

● P.S.F. Subject File

Contracts, War

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Subject
File

PSF

Contracts folder
War
3-44

WAR DEPARTMENT
WASHINGTON

October 18th, 1944.

Memorandum for the President:

In my memorandum of October 14, 1944, I reported to you that the cases of cancellation of contracts currently taking place in the War Department were largely of a small and routine nature. There will be no large-scale cutbacks until the war in Europe is finished.

Production for the Army Ground Forces aggregated approximately \$1,962,000,000 in August. This monthly delivery rate must be increased to approximately \$2,400,000,000 prior to the end of the present calendar year if we are to achieve our objectives.

The Army Air Forces have made a reduction of approximately ten percent in their over-all program. However, this reduction is to be effected over a period of nine months, largely through revision in schedules, and no drastic cutbacks are now in contemplation.

The established procedures for effecting the routine changes in programs currently taking place appear to be functioning effectively. After thorough consideration I have concluded that present controls are effective, and I believe that imposition of further restrictions, such as requiring approval of cancellations by the Secretary of War, would be unwise.

Henry L. Stimson

Secretary of War.

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THE SECRETARY OF THE NAVY
WASHINGTON

17 October 1944.

CONFIDENTIAL

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MEMORANDUM TO THE PRESIDENT

I have ascertained that my immediate Office is informed of all proposed cancellations of contracts involving substantial amounts prior to final action being taken upon them.

It is not the practice of Navy contracting officers to issue stop-work orders in advance of approval of proposed cancellation by the Navy Department. It seems to me that this procedure should provide adequate safeguard against proposed cancellations being unfairly or improperly reported.

I am returning herewith memorandum for you of the Secretary of War which General Watson sent me.

James Forrestal

James Forrestal

Enclosure

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DOD DIR. 5200.9 (9/27/58)

Date- 3-19-59

Signature- *Carl S. Spicer*

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WAR DEPARTMENT
WASHINGTON

October 14, 1944.

MEMORANDUM FOR THE PRESIDENT:

Yesterday when I returned from the Cabinet meeting I looked into the situation in the Army's procurement department in regard to the cancellation of contracts with a view to seeing whether we could carry out the Secretary of the Navy's suggestion that all such cancellations could be made subject to the approval of the Secretaries of War and Navy, and I found that the number of such cancellations - most of them small, routine, and for technical reasons - which take place every month is over four thousand and that it would be manifestly impossible to tie them all up even for a short time without exciting very adverse speculation. The situation in the War Department is entirely different from the Navy where they have a comparatively few large contracts which are continuous in character.

I am therefore trying to see whether any safeguards of some other character can be introduced to serve the same purpose of protecting the announcement of such contracts being unfairly or improperly reported. In the absence of Judge Paterson, I have asked his Executive Officer to take it up at once and report to me.

W. L. S.

Secretary of War.

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DOD DIR. 5200.9 (9/27/58)

Date- 3-19-59

Signature- Carl S. Spicer

October 16, 1944.

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MEMORANDUM FOR THE SECRETARY OF THE NAVY:

The President asked me to send you
the attached memorandum.

EDWIN M. WATSON
Secretary to the President.

Memo. to the Pres. from the Secy. of War Oct. 14 1944 Confidential
re cancellation of contracts of Army and Navy.

BY MESSENGER