR. ROUSE: I might say we bought sixty-two million dollars worth of securities this morning, sixty-two plus - forty-five million for delivery today, the balance for delivery tomorrow.

H.M.JR: I can't think of the proper word - I will use the improper word, but I am groping for something we used on the farm, and for lack of that I will use parlor language. I still wanted the - I am very carefully avoiding the word sincerity, because I am convinced of that, but I want something. I don't want anything in writing, just something from you gentlemen to convince me that you mean business.

Now, that is--

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MR. ECCLES: You don't think that we don't feel a sense of responsibility on this financing, possibly as much as you do, that we know that when we come in here and we discuss with you the problem and when we put a public statement out, as we did put out here, that--

MR. SZYMCAK: We mean just that.

MR. ECCLES: ... that we are not going to do whatever is necessary. Now, I mean if you are on a limb, where the devil are we? We are right on exactly the same limb.

H.M.JR: Rouse has been busy, and it shows it, you see.

Well, Marriner, just to go back a little, I am repeating myself for the benefit of everybody - I forget what - there was a discussion which we had here where I decided to do something which was against some issue two or three months ago - I forget. You people have a very serious responsibility, and I said I didn't question your sincerity, because I know you people are just as sincere as I am. But it always gets down in the final analysis - if an issue fails there is only one person that has to take the responsibility publicly, and that is myself, certainly in my relation to the President.

MR. ECCLES: I don't think I would entirely be left out of the picture. You have it directly, but I certainly--

H.M.JR: Well, directly. Now, what I am asking for is something - as I say, something I could put my teeth into, from you fellows. Now, what Goldenweiser said, is that the policy of the Board, that you people will vigorously buy in bunches - I think is the word he used - at least five hundred million dollars worth a month? I mean for the next month or two, would you? Does that express--

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MR. SZYMCZAK: I think Marriner has already covered that.

H.M.JR: He didn't express it as colorful as Goldenweiser did.

MR. SZYMCZAK: He is on the staff; Marriner is on the Board. (Laughter)

H.M.JR: I never heard anybody accuse Eccles of not being colorful. (Laughter)

MR. ECCLES: You have never heard them accuse me of being colorful, have you? (Laughter) We agreed that the volume of purchasing as a minimum would have to be four to five hundred million a month.

H.M.JR: Can't you make it five hundred minimum?

MR. ECCLES: I think it would be more than five. I don't think five is going to cover it; you are going to cover your currency expansion plus whatever is necessary to maintain the stability of your market, so you have got, I don't know, maybe a billion - but that certainly is a minimum of purchasing that has got to be done.

Now, as to the question of bunching it, I think that you want to do the purchasing, of course, in a manner that is going to be the most effective in giving tone to the market. Certainly to string it out in such a manner that it has no effect whatever would not seem to be advisable, but it becomes a market problem. You may well find that you have got a fine tone to the market and you don't want, then, to be buying again. As you find a weakness, certainly you would want to buy much heavier than you would in some other period. I think the natural operation would be one of bunching, wouldn't it, Bob?

MR. ROUSE: Pretty much so, yes.

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MR. ECCLES: It naturally wouldn't work any other way.

MR. ROUSE: It works with constant buying and with an acceleration of time. I think that is the idea the Doctor had. He wouldn't center it all in three or four points in a month. You would have to buy constantly with pressure at intervals.

MR. ECCLES: You would have to buy constantly to keep it - otherwise you would be out of the market.

H.M.JR: Let me ask you - what made you change your policy today as against yesterday, what happened?

MR. ROUSE: At the beginning - as I say, since Monday, a week ago, I have been trying to get the market up and have a good tone, anticipating the financing. We were able to increase the amount several days last week, that is, increase the quotation. Yesterday at Baker's desk - and he heard the conversation - I instructed them to buy freely in the area up through 1955. I did not include the long tax-exempt securities.

H.M.JR: Were you operating under some instructions?

MR. ROUSE: My general instructions.

H.M.JR: Did something happen?

MR. ROUSE: Nothing happened; I did this on my own in the light of the general instructions which I have from my committee.

H.M.JR: What I am trying to get at is that if you got some instructions maybe that would go part way to answer what I am groping for.

MR. ECCLES: This is what happened today - now, I talked to Bob last night. In fact, he was in our meeting of the Committee in discussing this yesterday, and it was generally agreed last night in discussing

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this thing that increased buying should be undertaken today and tomorrow in anticipation of this financing.

Now, there were no specific instructions other than an understanding informally that he would do that.

MR. ROUSE: And the first thing this morning as soon as I could get through to New York on the telephone I talked to our people there, and I gave them the instructions already stated here.

H.M.JR: I don't see why you have wire trouble here. You have two wires.

MR. BELL: Yes, but they are used.

MR. SPROUL: He was through in plenty of time to give them the instructions so that they could be in at the opening of the market. There was no change in policy at any time.

MR. ROUSE: I got them in - it must have been about quarter after nine at the Board.

H.M.JR: Your wires, or our wires?

MR. ROUSE: I used our wires at the Board. That was early this morning, where I went first. Over here I was trying to check up while you and Dan were having your separate meeting, and I couldn't get through. They were in use.

MR. SPROUL: There was no change in policy, and nothing has happened which is of any consequence, as I see it, to your financing, whether you do a two or a two and a quarter.

H.M.JR: I can't get any comfort out of what you are doing today. (Laughter)

MR. BELL: You can get a little bit out of these quotations.

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H.M.JR: I need something more. If this has no significance, then I want something that has some significance.

MR. SPROUL: I say that what happened yesterday had no significance or any consequence as far as your financing is concerned.

H.M.JR: But I am asking as to what you are doing today. Has that got any significance?

MR. SPROUL: Only to the extent we are putting funds into the market, I think; it has no significance, price-wise.

H.M.JR: Well, let me just ask one question and then we will adjourn again for a few minutes. What is the companion-piece that they are talking about?

MR. BELL: A note.

H.M.JR: Which note?

MR. BELL: I don't know.

MR. ECCLES: One and a half for '46.

MR. SZYMCAK: Open up the note you have got, is that what you refer to?

MR. BELL: Open up the December?

H.M.JR: I don't want to do that.

MR. ECCLES: March of '47 or September '46.

MR. BELL: What does the September '46 do to the market?

MR. ECCLES: Piser, have you got those figures on that note?

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MR. PISER: I figured March '47, one and a half, would sell at exactly par; and the December '46 is now, I think, at four thirty-seconds, or three thirty-seconds; and the December, six to eight thirty-seconds.

H.M.JR: September, what year?

MR. PISER: September '46.

MR. SPROUL: That is three years and eleven months.

H.M.JR: What kind of effect would that have on the rest of the market?

MR. PISER: I think issuing the September '46 would have a depressing affect on the rest of the market, because I think that issue would drop close to par and put the December '46 under par. That was the reason for suggesting the December '46 issue.

H.M.JR: I don't want to open that; that is too much. I didn't want over three billion dollars.

MR. BELL: What would the March '47 do?

MR. ECCLES: That is only a billion outstanding.

H.M.JR: You add to that--

MR. ECCLES: Our recommendation was to offer four billion and give them a choice in these two issues.

H.M.JR: We are together on that?

MR. BELL: Potentially.

H.M.JR: It could be; it could be even more.

MR. ECCLES: What if it were, with this size of financing? What difference does it make?

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H. M. JR: Well, the fellows sitting here - I don't want them to cuss me out more than is necessary - in '46. I mean, that is a terrific fix. We have nothing comparable to that, I mean, coming due at a fixed maturity. There must be something else. What about the one percent?

MR. ECCLES: You can put out a one, but it runs right into your certificate. Next month you have got a billion and a half of certificates - completed your cycle of quarterly--

H.M. JR: This month, isn't it?

MR. ECCLES: November 1.

It was our feeling that you would want to turn that over and possibly add at least a billion or a billion and a half to it. Now, that is pretty close to a note. I don't think it makes an awful lot of difference, because if you put out a one-percent note, of course, your heavy subscriptions will be in the bonds. I mean, I don't imagine that you--

MR. BELL: What about one and a half March '47, what will that do, Piser?

MR. PISER: I don't think that would have any effect on the market at all. I think the market quotation for it would be par, and leave the other issues just about as they are.

H.M. JR: What do you think, George, and Henry Murphy?

MR. MURPHY: The issue that is to be reopened was at a premium of two thirty-seconds last night. We have allowed knocking off two thirty-seconds and saying, "If you reopened it, it would be at par." On that basis your par would appear to be a discount, but it couldn't go to a discount; it would be held at par. If it were accompanied by a vigorous support, I

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think the March would go. But you are very definitely going out beyond an ordinary pricing. I would much rather do March than September, though, because if you do September, you are backing up and going to push--

MR. ECCLES: You can't do September. I agree with that.

H.M.JR: Give me something else. Can't we do something else?

MR. SPROUL: You could do a one and five-eighths in June. Then you are so close to the two that it doesn't give you enough spread in your offering.

H.M.JR: Would one-eighth make that difference?

MR. SPROUL: Yes.

MR. SZYMCZAK: That is almost five years, isn't it?

MR. SPROUL: That is four years and eight months.

H.M.JR: It isn't very close.

MR. ECCLES: You have several years' difference. Of course, we suggested that the other day, the one and five-eighths, and originally we suggested the one and five-eighths and the two. That was our original suggestion.

H.M.JR: Was it? I don't remember that.

MR. ECCLES: That was the original recommendation.

H.M.JR: What is the matter with that? George, what do you boys think?

MR. MURPHY: I would prefer to keep a permanent differential of one-half percent between our note rates and the bond rates. I don't like the one and

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five-eighths. I feel that it would crowd on the two. There is not enough spread between them.

H.M.JR: Which would you do, Henry, if you had the sole responsibility?

MR. MURPHY: I think I would do the one-percent note, Mr. Secretary. I would do that with the definite intention of ultimately building up a series of one to two-year notes at original issuance so that you would not merely have your heavy concentration in the first year of certificates, but another concentration less heavy, but still slightly heavy, of notes with original maturities of between one and two years, which would ultimately have to be rolled over very much the same as the, first, bills, and now certificates.

H.M.JR: How long would the one-percent be?

MR. MURPHY: It could be either in December '43 or March '44. In March '44 we would price it at about par.

H.M.JR: I am not going to price these things at par.

MR. BELL: That is what you are doing on your bonds, '50-'52 - it is right on the line.

MR. ROUSE: As Chris Devine said yesterday, anything you do is just at the premium; it doesn't make any difference how rich you price it.

MR. BELL: I think we have gotten to the point where we have got to hit pretty close to par.

H.M.JR: The bond will be on the line?

MR. ROUSE: Any bond. It doesn't make any difference how rich it is.

H.M.JR: We will go out and see if we can get any bright ideas. Will you people talk a little bit about this note?

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Which would you rather have, the one and a half or one and five-eighths?

MR. SPROUL: The one and a half and the two if that is your combination. As you know, I would rather have a one and three-quarters than a two and a quarter.

H.M.JR: I have not left it yet.

MR. DRAPER: Can I put myself on the line for a two and a one and a half?

H.M.JR: Sure.

MR. DRAPER: Thank you.

H.M.JR: Piser?

MR. PISER: The two and a one and a half.

MR. HAAS: December opening?

MR. PISER: Yes.

MR. BELL: How about a March?

MR. ECCLES: That is my position.

H.M.JR: You fellows - if you want to get a little more generous than you have got; you are keeping your cards close to your chest - your offers of what you do.

MR. ECCLES: What do you mean, generous?

H.M.JR: I mean vigorous.

MR. ECCLES: We are going to be just as vigorous as necessary. You make the decision.

H.M.JR: The word I was groping for was "potent." That was the word. (Laughter)

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(At this time a short recess was taken.)

H.M.JR: Gentlemen, the way I feel is this: I think that the talks of both yesterday and today have been fruitful. They show that the Federal Reserve System and the Treasury can work together in these trying times, and the change in attitude toward the market today, and your buying policy, the more vigorous attitude - I am simply going to take the assurances which you have given me and count on you people to make this thing a thorough success. That is, I am going to take the program that you have recommended -- the two, that is, the two-percent bond and the one and a half in December, and then it is up to you people to make good.

Now, you have all recommended it. When I say "all" - not all, but, as Sproul said yesterday on the phone - he said, "The two would go" - is that right?

MR. SPROUL: That is right.

H.M.JR: Now, I am thinking, as I say, to me it is more convincing - what has happened today in the market - than anything else I could say or you could say. I am going to watch the excess reserves; and if I feel that there are not enough, I am going to take the liberty of bringing it vigorously to your attention. If during the next day or two at any time I don't feel that the thing is going sufficiently well, I will get in touch with you gentlemen. But for us this is a very serious decision, and it gets down to a matter of good-faith between the organizations. We here would prefer no statement. We think the market actions to the people in the market is the best. I suggested that Mr. Bell see the press this afternoon. He might give them a little background talk. I think if somebody in New York could do that with the financial writers it would help.

Then I thought that if word could go out by telephone to the presidents of the twelve Banks that they

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would do it, not only through the newspapers, but, more important, over the telephone to the principal banks and bankers, influential members in the community - tell them that it is two percent and that we are counting on them for their cooperation. I think that would be much more effective than any statement. I don't think any statement we could get out would be as good as the one we gave out on December 8. I think just reiterating it is a sign of weakness - "Maybe you don't think we meant what we said."

MR. ECCLES: It might be well to have Dan and Allan in a press conference, and we do likewise, call attention to the statement of December 8, just as a matter of background.

H.M.JR: I think it is important that somebody in New York see the financial writers.

MR. SPROUL: This afternoon?

H.M.JR: This afternoon.

MR. SPROUL: What time? You wouldn't announce the terms until tomorrow morning?

MR. BELL: Tomorrow morning.

H.M.JR: But the men who write the story - tonight for tomorrow morning's papers - I think they should be seen. You see them every day, don't you?

MR. SPROUL: Yes, but that story that comes out of Washington will be used as a Washington story so our men up there won't get a crack at it tomorrow morning. The release at Washington is the release that makes the story as far as tomorrow morning is concerned, and they will blanket anything we do up there this afternoon. We could follow up better tomorrow afternoon.

H.M.JR: But the word should go out from the Open Market Committee to the twelve presidents, and

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they can get busy on the telephone tomorrow and explain that this is a two, and the System--

MR. ECCLES: I can call them up. What time are you going to announce that this afternoon?

MR. BELL: Well, it probably won't be in the hands of the press before four o'clock.

MR. ECCLES: Before four - and you will tell them what? Just what do you propose to tell them?

MR. BELL: We will give out the usual statement. But this background - I think I will have to go back and think a little about what we will tell them on the background.

MR. ECCLES: Dan, do you mean you would tell them that four billion, two percent--

MR. BELL: We will give them the terms of the issue.

MR. ECCLES: A one and a half percent note, December, and that you will allocate on a basis proportionate to the subscriptions?

MR. BELL: Yes, and we also will allot in full for non-banking subscribers. I would suggest we do that on both of them rather than just the one.

MR. SPROUL: How long will you keep the books open?

MR. BELL: We thought up until Saturday night.

MR. ECCLES: I think that is all right.

MR. SZYMCAK: Should Marriner give the answer to the presidents this afternoon before you give it to the press?

MR. BELL: Yes. We are going to give it to the executive managers, too, right after lunch.

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MR. ECCLES: The Victory Fund people?

MR. BELL: Yes.

MR. SZYMCZAK: We had better go to work.

H.M.JR: All right.

(Draft of Statement for the Press)

In connection with today's announcement of Government financing, the Secretary of the Treasury and the Federal Reserve System issued the following statement:

Today's offering is expected to complete the pattern of the Treasury's financing of the war. It has been the policy of the Government to do whatever is possible to obtain funds from investors other than banks. In order to encourage nonbank lending, the Treasury has offered and is actively encouraging the sale of the three types of War Savings Bonds, the long-term 2-1/2 per cent bonds that are not available for purchase by banks, the tax notes, and short-term marketable securities. Banks, on the other hand, have been encouraged insofar as they participate in Treasury financing to acquire obligations of relatively short maturity. As part of this program the Treasury has greatly increased its offerings of bills and certificates. It is contemplated that the present issue of 7-9-year bonds, which carries a rate of 2 per cent, will be the longest maturity to be offered for general subscription by commercial banks.

In order to supply banks with adequate reserves and to

make excess reserves more fully effective, the Federal Reserve System has been buying and will continue to buy all bills offered at a posted rate agreed upon by the Treasury and the System, and giving the seller an option to repurchase at the same rate. By this method the System has made Treasury bills the practical equivalent of cash. The System has also engaged in other open market operations for the purpose of providing banks with an adequate supply of reserves and of maintaining conditions in the Government security market that are satisfactory from the standpoint of the Government's requirements.

These policies will be continued with all the vigor that is necessary to insure the successful financing of the war.

The Treasury and the Federal Reserve System recognize that their policies must be integrated with a comprehensive economic program of the Government.



TREASURY DEPARTMENT

WASHINGTON

October 7, 1942

Dear Mr. President:

In order to place the Treasury in funds to provide for expenditures authorized by law, I propose, subject to your approval, under authority of the Second Liberty Bond Act, as amended, to offer for cash subscription 2 percent Treasury Bonds of 1950-52, maturing March 15, 1952, and an additional amount of 1-1/2 percent Treasury Notes of Series B-1946, maturing December 15, 1946. Notes of this series were first issued on June 5, 1942. The aggregate amount of bonds and notes to be issued will be \$4,000,000,000, or thereabouts, and the proportionate part of bonds and notes to be issued will be determined by the relation which the total subscriptions received for each bears to the total subscriptions received for both.

The authorizing act provides that bonds and notes may be issued only with the approval of the President. Accordingly, I trust that the proposed issues will meet with your approval. It is my intention to make public announcement of the offering on Thursday, October 8.

Faithfully yours,

*Henry M. Perdue*  
Secretary of the Treasury.

The President,

The White House.

APPROVED: *Franklin D. Roosevelt*

FOR DEFENSE



BUY  
UNITED  
STATES  
SAVINGS  
BONDS  
AND STAMPS

## Calendar of Direct and Guaranteed Bonds, Notes and Certificates 1/

September 25, 1942

(In millions of dollars)

Date	Description	Fixed maturities		Callable issues 2/			
		Direct	Guaranteed	First callable		Final maturities	
				Direct	Guaranteed	Direct	Guaranteed
1942-Jan.							
Feb.							
Mar.							
Apr.							
May							
June							
July							
Aug.							
Sept.							
Oct. 15	RFC 7/8% -----		320(T)				
Nov. 1	Certificate 1/2% -----	1,507(T)					
Dec. 15	Note 1-3/4% -----	232					
	Total	1,739	320				
1943-Jan.							
Feb. 1	Certificate 5/8% -----	1,588(T)					
Mar. 15	Note 3/4% -----	66(T)					
Apr.							
May 1	Certificate .65% -----	1,506(T)					
May 1	GOO 3/4% -----		289				
June 15	Note 1-1/8% -----	629					
June 15	Bond 3-3/8% (1943-47)			454			
July 15	RFC 1-1/8% -----		324(T)				
Aug. 1	Certificate 7/8% -----	1,609(T)					
Sept. 15	Note 1% -----	279					
Oct. 15	Bond 3-1/4% (1943-45)			1,401			
Nov.							
Dec. 15	Note 1-1/8% -----	421					
	Total	6,098	613	1,855			
1944-Jan.							
Feb. 1	USHA 1-3/8% -----		114				
Mar. 15	Note 1% -----	515					
Mar. 15	FFMC 3-1/4% (1944-44)				95		
Apr. 15	Bond 3-1/4% (1944-46)			1,519			
Apr. 15	RFC 1% -----		571(T)				
May 1	HOLD 3% (1944-52)				779		
May 15	FFMC 3% (1944-49)				835		
June 15	Note 3/4% -----	416					
July							
Aug.							
Sept. 15	Note 1% -----	283					
Sept. 15	Note 3/4% -----	635(T)					
Oct.							
Nov.							
Dec. 15	Bond 4% (1944-54)			1,037			
	Total	1,849	685	2,556	1,709		
1945-Jan.							
Feb. 15	GOO 1-1/8% -----		412(T)				
Mar. 15	Note 1-1/4% -----	1,606(T)					
Mar. 15	Note 3/4% -----	718					
Apr.							
May							
June 1	HOLD 1-1/2% (1945-47)				755		
July							
Aug.							
Sept. 15	Bond 2-3/4% (1945-47)			1,214			
Oct. 15	Bond 3-1/4% (1945-45)					1,401	
Nov.							
Dec. 15	Bond 2-1/2% -----	541					
Dec. 15	Note 3/4% -----	531(T)					
	Total	3,396	412	1,214	755	1,401	

T Taxable issues.

1/ Excludes special issues, issues redeemable at option of holder, Postal Savings bonds, FHA debentures, and issues for which an exchange offer has been made and accepted by the bulk of the holders.

2/ Callable issues with respect to which a definite notice of call has been made are listed as fixed maturities.

## Calendar of Direct and Guaranteed Bonds, Notes and Certificates 1/

September 25, 1942

(In millions of dollars)

Date	Description	Fixed maturities		Callable issues 2/			
		Direct	Guaranteed	First callable		Final maturities	
				Direct	Guaranteed	Direct	Guaranteed
1946-Jan. 1	Conversion 3% ———	16					
Feb.							
Mar. 15	Note 1% ———	503(T)					
Mar. 15	Bond 3-3/4% (1946-56)			489			
Apr. 15	Bond 3-1/4% (1944-46)					1,519	
May							
June 15	Bond 3% (1946-48)			1,036			
June 15	Bond 3-1/8% (1946-49)			819			
July							
Aug.							
Sept.							
Oct.							
Nov.							
Dec. 15	Note 1-1/2% ———	1,118(T)					
	Total	1,637		2,344		1,519	
1947-Jan. 1	Conversion 3% ———	13					
Feb.							
Mar.							
Apr.							
May							
June 1	HOLD 1-1/2% (1945-47)						755
June 15	Bond 3-3/8% (1943-47)					454	
July							
Aug.							
Sept. 15	Bond 2-3/4% (1945-47)					1,214	
Oct. 15	Bond 4-1/4% (1947-52)			759			
Nov.							
Dec. 15	Bond 2% ———	701					
	Total	714		759		1,668	755
1948-Jan.							
Feb.							
Mar. 15	Bond 2% (1948-50)			1,115(T)			
Mar. 15	Bond 2-3/4% (1948-51)			1,223			
Apr.							
May							
June 15	Bond 3% (1946-48)					1,036	
July							
Aug.							
Sept. 15	Bond 2-1/2% ———	451					
Oct.							
Nov.							
Dec. 15	Bond 2% (1948-50)			571			
	Total	451		2,909		1,036	
1949-Jan.							
Feb.							
Mar.							
Apr.							
May 15	FFMC 3% (1944-49)						835
June 15	Bond 3-1/8% (1946-49)					819	
June 15	Bond 2% (1949-51)			1,014(T)			
July							
Aug.							
Sept. 15	Bond 2% (1949-51)			1,292(T)			
Oct.							
Nov.							
Dec. 15	Bond 2% (1949-51)			2,098(T)			
Dec. 15	Bond 3-1/8% (1949-52)			491			
Dec. 15	Bond 2-1/2% (1949-53)			1,786			
	Total			6,681		819	835

T Taxable issue.

1/ Excludes special issues, issues redeemable at option of holder, Postal Savings bonds, FHA debentures, and issues for which an exchange offer has been made and accepted by the bulk of the holders.

2/ Callable issues with respect to which a definite notice of call has been made are listed as fixed maturities.

Calendar of Direct and Guaranteed Bonds, Notes and Certificates <sup>1/</sup>  
September 25, 1942

(In millions of dollars)

Date	Description	Fixed maturities		Callable issues <sup>2/</sup>			
		Direct	Guaran- teed	First callable		Final maturities	
				Direct	Guaran- teed	Direct	Guaran- teed
1950-Jan. Feb. Mar.15 Apr. May June July Aug. Sept.15 Oct. Nov. Dec.15	Bond 2% (1948-50)						1,115(T)
	Bond 2-1/2% (1950-52)			1,186			
	Bond 2% (1948-50)						571
	Total			1,186			1,686
1951-Jan. Feb. Mar.15 Apr. May June15 June15 July Aug. Sept.15 Sept.15 Oct. Nov. Dec.15 Dec.15 Dec.15	Bond 2-3/4% (1948-51)						1,223
	Bond 2% (1949-51)						1,014(T)
	Bond 2-3/4% (1951-54)			1,627			
	Bond 2% (1949-51)						1,292(T)
	Bond 3% (1951-55)			755			
	Bond 2% (1949-51)						2,096(T)
	Bond 2-1/4% (1951-53)			1,118			
	Bond 2% (1951-55)						510(T)
	Total			4,010			5,627
1952-Jan. Feb. Mar.15 Apr. May 1 June15 July Aug. Sept.15 Oct.15 Nov. Dec.15	Bond 2-1/2% (1952-54)			1,024(T)			.
	HOLD 3% (1944-52)						779
	Bond 2-1/4% (1952-55)			1,501(T)			
	Bond 2-1/2% (1950-52)						1,186
	Bond 4-1/4% (1947-52)						759
	Bond 3-1/8% (1949-52)						491
	Total			2,525			2,436 779
1953-Jan. Feb. Mar. Apr. May June15 July Aug. Sept. Oct. Nov. Dec.15 Dec.15	Bond 2% (1953-55)			725			
	Bond 2-1/2% (1949-53)						1,786
	Bond 2-1/4% (1951-53)						1,118
	Total			725			2,904

T Taxable issue.

<sup>1/</sup> Excludes special issues, issues redeemable at option of holder, Postal Savings bonds, FHA debentures, and issues for which an exchange offer has been made and accepted by the bulk of the holders.<sup>2/</sup> Callable issues with respect to which a definite notice of call has been made are listed as fixed maturities.

Calendar of Direct and Guaranteed Bonds, Notes and Certificates <sup>1/</sup>

September 25, 1942

(In millions of dollars)

Date	Description	Fixed maturities		Callable issues <sup>2/</sup>			
		Direct	Guaranteed	First callable		Final maturities	
				Direct	Guaranteed	Direct	Guaranteed
1954-Jan.							
Feb.							
Mar. 15	Bond 2-1/2% (1952-54)					1,024(T)	
Apr.							
May							
June 15	Bond 2-3/4% (1951-54)					1,627	
June 15	Bond 2-1/4% (1954-56)			681			
July							
Aug.							
Sept.							
Oct.							
Nov.							
Dec. 15	Bond 4% (1944-54)					1,037	
	Total			681		3,688	
1955-Jan.							
Feb.							
Mar. 15	Bond 2-7/8% (1955-60)			2,611			
Apr.							
May							
June 15	Bond 2-1/4% (1952-55)					1,501(T)	
June 15	Bond 2% (1953-55)					725	
July							
Aug.							
Sept. 15	Bond 3% (1951-55)					755	
Oct.							
Nov.							
Dec. 15	Bond 2% (1951-55)					510(T)	
	Total			2,611		3,491	
1956-Jan.							
Feb.							
Mar. 15	Bond 3-3/4% (1946-56)					489	
Mar. 15	Bond 2-1/2% (1956-58)			1,449(T)			
Apr.							
May							
June 15	Bond 2-1/4% (1954-56)					681	
July							
Aug.							
Sept. 15	Bond 2-3/4% (1956-59)			982			
Oct.							
Nov.							
Dec.							
	Total			2,431		1,170	
1957-Jan.							
Feb.							
Mar.							
Apr.							
May							
June							
July							
Aug.							
Sept.							
Oct.							
Nov.							
Dec.							
	Total						

T Taxable issue.

<sup>1/</sup> Excludes special issues, issues redeemable at option of holder, Postal Savings bonds, FHA debentures, and issues for which an exchange offer has been made and accepted by the bulk of the holders.<sup>2/</sup> Callable issues with respect to which a definite notice of call has been made are listed as fixed maturities.

Calendar of Direct and Guaranteed Bonds, Notes and Certificates <sup>1/</sup>  
 September 25, 1942  
 (In millions of dollars)

Date	Description	Fixed maturities		Callable issues <sup>2/</sup>			
		Direct	Guaranteed	First callable		Final maturities	
				Direct	Guaranteed	Direct	Guaranteed
1958-Jan. Feb. Mar.15 Apr. May June15 July Aug. Sept. Oct. Nov. Dec.	Bond 2-1/2% (1956-58)					1,449(T)	
	Bond 2-3/4% (1958-63)			919			
	Total			919		1,449	
1959-Jan. Feb. Mar. Apr. May June July Aug. Sept.15 Oct. Nov. Dec.	Bond 2-3/4% (1956-59)					982	
	Total					982	
1960-Jan. Feb. Mar.15 Apr. May June July Aug. Sept. Oct. Nov. Dec.15	Bond 2-7/8% (1955-60)					2,611	
	Bond 2-3/4% (1960-65)			1,485			
	Total			1,485		2,611	
1961-Jan. Feb. Mar. Apr. May June 1 July Aug. Sept. Oct. Nov. Dec.	Panama 3% _____	50					
	Total	50					

T Taxable issue.

<sup>1/</sup> Excludes special issues, issues redeemable at option of holder, Postal Savings bonds, FHA debentures, and issues for which an exchange offer has been made and accepted by the bulk of the holders.

<sup>2/</sup> Callable issues with respect to which a definite notice of call has been made are listed as fixed maturities.

Calendar of Direct and Guaranteed Bonds, Notes and Certificates <sup>1/</sup>  
September 25, 1942

(In millions of dollars)

Date	Description	Fixed maturities		Callable issues <sup>2/</sup>			
		Direct	Guaran- teed	First callable		Final maturities	
				Direct	Guaran- teed	Direct	Guaran- teed
1962-Jan. Feb. Mar. Apr. May June 15 July Aug. Sept. Oct. Nov. Dec.	Bond 2-1/2% (1962-67)			2,118 (T)			
	Total			2,118			
1963-Jan. Feb. Mar. Apr. May June 15 July Aug. Sept. Oct. Nov. Dec.	Bond 2-3/4% (1958-63)					919	
	Total					919	
1964-Jan. Feb. Mar. 15 Apr. May June July Aug. Sept. Oct. Nov. Dec.	FFMC 3-1/4% (1944-64)						95
	Total						95
1965-Jan. Feb. Mar. Apr. May June July Aug. Sept. Oct. Nov. Dec. 15	Bond 2-3/4% (1960-65)					1,485	
	Total					1,485	

T Taxable issue.

<sup>1/</sup> Excludes special issues, issues redeemable at option of holder, Postal Savings bonds, FHA debentures, and issues for which an exchange offer has been made and accepted by the bulk of the holders.

<sup>2/</sup> Callable issues with respect to which a definite notice of call has been made are listed as fixed maturities.

Calendar of Direct and Guaranteed Bonds, Notes and Certificates <sup>1/</sup>

September 25, 1942

(In millions of dollars)

Date	Description	Fixed maturities		Callable issues <sup>2/</sup>			
				First callable		Final maturities	
		Direct	Guaran- teed	Direct	Guaran- teed	Direct	Guaran- teed
1966-Jan. Feb. Mar. Apr. May June July Aug. Sept. Oct. Nov. Dec.							
	Total						
1967-Jan. Feb. Mar. Apr. May June 15 July Aug. Sept. 15 Oct. Nov. Dec.							
	Bond 2-1/2% (1962-67)					2,118 (T)	
	Bond 2-1/2% (1967-72)			2,716 (T)			
	Total			2,716		2,118	
*	*	*	*	*	*	*	*
1972-Sept. 15	Bond 2-1/2% (1967-72)					2,716 (T)	

T Taxable issue.

