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September 18, 1941
9:15 a.m.

THE SOCIAL SECURITY

Present: Mr. Brown
Mr. Currie
Mr. Elough
Mr. Haas
Mr. Viner
Mr. Bell
Mr. Kuhn

H.M.Jr: Take up from here, Dan.

Bell: Roy only got part way through the explanation yesterday, and we got off on dismissal wage.

It seems to me social security and dismissal wage ought to be kept separate and distinct, and we ought to go ahead on the security for a while, and maybe come back to the dismissal wage.

I should say Roy ought to go ahead and explain.

H.M.Jr: Go ahead, Roy, and I guarantee to interrupt you.

Bell: Guarantee to interrupt him?

H.M.Jr: Yes.

Elough: To summarize and refresh your memory for just a second, yesterday I reviewed very briefly the public assistance proposals

for liberalizing and expanding public assistance, adding a general relief category. Then we went into the insurances on the old age and survivors' end, and saw that the Board wanted the retirement age for women reduced from sixty-five to sixty, and wanted permanent disability added to the program, wanted it extended to practically all workers and self-employed. We had just started on unemployment insurance, where the Board first wants the conversion of the present Federal-State unemployment insurance system to a straight Federal system.

Just how the transfers and reserves and everything else would take place is not entirely clear from their memorandum, but at any rate, they would like to have one straight Federal unemployment insurance system.

They also asked to have the benefits liberalized. I think they want both the minimum and the maximum increased, the waiting period shortened, and the length of the benefit period lengthened, so that as I understand, they would like to have a maximum unemployment benefit running for about half a year, twenty-six weeks in all, which would substantially increase the period over the present. They also want to bring in about three million more workers under unemployment insurance.

They do not ask to have all of the workers brought in who would be in under the old age and survivors' insurance, because obviously, self-employed people and, for that matter, certain types of the employees who couldn't be handled under unemployment insurance very well.

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Then they have some brand-new ideas in addition to these. One is to broaden the insurance program to include cash benefits for temporary disability. In other words, sickness or other temporary disability, probably not including the workmen's compensation for accidents arising out of the job, but other types of temporary disability.

There would be an unemployment benefit and also a cash hospital benefit.

H.M. Jr: Excuse me, aren't you going up to Vice-President Wallace, Harry?

White: Wasn't that Friday?

H.M. Jr: Gee whiz, let me see.

Blough: Perhaps the biggest thing they asked for is this temporary disability and cash hospital benefits. It is really getting over into the sickness insurance field, and they propose both benefits for unemployment due to illness or temporary disability and cash hospital benefits, possibly to be paid directly to the hospital in many cases and insuring workers' hospital service.

Then they have several contingent recommendations for the national defense, people in the national defense program, proposals which should be ready in case they are needed, like benefits to dependents of persons in the military services and the protection of the insurance rights of people who are in the national defense program and have gone into the Government service, and so on.

Then they propose that all of the social security programs, including the public

assistances, including the insurances, should be merged into one national security system under the Social Security Board, of course, but that not only do they want to take the forty-eight unemployment insurance systems and merge them into a national unemployment insurance system, but they want to take all the insurances, everything, and merge it into one national system.

Viner: Including Railroad Retirement?

Blough: Well, they would like to but I don't think they go so far as to recommend it, because of the political implications.

The next point is, not only do they want to put the operation of insurances into one system and as I understand it, more or less merge the funds also, although I am not too clear about the extent to which they would fully merge the funds, but they want the taxes to be administered, or contributions, not taxes, the contributions or premiums, or call them what you please, to be administered by the same body that administers the out-payments, which of course means not that the Bureau of Internal Revenue would take over the handling of social insurance claims, but that the Social Security Board would take over the collection of the contributions under the payroll taxes. That has been proposed. I understand there is some difference of opinion in the Treasury about it, that Mr. Sullivan and the Commissioner feel there might be some advantages in letting them do it, that it is quite a nuisance to collect the taxes in some cases, and very expensive in some cases.

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There has been difficulty in the interpretation of the benefits side as compared to the tax side, and I think perhaps Mr. Bell, on the other hand, has felt the other way about it.

And then, perhaps most important from the fiscal point of view, they propose that as of January, 1942, that is, next January, they propose that the payroll taxes which now total five per cent, namely three per cent for unemployment insurance, one per cent - that is, on employers - one per cent on employers for old age, one per cent on workers for old age, that that five per cent be increased to ten per cent, exactly doubled, of which four per cent would on employers for unemployment insurance and one per cent on employers and three per cent on employees for old age insurance, and two per cent on employees for temporary disability and hospital benefits, which would mean five and five split, the employer to pay five per cent, the worker to pay five per cent.

At the present time, the employer pays four, the worker pays one. This would be an increase of one on the employer and four on the workers. That would make a total of ten. They would presumably then let the increases now provided in the old age and survivors' insurance go up as scheduled, which would bring the total rate eventually to twelve per cent on January 1, 1949.

Now, that is in brief the sort of program they would like to see put into operation, and it means in effect, an increase in yearly collections from a billion seven hundred million to about four billion four

hundred thirty million dollars, the increase in their proposals of all kinds. It would mean an increase from about a billion seven to about four billion four hundred thirty. It would also mean a substantial increase in disbursements, but during the period when prices were rising, during the defense program period, let's say, when employment was good, the collections would exceed the disbursements very substantially, so that they would expect that in a four-year period, in the four years 1942 to 1945, in the four calendar years, if their proposals were put into operation, the excess of collections over disbursements would be about twelve and a half billion dollars.

Now, at the present time, or as of January 1, 1942, there will be something over four billion dollars reserved in the funds for unemployment compensation and old age retirement, so that the total excess of collections over disbursements as of January 1, 1946, would thus be in the neighborhood of seventeen billion dollars, if their proposals were placed in operation.

Bell: They have got an estimate there of the income and outgo for a depression year.

Blough: Yes, I think that most of you have seen that breakdown which we asked for after the last meeting. I don't think the Secretary has had that. The last column on that table is their estimate, very rough, and I must say they have been very decent, I think, to give us their rough figures with great humility - but nevertheless we asked to have the breakdown as nearly as we could get it. They think that in a depression year they would pay out six and nine tenths billion dollars.

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Bell: What includes the --

Blough: Under public assistance as well.

H.M.Jr: Have you got a copy for Brown?

Brown: I have a copy.

White: Providing the depression is at least four years from now, 1946.

Bell: Yes. They estimate that under the strictly social insurance end that they would pay out a billion dollars in a depression year more than they would take in, so they would have to go down into the reserve. Also, during that year they would pay out two billion two of public assistance, which is direct relief, making a total of three billion - a little over three billion dollars that they would pay out more than they would get in. But the public assistance is contemplated to come right out of the Treasury, and not out of these taxes.

Blough: It would mean more borrowing of the money from the taxes into the Treasury.

Bell: Either that or some other.

Blough: Plus three billion dollars from some other source.

H.M.Jr: Jake, can't you ask some questions?

Viner: I have read the memorandum.

Blough: He answers questions.

H.M.Jr: I mean, are you satisfied with all these recommendations?

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Viner:

Why, some of them are policy things. I am satisfied with the general drift of it, but I would say first that it is much too big a program to be newly introduced in one year, if only for the administrative reasons, that the job is so big that they ought to spread it over several years. They might introduce it as a program, different parts to take effect at stages so that they shan't be overwhelmed at the start at the task.

Secondly, I would say that the fiscal considerations are so important now that I would like to have a hand in the selection of the order so as to pick the things which at the moment produce revenue for the Treasury, and postpone the things which mean immediate disbursements. You can't do that wholly. You have got to give something for what you take. Then the next thing is, what I am very much afraid of, is that if they presented a program like that to Congress, it has got plums and it has got spines, thorns, and Congress would pick out the pleasant things and might leave the rest, with the result that it might mean on the whole, a drain on the Treasury, as compared to the present plan for a while at least, rather than a relief to the Treasury.

H.M.Jr:

Just like they went along on the lowering of the exemptions.

White:

Well, but they haven't been that way in Social Security, have they, Jake? That hasn't characterized Congressional attitude on the Social Security program. I think they have gone in the other direction.

Viner:

Oh, yes it has.

White: I don't think you could sustain that, Jake, on the social security program.

Viner: There was one liberalization by Congress, and there is lots of pressure, as you know, in Congress and outside for - there is pressure now, I mean even now, within the last few weeks, I have seen editorials, and I have seen arguments from the social security enthusiasts that it is absurd to build up so big a reserve and we are collecting much more than we should, and that therefore the benefits should be increased now, so that if you include the increase in the benefits in this program, they are liable to pick that up and say that is what we need now to better our social security program.