<sup>1/</sup> Excludes special issues, issues redeemable at option of holder, Postal Savings bonds, FHA debentures, and issues for which an exchange offer has been made and accepted by the bulk of the holders.<sup>2/</sup> Callable issues with respect to which a definite notice of call has been made are listed as fixed maturities.

TREASURY DEPARTMENT

44

INTER OFFICE COMMUNICATION

DATE Oct. 7, 1942

TO Secretary Morgenthau  
FROM Vincent F. Callahan

The following talent will appear on next  
Saturday night's broadcast over the Mutual Network  
at 10:15 PM:

Colonel Stoopnagle  
Paulette Goddard  
Mary Small

Sketch by Pearl Buck entitled  
"Chinese Incident" which will  
be introduced by Dr. Lin Yu Tang  
and played by a cast starring  
Jane Cowl and Claude Rains.

Vincent F. Callahan

TREASURY DEPARTMENT

45

INTER OFFICE COMMUNICATION

DATE OCT 7 1942

TO Secretary Morgenthau

FROM Mr. Haas

The attached tables and charts bring up to date information prepared last month on the sale of savings bonds and the operation of the payroll savings plan. Large colored copies of the charts have been hung in the Chart Room.

Attachments

Sales of United States Savings Bonds  
Monthly, May 1941 to September 1942

(In millions of dollars)

Month	Series E	Series F & G	Total
1941			
May.....	100.6	249.2	349.8
June.....	102.5	212.0	314.5
July.....	145.3	196.9	342.1
August.....	117.6	148.0	265.6
September.....	105.2	127.1	232.3
October.....	122.9	147.9	270.7
November.....	109.5	124.0	233.5
December.....	341.1	187.5	528.6
1942			
January.....	667.4	393.2	1,060.6
February.....	398.0	305.2	703.2
March.....	337.6	220.3	557.9
April.....	326.7	203.8	530.5
May.....	421.8	212.6	634.4
June.....	433.2	200.7	633.9
July.....	508.1	392.7	900.9
August.....	454.0	243.3	697.3
September.....	510.0*	244.8*	754.8*

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

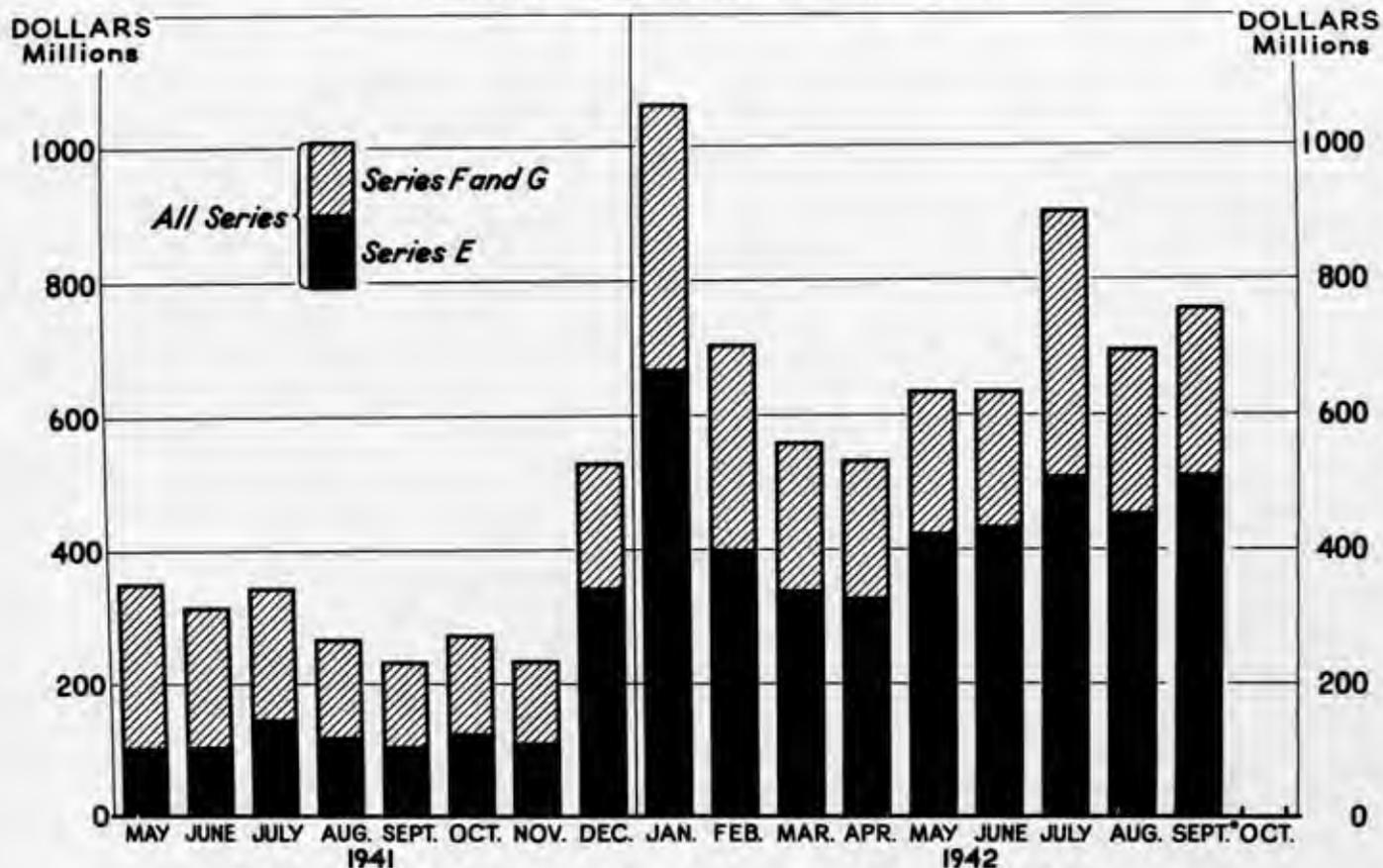
October 5, 1942

Note: Figures are rounded to the nearest million and will not necessarily add to totals.

\* Does not include \$120 millions of September sales for which mail reports were in transit at the end of the month.

# SALES OF UNITED STATES SAVINGS BONDS

## Monthly, May 1941 to Sept. 1942



\*Excludes \$120 mil. September sales for which reports were in transit at end of month.

Secretary of the Treasury  
Federal Reserve Board

B-329

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Number of Series E Savings Bonds of Each Denomination  
Sold Monthly, May 1941 to September 1942

	Denomination				
	\$25	\$50	\$100	\$500	\$1,000
(Estimated number of units - in thousands)					
1941					
May.....	336	162	259	54	65
June.....	431	192	293	55	60
July.....	530	239	388	81	88
August.....	553	238	355	64	65
September.....	595	246	351	59	59
October.....	700	267	379	64	62
November.....	725	262	360	57	53
December.....	2,661	1,062	1,284	216	181
1942					
January.....	3,846	1,469	1,802	370	355
February.....	2,807	880	1,152	183	167
March.....	3,529	901	1,056	151	122
April.....	4,055	946	1,074	145	116
May.....	5,618	1,258	1,357	172	130
June*.....	6,808	1,350	1,347	153	111
July*.....	8,268	1,599	1,552	188	142
August*.....	8,528	1,540	1,359	146	103
September* <u>1/</u> ..	9,691	1,737	1,512	169	115

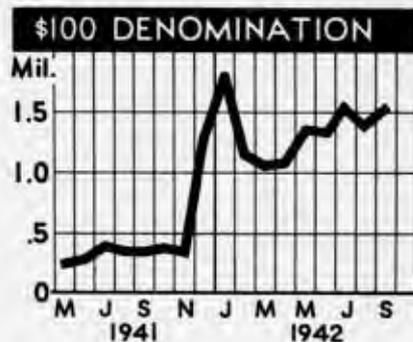
Office of the Secretary of the Treasury,  
Division of Research and Statistics.

October 5, 1942.

\* Preliminary.

1/ Does not include September sales for which mail reports  
were in transit at the end of the month.

# NUMBER OF SERIES E BONDS OF EACH DENOMINATION SOLD MONTHLY May 1941 to Sept. 1942



Progress of Payroll Savings Plans for War Savings Bonds  
 Estimated; Monthly, December 1941 to September 1942

	1941		1942							
	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
Number of firms participating: (Numbers are units)										
1. Firms with 5,000 or more workers.....	100	355	448	467	470	475	477	481	484	487
2. Firms with 500-4,999 workers.	430	1,622	2,780	3,674	4,573	4,768	4,956	5,099	5,266	5,378
3. Firms with 100-499 workers...	3,495	7,059	11,172	13,770	16,216	18,169	19,718	21,038	22,375	23,275
4. Firms with under 100 workers.	<u>5,914</u>	<u>8,477</u>	<u>20,080</u>	<u>32,209</u>	<u>50,427</u>	<u>67,006</u>	<u>82,948</u>	<u>95,275</u>	<u>108,767</u>	<u>115,421</u>
Total number of firms 1/.....	<u>9,939</u>	<u>17,513</u>	<u>34,480</u>	<u>50,120</u>	<u>71,686</u>	<u>90,418</u>	<u>108,099</u>	<u>121,893</u>	<u>136,892</u>	<u>144,561</u>
Number of workers in firms participating: (Numbers are millions)										
1. Firms with 5,000 or more workers.....	1.6	5.8	7.3	7.6	7.7	7.8	7.8	7.8	7.9	7.9
2. Firms with 500-4,999 workers.	.6	2.2	3.8	5.0	6.4	6.5	6.7	6.8	7.0	7.1
3. Firms with 100-499 workers...	.8	1.7	2.6	3.2	3.8	4.3	4.6	4.9	5.2	5.3
4. Firms with under 100 workers.	<u>.2</u>	<u>.2</u>	<u>.5</u>	<u>.8</u>	<u>1.3</u>	<u>1.9</u>	<u>2.2</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>
Total number of workers 1/...	<u>3.2</u>	<u>9.9</u>	<u>14.2</u>	<u>16.7</u>	<u>19.2</u>	<u>20.5</u>	<u>21.3</u>	<u>22.0</u>	<u>22.8</u>	<u>23.2</u>

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

October 5, 1942.

1/ Excludes Federal, State and local Governmental organizations and their employees.

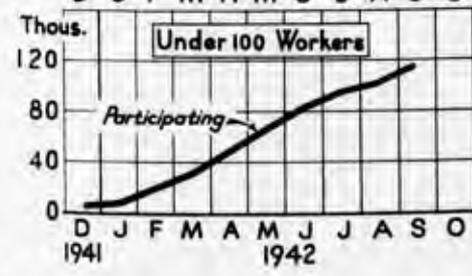
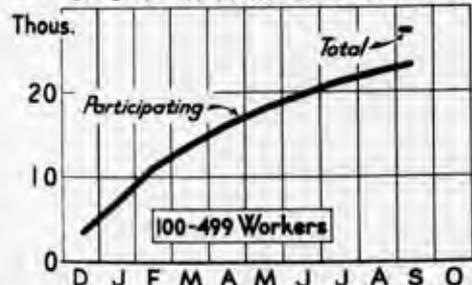
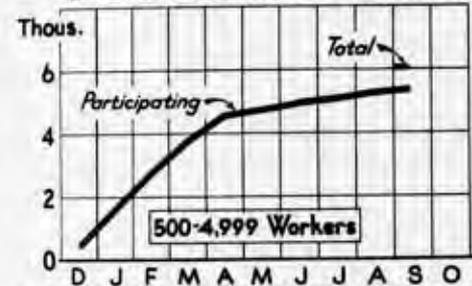
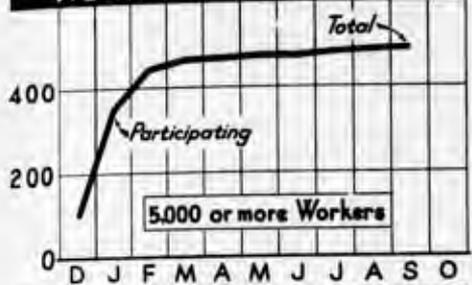
Note: Figures in millions are rounded to the nearest million and will not necessarily add to the totals.

Figures exclude members of the armed forces.

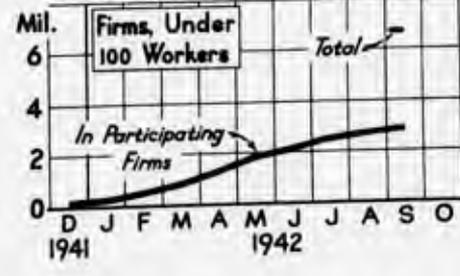
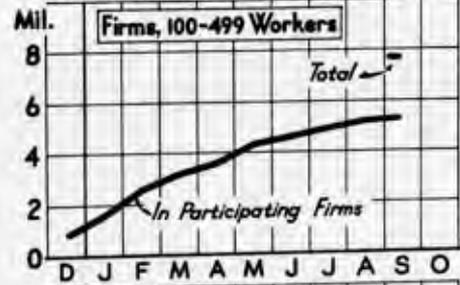
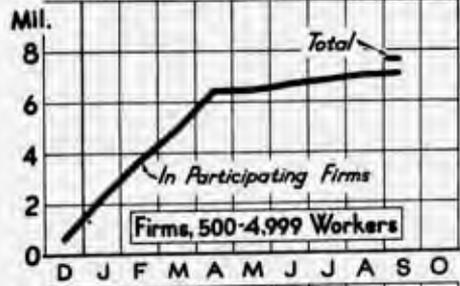
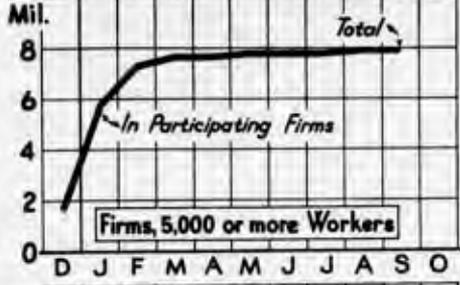
# PROGRESS OF PAYROLL SAVINGS PLANS FOR WAR SAVINGS BONDS

Estimated: Monthly, Dec. 1941 to Sept. 1942

**NUMBER OF FIRMS**



**NUMBER OF WORKERS**



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

Extent of Participation in Payroll Savings Plans for War Savings Bonds  
 Estimated; Monthly, December 1941 - September 1942

	1941		1942								
	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	
(Numbers are units)											
I. Number of firms with plans 1/.....	<u>9,939</u>	<u>17,513</u>	<u>34,480</u>	<u>50,120</u>	<u>71,686</u>	<u>90,418</u>	<u>108,099</u>	<u>121,893</u>	<u>136,892</u>	<u>144,561</u>	
(Numbers are millions)											
II. Workers in firms and Government agencies with plans:											
a. Firms.....	3.2	9.9	14.2	16.7	19.2	20.5	21.3	22.0	22.8	23.2	
b. Government agencies..	-	.6	.9	1.4	1.5	1.5	1.5	2.5	2.8	3.4	
c. Total.....	<u>3.2</u>	<u>10.5</u>	<u>15.1</u>	<u>18.0</u>	<u>20.7</u>	<u>22.0</u>	<u>22.8</u>	<u>24.6</u>	<u>25.6</u>	<u>26.6</u>	
(Numbers are millions)											
III. Workers actually participating in payroll savings plans:											
a. In participating firms	0.7	3.7	7.2	9.0	10.9	13.2	15.0	16.5	16.7	17.3	
b. In participating Government agencies.	-	.1	.4	.6	.7	.7	1.0	1.5	1.8	2.0	
c. Total.....	<u>0.7</u>	<u>3.8</u>	<u>7.6</u>	<u>9.6</u>	<u>11.6</u>	<u>13.9</u>	<u>16.0</u>	<u>18.0</u>	<u>18.5</u>	<u>19.3</u>	

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

October 5, 1942.

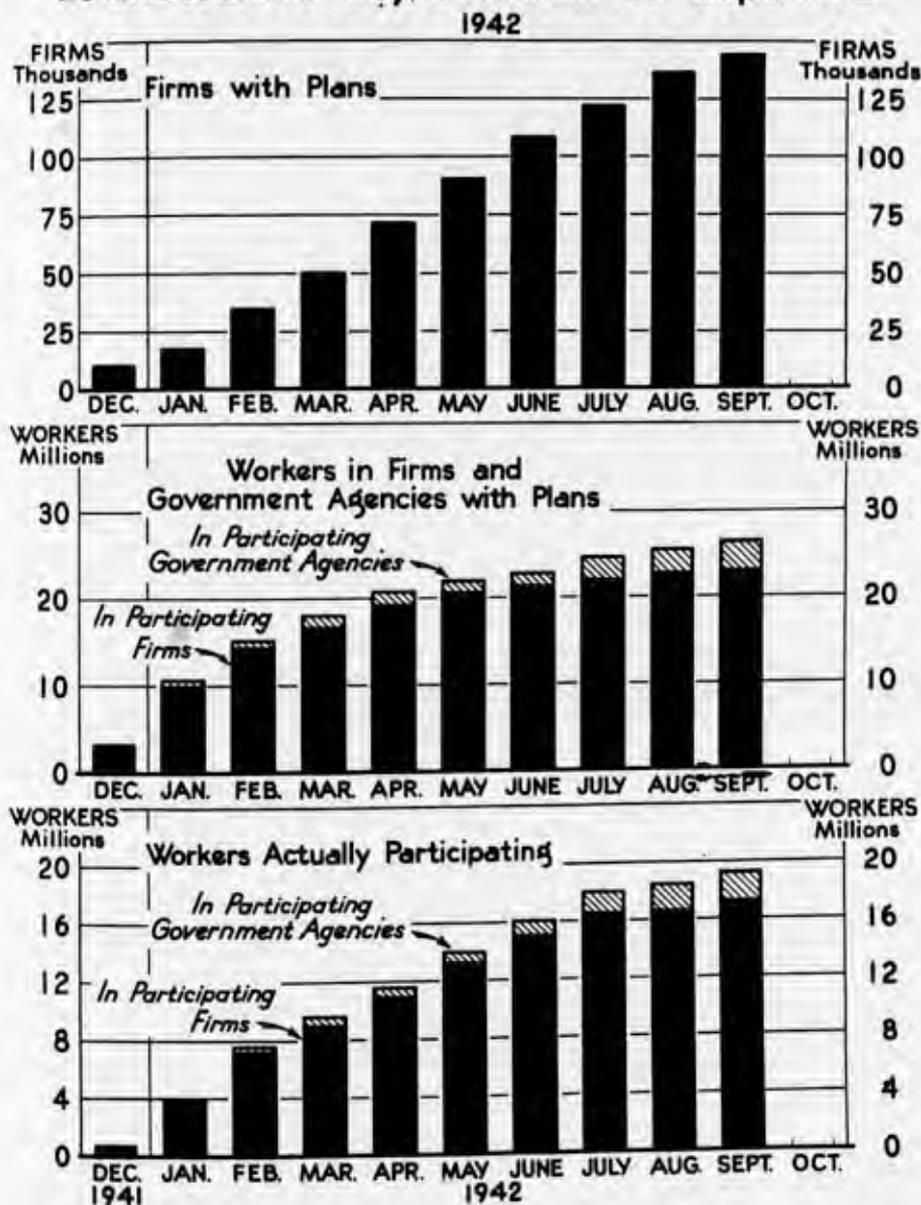
1/ Excludes Government agencies.

Note: Figures in millions are rounded to the nearest million and will not necessarily add to the totals.

Figures exclude members of the armed forces.

## EXTENT OF PARTICIPATION IN PAYROLL SAVINGS PLANS FOR WAR SAVINGS BONDS

Estimated; Monthly, Dec. 1941 to Sept. 1942



Estimated Deductions From Payrolls For Purchase  
of War Savings Bonds, Monthly  
December 1941 - September 1942

	: Aggregate : amount deducted : (In millions : of dollars)	: Deduction as a : percentage of : pay of workers : actually par- : ticipating
1941		
December.....	\$ 5	4.1%
1942		
January.....	28	4.5
February.....	58	4.8
March.....	78	4.9
April.....	96	4.9
May.....	126	5.3
June.....	153	5.8
July.....	205 <u>r/</u>	6.5 <u>r/</u>
August*.....	230 <u>r/</u>	7.1 <u>r/</u>
September*.....	260	7.6

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

October 5, 1942

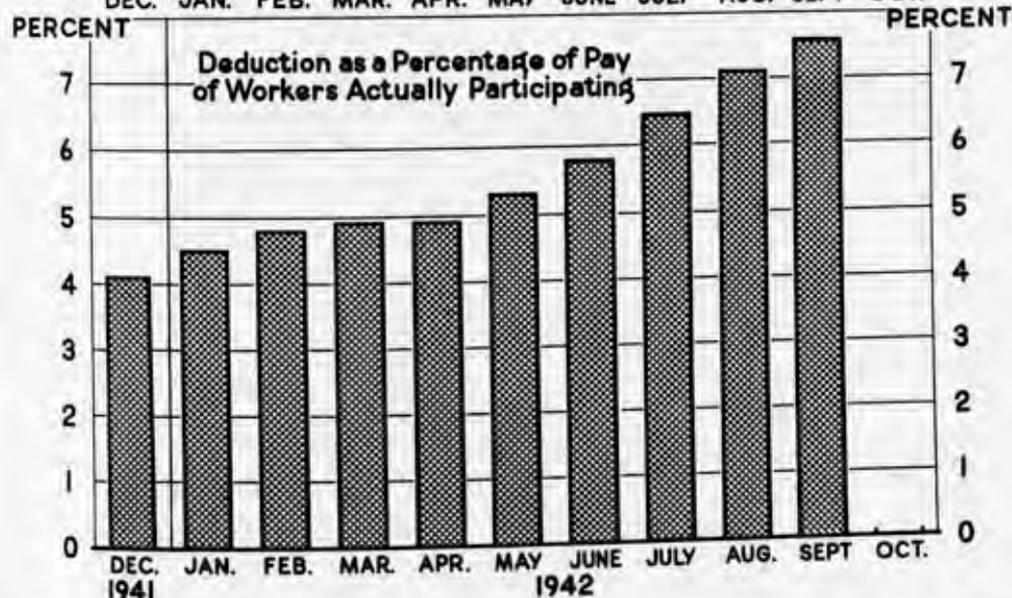
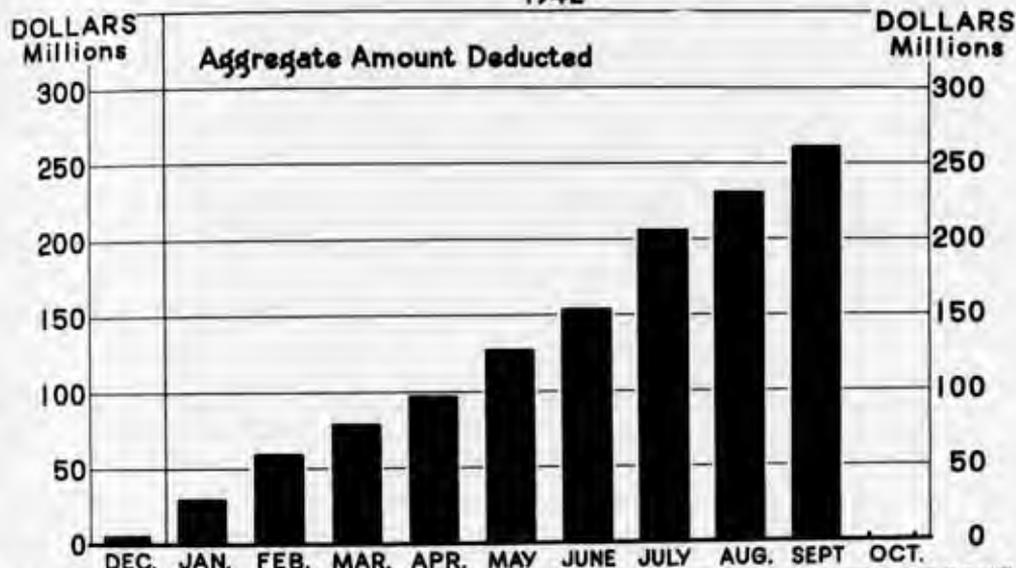
\* Preliminary.

r/ revised.

# ESTIMATED DEDUCTIONS FROM PAYROLLS FOR PURCHASE OF WAR SAVINGS BONDS

Monthly, December 1941 to Sept. 1942

1942



Sales of United States savings bonds  
 October 1 through October 6, 1942  
 Compared with sales quota for same period  
 (At issue price in millions of dollars)

Date	Series B				Series F and G				Total			
	Actual sales		Quota	Sales	Actual sales		Quota	Sales	Actual sales		Quota	Sales
	Daily	to	to	to date	Daily	to	to	to date	Daily	to	to	to date
	date	date	as % of		date	date	as % of		date	date	as % of	
			quota				quota				quota	
1-3	\$ 82.0				\$ 45.9				\$127.9			
Deduct Sept. sales	- 77.0				- 43.6				-120.6			
1-3 Net sales	5.0				2.3				7.3			
5	\$ 37.2	42.2	\$ 43.2	97.7%	\$ 18.1	20.4	\$ 16.5	123.6%	\$ 55.3	62.6	\$ 59.7	104.9%
6	10.7	53.0	57.7	91.9	4.0	24.3	22.6	107.5	14.7	77.3	80.3	96.3
7			79.5				33.7				113.2	
8			103.1				43.3				146.4	
9			124.2				49.1				173.3	
10			141.0				54.4				195.4	
12			174.6				62.8				237.4	
13			186.9				66.6				253.5	
14			205.5				74.0				279.5	
15			226.2				81.0				307.2	
16			245.2				85.8				331.0	
17			261.3				90.8				352.1	
19			294.7				99.6				394.3	
20			307.2				103.6				410.8	
21			326.2				111.7				437.9	
22			347.5				119.6				467.1	
23			367.2				125.1				492.3	
24			383.9				131.0				514.9	
26			418.5				141.6				560.1	
27			431.7				146.6				578.3	
28			451.8				156.6				608.4	
29			474.3				166.4				640.7	
30			495.2				173.2				668.4	
31			570.0				205.0				775.0	

October 7, 1942.

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

Source: Actual sales figures are deposits with the Treasurer of the United States on account of proceeds of sales of United States savings bonds. Figures have been rounded and will not necessarily add to totals.

## UNITED STATES SAVINGS BONDS - TOTAL

Comparison of October sales to date with sales during the same number of business days in September and August 1942

(At issue price in thousands of dollars)

Date	October daily sales	Cumulative sales by business days			October as percent of September
		October	September	August	
October 1942					
1	\$ 59,926	\$ 59,926	\$ 19,162	\$ 26,267	312.7%
2	44,356	104,282	43,720	65,032	238.5
3	23,627	127,909	71,422	92,055	179.1
5	55,344	183,252	99,904	117,890	183.4
6	14,702	197,955	129,784	158,341	152.5

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.

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

## UNITED STATES SAVINGS BONDS - SERIES B

Comparison of October sales to date with sales during the same number of business days in September and August 1942

(At issue price in thousands of dollars)

Date	October daily sales	Cumulative sales by business days				October as percent of September
		October	September	August	October as percent of September	
October 1942						
1	\$ 32,412	\$ 32,412	\$ 11,634	\$ 14,044		278.6%
2	32,026	64,438	26,381	36,222		244.3
3	17,601	82,038	44,687	50,797		183.6
5	37,240	119,278	62,491	63,785		190.9
6	10,699	129,977	81,657	86,789		159.2

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.

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

## UNITED STATES SAVINGS BONDS - SERIES F AND G COMBINED

Comparison of October sales to date with sales during the same number of business days in September and August 1942

(At issue price in thousands of dollars)

Date	October daily sales	Cumulative sales by business days				October, as percent of September
		October	September	August	October, as percent of September	
October 1942						
1	\$ 27,514	\$ 27,514	\$ 7,528	\$ 12,222		365.5%
2	12,336	39,844	17,339	28,810		229.8
3	6,026	45,870	26,735	41,258		171.6
5	18,104	63,974	37,414	54,105		171.0
6	4,004	67,978	48,127	71,552		141.2

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.

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

October 7, 1942  
2:58 p.m.

HMJr: Okay.

George Buffington: Fine, thank you, sir, very much.

HMJr: Now I'm not counting on you for much on this issue.

B: We're going to surprise you.

HMJr: Are you?

B: Yes.

HMJr: Good for you.

B: I think we can utilize these excess reserves in some of the interior banks.

HMJr: Really?

B: Yes.

HMJr: Well, if you can do something, okay.

B: Well, I've talked of it a little with Dan, and I can see no harm and some good may come from it.

HMJr: Well, go to it.

B: Fine. Thank you on that other matter.

HMJr: Right.

B: Okay. Goodbye.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE October 7, 1942

TO Secretary Morgenthau

FROM George Buffington *GB*

You will recall our conversation two weeks ago in which I told you I wanted to hire a Mr. Charles A. Capak who is now employed at W.P.B. at an annual salary of \$6,500.

He has been employed by Lee Higginson Corporation in their Chicago office for the past twenty years. He left there to come with W.P.B.

My conversations with him have extended over three weeks and he is now anxious to come to the Treasury to assist me.

Subject to the usual investigations, I should like to have your approval to hire him at the salary he is now receiving.

*OK  
H. H. H. H. H.*

October 7, 1942  
4:05 p.m.

GROUP

Present: Mr. Bell  
Mr. Gaston  
Mr. Buffington  
Mr. White  
Mr. Gamble  
Mr. Cairns  
Mr. Thompson  
Mr. Haas  
Mr. Schwarz  
Mr. Kuhn  
Mr. Graves  
Mr. Sullivan  
Mrs. Klotz

H.M.JR: I had so many requests from so many people that I thought I would see you en masse.

There is this memorandum from White and Paul which I just got in regard to this decision of the State Department to let this food go abroad. Well, the only trouble about referring it to the Board of Economic Warfare is that that most likely means a month or two months' delay. I happen to have a case which I referred to Bernstein yesterday. Four tons a month to each country seems so little.

MR. WHITE: It is a small item, what we are sending, but apparently it just represents a change in policy, to be followed by larger amounts, and the British are sending much larger amounts. It is worthwhile only if you want to question the policy; the particular item that is before us, you are quite right, is not worth questioning.

H.M.JR: I mean, if it goes before them, doesn't that mean months go on?

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MR. WHITE: It does unless you want to call a special meeting.

H.M.JR: Oh, no.

MR. WHITE: In that event, I know of no contemplated meeting.

H.M.JR: I mean, on the theory that I like to pick my fights, is this something worth fighting about?

MR. WHITE: I don't think so.

H.M.JR: What?

MR. WHITE: I don't think so.

H.M.JR: I don't, either. Do you mind having this thing - having it rewritten, then, because it is one thing - it is six countries, isn't it - four tons a month?

MR. WHITE: That, in itself, is a small item, and it is only, as I say, important if--

H.M.JR: If it gets bigger - I mean, why not watch it? We can tell through Pehle's shop, can't we, if it gets bigger?

MR. WHITE: Yes, we can. We should know.

H.M.JR: As I say, the only way I can do these things when I don't know anything about them - when I get close to them it is awfully hard - do you mind changing it? I don't want to reject your recommendation.

(Memorandum dated October 8, 1942, addressed to the Secretary, from Mr. white and Mr. Paul, handed to Mr. White.)

(The Secretary handed to Mr. Gaston article from "The News", dated October 7, 1942, entitled "Just a Broom for the Tide.")

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H.M.JR: That is something that you and Kuhn - haven't you a group on publicity?

MR. GASTON: Yes. We had better get hold of Walker Stone. There is an origin for this, you know. He has been needled on this.

H.M.JR: What's his name - Walter Lippmann - has it, too, today. I mentioned it to the President today when I was over there.