The rest of it can be postponed. I would simply say that there is that danger.

Bell: I think there is.

Viner: And there is nothing in this program as presented to us that checks that danger. There is no hint there that the order of introduction matters, and in their alternatives there is one of them there where they themselves figure what would happen to our revenues, an alternative in which there is a minus sign, in which the changes that might be made and selected would decrease the net revenues to the Treasury. Isn't that correct?

Blough: Yes.

Brown: That is if the benefits were offered without the increase in tax.

Viner: I would say if presented in that form, if that is the document that is going to the

President and then is going to the public, there isn't any punch in it for any question of timing or fiscal needs or the emergency. There is no pressure on Congress in that report to take into account the present emergency and the problem of inflation, so that I myself would certainly not be inclined to be hostile to the plan as a whole. I think we are going that way and, on the whole, I think it is the right way to go. I am more concerned with the planning of it, with the timing of it, and my advice to the Treasury would be that it is not its primarily concern to devise a social security program.

There is another agency whose main responsibility it is, but it is the Treasury's concern to look very closely at its short-run impact on its own status and also its long-run impact.

H.M.Jr:

Well now, Jake, you have done just what I wanted you to do.

Which of these things would you put on the plus side and which would be on the minus?

Viner:

My own private preference would be strongly for extending unemployment insurance in all the directions indicated, more substantial benefits, shorter waiting period, longer period of benefit, increased rates, increased coverage, to me that being the most satisfactory part of the whole program. It has more attractive features. And because from the Treasury point of view, that works very beautifully in terms of the Treasury emergency needs now, and also in terms of the country's needs in case the defense move collapses, so I would push that. I would give it every support. I would

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say even if nothing else is passed, that is all to the good, but I would not regard it as I think some people do here, as an alternative to the dismissal wage. I would say that you could put the dismissal wage on top of that. The dismissal wage standing by itself is not to me as attractive a thing as basic unemployment insurance. The dismissal wage is a supplement to unemployment insurance and is also, from the point of view of the Treasury, an ideal arrangement in terms of the problems.

H.M.Jr:

As a supplement?

Viner:

As a supplement, and I would not get in the position of saying because we are proposing dismissal wages they can retreat from unemployment insurance.

Brown:

I think that is basically sound, that you improve the unemployment insurance as a long-run scheme and get in every improvement which will help in a depression but will be improvements you want to stick by. Then, in addition, a supplementary thing for this emergency, a temporary thing, the dismissal compensation.

H.M.Jr:

You were very helpful, Jake. Now, let's just take this one bite, you see. Where do you differ from Viner?

Brown:

On this unemployment insurance not at all. I will make one addition. I think it ought to be Federal.

Viner:

That to me is another story. I think probably it ought to, but I haven't got any strong opinion on that.

H.M.Jr:

I am just trying to - I mean, that is what I want. I wrote a letter, at least I signed

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a letter which was written for me, which I would like - Currie had a copy of it. I don't know whether he saw it, but I would like to make sure he sees it, and Brown, but not for circulation, please. I mean, it is a copy of my letter to the President, you see. I say I want to talk over this thing with him and so forth, because I think it is a good program, but - and now he has sent for me now, and he has said, "Well, what do you want, Henry?" You see?

- Bell: You say he has sent for you?
- H.M.Jr: If he sent for me.
- Viner: One of the things Treasury ought to do is pick out priorities in that program, a preferred list of the order.
- H.M.Jr: That is what we are doing. Let me go just one step further, Jake. Where do you differ from Viner, Currie, in what he just said? Would you put something else number one?
- Currie: I would put unemployment insurance number one. I gather Jake would put dismissal wage number two.
- Viner: Oh, no, not necessarily.
- Currie: Because I was going to differ if you did. Because I feel that from the fiscal point of view and anti-inflation, our main concern here is increasing in-payments relative to out-payments at the time being. Now, what that is to finance is another matter. My own preference would be to use that later to finance the most pressing economic needs. Temporary disability, for instance is a very

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pressing economic need which we haven't touched yet. A more adequate system of old age allowances. Before I would place those - I would give those priority ahead of a dismissal wage, which is not related to need in any way. The larger the man's pay, the better his salary, the more steady his employment, the higher dismissal wage he gets, or his claim for it. It is a little bit of extravagance, it seems to me, when at the same time you are having a lot of rather urgent social needs going unsatisfied.

H.M.Jr: But you would start with strengthening and increasing unemployment insurance?