MR. GASTON: I think we had better get hold of Walker Stone and also Walter Lippmann.

H.M.JR: Did you say Walter Lippman--

MR. GASTON: I saw his story a day or two ago.

H.M.JR: Can I leave it to this group?

MR. GASTON: Yes.

H.M.JR: What do you call yourselves - Public Relations Group?

MR. GASTON: Yes - Treasury Economic Stabilization Authority. (Laughter)

H.M.JR: Believe me, I only had three requests today for people on committees. After a while we will have to have inter-communicating phones wherever you fellows sit on committees. I am surprised I could get so many together today. To save myself time, because there was no argument, Mr. Norman Thompson put on my desk a letter, all in strict codes, as to these qualifications of those in key positions. I asked him if there was - he wanted to bring in five people with him - he is like Harold Graves - and inasmuch as I said "Yes," there was no reason to bring in the other four. I don't understand it, but anyway--

MR. SULLIVAN: That is a good arrangement; just leave us out and agree with what we ask for, and everybody would be happy. (Laughter)

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H.M.JR: I took it blind, but anyway, the list was prepared for those who have the key positions, and it is gone. So that is crossed off.

They tell me there is a Colonel McSherry in town who is, I think, with Aubrey Williams.

MR. WHITE: I think he was. He is with McNutt in charge of youth camps.

H.M.JR: They say he is terribly good. General Marshall told me today he really knows what this man does.

MR. WHITE: Good for what?

H.M.JR: Manpower. No?

MR. WHITE: It depends on what you want him for.

H.M.JR: I don't want him at all; I am just reporting.

When somebody sees Roy Blough - the President was very funny today. He was telling me about everything that the press asked him yesterday. He said he didn't know. Is that what he said?

MR. SCHWARZ: Nor did many of the people whose stories he had read, know.

H.M.JR: Well, I asked him whether - this is for Roy Blough, somebody tell him - he had sent up these letters on Social Security. So the President says, "I don't know." So he looked and he said, "You know, when I tell you that, Henry, it is the truth, but when I tell it to the press, only half the time is it the truth." He said, "I don't know." The answer is, he did. It went up - the letter on Social Security, but as to publicity, "I don't know." Who will tell Roy?

MR. SULLIVAN: I will tell him. I am going to see him.

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H.M.JR: All right, but Altmeyer is the fellow who wants to know.

MR. SULLIVAN: You mean you want me to tell Altmeyer, too?

H.M.JR: I would let Roy do that. The President signed it.

MR. THOMPSON: I have a letter from the telephone company telling us that the National exchange is so overloaded they would like to change us from National to Executive. We would keep our same numbers.

H.M.JR: East or West? (Laughter) All right, it doesn't affect me.

MR. THOMPSON: They will give us better service, I think. It won't happen until the next issue of the telephone directory comes out.

H.M.JR: That is O.K.

MR. THOMPSON: That is all I have.

H.M.JR: A very important decision. (Laughter)  
Harold?

MR. GRAVES: I have nothing.

H.M.JR: I tried to look at your chart for this month, but by the time I got it added and subtracted it sounded like a bond issue, so I skipped it. (Laughter)

MR. GRAVES: It is pretty complicated.

H.M.JR: How are you coming this month?

MR. GRAVES: We, of course, had to deduct the hundred and twenty million from our first few days' sales, and what we are getting still is carried over

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from September, but actually I think we are running about twenty-five percent ahead of the corresponding days in early September.

H.M.JR: How much?

MR. GRAVES: About twenty-five percent ahead.

H.M.JR: Anything else?

MR. GRAVES: Nothing.

MR. WHITE: I have two very brief things. The last shipment of gold which the Russians sent, after it was weighed and so on, was about six hundred thousand dollars' worth short of the amount necessary to liquidate the debt. They would like to pay it in cash, if there is no objection. You remember you thought you might consider sending Senator McCarran a letter.

H.M.JR: Will that have any effect on the excess reserves? (Laughter)

MR. WHITE: It is sixty cents. Six hundred and thirty-eight thousand, sixty cents. I think that latter part might increase interest rates. (Laughter)

Senator McCarran made that statement about the intent to introduce legislation raising the price from seventy-one to a dollar and twenty-nine. You thought you might give an answer.

H.M.JR: No. Did Miss Chauncey say - did she show you that thing?

MR. WHITE: Yes.

H.M.JR: We are particularly interested in it because another one came in today after three years.

MR. WHITE: That was a little different. I don't know whether you read that quite carefully. I read it all. It calls for a report on what is being done in the Treasury. I take it that that will be answered some way.

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H.M.JR: But the other one was--

MR. WHITE: I still think that leaves the way open simply for you to start it any time you want to.

H.M.JR: I think so.

MR. WHITE: Do you want to pick it up again?

H.M.JR: I hope to clean up everything today and tomorrow, so if you will ask outside - I won't start it this week.

MR. WHITE: You wouldn't now?

H.M.JR: No.

MR. WHITE: What would you think of sending out a letter with an agenda and dating the meeting, if you were given opportunity to present some studies, and let them study it in the meantime.

H.M.JR: Talk to me about it.

MR. WHITE: Then we bury this McCarran thing?

H.M.JR: That is right.

Chick?

MR. SCHWARZ: Would you care to give your press conference men some nickels to show that they are in production? (Mr. Schwarz handed a roll of nickels to the Secretary.)

H.M.JR: What kind of nickels?

MR. SCHWARZ: Silver nickels.

H.M.JR: New kind?

MR. SCHWARZ: I will get some more. It is the first time we have had the initial for the Philadelphia mint. I will have a little memorandum.

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H.M.JR: It is a different kind of nickel?

MR. SCHWARZ: Made of silver and less copper, to save nickel. It is not a new design, of course.

H.M.JR: How much is this worth?

MR. SCHWARZ: A dollar.

H.M.JR: O.K.

MR. WHITE: I think I would save the event (laughter) for the plastic pennies that are coming. In a few weeks there will be plastic pennies.

H.M.JR: What else?

MR. SCHWARZ: You know that the President referred to us the--

H.M.JR: Oh, he got a great laugh out of that. He thought that was marvelous.

MR. SCHWARZ: I got stopped all the way back.

H.M.JR: He thought it was wonderful.

Another thing - a note of mystery involved - I got a letter from Justice Byrnes asking us to do this thing, you see, to tell how to proceed. - I was having the thing photostated and then a telephone message comes over from his secretary asking if we had gotten such a letter. The messenger was waiting out there. She said the letter we were supposed to get was on the Justice's desk, and asked if I would please return the one I had gotten. This all happened in the last hour. So I don't know. Have you got one now?

MR. SULLIVAN: I have the one that you sent in to me.

H.M.JR: Maybe they - he has gotten his mail mixed up and he sent a messenger up and tried to retrieve it.

MR. SULLIVAN: I have a photostat of the one you sent me.

(Discussion off the record.)

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H.M.JR: How far did we get?

MR. HAAS: I have nothing.

MR. CAIRNS: I have nothing.

H.M.JR: In the absence of Mr. Bell, we are doing the financing with a two percent bond and a one and a half percent note, against the advice of the whole financial community, but with the concurrence and backing of the Federal Reserve Board. So say a little prayer for us. We will see what happens.

MR. WHITE: They felt it was too low?

H.M.JR: The Federal Reserve Board wanted a two percent bond and New York and all the bankers and everybody else wanted a two and a quarter.

MR. GASTON: What is the term?

H.M.JR: It is eight-ten years.

MR. WHITE: They wanted a two and a quarter for the same term?

H.M.JR: No, longer. Is that right?

MR. HAAS: That is right.

H.M.JR: The Board wanted it, and we had quite a tussle. That is why I am a little more all in than usual.

Huntington?

MR. CAIRNS: I have nothing.

H.M.JR: Did you tell them your story about what the fellow said about the lawyers?

MR. CAIRNS: No.

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H.M.JR: Tell them.

MR. CAIRNS: I spent the morning with Petrillo's number one bodyguard, a fellow about six feet three. His trigger finger seemed to have been shot off. About two o'clock we went in to see Petrillo. Just before we went in he leaned down to me and he said, "Listen, the chief, he thinks lawyers are 'an-athema'." (Laughter)

H.M.JR: Huntington did a swell job.

Mr. Kuhn?

MR. KUHN: You liked some articles in "The Nation" and "The New Republic" by one Harold Mager, on inflation. He is down here now, working for us for a few weeks to write some speeches on the subject which we can use.

H.M.JR: Grand.

MR. GASTON: We hope. (Laughter)

MR. KUHN: We hope, yes.

H.M.JR: What else?

MR. KUHN: That is all.

MR. CAIRNS: If I could add one thing, Mr. Secretary, Stone was just in to see me, and he said that he has had two more letters from Mr. Ickes but he has not received permission to print them yet.

H.M.JR: Did you see the one that Ickes wrote me?

MR. CAIRNS: I saw the one in "PM".

H.M.JR: I mean the one he wrote me.

MR. CAIRNS: No.

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MRS. KLOTZ: We sent it to your secretary.

MR. CAIRNS: You mean just the short one?

H.M.JR: No, no, it came in today.

MR. CAIRNS: No, I have not seen it.

H.M.JR: It is going through channels - on the way through channels. It is the most childish performance. I don't think I am going to answer it. He is implying that I broke the President's order by criticizing him, you see; that I was very smart and he takes off his hat to me for being so smart and staging this wonderful show. I don't think we ought to answer it. I mean, it is just childish.

The thing is he wants to say that if he had not called me up we never would have gotten busy. Of course by his calling me up we did get busy and we found out a lot of stuff.

MR. CAIRNS: We got him busy.

H.M.JR: That is right. Take a look at it. But Stone has got two more?

MR. CAIRNS: Yes, but Mr. Ickes will not let him print them yet.

H.M.JR: Are they terrible?

MR. CAIRNS: Stone did not think very much of them. He thought they were of the same caliber as the one that appeared in the paper.

H.M.JR: Those are the kinds of letters, Mr. Kuhn, that I don't write. (Laughter)

MR. KUHN: I know you don't.

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MR. GASTON: What is the name of that fellow up in Albany that used to write those fancy letters?

H.M.JR: Well, Jerome Frank used to do that sort of thing.

MR. GASTON: Commissioner of Agriculture, wasn't he?

H.M.JR: Jerome Frank used to do that sort of thing. Commissioner of Agriculture - oh, yes, I know.

Just think, Ferdie, if you had Ickes for a boss instead of me - trying to answer letters. (Laughter)

MR. WHITE: He could go to town. (Laughter)

H.M.JR: Just think!

Gamble, if you don't name a bomber Walla Walla, I can never face Justice Douglas again. If he has asked me once, he has asked me ten times. I said, "But why?" I don't know the girl's name, but evidently some seventeen-year old actress came up there with her mother and he said, "I looked after her mother all day. Isn't that enough?" (Laughter)

MR. GAMBLE: It has been taken care of. That is the memo. (Memorandum addressed to the Secretary, dated October 7, 1942, handed to the Secretary.)

I think he would like the privilege of advising the people out there. We won't do anything for forty-eight hours, to give him a chance.

H.M.JR: I will see if he is in.

MR. GASTON: Is it Walla Walla he wants or Yakima?

MR. GAMBLE: Yakima has had one named after it - the Yakima Chief.

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H.M.JR: Do you know why they call it "Walla" twice? Because they like it so well.

MR. GAMBLE: Yes, because they like it so well.

H.M.JR: Is that the truth? That is what they tell us. He belongs to a secret organization in Walla Walla, one of these - I have heard a lot about Walla Walla.

What else?

MR. GAMBLE: That is all.

H.M.JR: Professor Odegard?

MR. ODEGARD: I am an authority on Walla Walla - if there is anything you want to know about Walla Walla.

H.M.JR: Are you from that part of the United States?

MR. ODEGARD: I lived in Walla Walla for about three weeks. (Laughter) I was a voluntary guest. That is where the State prison is. (Laughter)

H.M.JR: Isn't there a university there, too?

MR. ODEGARD: Whitman College.

I thought you might like to sign a letter to Mr. Knopf. (Letter addressed to Mr. Alfred A. Knopf signed by the Secretary.)

This matter of Mr. Dreicer I would rather talk to you about than write about it.

H.M.JR: O.K. Will you ask him (Stephens) tomorrow.

MR. ODEGARD: That is all.

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H.M. JR: George?

MR. BUFFINGTON: On September 3 you wrote to Ganson Purcell suggesting that he determine the Treasury's financing program before making any releases which might interfere.

I learned a few moments before coming in here that he apparently is going to make a release tomorrow or Friday - I learned this second-hand - which might interfere. I didn't want to call him because we have had no word since this letter was written.

H.M. JR: Don't say anything, and let's have our grievance.

MR. BUFFINGTON: O.K.

H.M. JR: Have you got time for another story?

MR. BUFFINGTON: No.

H.M. JR: You haven't--

MR. BUFFINGTON: Oh, I misunderstood.

H.M. JR: About the judge up in Dutchess County, and he promised this man that when he resigned he could run for judge, and this fellow kept saying he wanted a political appointment. Finally the judge said, "Well, I am going to stay on. I will make you clerk of my court at twelve hundred dollars a year." He said, "No, I would rather keep my grievance."  
(Laughter)

MR. BUFFINGTON: That is all.

H.M. JR: I am full of stories today.

MR. SULLIVAN: The newspaper fellows started calling up after the President referred them to the Treasury. I told them we were not ready to talk, and

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I didn't know whether we would be ready or not. What I wanted to see you about was about writing just the kind of a letter we got from Byrnes.

Randolph is in New York, as you know, so Phil Wenchel, who has been working on these regulations, and Norman Cann are in the office now; and we are going to recommend this type of a letter, acknowledging this and explaining to them that we have been at work ever since Monday morning and we have several concrete suggestions to make. However, before we will know which regulations to finally recommend, certain policy questions will have to be decided, just as one is decided in the last paragraph of this letter, and asking for a conference.

The boys have done a good job, and I think we will be ready tomorrow morning so that you can send word over to him.

The first meeting of that tax committee on Federal, State and municipal tax and fiscal problems has been set for October 17. That is a week from Saturday. Roy felt that if you are going to be in town you should appear there for a few minutes, and then Roy and Harold Groves and I will carry the ball afterwards. But we can let that go until you find out whether or not you are going to be here.

The Subcommittee on Compensation for the Concentrated Industries is getting along, and it really is something. We are having another meeting tomorrow, and they have a very nice plan. If there are ten industries making one thing, as I told you, one will make it and then all of the profits of that one will be distributed among the other nine, so that nobody will have any income - no taxable income, you see.

H.M.JR: It sounds communistic to me. (Laughter)

MR. SULLIVAN: I told them that I thought that this was essentially a subsidy and that we might want

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to decide whether or not we should have a direct subsidy through some subsidiary of the RFC. They did not quite like that very well, but we will have to make a very important policy decision along that line.

H.M.JR: It sounds communistic to me.

MR. SULLIVAN: Tomorrow morning we are meeting with Hackworth and the State Department fellows on these excise taxes on foreign diplomatic representatives. They have really kicked up quite a fuss there, and I think we will have to retreat from that position. I was not too strong for the change when we made the change, but--

H.M.JR: We may want to do something nice for the State Department one of these days.

MR. SULLIVAN: I think this is not only nice for the State Department, but I think it is quite important to smooth down a lot of ruffled feathers. I can understand how somebody gets excited when Lady Halifax can buy a fur coat without paying a tax on it, but things as they are around the world - it makes us kindly disposed, especially when we have so many people in those foreign countries. I think we may be able to work it out on a reciprocal basis, that we will excuse their representatives from excise taxes if their country excuses our representatives.

H.M.JR: Well, you handle it. What about that gentleman we want to interview who is the head of a country?

MR. SULLIVAN: I have not heard from that, sir.

H.M.JR: Would you give that a tickle?

MR. SULLIVAN: I will, sir.

H.M.JR: Please. All right, John?

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MR. SULLIVAN: Yes, sir.

H.M.JR: Herbert?

MR. GASTON: I haven't anything except that you handed me a letter from our columnist friend, Westbrook Pegler.

H.M.JR: A very nice letter for him.

MR. GASTON: Not so bad.

H.M.JR: I thought it was all right. What I would like to do is this, with the help of John - I thought it was all right. If I had been treated the way he had, I would write a letter a good deal sorer. I think we ought to write him back a letter, for my signature, and tell him, "I am very glad to have this information brought to my attention, and I expect to go into the matter thoroughly myself and will advise you what I learn."

MR. GASTON: Yes. It happened two or three years ago.

H.M.JR: That is all right. I think he has every right to be sore.

MR. SULLIVAN: This is the complaint about the way he and his wife were handled?

H.M.JR: Yes.

MR. SULLIVAN: I think we should write him.

H.M.JR: If you will write a letter thanking him for this thing, I could sign it tomorrow.

(The Secretary held a telephone conversation with Justice Douglas.)

October 7, 1942  
4:32 p.m.

Operator: There you are.

HMJr: Hello.

Justice Wm.  
O. Douglas: Hello, Henry.

HMJr: Bill?

D: Yeah. I....

HMJr: Well, you can officially form the - inform  
the citizenry....

D: (Laughs)

HMJr: ....of Walla Walla....

D: Yeah.

HMJr: ....that within not too long, giving excuse  
to Government red-tape....

D: (Laughs)

HMJr: ....that a nice bomber will be named after them.

D: Swell!

HMJr: Will you - will you - I thought you'd like to  
inform them.

D: Yeah, that's swell.

HMJr: See?

D: Swell.

HMJr: And anytime that you want to look after some-  
body else's mother, we'll name another bomber.

D: (Laughs) I've - I was - ninety per cent of  
my talk last night, as you know, was kiddin',  
but I do appreciate it.

HMJr: Yes.

D: These folks have been wiring me and writing me....

HMJr: Yes. Well, I....

D: ....that's good. Had a grand time, Henry.

HMJr: Good. We enjoyed having you.

D: And I appreciate your kindness in - in fixing this up for the folks back home.

HMJr: Yes. Well, you....

D: That's swell.

HMJr: You just let me know, and any time you look after anybody's mother.

D: (Laughs)

HMJr: You won't have to let me know very often.

D: No, okay, Henry.

HMJr: Thank you.

D: Thank you a lot. Goodbye.

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H.M.JR: It means more to him. I would hate to have a Treasury case come up before him if we didn't call that bomber Walla Walla.

You are all right?

MR. SULLIVAN: Yes, sir.

H.M.JR: Let's see, he was Yale. You (Sullivan) are Harvard. Any Yale law students here?

MR. GASTON: He was Columbia, wasn't he?

MR. ODEGARD: Douglas was Columbia.

H.M.JR: He taught at--

MR. ODEGARD: Columbia first, then Yale.

H.M.JR: What was the chair he had at Yale?

MR. ODEGARD: Sterling professorship, I think. I am not sure.

MR. GASTON: I haven't anything else.

(Mr. Bell entered the conference.)

H.M.JR: I was just cleaning up odds and ends.

You had better stay, Herbert.

MR. GASTON: Yes.

H.M.JR: Have you seen the press?

MR. BELL: No, not yet. This thing has not been mimeographed yet.

H.M.JR: Do they know it is coming?

(Financing press release initialed by the Secretary.)

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MR. BELL: Yes, they know it is coming.

H.M.JR: Have I held it up?

MR. BELL: No, it is being mimeographed now.

H.M.JR: Does Schwarz know you are going to see  
the press?

MR. SCHWARZ: I didn't know.

MR. BELL: Shaeffer knows.

H.M.JR: O.K. Thank you all.

TREASURY DEPARTMENT

83

INTER OFFICE COMMUNICATION

DATE October 7, 1942.

TO Secretary Morgenthau  
FROM H. D. White and Randolph Paul

At a recent conference at the State Department, representatives of Treasury were advised by Breckinridge Long as follows:

The British Government has for some time been allowing the shipment of food parcels from Portugal into occupied Europe. Such shipments are currently being made to Belgium, the Netherlands, occupied France, Luxemburg, and Poland. The parcels are sent by the refugee government concerned or relief organizations operating under the auspices of such governments. The total cost per month of shipments made from Portugal amounts to about \$75,000 and includes about four tons of food per month to each of the areas enumerated. The shipments are limited to supplies available in Portugal and consist primarily of fish.

State has recently learned that the British are also allowing the Belgian Government to purchase up to approximately  $\pounds$  250,000 sterling per month of bulk food in Portugal for shipment to Belgium.

The State Department has decided solely on political grounds that the American policy should parallel the British policy with respect to food parcels. We would at the same time explore the bulk shipment problem with the British. The reason which was given to the Treasury representatives for the decision to follow the British policy on food parcels is that it is important that the United States have an equal position with the British in the post-war discussions with the now occupied countries of Europe. If the British relief policy is more liberal than ours, it might give them a preferred position with such countries.

We have been asked to approve the State Department decision on this matter.

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## Recommendation:

In view of the small amount of shipments involved, it is recommended that the Treasury raise no objections to the decision of the State Department, but the movement of food into Occupied Europe will be carefully watched.

*W.W.*  
*R&P.*

*OK. Jan 7.*

October 2, 1942

## MEMORANDUM FOR THE FILES:

Meeting in Assistant Secretary Long's Office,  
Department of State,  
October 2, 1942  
2:30 p.m.

Present: Messrs. B. Bernstein, Pehle and Glasser  
of the Treasury,  
Assistant Secretaries Long and Acheson and  
two others of the State Department.

Mr. Long began by detailing the facts of British shipments of relief food parcels from Portugal to Occupied Europe. These shipments of food, purchased in Portugal, began early in this year and only partially with the knowledge of this Government, and gradually expanded until now they have six distributing centers in Occupied Europe, to each of which they send four tons of food valued at \$3,000 per month. The British also have carried out some bulk shipments in addition to the parcels.

Mr. Long said that the State Department had seriously discussed this question for the past week or ten days in conferences, in which Mr. Hull and Mr. Welles participated. It has been decided by the State Department that, solely for political reasons, it was desirable to consult with the British and to reach an agreement with them as to the shipment of food into Occupied Europe, in which the United States would participate on the same basis with the British, and that it would be a joint policy. In discussions with the British it is expected that the United States will be able to curtail the British, particularly with respect to bulk shipments, and to limit the extent of shipments.

The reason for this course of action was the desire of the United States to preserve its position in the post-war negotiations as an equal with the British, that if the British carried out this program alone they would have a favored position with respect to the governments of the now occupied countries and this, of course, would be insufferable. (Mr. Long gave the analogy of the post-war period of the last war in which President Wilson, between 1918 and 1920, lost his popularity in the United States because in the peace negotiations it was necessary to limit the demands of the very small countries of Europe, thereby incurring the antagonism of the American descendants of such countries. The analogy implied that a domestic political reason was also involved in the discussion.) It was also pointed out by Mr. Long that England is subject to pressure in London from the refugee governments, and these governments have been pressing for at least token shipments of relief parcels in order to indicate to their peoples that we are thinking of them and giving them a taste

of the larger amounts that will come when they are free from German enslavement. The United States is not subject to such pressure, and we can help the British to resist further demands.

In a discussion which followed, it was asked directly whether this decision of the State Department meant a reversal of policy with respect to relief parcel shipments to occupied countries. Mr. Long definitely affirmed that the State Department supported the present policy and that this would not be a reversal.

The Treasury representatives pointed out: that by going along with the British we were really weakening the British in their negotiations with the refugee governments to cut down the amount of relief shipments; that our license policy in more important and related cases would need to be reexamined and the decisions possibly reversed; that our position relative to United Kingdom, vis-a-vis the countries of Europe, will be determined by factors much more important and decisive than token relief shipments; that permitting token shipments would open the door to pressure from the relief organizations in the United States which might well result in expansion of the relief shipments and thus constitute a serious breach in the blockade; that there is no agitation at the present time in this country to justify a change in policy.

Mr. Long said that in State Department discussions all the objections mentioned had been thoroughly canvassed and that the decision was made solely on political grounds.

Mr. Long said that he would like to get the Treasury's approval as soon as possible for there were several urgent cases pending in which relief organizations are requesting permission to purchase food in Portugal for shipment to Occupied Europe, and he had told the British that immediate discussion was desirable. Mr. Bernstein replied that he would take up the matter with the Secretary and report on Monday at the latest.

October 7, 1942

## MEMORANDUM FOR THE FILES:

I took to the Secretary this afternoon the "key" lists prepared by the heads of Treasury activities in response to War Manpower Commission Directive No. 11 for use in connection with requests for draft deferments. I also presented to the Secretary a revised list for the whole Department which had been prepared by Mr. Ted Wilson. The Secretary asked if there were any controversies and I told him that so far as I know, Mr. Helvering was the only one who had raised any question. I showed him Mr. Helvering's longer list and told him that the Commissioner preferred that to go forward. I also told him, however, that the Commissioner had personally reviewed and revised the Internal Revenue portion of Mr. Wilson's list and that the submission of that list, therefore, would, I was sure, be satisfactory to the Commissioner although he preferred the longer list to go forward. The Secretary gave approval to the transmission of the Departmental list as prepared by Mr. Wilson.

The Secretary then asked why I had wanted a meeting with Messrs. Gaston, Sullivan, and Paul present to clear this matter since there seemed to be no need for such a meeting. I told him that there were policy questions which needed settlement, particularly those raised by the General Counsel, who had submitted a four-page memorandum to the Secretary with respect to the effect of the draft on the legal staffs. I told him that the General Counsel wished to be advised whether the Department would ask for deferment from the draft for men in key positions when replacements are not available and whether the Department would deny releases to men in key positions who are offered commissions. The Secretary indicated that there would be no change in his present policy with respect to draft deferments and that each case would have to be submitted for consideration on its merits. I have so advised Mr. Paul.



# TREASURY DEPARTMENT

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## INTER OFFICE COMMUNICATION

DATE

TO Secretary Morgenthau  
FROM Randolph Paul

Pursuant to Directive No. XI of the War Manpower Commission, each Department or Agency of the Executive Branch of the Federal Government must submit, on or before October 6, 1942, to the Civil Service Commission a list of key positions concerned with the war effort or essential supporting activities. A list of those positions in the Legal Division, which I believe are essential to its effective functioning, is attached.

According to the statements issued by the Director of Selective Service to the effect that married men and married men with children will be inducted during the calendar year 1943, the greater part of my staff, outside Internal Revenue, will be in the Armed Forces unless deferments are secured.

The general purpose of the Directive is to provide means for the proper and necessary allocation of manpower, and it addresses itself not only to the needs of the Armed Services, but to all other services, including private enterprises. The flow of attorneys to Civilian services and outside enterprises already presents a major problem.

Recruiting young lawyers to fill the vacancies is impractical. By the time they have been trained to the point where they can handle

- 2 -

the work, they are usually ready to be inducted themselves. The supply of women lawyers is not great enough to meet the rate at which our attorneys will be called. Capable lawyers old enough not to be subject to the draft, are, as a rule, unwilling to accept employment at the salaries which we are able to pay.

The Directive contemplates requests for deferments from induction for key positions, and I feel that the Department should avail itself of and exercise that authority in all cases where replacements for men in key positions are not available. There is no point to advising the War Manpower Commission of key positions, if no action is to be taken towards requesting deferments for men in those key positions.

The Directive contemplates that other men, not in key positions, may, under some circumstances, be deferred at the request of the Department. While the loss of most of my staff outside key positions would be a great hardship, the problem does not now seem insurmountable if I am assured of holding the key men.

Analysis of the age groups in the various divisions of the Office of the General Counsel indicates that the impact of the draft will be much greater in some divisions than others. For example, of the twenty-two lawyers in the General Counsel's Office, only one is more than forty years of age. Foreign Funds, with thirty-five lawyers, has only one over forty years of age. On the other hand, the Bureau of Internal Revenue, with one hundred eighty-four lawyers not subject to classification and with thirty-nine lawyers between forty and forty-five, presents an entirely different picture.

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A number of men occupying key positions in the General Counsel's Office are being offered commissions or are in a position to obtain commissions. The following is a case of immediate urgency:

Joseph J. O'Connell, Assistant General Counsel, draft classification 4-F, age thirty-six, married, no children. Mr. O'Connell has been sent an application for a commission by the Quartermaster Corps.

Under the Manpower Order, the Department is required to deny Mr. O'Connell a release if the head of the Department determines that he would have requested the occupational deferment of Mr. O'Connell under the Selective Service Act.

In the Legislation and Regulations Division of the Chief Counsel's Office of the Bureau of Internal Revenue, if five key men were taken, the publication of the regulations of the 1942 Act would be delayed anywhere from three to six months. The five men referred to are either reviewers or, because of their long experience in writing tax regulations, are able to perform their duties quickly. To train such men requires a long period of years after they have had experience in tax matters.

Other cases are pending or are imminent, involving men occupying key positions who will have the opportunity to accept commissions. So far as is now known, those men, if permitted to accept the commissions, will perform legal work of the same general character in the Armed Services that they are now performing in the Treasury. It is a matter of importance to those men to be informed as promptly as possible if there is to be any change in the Department's policy, in view of the

- 3 -

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Directive of the War Manpower Commission. If there is to be no change, they may endeavor to obtain commissions before the first of the year in order to avoid a financial loss.

This memorandum raises the following questions:

1. Will the Department submit a list of key positions in the Legal Division to the War Manpower Commission?
2. Will the Department ask for the deferment from the draft of men in key positions when replacements are not available?
3. Will the Department deny releases to men in key positions who are offered commissions? As noted above, the Department is required to deny such releases if the head of the Department determines that he would have requested deferment under the Selective Service and Training Act.