Currier: That is right, and I would very much be in favor of making it a Federal scheme.

H.M.Jr: Well, there again, I am learning how to walk again, but that is the way you feel.

Currier: Yes.

H.M.Jr: Harry? Excuse me, George, I am sorry.

Haas: I am inclined to agree with Jake, mainly because of the fiscal considerations in this period. I agree with Lauch, too, but if you look at these figures you find out that the excess will be very little in case of the temporary disability benefits.

Viner: There really shouldn't be any particular excess there. There is no reason for - why disability benefits shouldn't be as large in boom time as in a distress time.

Haas: For that reason, I would be inclined to - it is just a question of what a country

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can afford at a particular time, and I would be inclined, if we are going to take it piecemeal, to go along about as Viner has.

H.M.Jr:

You are agreeing that the first thing is to strengthen unemployment insurance?

Haas:

That is right, I would put two the disability - I mean the separation wage.

H.M.Jr:

That would be number two.

Viner:

I would put two myself, the adjustment of the social security to the armed forces, if you asked me, but that is a minor phase.

Brown:

I think we have two parallel things here. That is, there are certain changes that are due, so to speak, in the social security such as this disability protection and so on, which would come by evolution anyway, but are darned good to have in these times when you are trying to make people feel that democracy offers a pretty good line of protection, but over on the other side, unemployment insurance and dismissal compensations, they are more concerned with the particular stage of business boom and depression that we are entering on.

H.M.Jr:

How much - let's say we just did whatever the recommendation is on unemployment insurance. How much money would that take out of circulation?

Blough:

They recommend one per cent more on employers for unemployment insurance, and that plus the extension of coverage and an expected increase in employment conditions, would be raised from nine hundred million now at three per cent to a billion six hundred million at four per cent, not all of which would be due to the recommendations, but most of it would.

- H.M.Jr: That is seven hundred million?
- Blough: That is seven hundred million increase coming from employers, not employees.
- Viner: Well, you will need to make a deduction from that. Perhaps half a billion increase due to the changes in the law they propose.
- White: The other two will take place anyway.
- Viner: It will be a result of the growth in business.
- Blough: And then there will be decreases in Federal taxes for a very substantial portion of the seven hundred million also.
- Viner: You mean on the merit rating?
- Blough: No, the merit rating presumably has been taken into consideration, but I mean the fact that to the extent that this has been absorbed by employers, a lot of it is coming out of Federal income taxes and Federal excess profits taxes, so it won't be net.
- H.M.Jr: But to answer my question, it would be about a half billion dollars?
- Blough: I would think net possibly somewhat less than that, but that is not far from the magnitude.
- H.M.Jr: Harry?
- White: Well, Mr. Secretary, my approach to this is somewhat different, and I probably am not in accord with the rest. I look at this thing in a much broader way. I don't feel that this country has - there is any question about its ability to afford this kind of a program now. I would say, on the contrary, they can - they can't afford not to have it. Therefore, from the

point of view of the over-all problem, I would like to see the Treasury support this whole program. From a fiscal point of view, there are advantages in this program, but from a fiscal point of view there are not quite enough, and that is why I would like to see it supplemented with a severance wage. That means, to be sure, a very substantial increase in out payment on the part of employees and employers. It doubtless will be called forced savings. All of that, I think, is relatively unimportant. There is going to be opposition, but I think that the needs for the time demand extraordinary measures, and I think that we are going to come to them anyhow if the war continues, and the fight might as well be made right off the bat. So I would feel strongly about going ahead with the whole program plus a severance wage and not selecting - saying this is the most important and this is least important, because the result of that will be, you will get at best what you may regard as most important and the others you won't get.

With respect to the timing for administrative purposes, anything of that character, I think that is fine. I mean, there is no need for this program so far as certain portions of it to go into effect at once. It may be stepped up a year or two. That is not important. But for the Treasury to support the whole program, I think is important. From the fiscal point of view, I think you can make a very strong case for the kind of wage you talked about yesterday, have an emergency wage which can stop if you like after the emergency, so I should like to see you go out wholeheartedly for this without any attempt to say that some of the details, and which I take it none of us in the Treasury are in a position to evaluate without a great deal more study, without raising any more questions on those particular items.