RSP

TREASURY DEPARTMENT

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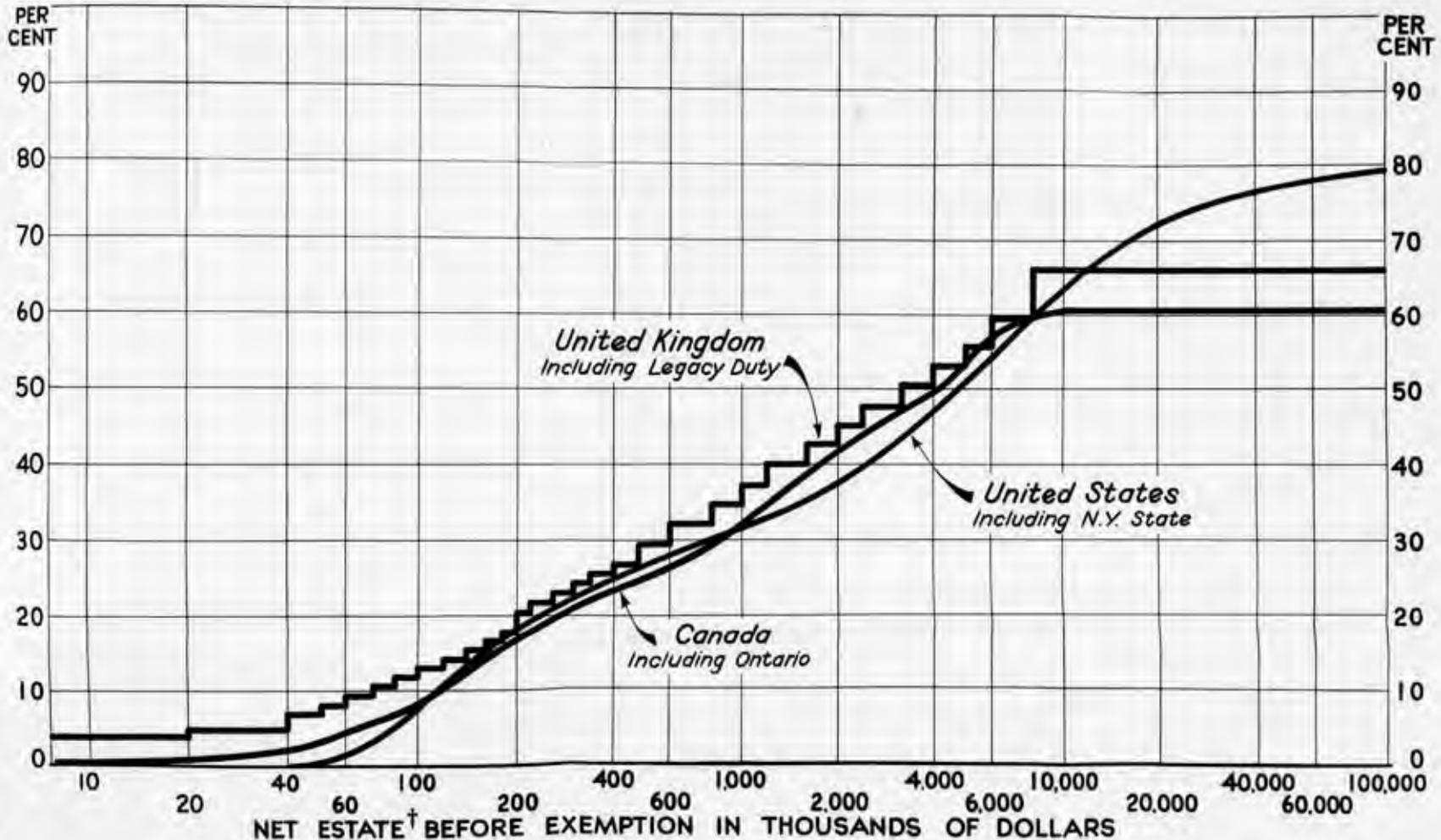
INTER OFFICE COMMUNICATION

DATE October 7, 1942

TO The Secretary  
FROM Mr. Graves

With reference to request made by Justice Douglas that arrangements be made for an Army bomber to be named after the City of Walla Walla, this has been taken care of. You can advise Justice Douglas that the people of Walla Walla can be informed to this effect. It will be a few weeks before the Army can complete details of this naming but our people will see that the Walla Walla War Savings Committee is kept advised.

# ESTATE TAX UNITED STATES, UNITED KINGDOM AND CANADA Effective Rates \*



\* Assuming equal division of estate between widow and one adult child.

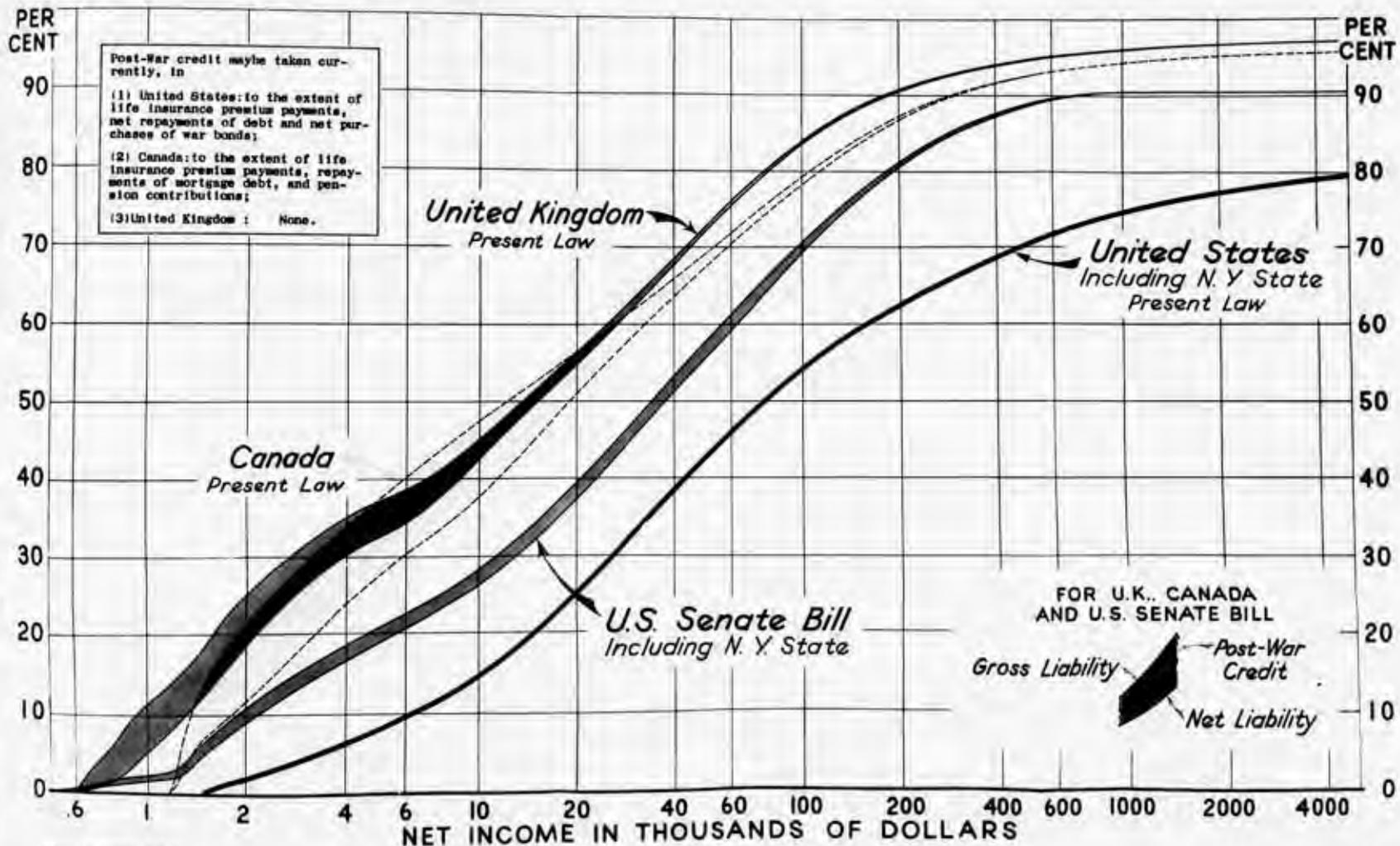
† Including \$10,000 of life insurance.

2-13-1952

# INDIVIDUAL INCOME TAX

## UNITED STATES, UNITED KINGDOM AND CANADA

### Effective Rates for Married Person without Dependents



TREASURY DEPARTMENT

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INTER OFFICE COMMUNICATION

DATE  
OCT 7 - 1942

TO Secretary Morgenthau  
FROM Mr. Paul

In accordance with the existing instructions, there is submitted herewith a summary report of activities and accomplishments carried on by the Legal Staff for the month of August, 1942.

*ASP*

Attachment.

SUMMARY REPORT ON ACTIVITIES AND ACCOMPLISHMENTS  
IN THE OFFICE OF THE GENERAL COUNSEL  
AUGUST, 1942.

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The following matters received attention in the Office of the Chief Counsel for the Bureau of Internal Revenue:

1. Tax Evasion Case of Henry Lockhart, Jr. The Intelligence Unit submitted a special agent's report covering an investigation of the alleged evasion of income taxes by this taxpayer for the year 1937, and recommended that Lockhart be prosecuted. The alleged fraud is based on Lockhart's failure to report fees totaling \$200,000, which were received from the Republic Steel Corporation and the Consolidated Oil Corporation. Additional tax in the sum of approximately \$78,000 has been found to be due. Lockhart, who is sixty-four years old, is chairman of the Board of the New York Ship Building Corp. He acted as Undersecretary of War during the first World War, and at the present time he is conferring with the Secretary of the Navy on matters pertaining to ship building activities.

2. Proposed Prosecution of Armand J. Parr, et al., for Evasion of Taxes on Income Derived from Vice. The cases of Mr. and Mrs. Armand J. Parr, Mr. and Mrs. C. H. Elrod, Mrs. Ada Cash Everhart, and Otis O. Gay, for the years 1940

- 2 -

and 1941, were referred to this office by the Intelligence Unit with recommendation for prosecution of Mr. and Mrs. Parr and Mr. and Mrs. Elrod. The Parrs and their daughter and son-in-law, the Elrods, operated during 1940 and 1941, a dance hall and saloon under the name of DeLuxe Cafe. They also rented rooms to prostitutes. This institution was located in Phenix City, Alabama, and was almost exclusively patronized by soldiers from nearby Fort Benning. Mrs. Parr's sister, Mrs. Everhart, operated a bawdy house under the name of Ada's Cafe. Gay is a former chief of police of Phenix City, Alabama. He resigned in 1940 and has since openly operated as proprietor of bawdy houses. All of the above individuals understated their income during the years involved.

3. Tax Evasion Scheme of William C. Hay, Nassau, Bahamas (See June 1942 report, item 4). The taxpayer, born in Canada, became a naturalized citizen of the United States in 1918. Over a period of years he increased his holdings through tax free reorganizations from an investment of \$32,500 for a minority interest in the capital stock of the domestic corporation to the sole ownership, except for the qualifying

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shares, of the capital stock of another domestic corporation having a value in 1937 of approximately \$2,500,000. In 1937 the taxpayer expatriated himself by taking out naturalization papers in Canada, and became a subject of Great Britain. Thereafter, he had organized a new corporation in Nassau, and sold all of his holdings in the domestic corporation to the Nassau corporation for 5,000 100 par value shares of stock of said Nassau corporation; the domestic corporation was then completely liquidated and all of its assets, consisting mostly of cash, were transferred to the Nassau corporation. It appears that throughout the year 1936 the domestic corporation was engaged in converting its assets into cash. A deficiency in the amount of \$484,093.20 for the year 1937 is claimed. The position has been taken by the Chief Counsel's Office that, although the taxpayer's citizenship may not be attacked so as to treat the sale of stock giving rise to capital gain as taxable regardless of its source within or without the United States, the Nassau corporation should be disregarded and contention should be made that since the whole scheme was intended to avoid Federal income taxes it is as if nothing of substance transpired except the liquidation of the domestic

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corporation. Also, it would appear from the balance sheet of the domestic corporation for the year 1936 that such company should have been subjected to the surtax on improper accumulations of surplus under section 102 of the Revenue Act of 1936 since no distributions were made during that year.

4. Exemption from Manufacturers' Excise Tax on Sales by the Defense Supplies Corporation. The Defense Supplies Corporation buys gasoline in huge quantities and resells it to the War and Navy Departments. It also buys ingredients used in the manufacture of gasoline, and retains title to the ingredients while they are processed by private firms. The resulting gasoline is sold by the Corporation to the Army and the Navy. The Chief Counsel's office held that sales to the Defense Supplies Corporation of such gasoline and ingredients for resale exclusively to the War and Navy Departments for use for war purposes are sales for the exclusive use of the United States, and are tax exempt under section 3442 of the Code. The Defense Supplies Corporation purchases other commodities, such as refrigerators, automobiles, etc. so that their distribution may be subject to more direct governmental control. Many commodities are resold to other

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governmental agencies for governmental use, while others are resold for civilian use. The Chief Counsel's Office held that sales of such articles to the Corporation are not tax exempt as they are not sales for the exclusive use of the United States. Accordingly, the Corporation must purchase such articles with the manufacturers' excise tax paid. In the case of resale to private users, the price will include the amount of the tax. Where articles are resold to a governmental agency exclusively for governmental use, that agency will give an exemption certificate, and the Defense Supplies Corporation will forward the certificate to the manufacturer who can take credit on his next return or claim a refund of the amount of the tax paid on such articles. Before the manufacturer can obtain the credit or refund he must establish that he has repaid or agreed to repay the amount of the tax to the ultimate vendor (Defense Supplies Corporation), or has obtained the consent of the ultimate vendor to the allowance of the credit or refund. This will protect the Defense Supplies Corporation and will prevent any manufacturer from unfairly profiting by such refunds.

5. Ruling by War Shipping Administration re Tax Status of Crews of Vessels Chartered by it. The War Shipping

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Administration has taken over vessels owned by private persons, under bareboat charters, under which arrangement the vessel is chartered in an "as is" condition, without a crew. In the case of the Weyerhaeuser Steamship Company, and in other similar cases, a service agreement is entered into with a taxpayer for the operation of the vessels, the operating company being designated in such agreement as "agent" of the United States. The question presented is whether the members of the crew are employees of the United States and hence not subject to social security taxes. On May 19, 1942, the War Shipping Administration issued instructions with respect to taxes to all such operating companies, in which the Administration states that the crews of such vessels are employees of the United States and that no social security tax is imposed. This is especially interesting because no ruling has been made by the Bureau in this respect, and the issuance of such instructions is another instance of the increasing tendency on the part of other departments and agencies of the Government to issue tax rulings or "advice".

6. Deduction of Cost of Gasoline and Depreciation from Income of Air Raid Wardens. The Director of Civilian Defense

has inquired whether members of the United States Citizens Defense Corps may deduct costs of gasoline and amounts of automobile depreciation incurred in connection with performance of civilian defense duties as air raid wardens, etc. The Income Tax Unit has been advised that actual expenses for gasoline incurred by members of the Defense Corps in connection with their duties as civilian defense workers may be deductible as contributions "to or for the use of" the United States, any State, District of Columbia, or any political subdivision thereof. No deduction, however, is allowable for any automobile depreciation because (1) such amount is not a gift or contribution to the United States, etc., and (2) activities of civilian defense workers do not constitute trade or business.

7. Tax Question Raised by Allotment of Pay to Dependents of Members of Our Armed Forces. This case presented the question as to what is the taxable character for income tax purposes of an allotment made by a member of the armed forces from his salary to his dependents, and also what is the taxable character of the additional amount granted and paid to such dependents by the United States Government. It has been ruled that voluntary allotments and also amounts charged against the pay of an enlisted man under the Servicemen's Dependents

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Allowance Act of 1942 for the benefit of the servicemen's dependents are to be treated for income tax purposes as constructively received by him, and should be included in his gross income to the same extent as if paid directly to him. These allotments are not taxable to the dependents. This conclusion is not intended to affect the income tax liability of a wife in a community property State upon her entire portion of her husband's income. The wife, however, will not incur further income tax liability by virtue of receiving the allotments in question. It was also ruled that amounts contributed by the Government to the servicemen's monthly family allowance are in the nature of a gift by the Government and are not taxable either to the serviceman or to his dependents.

8. Ruling Regarding Renegotiation of Contracts. Representatives of the Chief Counsel's Office conferred with representatives of the War Department, Navy Department and the Maritime Commission with respect to a proposed ruling setting forth the general rules applicable for Federal income and excess-profits tax purposes in the case of renegotiations. Such representatives agreed with the procedure of allowing a credit or offset against the repayment of excessive profits

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for the amount of taxes previously paid on such profits, and that the taxpayer shall not be allowed a deduction in computing net income if he has been allowed such credit or has foregone such credit. However, the proposed ruling has been rewritten to cover more specifically certain types of renegotiation where the amount of a repayment is to be excluded in computing gross income for the year of renegotiation or a subsequent year, and is awaiting further discussion with such representatives before publication.

9. Termination of Amortization Period. A request of the Trinity Portland Cement Company is the first case that has come to the attention of the Bureau where the taxpayer is attempting to secure a certificate under section 124(d) that the facilities have ceased to be necessary in the interest of national defense. In April of this year the taxpayer completed certain facilities for furnishing cement to the Panama Canal Zone, and it is proposed to cancel the supply contracts. For this reason the taxpayer is seeking a certificate that the facilities are no longer necessary. If it obtains such certificate in 1942, it would be permitted to charge off within 1942 the entire cost of the facilities.

10. Refund of Excise Taxes on Tires Based on Rescinded Sales. The claim of the Norwalk Tire and Rubber Company, Norwalk, Connecticut, for refund in the amount of \$66,294.82 covering manufacturers' excise taxes on tires and inner tubes is the first claim filed under the recent understanding with the Office of Price Administration and the Rubber Manufacturers' Association which has reached the Chief Counsel's Office. In accordance with that understanding, manufacturers who have been required to rescind sales of tires to dealers and jobbers and to reimburse or credit them for the sale price are allowed refunds for the manufacturers' tax paid by them on the tires covered by the rescinded sales. It is understood that the amounts to be refunded to manufacturers of tubes and tires under this agreement will total several million dollars.

11. Interesting Transportation Tax Question Whether Certain Mixtures are Gases or Liquids. In the case of the Carbide and Carbon Chemicals Corporation, New York, the question was presented whether or not the transportation of a mixture of carbon dioxide, methane, ethane, propane, butane and pentane by pipe line is subject to the tax imposed by section 3460 of the Code upon the transportation of "crude petroleum or liquid products thereof by pipe line." The

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mixture is a gas under normal conditions but is transported under sufficient pressure to liquify it. The taxpayer contended that, since the mixture is a gas under normal conditions, it is not subject to the tax. The Chief Counsel's Office has agreed with the Miscellaneous Tax Unit that it is the nature of the product at the time of transportation that determines its taxability, and therefore the transportation of the mixture in liquid form is taxable.

12. Important Processing Tax Case. The American Sugar Refining Company and its subsidiary company, the Franklin Sugar Refining Company, paid processing taxes under the Agricultural Adjustment Act, as amended, in the total amounts of \$13,681,104.26 and \$3,038,514.57, respectively. Each company now has pending before the Commissioner a claim for refund, that of the American Sugar Refining Company being the largest and most important claim remaining for disposition in the Chief Counsel's Office. The claimants have insisted that their respective claims be considered together for settlement purposes. At their request arrangements were made to hold a conference in New York on September 2, 1942, between representatives of the Company and of the Bureau, including attorneys from the Chief Counsel's Office, for

the purpose of endeavoring to effect a settlement of the claims.

13. Problem re Collection of Tax on Admissions to State Parks. The Attorney General of Indiana has asserted that the officers and employees of the State may not be required to collect and turn over to the Federal Government an admission tax on paid admissions to State parks. A good legal and historical argument can be made for the Federal Government requiring states to assist in collection of Federal taxes. However, it is believed that the problem is essentially a political one. There is no legal reason why they may not cooperate, except possibly the availability of appropriations. A proposed letter to the Attorney General of Indiana has been prepared, pointing out that the tax is to be paid by the person paying for admission and that the vendor of the admission ticket is merely a collecting agent of the tax for the United States. This question of cooperation arises also in connection with the filing of information returns with respect to salaries of state employees, and most of the states are filing such returns. The question will become more important if withholding at the source with respect to state and municipal employees is provided for in the new revenue act.

14. Drafting of Tax Convention Between United States and Colombia. As a result of a series of conferences held

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in the Bureau of Internal Revenue with Dr. Miguel Lopez, President of the Agricultural Mining and Industrial Credit Bank of Colombia, and brother of the President of Colombia, at which representatives of the Chief Counsel's Office and the State Department were present, a tentative draft of a tax convention between the United States and Colombia has been prepared. This draft follows substantially the pattern of the existing tax conventions between the United States and Canada and the United States and Sweden, but embodies the following new features: (1) Exchange professors and the like from Colombia will be exempt from Federal income tax with respect to compensation for services rendered in the United States; (2) So-called cultural royalties derived from within the United States for the use of musical, artistic, literary and other cultural works and publications will be tax exempt in the hands of residents and corporations of Colombia producing such works. Both exemptions are conditioned on reciprocity.

15. Claim for Refund of Taxes by Estate of Mary H. Lincoln. Mary H. Lincoln, who was the widow of Robert Todd Lincoln and daughter-in-law of Abraham Lincoln, died at the age of 90 years on March 31, 1937. She was a resident of

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Washington, D. C. Her estate paid an estate tax of \$794,599.81, and it is now seeking a refund of \$65,869.91, due principally to the decision of the Supreme Court in the Maass Case. During the last eight years of her life she gave away substantial amounts of property, but as her health appeared to be good there appears to be no prospect of holding these transfers taxable as being made "in contemplation of death". During this period she made transfers (alleged to have been gifts) amounting to approximately \$250,000 to Frederick N. Towers, an attorney of Washington, D. C., who had for many years been a close friend of the family and attorney for Mrs. Lincoln and for her husband during his lifetime. Mr. Towers states in an affidavit that "the only motives for said gifts were affection and gratitude".

16. Jeannette MacDonald Raymond. Miss MacDonald, the movie and concert artist, has agreed to contribute her services to the Army Emergency Relief for a series of concerts during September and October of this year. She will receive no remuneration for such services, and her manager will arrange for the concerts under a contract with the Army Emergency Relief. That organization (exempt under section 101(6)) has authorized her manager to act as its agent for

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a fee of 15% of the gross receipts. Although Miss MacDonald's manager has a present contract with her regarding all her appearances, he has waived the provisions of that contract with respect to the concerts in question so that he will have no claim against her for any part of his stipulated remuneration. The Bureau of Internal Revenue has ruled that Miss MacDonald will not be required to include in her return any part of the income derived as a result of the rendition of her services.

The following work was done under the supervision of Assistant General Counsel Cairns:

17. Claims of Government against Collectors. Mrs. Bernice Pyke, Collector of Customs at Cleveland, discussed at the Bureau of Customs the claims of the Government against her and several former collectors and their sureties for the defalcation of E. M. McCarty, former deputy collector in charge at the subport of Akron. Mr. Chambers ascertained from the General Accounting Office that it had transferred the case to the Department of Justice on July 2, 1942, for collection of the amounts claimed. Inquiry at the Department of Justice revealed that it is considering forwarding the

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case to the appropriate United States attorney for institution of suits against Mrs. Pyke and the other persons involved. Mrs. Pyke indicated that she will probably arrange for the introduction in Congress of a bill to relieve herself and the other persons involved from any liability except such amount as is recoverable on a bond executed by McCarty.

18. S. B. Penick & Company case. S. B. Penick & Company of New York, manufacturer of botanical drugs, obtained a contract to supply the Navy with 5,000 ounces of codeine sulphate. Supplies of codeine sulphate were available, but the company wished to manufacture the drug from crude opium and applied to the Defense Supplies Corporation to purchase it from the corporation's reserve stockpile. The Bureau of Narcotics recommended that there be no depletion of the stockpile of the Defense Supplies Corporation (this being held as a basic reserve) when there were ample supplies of the finished product in the open market available to fill the Navy order. The Defense Supplies Corporation did not fill the order.

The Company then applied to each of the three firms regularly manufacturing opium alkaloids and salts (Merck

& Company, Inc., Mallinckrodt Chemical Works, and the New York Quinine & Chemical Works, Inc.) for a supply of crude opium, claiming the benefit of a Navy priority. Navy purchasing officers informed the Bureau of Narcotics that "in their opinion, the Navy priority extended to codeine and packing materials; not to the raw material, opium". Two of the three manufacturers had no crude opium on hand. The Commissioner of Narcotics felt that he could not release to the manufacturers more opium, technically in customs custody, merely for sale to Penick & Company, as sufficient crude opium had already been released to provide for currently allotted manufacturing quotas. In the meantime, the Compliance Division of the War Production Board sent a warning telegram to Merck & Company, evidently upon the theory that Merck was ignoring a priority order for crude opium, but after a visit by Merck's attorney, the Compliance Division withdrew its insistence upon compliance with Penick's order. A hearing before W.P.B. General Counsel has been requested by Penick & Company to urge that Merck & Company be required to fill Penick's order for crude opium. This was handled, in so far as the Law Division is concerned, by Mr. Feidler and Mr. Tennyson.

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19. The 1930 Narcotic Smuggling Case Involving Athanael, Elias and George Eliopoulos (See July 1942 report, item 21). The Eliopoulos brothers, of Greek nationality, dealt extensively in contraband narcotics in Europe during 1930, and in that year sold some 200 kilograms of morphine to a smuggler in France, with intent that he smuggle it into the United States. Subsequently, about 100 kilograms of this supply were shipped to the United States and seized at Hoboken, New Jersey. The Eliopoulos brothers did not enter the United States until 1941, and they were indicted in December of that year for offenses against the internal revenue narcotic laws. They filed a special plea in bar of the statute of limitations and the United States District Court upheld the plea. The office of the Solicitor General of the Department of Justice denied permission to appeal from the District Court's ruling. Representatives of the Bureau of Narcotics conferred with a representative of the Criminal Division of the Department of Justice on the possibility of reindicting the defendants in order to provide a better case for testing the application of the statute and the Criminal Division has taken this suggestion under advisement. Mr.

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Mitchell of the Narcotic Legal Section handled this matter for the Law Division, in cooperation with Mr. Harney, Assistant to the Commissioner of Narcotics.

20. Beland v. United States, C.C.A. Fifth, 128 F. (2d) 795. This decision, just published in August, but rendered June 11, 1942, is the first appellate court decision passing upon the validity of the Act of August 12, 1937 (U.S.C., title 26, sec. 2557(b)(5-7), the statute providing for increased punishment for habitual narcotic law violators. The Circuit Court of Appeals upheld the constitutionality of the statute. The appellant, Charles Beland, a third offender, was convicted only of conspiracy for which normally a maximum imprisonment penalty of two years is provided, whereas under the habitual offenders act, he received a sentence of seven years imprisonment.

21. Sale of Lottery Bonds. An opinion, originally written by Messrs. Feidler and Meyer as a letter addressed to Miss Frances Rockefeller King for the Secretary's signature, was rewritten by Mr. Odegard as a letter from the Secretary attaching a copy of a memorandum from Mr. Foley. The letter was signed by the Secretary on June 16, 1942. The opinion concludes that a proposal to sell bonds in accordance with

the scheme advanced by Miss King would constitute a lottery.

22. Procedure For Handling Cases Pending Before The Processing Tax Board of Review in the Event the Functions of the Latter Board Are Transferred to the Board of Tax Appeals.

An opinion, addressed to Assistant Secretary Sullivan, which was prepared by Mr. Gilmore, concluded that cases reported to the Processing Board need not be reheard by the Board of Tax Appeals; that a rehearing of cases need not be permitted by the Board of Tax Appeals merely because counsel requests it; and that the Board of Tax Appeals must consider evidence and base its findings and decisions upon the evidence rather than merely approve reports of the Processing Board.

23. Counterfeiting of Priority Ratings Issued By The War Production Board and Ration Cards and Books Issued By The Office of Price Administration. An opinion, addressed to Chief Wilson, which was prepared by Mr. Tobolowsky and signed on August 18, 1942, concluded that it is a criminal offense to counterfeit, forge, or falsely make or deal in use, or issue, counterfeit, forged or falsely made priority ratings or ration cards and books, and further concluded that while the Secret Service Division has no authority to investigate such offenses that function may be transferred to the Division by Executive Order pursuant to the First War Powers Act.

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24. Institution of the Scheme of General Rationing.

An opinion, addressed to the Secretary of the Treasury and signed July 30, 1942, concluded that the general rationing system may be instituted under the authority of the Second War Powers Act, 1942.

The following work was done under the supervision of Assistant General Counsel Tietjens:

25. Release of Gold Bullion, Securities and Other Items Deposited With High Commissioner Sayre (See July 1942 report, item 22). (a) Benguet Consolidated Mining Co. and Balatoc Mining Co. Representatives of this office, together with Mr. Heffelfinger, Assistant to Under Secretary Bell, conferred with Lucien H. Mercier, an attorney representing the above two companies, concerning a request for the release of certain gold bullion which was received from those companies by the United States High Commissioner to the Philippines during the recent emergency and subsequently delivered to the United States where it is now held in custody by the United States Mint at San Francisco subject to the direction of the Secretary of the Treasury. Following the conference, this office prepared a letter for signature

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by the Under Secretary to John W. Haussermann, President of the companies in question, advising him that upon receipt of appropriate affidavits and of agreements of indemnity (prepared by this office) executed by him individually and on behalf of the Benguet Consolidated Mining Co. and the Balatoc Mining Co., respectively, instructions would be given to the San Francisco Mint to purchase the gold in question. Later this office prepared a letter for the signature of the Director of the Bureau of the Mint directing the superintendent of the Mint at San Francisco to assay and weigh the gold in question and furnish the data thus obtained to the Director of the Mint. A letter was also prepared for signature by the Under Secretary to John W. Haussermann, president of the mining companies in question, advising him that he would be informed concerning the Mint's findings and that it would then be necessary for him to incorporate such findings in the usual affidavits required by the Department in connection with the purchase of gold bullion. Messrs. Tietjens, Reeves and Wald worked on this.

(b) Marsman and Company, Inc. A letter was also prepared to William J. Mahaney, an attorney representing the above company of Manila, P.I., concerning a request made by that

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company for the release of certain gold bullion produced by companies managed by them and also turned over for safe-keeping to the United States High Commissioner to the Philippines and delivered to the United States Mint at San Francisco. The letter advised Mr. Mahaney that the records and information now available to the Treasury Department do not justify the release of any of the gold bullion now held at the San Francisco Mint to Marsman and Company, Inc. or to companies managed by it with the exception of one consignment of gold produced by the Itogon Mining Company. The letter further advised Mr. Mahaney that upon receipt of appropriate affidavits executed by Jan. H. Marsman, who is President of both Marsman and Company, Inc. and of the Itogon Mining Company, and the execution of an agreement of indemnity (prepared by this office) by Mr. Marsman on behalf of Marsman and Company, Inc. and on behalf of the Itogon Mining Company and by a corporate surety acceptable on Federal bonds or by a domestic bank authorized to execute such an agreement, final consideration would be given by the Department to the purchase of the gold bullion in question by the United States Mint at San Francisco with payment therefor to be made by deposit in a special blocked account with a domestic bank

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in the name of the Itogon Mining Company. Messrs. Tietjens, Reeves and Wald worked on this.

(c) Hong Kong and Shanghai Banking Corporation and the Chartered Bank of India, Australia and China. A letter was prepared for the signature of the Under Secretary, authorizing the Federal Reserve Bank of San Francisco to release to the above various securities and other items which were deposited by them with the United States High Commissioner to the Philippines at the time of the Japanese invasion. These banks had previously furnished the Department with agreements of indemnity which will protect the former High Commissioner, the Federal Reserve Bank of San Francisco and the United States from any claims which may arise from the transaction. The items to be released will be handled in compliance with any customs laws or regulations which may be applicable and they will be held in blocked accounts with any disposition of them being made only in accordance with the provisions of Executive Order No. 8389, as amended. Messrs. Tietjens, Reeves and Wald worked on this.

26. Loans to college students by the United States Office of Education. This office conferred with Mr. Rosenberg of the United States Office of Education, Mr. Bartelt,

Commissioner of Accounts, and Mr. Batchelder, Assistant to Under Secretary Bell, concerning the procedure to be followed by the Office of Education in making loans to college students pursuant to the Act of June 2, 1942, which appropriated \$5,000,000 for that purpose. The regulations proposed to be issued by the United States Office of Education were revised to incorporate certain suggestions made by this Department relating to repayment of such loans. Messrs. Tietjens and Reeves worked on this.

27. Destruction of Currency in Alaska. A draft was reviewed of instructions, prepared by Mr. Heffelfinger, Assistant to Under Secretary Bell, establishing a procedure for the emergency destruction of United States currency at Juneau, Alaska. Messrs. Tietjens and Reeves worked on this.

28. Payment of Transportation Expenses of Wheat Donated by Canadian Government to Greece. Representatives of this office attended a conference in the Bureau of Accounts, at which were present representatives of the Bureau of the Budget, the American Red Cross, State Department and Charles P. Taft, Acting Chairman of the President's War Relief Control Board. The question considered was whether an appropriation for foreign war relief first contained in the Emergency Relief

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Appropriation Act, fiscal year 1941, and subsequently extended into the fiscal years 1942 and 1943, would be available for paying transportation expenses of wheat donated by the Canadian Government to Greece. The Treasury, Budget and American Red Cross representatives were all of the opinion that the appropriation would not be available for this purpose. It was agreed, however, that the matter was one for ultimate decision by the Comptroller General and Mr. Taft concurred in a suggestion that he discuss the matter with Lindsay Warren. The representative of the Bureau of the Budget stated that in the meantime his agency would draft an appropriate amendment for submission to Congress making the appropriation available for such purpose. Mr. Reeves handled this.