- Bell: Are you talking about the entire program of the Social Security Board or just the Social Security program?
- White: The whole program as summed up on this page here plus the severance wage. And that won't give you so very much in the first year, which I take it is the year we are most concerned with from a fiscal point of view, from an inflationary point of view.
- In 1942 this whole program yields an excess of two billion six. Now, how much is that more than what the present program is?
- Bell: About a billion.
- Viner: But from the point of view of business, what is the excess load on them?
- White: I was first pointing from an inflationary - from the point of view of withdrawing purchasing power from circulation. The amount of the increase of this whole program is not in the magnitude that I think we have to consider the problem, which indicates the necessity for a severance wage which might add to that a couple of billion dollars, a billion or two billion.
- Viner: Or for postponement of some of the liberalizing provisions.
- White: Well, from the--
- Viner: That is why the increase is so small.
- White: I don't think we can go backward in that sort of thing.
- Currie: There is one liberalizing provision there that provides for the Federal Government taking over

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a substantial part of the general relief load from the states and municipalities. I am not sure I quite see the reason for that at this time.

Brown:

I think the general basic factors that apply to the Treasury in getting behind that overall Social Security picture would be very advisable. I think that the moral factors in the country would be very much enhanced by some of these features, but, at the same time, the emphasis of the Treasury on the unemployment insurance and dismissal compensation doesn't finish the job.

The thing that worries me sometimes is if the fiscal picture be over emphasized on these old age and survivors and other insurances, it would give the impression that we only go ahead on Social Security when we want the money, that on the unemployment insurance and the dismissal compensation there is every justification for emphasizing the boom and depression sides.

H.M.Jr:

Ferdie, make a note of that will you, of the emphasis on the boom and depression. I think that is good, you know. He is talking about boom and depression.

You are next, Roy.

Blough:

It seems to me that one or two things shouldn't be done. I don't think this program should be approved just because of its fiscal aspects unless you really are sold on it as a long-time, permanent program for the country, because I don't believe you will ever get out of it once you get in it. If you offer temporary disability, if you offer permanent disability protection, if you offer increased benefits of these kinds, you are going to be

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permanently obliged to pay them, and therefore it seems to me that is the first thing that ought to be determined, is whether this is the type of program for the long-run which the - which you are prepared to support.

There are some advantages of types which haven't been mentioned yet in supporting temporary disability and these others at this time and that is the proposal to extend coverage to a great many groups where the administrative problems are going to be very difficult will be made somewhat easier if there are current benefits which the workers and self employed can see that they are going to get for their money. It is going to be easier to extend the coverage to groups which the Board has in the past been somewhat reluctant to recommend extension of coverage to because of their unwillingness - of the unwillingness of people to pay for something which they can't see for many years in advance.

It seems to me that certainly the first emphasis may properly be placed on the unemployment insurance. It serves several purposes. If the emphasis is then to be on the fiscal only, we are a little reluctant about the rest of the program, I think the next point should be dismissal compensation. If, however, you are sold on the idea this is something the country is coming to, it seems to me this would be a very good time to put it into operation and support it.

As to the public assistance, it seems to me that that ought to be very carefully and closely tied up with the WPA appropriation and that every effort ought to be made in the case of this extension of public assistance to see to it that the total Federal contribution at this

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time for relief purposes should not be increased or should be increased by the very minimum because otherwise we will get all this and heaven too.

H.M.Jr: Ferdie, there is a good point for you.

Blough: Which is probably not what we would want.

H.M.Jr: There is a good point for you.

Blough: So that I should agree that unemployment insurance is the place to start, and I should agree that if the program is something you think the country can afford in the long pull and will be willing to afford, that this would be a good time to go in for the rest of it, except the public assistance which I think ought to be scrutinized very carefully.

H.M.Jr: Mr. Bell?

Bell: I agree--

H.M.Jr: Last but not least.

Bell: I agree heartily with what Roy says on it. I think that this is an excellent time to put the whole scheme into effect, if we can afford it, and I don't know where this thing is going to lead us in the end. It seems to me a boomtime is the best time to get your additional coverage and work out your administrative problems because it can't be done in a depression. You have got too many people to get payments in a depression to work it out. It seems to me this is a good time to do it. I think you shouldn't put this in for fiscal necessity, but nevertheless the fiscal necessities are here and I think they should be stressed. I think if the President doesn't stress the fiscal necessities as it goes to Congress,

as Jake Viner says, you are going to get all of the benefits and you are going to get none of the taxes or very few of them, because Congress is going to pick that side.

I think, like Roy, that the public assistance has got to be studied very carefully, because I think this is another organization getting into the direct relief field.