29. Public Debt. (a) Endorsement of checks for interest on Series G Savings Bonds. For some time various banks have urged that the Department, in connection with checks drawn on the Treasury of the United States in payment of interest on United States Defense Savings Bonds, Series G, accept the common banking endorsement of "Credited to the account of the within named payee. Absence of endorsement guaranteed. X Y Z Bank." Under Secretary Bell recently determined that it would

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be desirable to accept a slightly modified form of this endorsement, i.e.:

"Credited to the account of the within named  
payee in accordance with payee's instructions.  
Absence of endorsement guaranteed  
X Y Z Bank"

Mr. Bell requested Mr. Reeves of this office to ascertain by telephone from Mr. L. R. Rounds, First Vice President of the Federal Reserve Bank of New York, whether this endorsement would be satisfactory to the banks and to determine from Mr. Julian, the Treasurer of the United States, whether such endorsement would be acceptable to him. After being advised by Mr. Rounds that the endorsement was satisfactory to the banks and by Mr. Julian that it was acceptable to him, Mr. Reeves, in accordance with Mr. Bell's instructions, drafted letters for signature by the Under Secretary to the twelve Federal Reserve Banks and to Merle H. Selecman, Deputy Manager of the American Bankers Association, advising them that the above-described form of endorsement would hereafter be acceptable on checks in payment of interest on United States Defense Savings Bonds, Series G. This will bring Treasury practice more in accord with ordinary banking practice and should facilitate clearance of checks.

(b) Deduction at Source of Coupon Interest. On August 8, at Mr. Bell's request, Mr. Cunningham sat in at a meeting at the Federal Reserve Board attended by Mr. Smead, Mr. Myrick and Mr. Cherry of the Board, Vice President Rounds of the Federal Reserve Bank of New York, Mr. Trimble, Assistant General Counsel of the same bank, and another bank representative, in connection with the proposed deduction at the source on coupon interest. Most of the questions raised were accounting or administrative rather than legal and the attendance of Dr. Atkeson and Mr. Siegrist from the Bureau of Internal Revenue was secured to discuss those matters.

(c) Payment of Estate Taxes from Proceeds of Bonds Upon Death of Owner. A number of questions have been presented regarding the acceptance of 2-1/2% Treasuries of 1962-67 upon the death of the owner, the proceeds to be used in payment of estate taxes. The answers in every case hinge upon whether or not the securities were owned by the decedent at the time of his death and then formed part of his estate. Some of these questions can be answered readily by the precedents established in 1919 and 1920 under the statute permitting bonds bearing interest at a rate in excess of 4% to be accepted in payment of estate taxes provided they had been held by the decedent

for at least six months. One or two other questions have been presented and can be reasoned out very easily on analogy. The only one which is causing any difficulty is the question of bonds standing in the name of a corporation, all, or substantially all, of the stock of which is owned by a single individual. It has been concluded that such bonds may not be accepted for the estate taxes of the individual stockholder and this view is borne out by the decisions under the statute. As the administrative people are anxious to accept bonds under such circumstances, the question may be re-examined. Mr. Cunningham worked on this.

(d) Amendment to Department Circular No. 530, Fifth Revision. An amendment to Department Circular No. 530, Fifth Revision, has been drafted to permit (1) a limited change in registration of bonds issued in coownership form, which would permit the reissue of the bonds in the individual names in sole ownership and permit the change of a coowner to beneficiary or the substitution of a new coowner for one of the two appearing on the bond; (2) the elimination or change of the beneficiary without the consent of such beneficiary. Appropriate forms have also been drafted. Messrs. Cunningham, Fuller and Coe worked on this.

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(e) Powers of Attorney. Inquiries have been received in regard to the acceptability by banks of Treasury bonds accompanied by powers of attorney where the bonds are being used as collateral for loans. It is stated in the instructions on power of attorney forms that the power may be revoked by formal revocation executed by the grantor and filed with the Department. Complaint was made that the loaning institution would be without protection if the power could be revoked at will. As it was recognized that a power coupled with an interest is not ordinarily revocable at the will of the grantor so long as the interest continued, instructions have been given that the specific power of attorney forms may, in a given case, be amended to show expressly that the bonds covered have been delivered as collateral security and that the grantor agrees the power shall not be revoked so long as the bonds are held as such collateral, and that in such event the Department would not recognize a revocation of the power without notice to the pledgee. Mr. Coe worked on this.

(f) Treasury Tax Notes. Mr. Tietjens and Mr. Cunningham worked with Mr. Bell's office in drawing up circulars to take care of suggested changes in the terms and conditions of Treasury Tax notes.

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30. Withdrawing of British Fractional Coins From Circulation and Replacing With American Coins. On August 26, Mr. Tietjens sat in a conference with Messrs. Batchelder, Heffelfinger and Barnes representing the Treasury, and Messrs. Larrabee and G. A. Blowers representing the Firestone Company and the Bank of Monrovia, Lyberia. The subject of the conference was the establishment of accounts with the Bank of Monrovia to facilitate taking British fractional silver coins out of circulation and replacing them with American coins. The designation of the Bank of Monrovia as a United States depository was also discussed, as was the subject of costs to be incurred in connection with the coinage program. Mr. Batchelder drafted an agreement embodying the points discussed, which has been approved by those concerned.

31. Reimbursements Received By Procurement Division In Connection With Refugee Relief Purchases. At the request of the Commissioner of Accounts, this office considered the manner in which reimbursements received by the Procurement Division in connection with the purchase of supplies for refugee relief should be handled. It appears that the Procurement Division has received certain reimbursements

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such as funds returned due to the cancellation of contracts, and that it will probably receive amounts derived from insurance on shipments lost at sea. Procurement had proposed to return such reimbursements either to the allotment made to that agency or to the original appropriation from which the allotment was made. The Commissioner of Accounts was advised that under the provisions of section 3617 of the Revised Statutes (U.S.C., title 31, sec. 484) and uniform rulings of the General Accounting Office the amounts must be covered into the Treasury as miscellaneous receipts. Messrs. Tietjens and Reeves worked on this.

The following work was done under the supervision of Assistant General Counsel O'Connell:

32. War Communication Board. (for description see November 1940 report, item 23) Mr. Shea attended meetings of the Law Committee of the War Communications Board on August 7, 10, 11, 12, 13 and 17.

33. Coordination Conference of Treasury Law Enforcement Agencies. On August 5, Mr. Shea attended a meeting of the enforcement agencies.

34. Board of Legal Examiners (for description see

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July 1941 report, item 15). On August 14 and 25, Mr. Shea attended meetings of examining committees of the Board of Legal Examiners.

35. Widener Art Collection Legislation. The President transmitted a message to the Congress on August 20, 1942, submitting for its consideration the matter of the offer of Mr. Joseph Widener, of Philadelphia, of a gift of the famous Widener collection to the National Gallery of Art, and recommended that the Congress authorize the appropriation of the amount necessary to pay any taxes resulting from the gift, as stipulated in the will of the late Peter A. B. Widener. A joint resolution, pledging the faith of the United States to provide, upon acceptance of the gift, such funds as may be necessary for the payment of taxes which may be levied as a result of the gift, was drafted in the legislative section by Mr. Shea and Miss McDuff. On August 24th Senator Maloney introduced this proposed legislation as S. J. Res. 160. Mr. Shea accompanied Mr. Cairns to the hearing before the Senate Committee on Public Buildings and Grounds. The resolution was reported favorably on August 25th and passed the same day by unanimous consent.

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The House passed the resolution unanimously on August 27, and the Bureau of the Budget was advised that the Treasury Department had no objection to the enactment of the resolution.

36. Directive of the War Production Board. A proposed executive order to delegate to the Bureau of Narcotics the President's priority and allotment powers with respect to narcotic drugs under Title III of the Second War Powers Act was reviewed by Mr. Speck. It was concluded that the executive order would be unacceptable to the War Production Board, because the President has delegated all of these powers to the Board and the Board undoubtedly would desire to retain overall control of priorities and allocations. Subsequently, Mr. Speck and Mr. Feidler conferred with Mr. Manley Fleischmann, Assistant General Counsel, and other representatives of the War Production Board and were advised that Mr. Nelson would not approve an executive order but would give favorable consideration to a Directive of the War Production Board which would accomplish the objective of the executive order. The War Production Board representatives were advised that the counter proposal would be discussed with Treasury officials and, if satisfactory to them,

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a draft of Directive would be prepared and submitted to the War Production Board.

37. Fiscal Provisions of War Legislation. Representatives of the legislative section attended conferences with representatives of the Bureau of Accounts to discuss fiscal provisions in pending war legislation. The legislative section continued its collaboration on the proposed minor coinage legislation.

38. Bill to Prohibit the Practice by Former Government Employees Before Government Departments (See April 1942 report, item 37). A voluntary report, to be submitted to Chairman Walsh of the Senate Naval Affairs Committee, on H.R. 7304, "Prohibiting the payment of contingent fees for services in connection with the procurement of Government contracts, requiring certain warranties in Government contracts, and for other purposes", was prepared in this office by Mr. Shea and Mr. Filachek. The proposed report suggested that the provision in the bill prohibiting a Government employee from practicing before his own agency within five years after leaving it be modified to conform to the present Treasury policy, so that it would, in effect, (1) prohibit a former employee of the Government from participating

at any time before any agency of the United States in a proceeding or claim which he has personally considered or as to the facts of which he has obtained knowledge as an employee, and (2) prohibit for a period of two years his appearance on other matters before the agency of the United States with which he was formerly associated unless he has been given permission by the head of the agency.

39. Proposed Executive Order Transferring Control of Communication Facilities. A proposed executive order "Providing for control of utilization and distribution of communication facilities by Government agencies and for procurement thereof", which was submitted by the Procurement Division, was examined by Mr. Shea and Miss McDuff. Final action on this proposed order is being held in abeyance pending a further conference with representatives of the Procurement Division and the Bureau of the Budget.

40. State Legislation Relating to Defense Efforts (for description see November 1941 report, item 30). The legislative section prepared a circular letter for the signature of the Administrative Assistant to the Secretary, requesting the heads of the various bureaus and divisions to submit any proposals or suggestions as to state legislation

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relating to the War effort. The Council of State Governments, through the Department of Justice, has renewed an offer of assistance made last year to secure desirable state administrative or legislative action relative to national defense efforts, and Justice has requested the Treasury Department to submit any further suggestions as to matters affecting this Department.

41. The Federal Reporting Services Bill (See June 1942 report, item 37). The legislative section is circulating the several branches of the Department for an expression of their views on the amendments proposed by the Bureau of the Budget to S. 1666, "To coordinate Federal Reporting Services, to eliminate duplication and reduce the cost of such services, and to minimize the burdens of furnishing reports and information to governmental agencies".

42. Wollner and Matchett v. Brewer and Madorsky. Mr. Rupert sat on the interdepartmental board that was set up for the purpose of determining a question of priority of invention between two groups of Government employees, on behalf of each of whom the Department of Justice has been requested to prosecute a patent application covering what appears to be the same invention.

43. Reproduction of War Savings Stamps. In answer to an inquiry from the Stamp Editor of the Washington Post relative to the philatelic status of War Savings stamps, Mr. Ranta prepared a letter stating that unauthorized reproductions of War Savings stamps were illegal and that the regulations permitting illustrations of bonds did not permit illustrations of stamps.

44. War Savings Staff Contracts. In response to an inquiry from the War Savings Staff, Mr. Ranta prepared a memorandum concluding that contracts entered into pursuant to Executive Order 9023 should contain "anti-discrimination" and "contingent-fees" clauses. The problem arose in connection with some contracts the War Savings Staff had made in the campaign for the sale of War Savings Bonds and stamps.

45. Photographing of Discharge Certificates. At the request of the Secret Service Division, a memorandum was prepared which set forth provisions of the Criminal Code that would probably apply to the photographing of certificates of discharge from the armed forces.

46. Reproduction of German Marks. A letter was prepared by Mr. Ranta for the signature of the Acting

Secretary of the Treasury, authorizing the Office of Price Administration to reproduce and photostat some German marks for use in connection with lectures on inflation sponsored by the Administration.

47. Dismissal of Indictments. Letters were prepared in this office by Mr. Ranta to Assistant Attorney General Berge advising that this Department had no objection to dismissal of the following indictments: Richard Gurall, for passing counterfeit notes; George R. Martin, for possession of counterfeit coins; Jeanne Wickens, for forgery of Government check; A. B. Jones, Sr., for forgery of Government check; Merle Van Dine, for forgery of Government check; J. Ira Player, for forgery of Government check; John Doe and Floyd Lavon Spinks, for forgery of Government checks; Sam De Belle, for making counterfeit coins; Trall Price, Jr., for forgery of Government check; and Anna Siperstein, for passing counterfeit notes.

48. Flowers, Inc. Claim. Mr. Rupert appeared at a hearing before the Corporation Counsel's Office of the District in the matter of a collision between a Foreign Funds truck and a truck owned by Flowers, Inc. It was ruled that traffic charges would not be instituted.

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Flowers, Inc. has, however, intimated that it will make a claim on account of the damage to its truck.

49. Congressional Action on Treasury-Sponsored Legislation. (a) Widener Art Collection. On August 24, Senator Maloney introduced S.J. Res. 160, providing for the acceptance of title to the Widener Art Collection of Philadelphia, and for other purposes. It was referred to the Senate Committee on Public Buildings and Grounds. On August 25, the resolution was reported from that committee, without amendment (Rept. No. 1585). It was immediately considered and passed by the Senate. This legislation was introduced on August 27 by Representative Barden in the House as H.J. Res. 343. On August 27, S. J. Res. 160 was passed by the House.

The following work was done under the supervision of Assistant General Counsel Bernstein:

50. Patents (See July 1942 report, item 32). Amendments to General License No. 72 and Public Circular No. 5 have been presented to the Alien Property Custodian for consideration. Under these amendments, the Treasury Department would continue to license the filing and prosecution of patent applications in the United States by blocked nationals

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and the filing and prosecution in blocked countries of patent applications on behalf of persons within the United States. Payment of Government fees and attorneys fees in connection therewith will also continue within the jurisdiction of the Treasury Department. The Alien Property Custodian would receive authority to pass upon all transfers of property interests in United States patents applications or patents owned by blocked nationals. Messrs. Aarons and Kehl worked on this matter.

51. Insurance Problems (See July 1942 report, item 33). An investigation of Swiss insurance companies operating under Treasury license was begun and is continuing. Apart from the questions of management and control, particular attention is being given to whether or not vital information is being distributed through these insurance companies in a way which may be detrimental to the war effort. Messrs. Aarons, Clay, McMurray and Kehl are working on this.

Instructions were prepared for transmittal by the State Department to all United States consular officers abroad, instructing them with respect to the procedure to be followed in the enforcement of Public Interpretation No. 5 in order to prevent any import into the United States which is insured

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by any insurance company which is an enemy national, or through any agent who is an enemy national. Messrs. Aarons, Mann, and Kehl handled this.

The problem of American and British insurance companies reinsuring local South American insurance companies which do business with Proclaimed List nationals was discussed at length with the British. Upon British representations that they did not wish to adopt such a program because it went further in the insurance field than the Latin American program in other fields and because they felt doubtful as to its effectiveness and as to possible establishment of governmental insurance monopolies in Latin America, it was decided not to adopt any compulsory plan regulating reinsurance at this time.

There has been some indication that Swiss insurance companies are reinsuring Proclaimed List insurance companies in Latin America and otherwise doing business with Proclaimed List nationals. The United States offices of these companies will be requested to furnish a report of all Proclaimed List nationals with whom their head offices or any branches may be doing business in order to determine the scope of the problem before taking action. Messrs. DuBois, Aarons and Kehl are working on these matters.

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52. Estates (See July 1942 report, item 34). A revised program is being formulated for administration of decedents' estates under the Executive Order, and documents in connection therewith are being drafted by Messrs. Aarons, Lawler, Alk, Golding, Miss Klein, Miss Hodel, and members of the administrative staff.

53. Interned Aliens. This office has nearly completed the necessary documents, instructions and forms in connection with a program for the handling of funds of interned aliens. This program has been worked out in conjunction with the War Department, and will limit funds available to internees to \$30 a month for their expenditure in internment camps and \$150 per month for outside obligations, including support of dependents. Applications may be made for specific licenses for additional amounts. Adequate reports will be obtained concerning the property owned by such internees. Messrs. Clay, Aarons, Arnold, Alk and members of the administrative staff are working on this.

54. Investigations (See July 1942 report, item 44). The investigation of the Swiss banks has continued throughout the past month and is expected to be completed on or about September 15. During this month the investigation has been

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primarily concerned with determining the extent to which the Swiss banks (1) utilize General Licenses 43 and 50, (2) finance shipments between South America and Europe, (3) maintain deposits in and carry deposits for South American banks, and (4) hold Swiss securities in the United States. Also an attempt has been made to ascertain the names of the beneficial owners of the omnibus accounts maintained at the Swiss banks. An investigation of the Swiss insurance companies was commenced during the past month and much of the initial work of getting that investigation under way was carried by Messrs. Lesser, Ackermann, King and Ewing, who were engaged in the Swiss bank investigation.

Reports have been submitted on the investigations of Interholding Incorporated; Pan-Holding Incorporated; Panalab Incorporated; Raymond Patenotre; Compagnie Universelle du Canal Maritime de Suez; and Du Pasquier & Company, Panadutch Incorporated, and Bernard E. Smith. These investigations raise three principal problems, viz.: (1) the proper treatment of British-owned funds administered by a Panamanian corporation for the account of a corporation organized in continental Europe; (2) the adequacy of freezing funds beneficially owned by third parties but administered by a Panamanian corporation

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for the account of a corporation organized in continental Europe; and (3) the adequacy of freezing funds owned by a corporation organized in continental Europe the outstanding shares of which are in bearer form. Messrs. Lesser and Ackermann are working on these problems.

The investigation of the Draeger Shipping Company has been completed and final reports written. A conference is scheduled for the principals in this case by Messrs. Clay and Proctor.

Other investigations are in their final stages: Final reports are being prepared on the French Steamship Line by Mr. Marks, and on Ciba, Sandoz, and Geigy by Mr. Proctor; the Swiss insurance companies investigation will be continued and the investigation of the Val J. Peters chain of German newspapers has been concluded and is awaiting preparation of a report by Messrs. Moore and Locker. The results in the latter investigation have been negative.

Additional major investigations have been started utilizing the newly-formed group of former supervisors in the Federal Reserve Bank. These investigations include Hoffman-La Roche, Inc., Associated Metals & Minerals, Inc.,

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and Herman Basch, Inc. Messrs. Clay and Proctor are working on this. Also, preliminary ground work is being done preparatory to an extensive investigation of shipping companies and forwarding agents, such as Draeger Shipping Company. The actual investigation will commence within the coming ten days. Solvay American Co. is being prepared for active investigation. Mr. Marks is working on this.

The idea of forming a group of supervisors into an investigative unit to work on major investigations has taken fruit. At present, there are 22 men, all former supervisors who have been relieved from their supervisory capacity, formed into a unit under the immediate direction of Mr. Pfeiffer of the New York Federal Reserve Bank. These men have been given instructions in Treasury's techniques of investigation and in the problems and questions the Department seeks to answer in such investigations. This unit will greatly supplement the limited staff available in Washington for these important investigations.

55. Enforcement (See July 1942 report, item 44).

A large number of investigative reports dealing with alleged violations was studied to determine, in a preliminary way, which, if any, of them called for the application of

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administrative or criminal sanctions. Synopses have been (and are being) prepared of those cases which appear, prima facie, to warrant further consideration. Nine of these synopses have been submitted informally to the Department of Justice for their opinion as to the advisability of preparing the cases for presentation to a grand jury. Messrs. Lesser, Quint, Ewing, Schwartz and Cook worked on these cases.

The Government has successfully prosecuted Werner von Clemm and the Pioneer Import Company for conspiring to import Dutch and Belgian diamonds in violation of the freezing order. Maximum penalties of two years in prison and \$20,000 in fines were imposed.

An administrative circular will be issued reconstituting the Committee on Investigations as the Committee on Investigations and Enforcement. This Committee will be composed of members of Divisions D and E of Mr. Bernstein's staff, and representatives of the Enforcement and Licensing Divisions of the Foreign Funds Control. In addition to the present work of the Committee on Investigations, the new Committee will pass upon alleged violations of the Executive Order, and of orders, rulings, regulations and licenses issued thereunder, and recommend such administrative or other action as the

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facts and circumstances of each case might seem to it to warrant. Messrs. Lesser and Proctor worked on this matter.

The problem of omnibus accounts is still being studied. It has been tentatively decided, however, not to require the disclosure of the names of the beneficial owners of such accounts at the present time. The tentative program calls for the sterilization of each interest in such an account and its exclusion from general and specific licenses (with certain exceptions) until the identity of the beneficial owner of such interest is made known and proof is tendered that there has been no change in the beneficial ownership since the blocking of the account. The program also calls for a formal statement of policy advising the public that, after the war, banks of deposit will not be permitted to release omnibus accounts to the depositing banks but will be required to honor the claims of the beneficial owners thereof, as their interests may appear upon proof that they were the beneficial owners at the time the account was blocked.

56. Hearings. A thorough examination has been completed of the applications for unblocking coupled with a request for hearing under General Ruling No. 13, which has resulted in disposing of the great majority of them without

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hearings. It has been observed that the applicants for unblocking have automatically requested a hearing even though the merits of the case indicate either that they are not privileged under the ruling to have a hearing, or that the application could be granted as a matter of course. There is scheduled a hearing on Wm. B. Graf & Sons during September. Mr. Proctor handled this.

57. Census Reports (See July 1942 report, item 43).

(a) Census of American-owned property Abroad. In connection with the proposed census of American-owned property abroad, new report forms were drafted, a memorandum prepared setting forth the basic features of the report, and regulations drafted. Messrs. Reeves and Arnold worked on this.

(b) Series L of Form TFR-300 and Public Circular No. 4C.

The work on the new form and circular is almost complete. Conferences have been held with customs and immigration officials with respect to the problem of distributing information concerning the reporting requirements to nationals entering the United States. Messrs. Reeves and Arnold are handling this.

58. Analysis of Dollar Claims. A memorandum was written by Mr. Reeves analysing the questions of law and

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policy involved in the problem of dollar claims against foreign institutions. Interesting questions in this regard have arisen in view of the decision of the New York Court of Appeals in the recent case of Feuchtwanger v. Central Hanover Bank and Trust Company.

59. Alien Property Custodian (See July 1942 report, item 36). A study was made and conferences held with respect to Alien Property Custodian Order No. 5 which involves trusts in litigation. Mr. Reeves worked on this matter.

Conferences were held with representatives of the Alien Property Custodian and a memorandum written criticizing proposed Alien Property Custodian Order No. 6, relative to service of process on foreigners. As a result of our criticism and suggestions, revisions in the order were made. Messrs. Reeves and Aarons worked on this.

Numerous conferences have been held with the Office of the Alien Property Custodian concerning business enterprises. All cases in which that office has indicated an interest are passed on to ascertain whether they come within the terms of section 2(a) of Executive Order No. 9193. Mr. Clay represented this office.

Mr. Lawler held a number of conferences with the Alien

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Property Custodian and the State Department concerning various problems in connection with Sterling Products, Inc. (See June 1942 report, item 59(i)).

Mr. Luxford discussed various reporting problems arising in connection with the administration of the office of the Alien Property Custodian upon the basis of Treasury experience in the field. A representative of this office, Mr. Golding, is a member of a committee composed of representatives of Foreign Funds Control, Monetary Research, and Legal Division, the purpose of which is to recommend the policy to be adopted in cases involving conflicting alien property custodianships.

60. General Aniline & Film Corporation (See June 1942 report, item 59(1)). Conferences were held with regard to two legal actions filed against General Aniline & Film Corporation by employees who were ousted by this Department. A study is being made of defenses available in this type of suit by Messrs. Luxford, Lawler, and Golding, in conjunction with Messrs. O'Connell and Kotlar.

61. Philippine Problems (See July 1942 report, item 37). A number of miscellaneous matters have arisen in this field. For example, the continuance of the pay and allowances of

interned employees of the Treasury and other departments has been studied. Regulations were prepared under applicable legislation by Mr. Murphy with Messrs. Aarons and DuBois. Mr. Murphy, of this office, also participated in the consideration of a report on a bill to amend the War Damage Corporation Act with respect to the Philippines.

This office has under consideration the development of a technique for releasing Philippine securities deposited in reputable banks located abroad, in accordance with the Notice of the Philippine Government of January 14, 1942. A program is being worked out jointly with the Resident Commissioner of the Philippines and the Federal Reserve Bank of New York. Messrs. Luxford and Murphy are working on this.

General Ruling No. 10-A, a moratorium on the United States obligations of Philippine companies, was issued on August 12, 1942. This general ruling prohibits any Philippine company from making payment in this country on its obligations and prohibits any person from enforcing such an obligation by way of claim or otherwise, except as authorized by license. The purpose of this ruling was to more fully protect the interests of all parties involved. Messrs. Luxford, DuBois and Daum handled this matter.

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62. Safe Deposit Boxes (See July 1942 report, item 41). Various avenues available for disclosing the contents of safe deposit boxes leased by persons not resident within the United States are being studied. A typical case is that of Tulio Carminati, a repatriated Italian, who has a safe deposit box to which no person within the United States has access. Consideration is being given to a general ruling, forms, and possibly a directive license. Messrs. Luxford and Daum are working on this.

63. General Ruling No. 12 (See July 1942 report, item 40). Consideration is also being given to the preparation of a public interpretation to clarify certain problems, as for instance, those involving "suspense accounts", arising under General Ruling No. 12. Messrs. Luxford, Golding, and Daum are working on this.

The issuance of General Ruling No. 12 has given rise to many problems concerning retroactive licensing. Among the problems presented are: the prospective and retroactive licensing of powers of attorney, clarification of the extent to which our public documents are retroactive, the curative effect of licenses with respect to past violations, and the whole question of estates and trusts. The following

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members of this office have given study to the many legal and administrative aspects of the problem: Messrs. Aarons, Lawler, Lesser, Golding, Alk, and Miss Klein.

64. Hawaiian Scorched-Earth Program (See July 1942 report, item 38). Regulations covering all phases of this program have been completed. On August 4, 1942, the Regulations Relating to Securities were amended to include the issues of private Hawaiian corporations, and on August 13, 1942, the Regulations Relating to Safe Deposit Boxes were issued.

Virtually all securities in the Territory of Hawaii have now been perforated with the official symbol "H". Mainland securities were required to be deposited in custodian accounts by August 1, 1942, and local securities by September 1, 1942. Substantially all securities in the Territory will thus be centralized and readily available for destruction in the event of emergency. In addition, all safe deposit boxes will be inspected by October 1, 1942, to ascertain whether they contain any securities or currency in violation of the applicable regulations.

The Regulations Relating to Currency were issued in early July. After August 15, 1942, it became illegal for anyone

in the Territory of Hawaii to hold or use United States currency of other than Hawaiian series, unless licensed to do so.

In connection with all aspects of this program, it has been necessary to work out licensing techniques and to maintain a program of public relations, which included newspaper and radio announcements as well as personal talks to various groups in the Territory.

Mr. Murphy, as a representative of this office, went to Honolulu, T. H., to cooperate with local military and civil authorities in the initiation and administration of this program. He returned to Washington on August 17, 1942.

In connection with this program, it has been necessary for the staff in Washington to study licensing techniques and proposed interpretations to be given the documents issued. Messrs. Golding and Murphy are working on this. In addition, a memorandum for the Secretary was prepared by Mr. Murphy and answer made to inquiries from Delegate King.

65. Legal Memoranda. A study is being made by Mr. Minskoff of the decrees and regulations of the Nazis

so far as they affect American property situated in enemy and enemy-occupied territory. This embraces a study of the exercise of control by the Germans over various types of financial instruments in which an American interest exists.

In connection with the successful prosecution of Werner Von Clemm for violation of the freezing order, legal memoranda were prepared by Mr. Golding to meet arguments of the defense. Particular emphasis was placed upon the delegation of powers to the President by section 5(b) of the Trading with the enemy Act.

A number of miscellaneous legal memoranda involving various aspects of Foreign Funds Control and economic warfare are being prepared. A study is being made by Mr. Minskoff of the extent to which General License No. 32 and the neutral-country general licenses may be regarded as authorizing the transmission of financial instruments to addressees in blocked countries with a view toward the feasibility of issuing a public interpretation. Consideration has been given to Fibrosa S. A. v. Fairbairn, Lawson, Combe, Barbour, Ltd., recently decided by the House of Lords, which overruled Chandler v. Webster, relating to the problem of

restitution for partial performance under a contract, the full performance of which has become impossible. Further study is being given to the proposed article on Conflict of Laws in the Harvard Law Review. Mr. Golding is working on these matters.

66. Currency Program (See June 1942 report, item 47).

(a) General. This office has been successful in obtaining the cooperation of most of the Latin American countries in putting into effect local controls restricting dealings in United States currency, thus implementing the Treasury Department's program of controlling the importation of United States currency into the United States. Messrs. Luxford, DuBois and Rains worked on this program.

(b) Mexico. A member of this office, Mr. Rains, has been in Mexico City this month working out a program with the Mexican Government designed to prevent Mexico from being used by the Axis as a dumping place for looted currency. On August 14 the Mexican Government issued a decree calling in all United States currency in Mexico and forbidding the holding or dealing in United States currency in Mexico, with the exception of \$2 bills and United States coins. At the same time, the Treasury issued a general ruling prohibiting

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the exportation of United States currency into Mexico. Exceptions, however, were made in the cases of the \$2 bills and United States coins. Information which the Department has received indicates that this joint program is working very satisfactorily. Messrs. DuBois and Golding also worked on this problem.

67. Netherlands Decree. A memorandum for the Secretary was prepared by Mr. DuBois expressing the view that this Government should not take affirmative action to transfer the private Dutch assets in this country to the Netherlands Government at this time.

68. United Nations Declaration. Consideration is being given to the issuance of a joint declaration by all the Governments of the United Nations which will give formal warning to all persons concerned, and particularly to the neutral governments, that the Governments of the United Nations reserve the right to declare invalid all transfers of property rights and interests situated in the territory occupied or controlled by the Axis powers, regardless of the form which such transfers may take. Mr. DuBois is working on this.

69. Latin America (See July 1942 report, item 35).

(a) Argentina. In furtherance of the study of all available

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information concerning Argentina, which contemplates the formulation of a program through which certain types of transactions involving Argentina will be subjected to indirect control, the following activities have been in progress:

(1) Intercepts, World Trade Intelligence, Board of Economic Warfare, British Censorship, TFR-300 reports, and trade list information are being analyzed and correlated. Attention is also being given to study of the Argentine economy, particularly Argentine imports and exports and Argentine relations with European neutrals.

(2) As part of a specific program, a study is being made of assets of Proclaimed List firms and consideration is being given to taking more stringent action against the important firms. In that connection, a case study is being made of the assets and United States connections of large firms in Argentina, with the view of subjecting those firms whose activities are found inimical to the cause of the democracies, to our freezing controls.

(3) After considerable investigation and conferences with the State Department, the following program was agreed upon in connection with the Bemberg interests in Argentina:

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The bank accounts in the United States belonging to the Bemberg companies (amounting to over \$25,000,000) are being monitored. At the same time, the Bembergs, through the State Department, have been requested to supply this Government with considerable information concerning their business relationships. It has been suggested that the Bembergs may desire to come to the United States in connection with this matter. At the same time, the Bembergs are being requested to furnish an undertaking that they will not engage in any transactions with countries outside the Western Hemisphere, except pursuant to authorization of the Mission. Messrs. DuBois and Moskovitz are working on this.

(b) Brazil. A study has been commenced by Mr. Cassoday for the purpose of ascertaining what steps may be taken to assist the Brazilian Government in carrying out its program of economic warfare.

(c) General. The methods of implementing the resolutions adopted at the Inter-American Conference are being considered. The entire problem must be considered to determine the extent to which the resolutions bind the Treasury Department to take action and the extent to which they may be used as a justification for proposed action.

The question of implementation of these resolutions is directly related to the study of financial relations of the United States with the neutral European nations, since the resolutions might be deemed to require a more stringent type of control with respect to the neutrals. Mr. DuBois is working on this.

Mr. Mann was stationed in the State Department as a representative of this office on the Inter-Departmental Committee which works on a program of economic warfare for Latin America. He served as liaison on matters that were brought to his attention concerning the Treasury.

70. Neutral European Countries. The whole problem of financial controls with respect to Switzerland and the other countries is being reconvened. A committee has been appointed to study all the aspects of these problems. This includes the study of the trade activities of the neutral countries in order to ascertain the needs of further changes in their general licenses; a study of the problem of finding a method of effecting transfers to Switzerland for governmental and relief expenditures; and the problem of restricting dealings with respect to "omnibus" accounts held in the name of Swiss institutions. Mr. DuBois is working on this problem.

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71. Coinage (See July 1942 report, item 48). A memorandum, which was prepared by Mr. Brenner, on the question whether the war powers of the President could be exercised to alleviate a crucial shortage of minor coins, concluded that these powers might be exercised under certain circumstances but that the present situation did not warrant such action.

This office, in cooperation with the Legislative Section and the Mint Bureau, drafted legislation to provide for the coining of minor coin of any denomination, size, weight, shape, or material, and for the melting of standard silver dollars held in the Treasury in order to utilize the resulting cupro-silver alloy for the coining of subsidiary silver coin. Miss Hodel and Mr. Brenner worked on this.

72. Silver (See July 1942 report, item 47). This office assisted the Office of Price Administration in the preparation of regulations which will permit price adjustments when newly-mined domestic silver is used in the manufacture of semi-fabricated articles. The regulations were worked out in such manner that affidavits which would support deposits of such silver at the mints will be cancelled prior to its sale on the market. Miss Hodel and

Mr. Brenner worked on this matter.

A memorandum, which was prepared by Mr. Brenner, concluded that the seller's cost, for the purpose of determining whether any silver transfer tax is due, shall be deemed to be 71.11¢ per fine ounce when he sells newly-mined domestic silver on the market. The Bureau of Internal Revenue issued a ruling to that effect on the basis of the memorandum. As a result, the silver transfer tax will not impede the flow of newly-mined domestic silver into industry.

A statement of conditions and instructions to bidders, together with other documents, for the purpose of securing a contract for the moving of the Spanish silver from New York to Philadelphia was prepared in this office. This silver will be used for subsidiary silver coinage since it contains a considerable amount of copper. Miss Hodel and Mr. Brenner did this work.

Mr. DuBois and Mr. Brenner of this office cooperated with another branch of the Government in making arrangements for the use of a large quantity of "free silver" in a war project.

At the request of the War Production Board, this office made arrangements for the sale of 5,000,000 ounces of silver

ordinary to the Metals Reserve Company for the purpose of alleviating an acute shortage of silver needed for high priority orders. Messrs. DuBois and Brenner handled this matter.

73. Gold (See July 1942 report, item 46). Mr. Aarons and Miss Hodel of this office cooperated with Mr. Tietjens' office, the Bureau of the Mint, and the Foreign Funds Control administrative staff in working out a procedure for the release to the United States Mint at San Francisco for sale to the United States of some of the gold brought from the Philippines by Commissioner Sayre.

74. Inflation (See July 1942 report, item 50). This office participated in studies and discussions of inflation. The many problems of inflation, considered from the standpoint of expenditure rationing, taxation, price control, and various other aspects, were studied and discussed. Consideration is being given to the proposals submitted by the Divisions of Monetary Research and Research and Statistics with a view to the possible methods of their implementation through executive action or otherwise. Mr. Luxford's section, with Mr. DuBois, worked on this matter.

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Legal memoranda covering aspects of this program have been and are being prepared. Thus, a memorandum was written which related to the effect of these proposals with respect to legal tender, the Joint Resolution of August 27, 1935, and the parity provisions. Messrs. Golding and Minskoff and Miss Goode worked on this. Likewise, memoranda were prepared by Messrs. Luxford, Golding and Minskoff relating to the executive control of the extension of credit on agricultural commodities as affected by the Emergency Price Control Act of 1942.

Memoranda for the Secretary and the President have been prepared by Messrs. Luxford, Golding, Minskoff, with Mr. DuBois, in connection with the aforementioned problems.

Drafts of Executive Orders relating to inflation, which were prepared by Judge Rosenman were studied by Messrs. Luxford, DuBois, Daum and Minskoff. Counterproposals in the form of an Executive Order and other suggestions were prepared, considered by other officials of the Treasury, and submitted to Judge Rosenman.

October 7, 1942.

Note for the Files

Mr. Will Hays telephoned Mr. White at 11:45 on October 7 to make inquiry whether we had heard anything about the delay in the settlement of the terms of the new contract which the motion picture industry was negotiating with the British Government.

Mr. Hays stated that the contract had to be made for the ensuing year in October. The last discussions he had had on the matter had been with Mr. Somerville (who had been sent from England especially to discuss the matter) about two weeks ago. Mr. Somerville had stated he was returning to London and was going to press the matter and that Mr. Hays should hear from the British by the end of the month.

Mr. Hays, not having heard from London, cabled Mr. Alport in England, who had talked with Mr. Somerville. Mr. Somerville said that the final decision had not been made. Mr. Hays wanted to know whether we had ~~heard~~ any information about it. Mr. White told Mr. Hays we had not, but suggested Mr. Hays call Mr. Phillips in Washington, who might be returning to England soon, and possibly a final decision is going to await his presence.

Mr. Hays said they had agreed with the British Government on the quota with the understanding that all the funds now impounded would be released.

H. D. White

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE Oct. 7, 1942

TO Mr. White

FROM Mr. Taylor

Subject: Meeting in Mr. Berle's office, State Department, 4:00 P.M., October 6, 1942.

Present: Mr. Berle, State Department  
Sir Frederick Phillips  
Mr. Taylor, Treasury Department

1. A list of the questions, approved by the Inter-Departmental Subcommittee, on Lord Keynes' "Proposals for an International Clearing Union" was handed to Sir Frederick Phillips for appropriate comment and review. Sir Frederick Phillips stated that he would be going to London in ten days or so and would take these questions up with Lord Keynes directly. He would arrange to have the comments sent back here soon thereafter as he himself would not be returning for several weeks.
2. Sir Frederick Phillips made only scattered comment concerning the questions. The question on British Commonwealth participation in the Union and intra-commonwealth trade was viewed as rather difficult to answer; and the question (No. 10) on the voting strength of countries with large credit balances caused some concern as to what countries might be meant.
3. Mr. Berle stressed that in any program such as that suggested by Keynes two broad considerations prevailed: (a) would it be acceptable to Congress, and (b) how would it effect and fit into the monetary and financial policies of the Government. Sir Frederick Phillips replied that such would be true of any government, and that in England he felt the greatest opposition to such proposals would come from the Labor Party which was apt to look askance at the Keynes' system as being the opening wedge to put the country back on the gold standard.
4. Most of the conversation was taken up in talking of the general post-war situation; unemployment and wage rates, internal price stabilization, public works programs, etc. Sir Phillips expressed concern over the blocked sterling balances in England which would give such countries as Egypt, Portugal, South America claims on British exports in the future without equivalent British claims on goods from those areas; concern was expressed over the outlook for private investors in China and South America.
5. Mr. Berle inquired whether there would be any reason at this time why other countries should not be approached and inquiries made if they had any suggestions for post-war monetary programs; it was not thought wise

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Division of Monetary  
Research

to delay too long lest these countries should feel they were not being fully consulted. Mr. Berle was asked if he had the South American countries in mind and when he replied that he was thinking primarily of China and Russia Sir Phillips asked for a day or two to think the matter over.

The meeting adjourned at 5:20 P.M.

MEMORANDUM

October 7, 1942.

TO: The Secretary  
FROM: Mr. Sullivan

JLS

Mr. Duggan of the State Department advised me this afternoon that he had heard nothing in regard to the inquiries we asked to be made in San Domingo. He assured me that he would communicate with us immediately upon receiving any information about this matter.

## TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE Oct. 7, 1942

TO Secretary Morgenthau

FROM Mr. White

Subject: Status of Stabilization and Gold Agreements on September 30.

1. Stabilization Agreements in Operation.

Country	Dated	Expires	Amount		Collateral
			Commitment	Outstanding	
Brazil <sup>1/</sup>	7/15/37	7/15/47	\$100,000,000	None	None gold
China	7/14/37	12/31/42	50,000,000	\$19,112,500	\$19,379,000 gold
China	4/1/41	6/30/43	50,000,000	None	None required
Ecuador	3/1/42	6/30/43	5,000,000	None	None required
Ireland	5/1/42	6/30/43	2,000,000	None	None required

2. Stabilization Agreements Concluded but not yet effective

Argentina	1/1/41	6/30/41 <sup>2/</sup>	\$50,000,000	None	None required
Mexico	11/1/41	6/30/43	40,000,000	None	None required

3. Gold Purchase Agreement.

Country	Dated	Delivery by	Commitment to buy	Gold still undelivered	Advance still outstanding
Russia	1/3/42	12/29/42	\$21,070,000	\$3,081,372	\$ 638,171

4. Gold Sale Agreement:

Country	Dated	Expires	Gold Sales Commitment	not yet Paid For Outstanding	Payment due within:
Cuba	7/6/42	6/30/43	\$ 5,000,000	\$5,000,000	120 days from each sale <sup>3/</sup>

This agreement, as amended, also provides for sale to Brazil of up to \$100,000,000 in gold, of which \$44,428,346 has been sold.

Argentines informed agreement can be revived on ratification.

Cuba allowed to pay for the \$5 million outstanding with U. S. currency at Havana.

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THE WHITE HOUSE  
WASHINGTON

October 7, 1942.

MEMORANDUM FOR THE  
SECRETARY OF THE TREASURY

Please read enclosed and  
turn over to Gaston as part of his new  
work.

F.D.R.

~~SECRET~~

October 6, 1942

Dear Sumner:

It has come to my attention that Lieutenant Michel Dorence, Assistant Air Attache of the French Embassy, did, on September 1942, deliver to Captain Curt Wamberg of the Swedish Legation a memorandum containing data regarding the status of the air force personnel of our Army and Navy, together with the number of airplanes being used by these forces.

I do not know what laws there may be to control a thing of this sort but one thing seems certain to me, that the Assistant Air Attache of the French Embassy is undoubtedly making this information available to the Swedes for no good purpose. I wish you would let me know what steps we can take to stop this sort of thing. If there is no other way to get Lieutenant Dorence out of the country I would think the thing would be to notify the French Embassy that he is no longer persona grata in this country.

The same Captain Wamberg of the Swedish Legation is alleged to have prepared a report known as the "Ship Report" in which he has collected information on all of our naval ships, showing the shipyard in which they were built, the date they were put to sea and the size. I have not examined this as yet for accuracy.

I hope you will be sure to see that no member of the Swedish Legation is permitted to take information like this out of the country or to send such information through their codes to Sweden.

Sincerely yours,

*F. Franklin Roosevelt*

The Honorable  
Sumner Welles,  
Under Secretary of State,  
State Department.

JOHN EDGAR HOOVER  
DIRECTOR

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**Federal Bureau of Investigation  
United States Department of Justice  
Washington, D. C.**

OCT 6 1942

PERSONAL AND CONFIDENTIAL  
BY SPECIAL MESSENGER

Honorable Harry L. Hopkins  
The White House  
Washington, D. C.

Dear Harry:

As of possible interest to the President and you, there are transmitted herewith one copy of a "Ship Report" or "Ship Table", consisting of forty-six pages, and one copy of a report entitled "Army - Navy", which were compiled by members of the Swedish Legation, Washington, D. C., for possible transmittal to the Swedish Government. These reports came to the attention of this Bureau through a confidential and reliable source.

The informant stated that the "Ship Report" was compiled by Captain Curt Wennberg of the Swedish Legation. This report appears to contain information concerning all ships belonging to the United States. Primarily it sets out the name of the ship, shipyard in which it was built, when it was launched, and other like data. It was said by informant that this "Ship Report" would probably be sent to Sweden by diplomatic courier within the next few days.

The report "Army - Navy", the informant stated, was delivered to Captain Curt Wennberg of the Swedish Legation by Lieutenant Michel Dorance, Assistant Air Attache of the French Embassy, on September 3, 1942. It appears this compilation contains data regarding the status of the Air Force personnel of the Army and Navy, and the number of planes presently being used by those forces. It concludes with a summary of the situation as of July 1, 1942.

Every effort will be made to obtain further information concerning these and other such reports, and the purpose for which they have been compiled. Any such information received will be brought to your attention.

With expressions of my highest esteem,

Sincerely yours,

*J. Edgar Hoover*

Enclosures

**Federal Bureau of Investigation  
United States Department of Justice  
Washington, D. C.**

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Enclosures

ARMY - NAVY

PERIODIC POSITIONS

(this was written on a blue cover)

AIR ATTACHE  
WASHINGTON

PRESS REVIEW  
ARMY - NAVY  
August 1942

PERSONNEL SITUATION DIRECTING AMERICAN  
FORCES AT DATE OF JULY FIRST.

I. - ARMY

A. - TIME FORMULA

	October 1, 1941	12,000 pilots per year;
	June 1, 1942	18,000 pilots per year plus 6,000 specialists
Forecasts	January 1, 1943	30,000 pilots per year, plus 10,000
	June 1, 1943	60,000 pilots per year, plus 20,000 under reserve as material is collected

B. Effective on July 1st, 1942

Pilots: 21,000 to 21,500

Specialists: not exact but it is to be supposed that the execution  
of the program is coherent.

For an aviation total of 2,000,000 men there will be:

90,000 navigators ( 65,000 pilots  
( 25,000 specialists

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II - SITUATION REGARDING PERSONNEL OF NAVY PILOTS

From May 16, 1942 to July 25, 1942, the military newspapers (papers) showed the following admissions into "advanced training" centers of the Navy:

- May 16th:	545	pupils	entered	at	Pensacola	and	Corpus	Christi
- May 24th:	417	"	"	"	"	"	"	"
- June 6th:	375	"	"	"	"	"	"	"
- June 29th:	357	"	"	"	"	"	"	"

here it is specified that the instruction will last three months, the "primary" and probably the "basic training" being made in the reserve centers.

July 18th: 518 pupils entered at Pensacola, Corpus Christi and Jacksonville (take note that the Jacksonville beginners are fewer, this base being also used for other purposes).

- July 25th: In ten weeks, therefore, have entered a total of 2,215 students.

The fact that the course lasts not more than three months, the beginning of the instruction being stabilized in other centers, permits the thought that the elimination will be below 30%, perhaps 25%. These figures correspond, in this case, to an annual formation pace of about 8,650 pilots.

In December, 1941, the pace was set at 7,000 per year and the actual was from 6,000 to 6,500. In putting the average per month at 650, between December, 1941 and July, 1942, one finds:

Total of Navy pilots: about 11,000

Of this total, the only ones considered as trained are about the 5,000 pilots graduated before July, 1941.

These figures take no count of losses due to accidents or due to the war.

I. SITUATION ON DECEMBER 1st, 1941

	<u>ARMY</u>	<u>NAVY</u>
Training.....	7,100	2,580
Combat (Fighter).....	3,000 )	
Transport.....	200 )	1,670
	<hr/>	
	10,300	4,250
		<hr/>
		14,550

II. MONTHLY AVERAGES OF PRODUCTION DURING THE PAST SEVEN MONTHS

1. Pursuits.....	650
Dive Bombers.....	200
Two-motor Fighters and Hydros.....	650
Four-motor Fighters and Hydros.....	150
Transport.....	20
Observation and small Transports.....	380
	<hr/>
	2,050
2. Training.....	1,450
3. TOTAL.....	<hr/> <hr/> 3,500

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III - DISTRIBUTIONS(a) Training:

Exports (especially Canada).....	150
Army.....	870 (2/3)
Navy.....	430 (1/3)

For Seven Months:

Army	$870 \times 7 = 6,090$
Navy	$430 \times 7 = 3,010$

(b) Fighter:

		<u>%</u>	<u>Numbers</u>	
Pursuits:	U. S.	60	390	
	Allies	40		260
<hr/>				
Two-motors:	U. S.	50	325	
	Allies	50		325
<hr/>				
Four-motors:	U. S.	75	110	
	Allies	25		40
<hr/>				
Divers:	U. S.	100	200	
	Allies	---		
<hr/>				
Transport	U. S.	100	20	
	Allies	---		
<hr/>				
Observation	U. S.	100	380	
	Allies	---		
<hr/>				
TOTALS	U. S.	1,425		
	Allies			625
			<hr/>	2,050

For seven months the Army and the Navy have together received:  
 $1,425 \times 7 = 9,975$

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IV - LOSSES THROUGH ACCIDENTS

Losses may be estimated according to a statement from Admiral Towers before an appropriations sub-committee of the House in January 1942.

In this statement the Admiral admits for the Navy 300 planes lost per year from accidents not due to the war. He adds that the Army and the Navy have about the same losses in the schools, but that the proportion of accident losses in the small squadrons is higher in the Army than in the Navy.

(1) Assuming that the Navy had on December 1, 1941, 2,580 training planes against 1,670 fighter planes, one can estimate that the accidents can be divided as follows for a year:

220 for training  
80 for squadrons

The Army loses then, per year, with its 7,100 planes for training:

$$\frac{7,100 \times 220}{2,580} = 600 \text{ apparatus}$$

The proportion of losses in the squadrons being higher, is:

$$\frac{3,000 \times 80}{1,670} \text{ being about } 200$$

In total the Army loses then 800 planes per year through accidents

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(2) For the period of seven months, from January 1, 1942 to the first of July, 1942, this gives the following losses through accidents:

ARMY: Training	$\frac{600 \times 7}{12}$	= 350
Squadrons	$\frac{200 \times 7}{12}$	= 117
NAVY: Training	$\frac{220 \times 7}{12}$	= 130
Squadrons	$\frac{80 \times 7}{12}$	= 46

#### V - LOSSES DUE TO THE WAR

(1) A statement by General ARNOLD places at 104 the total of losses in fighter and transport planes since the beginning of operations against Japan.

We estimate that the losses not officially admitted and due to consecutive accidents in fighting, bombardments or machine gunning of American territory (Philippines, Hawaii) brings this up to about 300.

The total of these losses for the Army would then be around 400 fighter and transport planes

(2) The Navy has lost, aboard the Lexington and from the Yorktown, the total of its planes being 200. On board the three other airplane carriers which have been engaged and which have had serious losses, about 100 planes have been destroyed. Add about 50 hydro scouting planes.

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Total fighter and transport lost in war by Navy: 350

VI HYPOTHESES ON THE DISTRIBUTION OF FIGHTER AND TRANSPORT  
PLANES BETWEEN THE ARMY AND THE NAVY

We think that the contracts have shown that the production going to the United States would be one-fourth to the Navy, and for the Army three-fourths.

The 9,975 planes would then be distributed as follows:

ARMY  $3/4 \times 9975 = 7,481$

NAVY  $1/4 \times 9975 = 2,494$

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SITUATION ON JULY 1st, 1942A/ TRAINING

	<u>ARMY</u>	<u>NAVY</u>
Situation as of December 1, 1941.....	7,100	2,580
Additional 7 months.....	6,090	3,010
	<u>13,190</u>	<u>5,590</u>
Losses through accidents.....	350	130
Situation on July 1st, 1942.....	12,840	5,460
	<u>18,300</u>	

B/ FIGHTER AND TRANSPORT

	<u>ARMY</u>	<u>NAVY</u>
Situation December 1, 1941.....	3,000	1,670
Additional 7 months.....	7,481	2,494
	<u>10,481</u>	<u>4,164</u>
Losses through accidents.....	117	46
through acts of war.....	400	350
	<u>517</u>	<u>396</u>
Situation on July 1st, 1942	<u>9,964</u>	<u>3,768</u>
	<u>13,732</u>	

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Airplane Carriers</u>						
178 20-25	ordered for 1942					approx. 500,000 tons
A.....					1942	
B.....					1942	
Saratoga				"		heavily damaged
Ranger				"		
Wasp				"		
Yorktown				"		heavily damaged sunk
Enterprise				"		damaged
Hornet				"		
Essex	Newport News		7-51-42			
Bon Homme Richard	"	-41				
Kearsarge	"				9-9-40	
Franklin	"	-41				
Hancock	"				9-9-40	
Randolph	"	-42				
Bunker Hill	Beth Steel Quincy	8-2-41				
Oriscany	"	-42				
Tinconderoga	"	-42				
Lexington (ex Cabot)		8-2-41				
Independence (ex New Haven)	N.Y. S.B. Co.		8-22-42			rebuilt cruisers
X...(ex Huntington)	"	11-14-41				"
X...(ex Biloxi)	Newport News	7-19-41				"
X...(ex Vicksburg)	"	8-16-41				"
X...(Miami)	Cramp S.B. Co.	8-2-41				"
X...(Wilkes Barre)	"	9-6-41				"
<u>Assisting Cruiser Carriers</u>						
Long Island				"		formerly merchant vessel
Charger				"		"
Kitty Hawk				"		formerly train ferry
A.....						formerly merchant vessel
B.....						"

179	Name	Ship Yard	Completed	Launched	Put to Sea	Contract Date	Notes
	<u>Battleships</u>						
	Arkansas		"				Modern 1942
	Texas		"				" "
	New York		"				" "
	Nevada		"				
	Pennsylvania		"				
	Mississippi		"				
	Idaho		"				
	New Mexico		"				
	Tennessee		"				
	California		"				
	West Virginia		"				Possibly sunk
	Maryland		"				
	Colorado		"				
	North Carolina		"				
	Washington		"				
	South Dakota		"				
	Massachusetts		"				
	Indiana	Newport News				11/21/41	
	Alabama	Norfolk N. Yard				2/17/42	
	Iowa	N.Y. Navy Yard				8/27/42	Completed 1945
	New Jersey	Phil. N. Yard					" 1945
	Missouri	N.Y. Navy Yard					" 1944
	Wisconsin	Phil. N. Yard					" 1944
	Illinois	Phil. N. Yard					
	Kentucky	Norfolk N. Yard					
	<u>Battle Cruisers</u>						
	Alaska	N.Y. S.B. Co.				12/17/41	
	Guam	"					
	Hawaii	"					
	Philippines	"					
	Puerto Rico	"					
	Samoa	"					

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Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Cruisers</u>						
50-60 ordered					1942	(500,000 tons for cruisers)
A.....					1942	
B.....					1942	
Salt Lake City				"		Sunk ?
Pensacola				"		
Augusta				"		
Chester				"		
Chicago				"		
Louisville				"		
Northampton				"		
Portland				"		
Indianapolis				"		
Astoria				"		
Minneapolis				"		
New Orleans				"		
Tuscaloosa				"		
San Francisco				"		
Quincy				"		
Vincennes				"		
Wichita				"		
Pittsburgh	Beth. Steel Q.	under constr.				Possible that these 15,000-ton cruisers will be rebuilt as aircraft carriers.
Baltimore	"		7/28/42			
St. Paul	"	Oct. 1941				
Boston	"	<del>6/18/41</del>	8/27/42			
Albany	"				9/9/40	
Rochester	"				9/9/40	
Columbus	"				9/9/40	
Des Moines	"				9/9/40	
Omaha				"		
Raleigh				"		
Concord				"		
Memphis				"		
Marblehead				"		
Milwaukee				"		
Detroit				"		

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Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Cruisers (cont.)</u>						
Trenton				"		
Richmond				"		
Cincinnati				"		
Atlanta				"		
Juneau				"		
San Diego				"		
San Juan				"		
Tucson	Beth Steel S. Fr.	7/14/41 ?				6,000 tons
Oakland	"	7/14/41				"
Spokane	"				9/9/40	"
Reno	"	8/25/41				"
Brooklyn				"		
Philadelphia				"		
Savannah				"		
Phoenix				"		
Boise				"		
Honolulu				"		
Nashville				"		
Helena				"		
St. Louis				"		
Cleveland	N.Y. S.B. Co.		11/1/41			10,000 tons
Columbia	"		2/17/41			"
Montpelier	"		2/15/42			"
Denver	"		4/4/42			"
Birmingham	Newport News		5/21/42			"
Amsterdam	"	5/1/41				"
Santa Fee	Phil. N. Yard		6/11/42			"
Tallahassee	N.Y. S.B. Co.	7/15/41				"
Mobile	Newport News		4/18/42			"
Flint	Beth. Steel Co. Q.	9/24/41				"
Pasadena	"				7/1/40	"
Springfield	"	under constr.?			7/1/40	"
Topeca	"	"	?		7/1/40	"

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Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Cruisers (cont.)</u>						
Dayton	N.Y. S.B. Co.				9-9-40	10,000 tons
Wilmington	"				9-9-40	"
Providence	Beth Steel Fore River		under constr.			"
Manchester	"					"
Fargo	Federal S.B. Co.		"			"
Cheyenne	"		"			"
Duluth	"		"			"
Oklahoma City	Cramp S.B. Co.		"		9-11-40	"
Little Rock	"				9-11-40	"
Galveston	"				9-11-40	"
Youngstown	"				12-16-40	"
Buffalo	N.Y. S.B. Co.				12-16-40	"
Newark	"					"
<u>Destroyers</u>						
65 Flush Deckers						A majority have been modernized
8 Faragut						"
15 Mahan						"
8 Porter						"
5 Sommers						"
2 Dunlap						"
22 Gridley						"
10 Sims						"
25 <del>4</del> Benson						"

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Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Destroyers (cont.)</u>						
Bancroft	Beth. Steel Quincy		12/29/41			1,700 tons
Barton	"		1/31/42	"		"
Boyle	"		6/15/42	"		"
Corry	Charleston Navy Yard			"		"
Hobson	"		9/8/41			"
Sigourney	"					"
Stembel	"					"
Farenholt	Beth Steel Staten Island			"		"
Bailey	"		12/19/41			"
Champlin	" Quincy		7/25/42			"
Meade	" Staten Island		2/15/42			"
Murphy	"		under const.			"
Parker	"		4/18/42			"
Kendrik	Beth Steel San Pedro		4/2/42			"
Laub	"		under const.			"
MacKensie	"		6/28/42			"
McLanahan	"		6/1/42			"
Nields	"		"			"
Ordronoux	"		"			"
Tillman	Charleston Navy Yard		12/20/41			"
Hale	"		"			"
Woodworth	Beth Steel San Francisco		11/29/41			"
Caldwell	"		1/15/42			"
Coghan	"		2/1/42			"
Frazier	"		3/17/42			"
Ganseworth	"		4/12/42			"
Gillespie	"		5/8/42			"
Hobby	"		6/4/42			"
Kalk	"		6/15/42			"
Forrest	Boston Navy Yard			"		"
Fitch	"			"		"
Barle	"		12/10/41			"
Butler	Philadelphia Navy Yard		2/15/42			"
Cheraldi	"		2/15/42			"
Farley	Seattle Tacoma S.C. Co.		under constr.			"

	Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
	<u>Destroyers</u> (cont.)						
184	Capps	Gulf S.B. Co.			5/31/42		1,700 tons
	David W. Taylor	"			6/15/42		"
	Evans	"	7/5/41				"
	John D. Henley	"	7/5/41				"
	Shubrick	Phila. Navy Yard			4/26/42		"
	Beatty	"			4/26/42		"
	Herndorn	Norfolk Navy Yard			2/5/42		"
	Franklin Valkenburg	Gulf S.B. Co.					"
	Kidd	Federal S.B. Co.					"
	Benion	Navy Yard Boston					
Edwards	"			6/3/42			
Hudson	"						
	A.....		under const.				small type
	B.....		"				"
	C.....		"				"
	D.....		"				"
	16 ordered					1942	
	900,000 tons ordered					1942	destroyers and escort vessels of destroyer type
	Jacob Jones	} ordered					
	Truxton						
	Reuben James						
	Pope						
	Steward						
	Pillsburg					1942	escort vessels of destroyer type
	Edsall						
	Perry						
	Sturtevant						
	Langley						
	Cassin						
	Downes						

	Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
185	<u>Destroyers (cont.)</u>						
		Pringle	Charleston N.Y.		5/2/42		2,100 tons
		Stanley	"		5/2/42		"
		Stevens	"		6/24/42		"
		Bell	"		6/24/42		"
		Burns	"		8/4/42		"
		Isard	"		8/4/42		"
		Paul Hamilton	"	under const.			"
		Twiggs	"		9/-/41	completed?	"
		Hutchins	Boston N.Y.		2/20/42		"
		Guest	"		2/20/42		"
		Fullam	"		4/16/42		"
		Hudson	"	under const.			"
		Bennett	"		4/16/42		"
		Charrette	"		6/5/42		"
		Conner	"		7/18/42		"
		Hall	"	under const.			"
		Halligan	"			9/9/40	"
	Newcomb	"			9/9/40	"	
	Haraden	"			9/9/40	"	
	Abner Read	Beth. Steel S. Fr.	Oct. -41				"
	Ammen	"	11/25/41				"
	Mullany	"			9/9/40		"
	Bush	"			9/9/40		"
	Trathen	"	4/12/42				"
	Hazelwood	"			9/9/40		"
	Heerman	"			9/9/40		"
	Hoel	"			9/9/40		"
	McChord	"			9/9/40		"
	Miller	"			9/9/40		"
	Owen	"			9/9/40		"
	Putman	"			9/9/40		"
	Stephen Potter	"			9/9/40		"
	Tingey	"			9/9/40		"
	Twinning	"			9/9/40		"
	Yarnall	"	under const.		9/9/40		"
	Boyd	Beth. Steel San Pedro	6/28/42				"
	Bradford	"			9/9/40		"
	Brown	"			9/9/40		"
	Cowell	"			9/9/40		"

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Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Destroyers (cont.)</u>						
Bache	Beth Steel St. Island		7/27/42			2,100 tons
Beale	"	12/19/41				"
Brownson	"				9/9/40	"
Daly	"				9/9/40	"
Isherwood	"				9/9/40	"
Kimberly	"	42				"
Luce	"			"		"
Franks	Seattle Tacoma S.B. Co.				9/9/40	"
Haggard	"				9/9/40	"
Halley	"				9/9/40	"
Johnston	"				9/9/40	"
Laws	"				9/9/40	"
Longshaw	"				9/9/40	"
Morrison	"				9/9/40	"
Prichett	"				9/9/40	"
Robinson	"				9/9/40	"
Ross	"				9/9/40	"
Rowe	"				9/9/40	"
Shalley	"				9/9/40	"
Stoddard	"				9/9/40	"
Watts	"				9/9/40	"
Wren	"				9/9/40	"
Aulik	Cons. Steel Co. Orange		5/2/42			"
Charles Ausburn	"	under const.				"
Claxton	"	6/16/41				"
Dyson	"	6/16/41				"
Harrison	"	7/10/41				"
John Rodgers	"	7/23/41				"
McKee	"	under const.				"
Murray	"	under const.				"
Sproston	"				9/9/40	"
Wickes	"				9/9/40	"
William D. Porter	"	under const.			9/9/40	"
Young	"		6/15/42			"

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Destroyers (cont.)</u>						
187 Bristol				"		1,700 tons
Ellyson				"		"
Hambleton				"		"
Rodman				"		"
Duncan	Federal S.B. & D.D. Co.					"
Landsdowne	"			2-20-42		"
Stevenson	"			2-20-42		"
Stockton	"				2-10-41	"
Davison	"				2-10-41	"
Edwards	"			7-19-42		"
Glennon	"			7-19-42		"
Jeffers	"			7-19-42		"
Madox	"		-under const.	8-26-42		"
Nelson	"			8-26-42		"
Thorn	"				2-10-41	"
Aaron Ward	"			"		"
Buchanan	"			"		"
Lardner	"			3-21-42		"
McCalla	"			3-27-42		"
Mervine	"			5-1-42		"
Quick	"			5-4-42		"
Turner	"			"		"
Carmic	Seattle Tacoma S.B. Co.			3-7-42		"
Doyle	"			3-17-42		"
Endicott	"		6-5-41			"
Frankford	"		6-5-41			"
McCook	"			4-29-42		"
Baldwin	"			6-1-42		"
Harding	"		7-17-41			"
Satterlee	"			7-18-42		"
Thompson	"			"		"
Welles	"			"		"
Emmons				"		"
Macomb				"		"
Lafey				"		"
Cowie	Bath Iron Works Corp.					"
Knight	"					"
Doran	Boston Navy Yard			12-10-41		"
Abbot	Bath Iron Works Corp.					"
Braine	"					"
Erben	"					"

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Destroyers (cont.)</u>						
108	Fletcher	Federal S.B. Co.		5/4/42		2,100 tons
	Radford	"		5/4/42		"
	Jenkins	"		6/21/42		"
	La Valette	"		6/21/42		"
	Saufley	"		7/19/42		"
	Ringold	"			9/9/40	"
	Renshaw	"			9/9/40	"
	Philip	"			9/9/40	"
	Schroeder	"			9/9/40	"
	Sigsbee	"			9/9/40	"
	Waller	"	under constr.	8/20/42		"
	Watson	"	"	"		"
	Percival	"	"	"		"
	Nicholas	Bath Iron Works		1/31/42		"
O Bannon	"		3/15/42		"	
Chevalier	"		4/11/42		"	
Strong	"		4/17/42		"	
Taylor	"		6/7/42		"	
De Haven	"		6/28/42		"	
Conway	"		8/17/42		"	
Cony	"	under const.			"	
Converse	"	"			"	
Eaton	"	"			"	
Foote	"	"			"	
Spence	"	"			"	
Terry	"			9/9/40	"	
Thatcher	"			9/9/40	"	
Anthony	"			9/9/40	"	
Wadsworth	"			9/9/40	"	
Walker	"			9/9/40	"	
Halford	Puget Sound N.Y.	6/9/41	Put to Sea?		"	
Leutze	"	6/12/41	"		"	
Howorth	"	11/22/41			"	
Killen	"	11/22/41			"	
Mansfield	"	under const.?			"	
Metcalfe	"	"			"	
Shields	"			9/9/40	"	
Viley	"			9/9/40	"	

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Submarines</u>						
150 planned						1570 tons
25					1942	1570 "
7-O class				"		
17-R class				"		
28-S class				"		
5-Bass class				"		
Argonaut				"		
2-Narwhal				"		
Dolphin				"		
2-Chachalot class				"		
2-Pike class				"		
2-Tarpon class				"		
5-Perch class				"		probably several have been sunk
14-Salmon class				"		"
6-Tambour class				"		
6-Gar class (Gar)				"		
2-Marlin class				"		
Gato				"		1525 tons
Greenling				"		"
Grouper				"		"
Growler				"		"
Grunion				"		"
Guardfish				"		"

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Submarines (cont.)</u>						
Albacore	Electric Boat Co.			"		1,525 tons
Amberjack	"			"		"
Barb	"		5/2/42			"
Blackfish	"		4/20/42			"
Bluefish	"	8/7/42				"
Bonefish	"					"
Cod	"	under const.			9/9/40	"
Cero	"				9/9/40	"
Corvina	"				9/9/40	"
Darter	"				9/2/40	"
Angler	"				9/2/40	"
Bashaw	"				9/2/40	"
Bluegill	"				9/2/40	"
Bream	"				9/2/40	"
Cavalla	"				9/2/40	"
Gunnel	"		5/15/42			"
Gunnard	"		6/6/42			"
Haddo	"		6/24/42			"
Hake	"	under const.				"
Cobian	"	"			9/2/40	"
Croaker	"	"			9/9/40	"
Dace	"				9/9/40	"
Dorado	"				9/9/40	"
Flasher	"					"
Flier	"				9/9/40	"
Flounder	"				9/9/40	"
Gabilan	"				9/9/40	"
Jack	"				9/9/40	"
Lapon	"				9/9/40	"
Mingo	"				9/9/40	"
Muscalonge	"				9/9/40	"
Paddie	"				9/9/40	"
Pargo	"				9/9/40	"
Harder	"				9/9/40	"
Hoe	"				9/9/40	"
Drum	Portsmouth Navy Yard			"		"
Flying Fish	"			"		"
Finback	"			"		"
Haddock	"			"		"
Halibut	"			"		"
Herring	"					"
Kingfish	"		1/15/42			"
Shad	"		3/2/42			"
Runner	"		4/15/42			"
			4/30/42			"

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Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Submarines (cont.)</u>						
Sawfish	Portsmouth Navy Yard		6/30/42			1,525 tons
Scamp	"		7/20/42			"
Scorpion	"		7/20/42			"
Snook	"		8/17/42			"
Steelhead	"	under const.				"
Silversides	Mare Island Navy Yard			"		"
Trigger	"		10/22/41			"
Wahoo	"		2/14/42			"
Whale	"		3/15/42			"
Sunfish	"	under const.				"
Tunny	"		6/1/42			"
Tinosa	"	"				"
Tullibee	"	"				"
Peto	Manitowoc S.B. Co.		4/29/42			"
Pogy	"		"			"
Pompon	"	11/15/41				"
Puffer	"					"
Rasher	"					"
Raton	"					"
Ray	"					"
Redfin	"					"
Robalk	"					"
Rock	"					"
<u>Motortorpedo Boats</u>						
PT 1-4				"		
PT 5-6				"		
PT 7-8				"		
PT 9				"		
PT 10-56 (2-6 sunk)				"		
PT 57-81				"		
PT 100-105				"		large type

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Motor torpedo Boats (cont.)</u>						
192	Approx. 80 ordered	Electric Boat Higgins Inc.	several		1942	called MTB approx. 50% have been delivered to allied nations of U.S.A.
<u>Large Minesweepers</u>						
20-Owl class						
Hogan (ex-destroyer)						
Howard (ex-destroyer)						
Palmer (ex-destroyer)						
Stansburry (ex-destroyer)						
12- (ex-destroyers)						
completed or under construction (now listed with destroy- ers).						
Raven						700 tons
Osprey						"
Auk						"
Seer	American S.B. Co.			5/25/42		"
Sentinel	"			6/4/42		"
Staff	"			5/20/42		"
Speed	"			4/14/42		"
Strive	"			5/5/42		"
Steady	"			5/15/42		"
Sustain	"			6/15/42		"
Broadbill	Defoe S.B. Co.			6/20/42		"
Chicadee	"					"
Nuthatch	"					"
Pheasant	"					"
Sheldrake	Gen. Eng. & D.D. Co.			1 -/42		"
Skylark	"			1 -/42		"
Starling	"			1 -/42		"
Swallow	"			1 -/42		"
Heed	"		under const.			"
Herald	"		"			"
Motive	"		"			"
Oracle	"		"			"
Sway	John H. Mattis Co.		"			"
Swerve	"		"			"
Swift	"		"			"

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Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Large Minesweepers</u> (cont.)						
Pilot	Penn. S. Yard Inc.	under const.				700 tons
Pioneer	"	"				700 "
Portant	"	"				"
Prevail	"	"				"
Symbol	Savannah M & F Co.	under const.	7/2/42			"
Threat	"	"				"
Tide	"	"				"
Token	Gulf S. B. Co.	"		"		"
Tumult	"	"	4/20/42			"
Velocity	"	"	4/20/42			"
Vital	"	"				"
Usage	"	"				"
Zeal	"	"				"
Pursuit	Winslow Marine Co.	"				"
Requiste	"	"				"
Right	"	"				"
Sage	"	"				"
Adroit	Commercial Iron Works		put to sea			165 foot
Advent	"		"			"
Annoy	"		"			"
Conflict	"	"				"
Constant	"	"				"
Daring	"	"				"
Dach	"	"				"
Despite	Dravo Corp	"	"			"
Direct	"	"				"
Dynamic	"	"				"
Effective	"	"				"
Engage	"	"				"
Acme	Commercial Iron Works		"			"
Exel	Jacobson S. Yard Inc.	"	"			"
Exploit	"	"				"
Fidelity	Nashville Bridge Co.	"				"
Fierce.	"	"				"
Firm	Penn-Jersey Corp.	"				"
Force	"	"				"
Bullfinch, Cardinal, Catbird, Curlew, Flicker, Albatross, Bluebird, Grackle, Gull, Kite, Linnet, Goldfinch, Goshawk, Goldcrest, Chaffinch.						355 tons formerly trawlers

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Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Large Minesweepers</u> (cont.)						
X.....	Kruse & Banks S.B. Co.					220 foot wooden
X.....	"					"
X.....	"					"
X.....	"					"
X.....	"					"
X.....	"					"
X.....	Martinac S.B. Co.					"
X.....	"					"
X.....	"					"
X.....	"					"
X.....	Tacoma Boat Co.					"
X.....	"					"
X.....	"					"
X.....	"					"
X.....	Hildebrand D.D. Co.					"
X.....	"					"
X.....	"					"
X.....	"					"
X.....	"					"
X.....	"					"
<u>Small Minesweepers</u>						
YMS- 51	Consolidated S.B. Co.			"		135 foot wooden
YMS- 52	"			"		"
YMS- 53	"			"		"
X.....	"					
X.....	"					
X.....	"					
X.....	"					
X.....	"					
X.....	"					
X.....	"					165 foot steel
X.....	"					"
X.....	"					"
X.....	"					"
X.....	"					"
X.....	"					"

	Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes	
1955	<u>Small Minesweepers</u>							
	Prestige	Anderson, Cristofani S. Fr			"		165 foot wooden	
	Progress	"			"		"	
	Radiant	"			"		"	
	Reliable	"			"		"	
	Rocket	"			"		"	
	Royal	"			"		"	
	Industry	F.L. Fulton			"		165 foot wooden	
	Liberator	"			"		"	
	Loyalty	"			"		"	
	Memorable	"			"		"	
	Merit	"			"		"	
	Observe	"			"		"	
	X.....	Associated Shipbuilders					135	"
	X.....	"					"	"
	X.....	"					"	"
	X.....	"					"	"
	X.....	"					"	"
	X.....	"					"	"
	X.....	American Car & Foundry Comp.					"	"
	X.....	"					"	"
	X.....	"					"	"
	X.....	"					"	"
	X.....	Astoria Marine Constr.					"	"
	X.....	"					"	"
X.....	"					"	"	
X.....	"					"	"	
X.....	Ballard Marine Ways Co.					"	"	
X.....	"					"	"	
X.....	"					"	"	
X.....	"					"	"	
X.....	Barbour Boat Works					"	"	
X.....	"					"	"	
X.....	"					"	"	
X.....	"					"	"	
X.....	Bellingham Marine Ry. Co.					"	"	
X.....	"					"	"	
X.....	"					"	"	
X.....	"					"	"	

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Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Small Minesweepers</u>						
X.....	Burger Boat Co.					135 foot wooden
X.....	"					"
X.....	"					"
X.....	"					"
X.....	"					"
X.....	Dachel Carter S.B. Co.					"
X.....	"					"
X.....	Henry C. Grebe & Co. Chicago			"		135 foot steel
X.....	"			"		"
YMS-24	Greenport Basin Co.			"		"
YMS-25	"			"		"
YMS-26	"		3-2-42			"
YMS-29	"		4-10-42			"
YMS-120	"			"		"
YMS-184	"		7-18-42			"
YMS-185	"		8-8-42			"
X.....	"					"
X.....	"					"
X.....	"					"
X.....	"					"
X.....	"					"
X.....	Harbor Boat Co.					"
X.....	"					"
X.....	"					"
X.....	"					"
X.....	Herreshof Mfg. Co.					135 foot wooden
X.....	"					"
YMS-38	Robert Jacob Inc.			"		"
YMS-39	"			"		"
YMS-40	"			"		"
YMS-41	"		4-14-42			"
X.....	"					"
X.....	"					"
X.....	Lake Union D.D. & M. Works					"
X.....	"					"
X.....	"					"
X.....	"					"
X.....	X.....					"

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Small Minesweepers(cont.)</u>						
197	YMS-86	Larson Boat Shop				135 foot wooden
	X.....	"				"
	X.....	"				"
	X.....	"				"
	X.....	Maine S.Y. Co.				"
	X.....	"				"
	X.....	"				"
	X.....	"				"
	X.....	Martinac S.B. Co.				"
	X.....	"				"
	X.....	"				"
	X.....	"				"
	YMS-1	H.B. Nevins Inc.			"	"
	YMS-2	"			"	"
	YMS-3	"			"	"
YMS-4	"			"	"	
YMS-5	"			"	"	
YMS-6	"			"	"	
X.....	"			"	"	
X.....	"			"	"	
X.....	"			"	"	
X.....	"			"	"	
X.....	"			"	"	
X.....	Noank S.B. Co.				"	
X.....	"				"	
X.....	"				"	
YMS-12	Rice Brothers Corp.		5-15-42		"	
YMS-13	"		4-26-42		"	
X.....	"				"	
X.....	"				"	
X.....	"				"	
X.....	"				"	
X.....	Frank L. Sample Inc.				"	
X.....	"				"	
X.....	"				"	

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Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Small Minesweepers(cont.)</u>						
X.....	San Diego Marine Constr.			"		135 foot wooden
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	Seattle S.B. Co.			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	South Coast Co.			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	Stadium Yacht Basin			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	Stephen Broth.			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	Sullivan D.D. & Rep Corp			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	Tacoma Boat Build. Co.			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Small Minesweepers (cont.)</u>						
199 X.....	Weaver S. Yard			"		135 foot wooden
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	Western Boat Co.			"		"
X.....	"			"		"
YMS-42	Weeler S.B. Co.		3-17-42	"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
X.....	"			"		"
YMS-50	"			"		"
YMS-51	"			"		"
YMS-52	"			"		"
YMS-53	"			"		"
Energy	W.A. Robinson Inc.			"		97 foot
Exultant	"			"		"
Fearless	"			"		"
Fortitude	"			"		"
Acentor	"			"		"
Bateleur	"			"		"
Barbet	"			"		"
Brembling	"			"		"
Caracara	Bristol Yacht Co.			"		"
Chacalaca	"			"		"
Assertive	"			"		"
Avenge	"			"		"
Bold	"			"		"



Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Small Minesweepers (cont.)</u>						
Courier	Herreshof Mfg. Co.			"		97 foot
Defiance	"			"		"
Marabout	"			"		"
Ostrich	"			"		"
X.....	"					
X.....	"					
X.....	"					
X.....	"					
Bulwark	Hogden Brothers			"		97 foot
Combat	"			"		"
X.....	"					
X.....	"					
Security	Harry G. Marr			"		165 foot wooden
Skipper	"			"		"
X.....	"					
X.....	"					
X.....	"					
X.....	"					
Pluck	Noank S.B. Co.			"		165 foot wooden
Positive	"			"		"
Power	"			"		"
X.....	"					
X.....	"					
X.....	"					
Stalward	Snow S. Yard			"		97 foot
Summit	"			"		"
Trident	"			"		"
Valor	"			"		"
Victor	"			"		"
Vigor	"			"		"
Roller	"			"		"
Skimmer	"			"		"
Tapacola	"			"		"
Turaco	"			"		"
X.....	"					
X.....	"					
X.....	"					

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Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Small Minesweepers (cont.)</u>						
X.....	Snow S. Yard					135 foot wooden
X.....	"					"
X.....	"					"
Conqueror	Warren Boat Co.			"		165 foot
Conquest	"			"		"
Heroic	"			"		"
Ideal	"			"		"
X.....	"					
X.....	"					
X.....	"					
Reedbird, Puffin, Mocking Bird, Pipit, Frigate Bird, Magpie, Plover, Kestrel, Humming Bird, Heath Hen, Bunting, Cockatoo, Canary, Crossbill, Longspur, Sanderling, Egret, Grouse, Hornbill, Condor, Blue Jay, Waxbill, Chatterer, Pintail, Nightingale, Grossbeak, Crow, Killdeer, Flamingo, Courser, Firecrest, Paraceet, Road Runner, Kingbird, Phoebe, Sparrow, Rhea, Ruff.						formerly trawlers 115 ton
X.....	W.A. Robinson Inc.					trawler type
X.....	"					"
X.....	"					"
X.....	"					"
X.....	"					"
X.....	"					"
X.....	"					"
X.....	"					"

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Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Sub Chasers</u>						
11 Sc class (1918)				"		
8 Eagle class (1918)				"		
PC 449, 450				"		110 foot
PC 451, 452				"		170-174 foot
PC 455				"		110 foot
PC 454(ex yacht)				"		105 tons
PC 455(ex yacht)				"		105 tons
PC 456(ex yacht)				"		194 tons
PC 458(ex yacht)				"		164 tons
PC 460(ex yacht)				"		373 tons
PC 497, 498,	Westergaard Boat Works			"		110 foot wooden
PC 461, 462	Lawley & Sons			"		165 "
PC 463, 464	"			"		165 "
PC 465	"			"		"
PC 466	"			"		"
PC 467	"			"		"
PC 468	"			"		"
PC 469	"			"		"
PC 470	"			"		"
PC 471, 472, 473,	Defoe Boat & M Works			"		"
PC 474	"			"		"
PC 475	"			"		"
PC 476	"			"		"
PC 477	"			"		"
PC 478	"			"		"
PC 479	"			"		"
PC 480-486	Consolidated S.B. Co.			"		"
PC 487	"			"		"
PC 488, 489	Sullivan D.D. Co.			"		"
PC 490-495	Dravo Corp.			"		"
PC 496	L. Smith & Co.			"		"
PC 499, 500	Fisher Boat Works			"		110 foot wooden
PC 501, 502	Seabrock Yacht Corp.			"		"
PC 503	Rice Brothers			"		"
PC 504	"			"		"
PC 505, 506	Luders Marine Constr.			"		"
PC 507, 508	Matthis Yacht Corp.			"		"
PC 509(ex yacht)				"		356 tons
PC 510(ex yacht)				"		80 tons

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Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Sub Chasers(cont.)</u>						
PC 511	American Cruis. Co.			"		110 foot wooden
PC 512	"			"		"
PC 515, 514	Quincy Adams Yacht Yard			"		"
PC 515	Elizabeth City S.Y.			"		"
PC 516	"			"		"
PC 517	"			"		"
PC 518	"			"		"
PC 519	Vineyard S.B. Co.			"		"
PC 520	"			"		"
PC 521, 522	Annapolis Yacht Yard			"		"
PC 523?	"			"		"
PC 524, 525	Mattis Yacht Bld. Co.			"		"
PC 526, 527	"			"		"
PC 528	"			"		"
PC 529	"			"		"
PC 530	Westergaard Boat Works			"		"
PC 531	"			"		"
PC 532, 533	Luders Marine Constr.			"		"
PC 534, 535	"			"		"
PC 536, 537, 538.	Petterson Boat Works			"		"
PC 539	"			"		"
PC 540, 541	Robinson Marine Co.			"		165 foot
PC 542, 543	Defoe Boat Works			"		"
PC 544, 545	"			"		"
PC 546	"			"		"
PC 547	"			"		"
PC 548	"			"		"
PC 549	"			"		"
PC 550, 551.	Smith S.B. Co.			"		"
PC 552	Sullivan D.D. Co.			"		"
PC 553	"		5-31-42	"		"
PC 554	"		5-31-42	"		"
PC 555	"			"		"
PC 556	Luders Marine Works		6-23-42	"		"
PC 557	"			"		"
PC 558	"			"		"

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Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Sub Chasers(cont.)</u>						
PC 559	Jeffersonville Boat Co.			"		165 foot
PC 560	"			"		"
PC 561	"			"		"
PC 562	"			"		"
PC 563, 564	Cons S.B. Co.			"		"
PC 565	Platzers Boat Works			"		"
PC 566	"			"		"
PC 567	"			"		"
PC 568	"			"		"
PC 569	Albina Engine Works			"		"
PC 570	"			"		"
PC 571	"			"		"
PC 572	"			"		"
PC 573, 574	Dravo Corp.			"		"
PC 575, 576	"			"		"
PC 577	"			"		"
PC 578	"			"		"
PC 579	American Car & Foundry			"		"
PC 580	"			"		"
PC 581	"			"		"
PC 582	"			"		"
PC 583	Annapolis Yacht Co.			"		110 foot wooden
PC 584	"			"		"
PC 585	"			"		"
PC 586	"			"		"
PC 587	"			"		"
PC 588	"			"		"
PC 589	Electrical Boat Co.			"		135 foot wooden
PC 590	"			"		"
PC 591	"			"		"
PC 592	"			"		"
PC 593	"			"		"
PC 594	"			"		"
PC 595	"			"		"
PC 596	"			"		"
PC 597	"			"		"
PC 598	"			"		"
PC 599	"			"		"
PC 600	Consolid S.B. Co.			"		110 foot wooden
PC 601	"			"		"
PC 602	"		6-12-42	"		"
PC 603	"		6-30-42	"		"
PC 604	"			"		"
PC 605	"			"		"

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Sub Chasers(cont.)</u>						
206	PC 606					
	PC 607					
	PC 608					
	PC 609					
	PC 610					
	PC 611					
	PC 612					
	PC 613					
	PC 614					
	PC 615					
	PC 616					
	PC 617					
	PC 618					
	PC 619					
	PC 620					
	PC 621					
	PC 622					
	PC 625					
	PC 624					
	PC 625					
	PC 626					
	PC 627					
	PC 628	Quincy Adams Yacht Co.			4-15-42	
	PC 629					
	PC 630					
	PC 631					
	PC 632					
	PC 633					
	PC 634					
	PC 635					
	PC 636					
	PC 637					
	PC 638					
	PC 639					
	PC 640					
	PC 641					
	PC 642					
	PC 643					
	PC 644					
	PC 645					
	PC 646					
	PC 647					
	PC 648	Delaware Bay S.B. Co.			4-18-42	
	PC 649	"			"	

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Sub Chasers(cont.)</u>						
PC 650						
PC 651						
PC 652	Julius Petersen S.B. Co.					
PC 653	"		4-18-42			
PC 654	"		4-18-42			
PC 655						
PC 656						
PC 657						
PC 658						
PC 659						
PC 660						
PC 661						
PC 662						
PC 663						
PC 664						
PC 665						
PC 666						
PC 667						
PC 668						
PC 669						
PC 670						
PC 671	Inland Waterways Co Park Point		8-20-42			
PC 672	Walter Adams S.Y. Long Island		5-1-42			
PC 673	"			"		
PC 674	"			"		
PC 675	"			"		
PC 676	"			"		
PC 677	"			"		
PC 678	"		8-17-42			
PC 679						
PC 680						
PC 681						
PC 682						
PC 683						
PC 684						
PC 685						
PC 686						
PC 687						
PC 688						
PC 690						
PC 691						

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Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Sub Chasers(cont.)</u>						

208

PC 692  
 PC 693  
 PC 694  
 PC 695  
 PC 696  
 PC 697  
 PC 698  
 PC 699  
 PC 700  
 PC 701  
 PC 702  
 PC 703  
 PC 704  
 PC 705  
 PC 706  
 PC 707  
 PC 708  
 PC 709  
 PC 710  
 PC 711  
 PC 712  
 PC 713  
 PC 714  
 PC 715  
 PC 716  
 PC 717  
 PC 718  
 PC 719  
 PC 720  
 PC 721  
 PC 722  
 PC 723  
 PC 724  
 PC 725  
 PC 726  
 PC 727  
 PC 728  
 PC 729  
 PC 730  
 PC 731  
 PC 732  
 PC 733  
 PC 734  
 PC 735  
 PC 736

Host Boat Build Co.

7-2-42

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Sub Chasers(cont.)</u>						
PC 737						
PC 738	Julius Petersen S.Y.		6-27-42			
PC 739	"					
PC 740	"		7-14-42			
PC 741	"					
PC 742	"		8-17-42			
PC 743						
PC 744						
PC 745	Quincy Adams Yacht Co.		6-15-42			
PC 746						
PC 748						
PC 749						
PC 750						

Possibly many more sub chasers under construction or already put to sea which cannot be listed due to lack of information. Additional sub chasers have been ordered during 1942, i.e., 143(110 foot), 179(173 foot and 150 (180 foot).

Motor Vedette Boats

PTC 1-12				"		110 foot wooden
PTC 15-24	Electric Boat Comp					"

Mine Layers

Terror				"		6000 tons
Catskill	Villamette I & B Corp.	7-22-41				4700 "
Ozark	"	7-22-41				" "
A.. (ex Cavalier)				"	(formerly merchant vessel)	5056 "
B.. (Quaker)				"	"	5056 "
Wassuc (fast mine layer)				"	(formerly automobile ferry, small)	
Ramsay (ex destroyer)				"		
Gamble (ex destroyer)				"		
Breese (ex destroyer)				"		
Montgomery (ex destroyer)				"		
Preble (ex destroyer)				"		
Pruitt (ex destroyer)				"		
Sicard (ex destroyer)				"		

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Mine Layers (cont.)</u>						
Tracy (ex destroyer)				"		
Dorsey (ex destroyer 117)				"		
Palmer (ex destroyer 161)				"		
Hogan (ex destroyer 178)				"		
Howard (ex destroyer 179)				"		
Stansbury (ex destroyer 180)				"		
Zane (ex destroyer 537)				"		

Note: 10 flushdeckers are also to be reconstructed as mine layers.

Net Layers

Monitor	Ingals S.B. Co.	10/-/41				10,000 tons
Montauk	"	"				"
Osage	"	"				"
Saugus	"	"				"
Aloe	Lake Wash. S. Y.					700 tons
Ash	"					"
Boxwood	"			"		"
Butternut	"			"		"
Catalpa	Commercial Iron Works					"
Chestnut	"					"
Cinchona	"					"
Buckeye	"					"
Buckthorn	General Dry D. Co.			"		"
Ebony	"			"		"
Eucalyptus	"			"		"
Chinquapin	"			"		"
Gumtree	American S.B. Co.			"		"
Holly	"			"		"
Elder	"			"		"
Larch	"			"		"
Locust	"			"		"
Mahogany	"			"		"
Mango	"			"		"
Hackberry	"			"		"
Mimosa	"			"		"
Mullberry	"			"		"

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Net Layers</u> (cont.)						
Palm	American S.B. Co.			"		700 tons
Hazel	"			"		"
Redwood	Marrietta Mfg. Co.			"		"
Rosewood	"			"		"
Sandalwood	"			"		"
Nutmeg	"			"		"
Teaberry	John H. Mattis Co.			"		"
Teak	"			"		"
Yew	"			"		"
Pepperwood	"			"		"
<u>Seaplane Tenders</u>						
Curtiss				"		8625 tons
Albermale				"		"
Currituck	N.Y. S.B. Co.	under const.		"		"
Norton Sound	Los Angeles S.B. Co.	"		"		"
Pine Island	"	"		"		"
Puget Sound	"	"		"		"
Pocomoke(ex Exchequer)				"	(formerly merchant vessel)	7773 tons
Tangier(ex Sea Arrow)				"	"	"
Chandeleur(ex...)				"	"	6200 tons
Wright				"		"
Humbolt				"		3350 tons
Matagorda				"		"
Chincoteague	Lake Wash S. Yard		2-15-42			"
Absecon	"		2-1-42			"
Coos Bay	"		3-1-42			"
Half Moon	"	"				"
Mobjack	"	"				"
Oyster Bay	"	"				"
Rockaway	Assoc S.B. Co.	7-1-41				"
San Pablo	"		2-1-42			"
Unimak	"					"
Yakutat	"					"

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Seaplane Tenders (cont.)</u>						
212	Barnegat			"		1650 tons
	Biscayne			"		"
	Casco			"		"
	Mackinac			"		"
X.....				1942		
X.....				"		
X.....				"		
X.....				"		
X.....				"		
X.....				"		
AVD 1	Childs(ex destroyer)			"		1090 tons
AVD 2	Williamson(ex destroyer)			"		"
AVD 3	Badger(ex destroyer)			"		"
AVD 4	Clemson(ex destroyer)			"		"
AVD 5	Goldsborough(ex destroyer)			"		"
AVD 6	Hulbert(ex destroyer)			"		"
AVD 7	Preston(ex destroyer)			"		"
AVD 8	Belknap(ex destroyer)			"		"
AVD 9	Osmond Ingram(ex destroyer)			"		"
AVD10	Ballard(ex destroyer)			"		"
AVD11	Thorton(ex destroyer)			"		"
AVD12	Gillis(ex destroyer)			"		"
AVD13	Greene(ex destroyer)			"		"
AVD14	McFarland(ex destroyer)			"		"
	Lapwing(ex minesweeper)			"		
	Heron(ex minesweeper)			"		
	Trush(ex minesweeper)			"		
	Avocet(ex minesweeper)			"		
	Teal(ex minesweeper)			"		
	Pelican(ex minesweeper)			"		
	Swan(ex minesweeper)			"		
	Sandpiper(ex minesweeper)			"		
<u>Ammunition Boats (airplane)</u>						
1.	Irving yacht co				6-22-42	
2.	"					
3-8	"		under constr.			

213

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Motor Torpedo Boat Tenders</u>						
Manley				"		
<u>Destroyer Tenders</u>						
Dirie				"		
Prairie				"		
Piedmont	Tampa S.B. Co		put to sea			
Sierra	"	under constr.				
Yosemite	"	"				
X.....	Sun S.B. Co.	"				
X.....	"	"				
X.....	"	"				
Cascade				"		formerly merchant vessel
Whitney				"		
Dobbin				"		
Altair				"		
Denebola				"		
Rigel				"		
Melville				"		
Black Hawk				"		
Bridgeport				"		
<u>Submarine Tenders</u>						
X.....					1942	
X.....					"	
X.....					"	
Fulton				"		9250 tons
Sperry	Mare Island Navy Yard		12-17-41			"
Bushnell	"		put to sea			"
Neptune	"	under constr.				"
Griffin(ex Mormacpenn)	formerly merchant vessel			"		7886 tons
Pelias(ex Mormacyork)	"			"		"
Otus(ex Fred Morris)	"			"		6750 tons

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Submarine Tenders(cont.)</u>						
214	Nereus	Puget Sound Navy Yard	under constr.			
	Orion	Moore D. D. Co.	"			9250 tons
	Proteus	"	"			"
	Antaeus(ex St John)	formerly merchant vessel				"
	Holland					6185
	Argonne					
	Beaver					
Camden						
7 small (tenders)						
<u>Submarine Salvage Boats</u>						
6 ex minesweepers (Bird-class)						
Chanteclair	Moore D.D. Co					
Coucal	"		1/-/42			
Flotican	"		under constr.			
Greenlet	"					
Macan	"					
<u>Repair Ships</u>						
X.....						
X.....					1942	
Prometheus					"	
Vestal					"	
Medusa					"	
Vulcan					"	
Ajax	Los Angeles S.B. Co.					
Hector	"		put to sea			9100 tons
Jason	"		"			"
<u>Ammunition Ships</u>						
Kilauea(ex Surprise)						
Lassen(ex Shooting Star)						6200 tons
Rainier(ex Rainbow)						"
Shasta(ex Comet II)						"

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Transport Ships</u>						
215 West Point(ex America)				"		26454 tons
Wakefield(ex Manhattan)				"		24300 tons
Mount Vernon(ex Washington)				"		24500 "
Harry Lee(ex Exochorda)				"		9359 "
W.W. Burrows(ex Santa Rita)				"		6000 "
Barnett(ex Santa Rita)				"		7712 "
McCawley(ex Santa Barbara)				"		7712 "
Harris(ex President Grant)				"		14119 "
Zeilin(ex President Jackson)				"		14124 "
Warton(ex Southern Cross)				"		10000 "
Chaumont				"		8300 "
Fuller(ex City of Newport News)				"		8578 "
G.F. Elliott(ex City of Los Angeles)				"		8378 "
Heywood(ex City of Baltimore)				"		8378 "
W.P. Biddle(ex City of San Francisco)				"		8578 "
Neville(ex City of Norfolk)				"		8378 "
Henderson				"		7750 "
J. Ericson(ex Kungsholm)				"		
Grant(ex Army transport Grant)				"		
Doyen				"		
Feland				"		
Orizaba				"		
Leonard Wood				"		
Jos. T. Dickman				"		
Hunter Ligger				"		
President Adams				"		9255 "
President Hayes				"		9255 "
Chiriqui				"		6963 "
Del Orleans				"		8500 "
Hawaiian Packer				"		
Hawaiian Shipper				"		
Ile de Re				"		5104 "
Panama				"		10000 "
Mont Everest				"		5120 "
Mendocino				"		
Fort Royal				"		3485 "
Rio de Janeiro				"		8500 "
Rio de la Plata				"		8500 "
Rio Hudson				"		8500 "
Rio Parana				"		8500 "
Santa Ana				"		8095 "
Santa Teresa				"		4800 "
Sheherazade				"		13467 "

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Transport Ships(cont.)</u>						
216 Del Argentina				"		
Oriente				"		
Joseph Herves(ex Excaliber)				"		
John Penn(ex Excampion)				"		
Edward Ruthledge(ex Exeter)				"		
Arthur Middleton(ex African Comet)				"		
Samuel Case(ex African Meteor)				"		
Charles Carrol(ex Del Uruguay)				"		
Thomas Stone(ex President van Buren)				"		
Thomas Jefferson(ex President Garfield)				"		
American Banker				"		
American Farmer				"		
American Merchant				"		
American Shipper				"		
Delta Queen				"		
Delta King				"		
Winosca(ex Calusa)				"		
Aries(ex Mammet)				"		
Gemini(ex Matinicus)				"		
Libra(ex Jean Lyckes)				"		
Bomaseen(ex Bathgate)				"		
Chicopee(ex Trenton)				"		
Hosesatonic(ex Albany)				"		
Kennebee(ex Corsicana)				"		
Merrimac(ex Caddo)				"		
Saturn				"		
Antares				"		
Kaula				"		920 tons
Gold Star				"		4860 "
Keckuk				"		
Rigel(ex Edgecombe)				"		6250 "
<u>Small Transport Ships</u>						
Nr 70 ex destroyer	Dahlgren			"		1090 tons
Nr 72 "	Seemans			"		"
Nr 73 "	Little			"		"
Nr 74 "	Gregory			"		"
Nr 75 "	Stringham			"		"
Nr 76 "	Colhoun			"		"
Nr 77 "	Mckean			"		"

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Gun Boats</u>						
Sacramento				"		
Tulsa				"		
Charleston				"		
Eire				"		
Niagara(ex Hi Esmaro)				"		
St Augustine(ex yacht Noporo)				"		267 foot
Jamestown(ex yacht Alder)				"		272 "
Williamsburg(ex yacht Aras)				"		294 "
Vixen(ex yacht Orion)				"		244 "
Hilo(ex yacht Moana)				"		333 "
<u>Inspection Boats</u>						
Isabel				"		
Bowditch(ex Santa Inez)				"		6000 tons
Hannibal				"		2160 "
Summer				"		2900 "
<u>Presidential yacht</u>						
Potomac				"		
<u>Hospital Ships</u>						
Relief				"		
Solace(ex Iroquois)				"		
Shawne				"		
<u>Tankers</u>						
Cimarron				"		8000 tons
Platte				"		8000 "
Chemung(ex Esso Annapolis)				"		11500 "
Chenango(ex Esso New Orleans)				"		11500 "
Guadalupe(ex Esso Raleigh)				"		11500 "
Kaskaskia(ex Esso Richmond)				"		11500 "
Sabine(ex Esso Albany)				"		11500 "
Salamonie(ex Esso Columbia)				"		11500 "
Sanganon(ex Esso Trenton)				"		11500 "
Santee(ex Seakay)				"		11500 "
Suwanee(ex Markay)				"		11500 "

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
218 Tankers(cont.)						
Kaweah				"		4410 tons
Laramie				"		4410 "
Mattole				"		4410 "
Rapidan				"		5375 "
Salinas				"		5375 "
Tippecanoe				"		5375 "
Ramapo				"		5375 "
Trinity				"		5375 "
Sapele				"		5375 "
Sepulga				"		5375 "
Patoca				"		5375 "
Maumee				"		4990 "
Cuyama				"		4990 "
Kanawha				"		4990 "
Brasos				"		5400 "
Patapsco				"		2300 "
Rappahannock				"		2300 "
Rio Grande				"		2300 "
Susquehanna				"		2300 "
Wabash				"		2300 "
X.....				"		2300 "
X.....				"		2300 "
X.....						
X.....						
X.....						
X.....						
X.....				"		11500 "

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Guard Boats</u>						
Sylph(ex Intrepid)				"		596 tons
Plymouth(ex Alva)(gun boat)				"		2265 "
Siren(ex Lotusland)				"		662 "
Argus(ex Haida)				"		704 "
Coral(ex Yanke Clipper)				"		726 "
Zircon(ex Nakhoda)				"		958 "
Jade(ex Dr. Brinkley)				"		582 "
Turquoise(ex Entrophy)				"		513 "
Emerald(ex Savitar)				"		104 "
Sapphire(ex Margo)				"		466 "
Amethyst(ex Samona II)				"		260 "
Agate(ex Stella Polaris)				"		161 "
Onyx(ex Pegasus)				"		190 "
Amber(ex Polaris)				"		253 "
Aquamarine(ex Seawolf)				"		85 "
Opal(ex Coronet)				"		495 "
Moonstone(ex Lone Star)				"		469 "
Topaz(ex Doromar)				"		152 "
Thalia(ex Yet)				"		259 "
Dauntless(ex Delphin)				"		1125 "
Colleen(ex —)				"		— "
Gymophane(ex Seawolf)				"		433 "
Sapphire(ex Buchaneer)				"		
Tourmaline(ex Sylva)				"		
Audradite(ex Queen Ann)				"		
Crystal(ex Vida)				"		2323 "
Ramphis				"		
Murre				"		
Brown Bear				"		
Elder				"		
Kittiwake				"		
Widgeon				"		
Sard(ex Navigation)				"		
Olivin(ex Bidau)				"		
Rhodolite(ex Seapine)				"		
Peridot(ex Bymar)				"		
Sea Claude				"		
Azurtile(ex Vagabondia)				"		
Ganet(ex Cantas)				"		
Pyrophe(ex Ocean)				"		
Almadite(ex Happy Days)				"		
Placidon				"		
Pequet, Pamlice, Unalga, Talleposa, Ossippee, Redwing, Shawne, 4 Tampa class, Northland, 6 Algonquin, 6 Campbell				"		

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Guard Boats (cont.)</u>						
220 Chalcedony (ex Valero III)				"		745 tons
17 Argo class				"		
52 Active class				"		
30 small (Coast Guard)				"		
1	Avondale Marine Ways		under constr.			113 foot
2	Dubuque Boiler Boat Co.		"			113 foot
1	Jeffersonville Boat Co.		"			73 foot
3	Marine Iron & S.B. Co.		"			180 foot
4	Mojaen & Ericson S.B. Co.		"			85 foot
2	Shain Mfg. Seattle		"			85 foot
1	Toledo S.B. Co.		"			200 foot
2	Zenit Dredge Co.		"			185 foot
10	Dravo Corp.		"			180 foot
40	Weeler S. B. Yard		"			83 foot

Approximately 800 small guard boats ordered for 1942 at various ship yards.

Escort Vessels (see also destroyers)

1				"		700 tons
X.....	Phil. Navy Yard	2-15-42				"
X.....	"	2-15-42				"
X.....	"					"
X.....	"					"
X.....						
X.....						
X.....						
X.....						

Ice Breakers

A.....				"		
--------	--	--	--	---	--	--

Cadet Ships

Wyoming				"		
Seandbee (Carrier ships, Heavy seas)				"		
Seatrain Texas (Carrier ships)				"		

Boom Tugs

28.				"		
2	Dravo Corp.			"		
4	Lake Wash S. Yard			"		

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Tugboats</u>						
14 Algoma class				"		
2 Sagamore class				"		
Bay Spring				"		
Undaunted				"		
Acushet				"		
Ontario				"		
Somona				"		
Genesee				"		
Apache	Charleston S.B. Co.			"		
Calawba	"			"		
Chipewa	"			"		
Choctaw	"			"		
Hopi	"			"		
Kiowa	"			"		
Memominee	United Eng Co S Fr		put to sea	"		
Pawne	"			"		
Siox	"			"		
Ute	"			"		
Checoee				"		
Navajo				"		
Seminole				"		
X.....	Allen Boat Co.					110 foot
X.....	"					"
X.....	Cons S.B. Co.					"
X.....	"					"
X.....	"					"
X.....	"					"
5	Defoe Boat Works					65 foot
5	Grobe & Co.					65 "
10	Luders Marine Co.					64 "
Moreno	Cramp S.B. Co.			"		
X.....	Niagara S.B. Co.			"		
X.....	"			"		
4	"			"		

Year	Date Reported	Name	Type/Vessel	Place	Notes
1941	10-51	Reuben James	Destroyer	Atlantic	
"	12-10	Penguin	Minesweeper	Philippines	
222	12-15	Arizona	Battleship	Pearl Harbor	
"	12-15	Cassin	Destroyer	" "	
"	12-15	Downes	Destroyer	" "	
"	12-15	Oglala	Mine layer	" "	
"	12-15	Utah	Target ship (ex battleship)	" "	
"	12-15	Oklahoma	Battleship	" "	Officially established that the ship can be salvaged.
"	12-27	(no name)	Destroyer	Far East	Failed to return from mission.
"	12-27	(no name)	Destroyer	" "	" " " " " "
"	12-27	(no name)	Destroyer	" "	" " " " " "
1942	1-5	Heron	Seaplane Tender	" "	(small type formerly minesweepers).
"	2-5	Neches	Tanker	" "	
"	2-7	S-26	Submarine	Panama	accident
"	2-25	A. Hamilton	Gun boat	Island	
"	2-24	Iruyton	Destroyer	New Foundland	"
"	2-24	Pollux	Depot ship	" "	"
"	3-5	Jacob Jones	Destroyer	Cape May N.J.	
"	3-14	Houston	Heavy Cruiser	Java	
"	3-14	Pope	Destroyer	Java	
"	3-18	Sealion	Submarine	Cavite, Philippines	
"	3-18	Steward	Destroyer	Sourabaya, Java	
"	3-18	Shark	Submarine	Far East	
"	3-21	Asheville	Gun boat	South of Java	
"	3-24	Edsall	Destroyer	South of Java	
"	3-24	Pillsbury	Destroyer	Bali Strait	
"	3-26	Acacia	Auxiliary boat	Caribbean Sea	
"	4-5	Langley	Airplane Tender	South of Java	
"	4-5	Peary	Destroyer	South of Java	
"	4-5	Pecos	Tanker	South of Java	
"	4-10	Canopus	Sub Tender	Corregidor, Philippines	
"	4-10	Dewey Drydock	.....	" "	
"	4-10	Bittern	Minesweeper	" "	
"	4-10	Napa	Tugboat	" "	
"	4-10	Perch	Submarine	South of Java	
"	4-10	(no name)	Motor torpedo boat	Philippines	
"	4-16	Finch	Minesweeper	Philippines	
"	4-21	PT-34	Motor torpedo boat	Cebu, Philippines	
"	4-21	PT-55	" "	" "	
"	4-27	Sturtevant	Destroyer	Florida Coast	

Officially Confirmed Shipping Losses

U.S. Navy

<u>Year</u>	<u>Date Reported</u>	<u>Name</u>	<u>Type Vessel</u>	<u>Place</u>	<u>Notes</u>
1942	5-4	Mindanao	River gun boat	Corregidor	
"	5-6	Oahu	" " "	"	
"	5-6	Tanager	Minesweeper	"	
"	5-6	Pigeon	"	"	
"	5-6	Luzon	River gun boat	"	
"	5-6	Quail	Minesweeper	"	
"	6-4	Cytheria	Patrol boat	"	
"	6-12	Sims	Destroyer	Atlantic	
"	6-12	Neosho	Tanker	Coral Sea	
"	6-12	Lexington	Aircraft Carrier	Coral Sea	
"	6-25	Gannet	Seaplane Tender	Coral Sea	
"	6-25	(no name)	Gun boat	Atlantic	(small type formerly minesweeper)
"	6-25	(no name)	Gun boat	"	
"	6-25	YP-389	Patrol boat	"	
"	7-14	Hammann	Destroyer	Midway	
"	8-20	Ingraham	Destroyer	Atlantic	

October 7, 1942.

My dear Mr. Stettinius:

For the Secretary, I wish to acknowledge your letter of October 5th, regarding the meeting on the Russian Aid Program to be held in your office on October 6th at 3:30 p.m.

The Secretary has requested Mr. Clifton E. Mack, Director of Procurement, to represent him at this meeting.

Very truly yours,

(SIGNED) W. N. THOMPSON

Administrative Assistant  
to the Secretary.

Hon. E. R. Stettinius, Jr.,  
Administrator,  
Lend-Lease Administration,  
Washington, D. C.

*Sent by special  
message 10.7.42 at 5:15 p.m.*

jc

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Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Cruisers (cont.)</u>						
Dayton	N.Y. S.B. Co.				9-9-40	10,000 tons
Wilmington	"				9-9-40	"
Providence	Beth Steel Fore River	under constr.				"
Manchester	"					"
Fargo	Federal S.B. Co.	"				"
Cheyenne	"	"				"
Duluth	"					"
Oklahoma City	Cramp S.B. Co.	"				"
Little Rock	"				9-11-40	"
Galveston	"				9-11-40	"
Youngstown	"				9-11-40	"
Buffalo	N.Y. S.B. Co.				12-16-40	"
Newark	"				12-16-40	"

Destroyers

65 Flush Deckers				"		A majority have been modernized
8 Faragut				"		
15 Mahan				"		
8 Porter				"		
5 Sommers				"		
2 Dunlap				"		
22 Gridley				"		
10 Sims				"		
23 <del>24</del> Benson				"		

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Destroyers (cont.)</u>						
Bancroft	Beth. Steel Quincy		12/29/41			1,700 tons
Barton	"		1/31/42	"		"
Boyle	"		6/15/42	"		"
Corry	Charleston Navy Yard			"		"
Hobson	"		9/8/41			"
Sigourney	"					"
Stembel	"					"
Farenholt	Beth Steel Staten Island			"		"
Bailey	"		12/19/41			"
Champlin	" Quincy		7/25/42			"
Meade	" Staten Island		2/15/42			"
Murphy	"	under const.				"
Parker	"		4/18/42			"
Kendrik	Beth Steel San Pedro		4/2/42			"
Laub	"	under const.				"
MacKensie	"		6/28/42			"
McLanahan	"		6/1/42			"
Nields	"	"				"
Ordronoux	"	"				"
Tillman	Charleston Navy Yard		12/20/41			"
Hale	"	"				"
Woodworth	Beth Steel San Francisco		11/29/41			"
Caldwell	"		1/15/42			"
Coghlan	"		2/1/42			"
Frazier	"		5/17/42			"
Ganseworth	"		4/12/42			"
Gillespie	"		5/8/42			"
Hobby	"		6/4/42			"
Kalk	"		6/15/42			"
Forrest	Boston Navy Yard			"		"
Fitch	"			"		"
Barle	"		12/10/41			"
Butler	Philadelphia Navy Yard		2/15/42			"
Gheraldi	"		2/15/42			"
Farley	Seattle Tacoma S.C. Co.	under constr.				"

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Destroyers(cont.)</u>						
184	Capps	Gulf S.B. Co.		5/51/42		1,700 tons
	David W. Taylor	"		6/15/42		"
	Evans	"	7/5/41			"
	John D. Henley	"	7/5/41			"
	Shubrick	Phila. Navy Yard		4/26/42		"
	Beatty	"		4/26/42		"
	Herndorn	Norfolk Navy Yard		2/5/42		"
	Franklin Valkenburg	Gulf S.B. Co.				"
	Kidd	Federal S.B. Co.				"
	Benion Edwards Hudson	Navy Yard Boston "		6/5/42		
A.....		under const.			small type	
B.....		"			"	
C.....		"			"	
D.....		"			"	
16 ordered					1942	
900,000 tons ordered					1942	destroyers and escort vessels of destroyer type
Jacob Jones Truxton Reuben James Pope Steward Pillsburg Edsall Perry Sturtevant Langley Cassin Downes	} ordered				1942	escort vessels of destroyer type

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Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Destroyers (cont.)</u>						
Pringle	Charleston N.Y.		5/2/42			2,100 tons
Stanley	"		5/2/42			"
Stevens	"		6/24/42			"
Bell	"		6/24/42			"
Burns	"		8/4/42			"
Izard	"		8/4/42			"
Paul Hamilton	"	under const.				"
Twiggs	"		9/-/41	completed?		"
Hutchins	Boston N.Y.		2/20/42			"
Guest	"		2/20/42			"
Fullam	"		4/16/42			"
Hudson	"	under const.				"
Bennett	"		4/16/42			"
Charrette	"		6/5/42			"
Conner	"		7/18/42			"
Hall	"	under const.				"
Halligan	"				9/9/40	"
Newcomb	"				9/9/40	"
Haraden	"				9/9/40	"
Abner Read	Beth. Steel S. Fr.	Oct. -41				"
Amnen	"	11/25/41				"
Mullany	"				9/9/40	"
Bush	"				9/9/40	"
Trathen	"	4/12/42				"
Hazelwood	"				9/9/40	"
Heerman	"				9/9/40	"
Hoel	"				9/9/40	"
McChord	"				9/9/40	"
Miller	"				9/9/40	"
Owen	"				9/9/40	"
Putman	"				9/9/40	"
Stephen Potter	"				9/9/40	"
Tingey	"				9/9/40	"
Twinning	"				9/9/40	"
Yarnall	"	under const.			9/9/40	"
Boyd	Beth. Steel San Pedro	6/28/42				"
Bradford	"				9/9/40	"
Brown	"				9/9/40	"
Cowell	"				9/9/40	"

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Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Destroyers (cont.)</u>						
Bache	Beth Steel St. Island		7/27/42			2,100 tons
Beale	"	12/19/41				"
Brownson	"				9/9/40	"
Daly	"				9/9/40	"
Isherwood	"				9/9/40	"
Kimberly	"	42				"
Luce	"			"		"
Franks	Seattle Tacoma S.B. Co.				9/9/40	"
Haggard	"				9/9/40	"
Hailey	"				9/9/40	"
Johnston	"				9/9/40	"
Laws	"				9/9/40	"
Longshaw	"				9/9/40	"
Morrison	"				9/9/40	"
Prichett	"				9/9/40	"
Robinson	"				9/9/40	"
Ross	"				9/9/40	"
Rowe	"				9/9/40	"
Shalley	"				9/9/40	"
Stoddard	"				9/9/40	"
Watts	"				9/9/40	"
Wren	"				9/9/40	"
Aulik	Cons. Steel Co. Orange		3/2/42			"
Charles Ausburn	"	under const.				"
Claxton	"	6/16/41				"
Dyson	"	6/16/41				"
Harrison	"	7/10/41				"
John Rodgers	"	7/23/41				"
McKee	"	under const.				"
Murray	"	under const.				"
Sproston	"				9/9/40	"
Wickes	"				9/9/40	"
William D. Porter	"	under const.			9/9/40	"
Young	"		6/15/42			"

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Destroyers (cont.)</u>						
107 Bristol				"		1,700 tons
Klyson				"		"
Hambleton				"		"
Rodman				"		"
Duncan	Federal S.B. & D.D. Co.			"		"
Landsdowne	"		2-20-42			"
Stevenson	"		2-20-42			"
Stockton	"				2-10-41	"
Davidson	"				2-10-41	"
Edwards	"		7-19-42			"
Glennon	"		7-19-42			"
Jeffers	"		7-19-42			"
Madox	"	-under-const.	8-26-42			"
Nelson	"		8-26-42			"
Thorn	"					"
Aaron Ward	"				2-10-41	"
Buchanan	"			"		"
Lardner	"			"		"
McCalla	"		3-21-42			"
Mervine	"		3-27-42			"
Quick	"		5-1-42			"
Turner	"		5-4-42			"
Carmic	Seattle Tacoma S.B. Co.					"
Doyle	"		3-7-42			"
Endicott	"		3-17-42			"
Frankford	"	6-5-41				"
McCook	"	6-5-41				"
Baldwin	"		4-29-42			"
Harding	"		6-1-42			"
Satterlee	"	7-17-41				"
Thompson	"		7-18-42			"
Welles	"					"
Emmons				"		"
Macomb				"		"
Lafey				"		"
Cowie	Bath Iron Works Corp.					"
Knight	"					"
Doran	Boston Navy Yard					"
Abbot	Bath Iron Works Corp.		12-10-41			"
Braine	"					"
Erben	"					"

Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Destroyers (cont.)</u>						
100 Fletcher	Federal S.B. Co.			5/4/42		2,100 tons
Radford	"			5/4/42		"
Jenkins	"			6/21/42		"
La Valette	"			6/21/42		"
Sauley	"			7/19/42		"
Ringold	"				9/9/40	"
Renshaw	"				9/9/40	"
Philip	"				9/9/40	"
Schroeder	"				9/9/40	"
Sigsbee	"				9/9/40	"
Waller	"				9/9/40	"
Watson	"			under constr. 8/20/42		"
Percival	"			"		"
Nicholas	Bath Iron Works			1/31/42		"
O Bannon	"			3/15/42		"
Chevalier	"			4/11/42		"
Strong	"			4/17/42		"
Taylor	"			6/7/42		"
De Haven	"			6/28/42		"
Conway	"			8/17/42		"
Cony	"			under const.		"
Converse	"			"		"
Eaton	"			"		"
Foots	"			"		"
Spence	"			"		"
Terry	"					"
Thatcher	"				9/9/40	"
Anthony	"				9/9/40	"
Wadsworth	"				9/9/40	"
Walker	"				9/9/40	"
Halford	Puget Sound N.Y.	6/9/41	Put to Sea?			"
Leutze	"	6/12/41	"			"
Howorth	"	11/22/41				"
Killen	"	11/22/41				"
Mansfield	"	under const.?				"
Metcalfe	"	"				"
Shields	"				9/9/40	"
Viley	"				9/9/40	"

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Name	Ship Yard	Launched	Put to Sea	Completed	Contract Date	Notes
<u>Submarines</u>						
150 planned						1570 tons
25						1570 "
7-O class				"	1942	
17-R class				"		
28-S class				"		
5-Bass class				"		
Argonaut				"		
2-Narwhal				"		
Dolphin				"		
2-Chachalot class				"		
2-Pike class				"		
2-Tarpon class				"		
5-Perch class				"		
14-Salmon class				"		probably several have been sunk
6-Tambour class				"		"
6-Gar class (Gar)				"		
2-Marlin class				"		
Gato				"		1525 tons
Greenling				"		"
Grouper				"		"
Growler				"		"
Grunion				"		"
Guardfish				"		"

October 7, 1942.

My dear Mr. Stettinius:

For the Secretary, I wish to acknowledge your letter of October 5th, regarding the meeting on the Russian Aid Program to be held in your office on October 8th at 3:30 p.m.

The Secretary has requested Mr. Clifton E. Mack, Director of Procurement, to represent him at this meeting.

Very truly yours,

(SIGNED) W. N. THOMPSON

Administrative Assistant  
to the Secretary.

Hon. E. R. Stettinius, Jr.,  
Administrator,  
Lend-Lease Administration,  
Washington, D. C.

*Sent by special  
message 10.7.42 at 5:15 p.m.*

jc

LEND-LEASE ADMINISTRATION  
WASHINGTON, D. C.

E. R. STETTINIUS, JR.  
ADMINISTRATOR

October 5, 1942

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

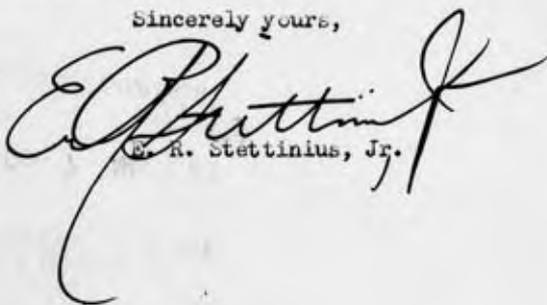
Dear Mr. Secretary,

In view of the President's Directives dated October 2, 1942 concerning the Russian Aid Program, it is important that those concerned should promptly hold a meeting with the Soviet Ambassador and representatives of the Soviet Government Purchasing Commission.

As one of those specially addressed by the President, will you be good enough to send your representative to such a meeting to be held in my office on Thursday, October 8, 1942, at 3:30 p.m.

With best wishes,

Sincerely yours,

  
E. R. Stettinius, Jr.

22

Sent to State Dept on 10/7 for transmittal.

To: Dr. H. H. Kung,  
Minister of Finance,  
Chungking, China.

From: Henry Morgenthau, Jr., Secretary of the Treasury.

Dr. William H. Taylor has returned to the United States from Hong Kong and has resigned his position as alternate American member of the Stabilization Board as of September 30, 1942. In view of these facts, I would like to recommend that Mr. Solomon Adler, who is at present acting alternate American member of the Stabilization Board, be appointed alternate American member of the Stabilization Board at the same salary which the previous alternate was paid. Until an American member is appointed, Mr. Adler could function as the acting American member of the Stabilization Board.

HW BB

GK. IMH

NOT TO BE RE-TRANSMITTEDCOPY NO. 13BRITISH MOST SECRET  
U.S. SECRETOZL No. 347

Information received up to 7 A.M., 7th October, 1942.

1. NAVAL

Home Waters. 5th/6th. Our light craft of which one motor gun-boat and one motor torpedo boat were lost, engaged E-boats west of FLUSHING destroying one and damaging others.

2. MILITARY

RUSSIA. Germans have made further slight progress in Northern part of STALINGRAD. There are indications that a German force may have crossed the river KUMA and be advancing southwards towards the area northeast of MOZDOK. In the upper Terek area Russians are resisting strongly and counter attacking at some points.

3. AIR OPERATIONS

WESTERN FRONT. 5th/6th. Identification of AACHEN very difficult in bad weather conditions. Reports indicate good concentrations of fires in centre of town as well as fires spread over a wide area. Nearly 450 tons of bombs were dropped. ~~76th~~ Single Mosquitos bombed BREMEN, MUNSTER and SAARENBUKEN. 3 Mosquitos bombed diesel engine works and power station at HENGLO (HOLLAND). Two Spitfires set on fire a minesweeper off BERCK. 6th/7th. 237 aircraft were despatched to attack OSNABRUCK. Six are missing.

EASTERN FRONT. Aircraft of Black Sea Fleet have bombed enemy formations in CAUCASUS and sunk several small naval craft in the BLACK SEA during past few days.

BURMA. 5th. Fourteen Blenheims bombed YEWANGYAUNG and KALEWA where barracks and other buildings were hit.

TREASURY DEPARTMENT

229

INTER OFFICE COMMUNICATION

DATE Oct. 7, 1942

TO Secretary Morgenthau  
FROM Mr. Hoflich  
Subject: German Submarine Strength

The Office of Strategic Services estimates that the Nazis will have about 320 submarines available for use in all areas at the end of this year, as compared to 190 at the end of August, 1942.

If the proportion of the German submarine fleet assigned to the Atlantic remains constant, this would bring the commissioned strength of the Atlantic submarine fleet from about 140 in August to 220 in December.

If the same ratio is maintained between those in port and on patrol, the number of Nazi U-boats operating in the Atlantic would be about 130 at the end of the year as against approximately 90 in August.

These estimates assume the accomplishment of German production schedules. These schedules may be seriously hampered by (1) increased Allied bombing raids on Western Europe and (2) an apparent shortage of skilled labor.

(Office of Strategic Services, "The War This Week",  
September 24 - October 1, 1942)

October 8, 1942

2-30

The Secretary sent the original of this letter over to the President today with his personal card on which he had written in his own handwriting, "What, if anything, should I do about this?"

231

THE WHITE HOUSE  
WASHINGTON

October 10, 1942.

MEMORANDUM FOR  
THE SECRETARY OF THE TREASURY

Forget this. The Joint  
Chiefs of Staff have nothing  
to do with this and Leahy  
understands all about it.

F. D. R.

THE JOINT CHIEFS OF STAFF  
WASHINGTON

October 7, 1942.

**SECRET**

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

Dear Mr. Secretary:

The Joint United States Chiefs of Staff have given careful consideration to the joint letter, prepared under your direction, to the Secretary of State to be signed by the Secretaries of War, Treasury, and Navy, with reference to suspending freedom from examination of diplomatic pouches and mail, persons and baggage of diplomats entering or leaving the United States.

The Joint United States Chiefs of Staff are convinced that retaliation to such action would be certain and that, in view of the military and political information now received by the United States through such channels, we would lose considerably more than we would gain.

In their consideration of this subject the Joint United States Chiefs of Staff studied the effects of the proposed action almost entirely from a military point of view. They did, however, call on representatives of the State Department to present their recommendations from a political point of view, and they also studied the degree to which the proposed action would stem the flow of information to the enemy. In this connection it was found that the most secret information in all probability leaves the country by passage over the Mexican border and thence to enemy governments through various channels. It is the opinion of the



**SECRET**

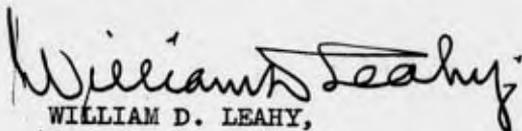
**SECRET**

State Department that most of the information that leaves the country in diplomatic pouches is not of a highly secret nature.

For the above reasons the Joint United States Chiefs of Staff recommend that the proposed letter not be sent.

Sincerely yours,

For the Joint U. S. Chiefs of Staff:



WILLIAM D. LEAHY,  
Admiral, U. S. Navy,  
Chief of Staff to the  
Commander in Chief of the Army and Navy.

**SECRET**

THE WHITE HOUSE  
WASHINGTON

October 7, 1942.

MEMORANDUM FOR

THE PRESIDENT

The Secretary of the Treasury just telephoned to say that the Irish Legation here in Washington has six diplomatic pouches going to the Irish Legation in Vichy, France. Ireland was not included in the directive so he has no authority to act. He feels that it is rather unusual to have six going at once, and as it is a matter of seconds, can you O.K. this memo to go ahead and open them for inspection?

G. G. T.

*Yrs F. D. R.*