Now, McNutt thinks that if they do this job and do it well that they will reduce materially WPA rolls of the unemployables. If we have one organization, I should think that it ought to be the Social Security organization to do it, but we certainly don't want two organizations competing with each other in that field.

H.M.Jr: Could I just say one thing? I mean, the terminology. There was a period after we had - not WPA, but what was the thing?

Viner: CWA?

H.M.Jr: Where Hopkins just at the stroke of a pen sold nine hundred thousand unemployables down the river, just severed them and threw them back on the states, and from that day to this we have never done anything for the unemployable.

Bell: That is right. We have been out--

H.M.Jr: There were nine hundred thousand people that just at a stroke of the pen were thrown out, and we have never done anything for them. I don't know how many are still on the relief lists. I think over in WPA they call them employables and not unemployables.

Bell: There are a great many people on WPA rolls that are really unemployables.

- H.M.Jr: Aren't you mixing that with the direct relief the states are doing?
- Bell: I think the states are doing what is estimated at three hundred fifty million dollars a year of direct relief.
- White: There is not supposed to be anybody on the rolls who are unemployables, Dan.
- Viner: They are unemployables on ordinary employment standards.
- White: That is right. Employers won't give them jobs, but they are not unemployable.
- Viner: It is becoming harder to give them jobs as minimum standards are laid down by the Federal Government.
- H.M.Jr: The fact remains for me anyway, unemployables are the people that really can't do an eight-hour job.
- Blough: These people aren't sick, they are not insane--
- White: These people are not unemployable, Mr. Secretary, if that is your criterion. They can do an eight-hour job and this is according to all their comments on it, but so long as employers have younger men that they can get and more skilled men and so on, these are the people whom they would take on last, and since they have never reached the last, they don't get jobs.
- H.M.Jr: But I don't call this an unemployable.
- White: I don't either.
- H.M.Jr: I am thinking of somebody with a physical disability.

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- White: There are not supposed to be any on the rolls but doubtless a few have crept in.
- Blough: Unemployability is a variable term.
- Brown: Remington Arms offered to take a thousand off WPA. They went over two thousand records and got seven.
- H.M.Jr: Well, we started out and we couldn't get anybody to pick apples. I have had to turn people away. We employ about seventy-five people and half of them are women. I actually got more people than I could use.
- Viner: You couldn't get them from WPA?
- H.M.Jr: Nobody from WPA.
- Viner: In the rural and agricultural areas, there is another story. They are employable but won't take the kinds of employment they have.
- H.M.Jr: They sent me twenty NYA boys because they wouldn't work, but the average age of the people I am using on my farm today is sixty years old, but I have got them and they are good workers.
- Were you through, Dan?
- Bell: No.
- H.M.Jr: Let me say this: I can only do one thing at a time, and I think we are making progress in my own mind, you see. I would like to continue this next Tuesday at nine-fifteen, because Monday, Mr. Bell, we have got to make up our mind what we are going to do with the Fed. Somebody has got to make up his mind.
- Do you think you could be here?

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Brown: I think so, sir.

H.M.Jr: You see, Dan, you can have any time you want Monday. I really would like to cut - fish or cut bait, you see.

Bell: O.K. I think we can make a recommendation.

H.M.Jr: How would eleven o'clock strike you?

Bell: That would be fine.

H.M.Jr: Monday?

Bell: Yes.

H.M.Jr: Can you (Currie) come? You won't be here, will you Jake? You might see if you can get Walter Stewart here, Dan. Eleven o'clock will be Federal Reserve, but I really would like to - because if we are going to do any financing or anything--

Bell: Do you want to ask Ronald?

H.M.Jr: Yes. That leaves you until Tuesday. Will you go away somewhere now and take a motor drive?

Blough: I have spent all my money. I will play golf then and not come in in the morning and not worry about anything.

H.M.Jr: Don't come into the Treasury now.

Blough: Not until Tuesday.

H.M.Jr: How is that?

Blough: Fine.

White: Mr. Secretary I would like to say just one more word on this that hasn't been said.

H.M.Jr: Do you want the last word, Harry. (Facetiously)

White: The last word, yes. I would like to say it now instead of next week, and I can repeat it next week. (Laughter) It seems to me that the greatest indictment--

H.M.Jr: Do I see something in your eyes?

White: That part of me is home. (Laughter)

(Discussion off the record.)

White: The severest indictment, we will all agree, that has been brought against our economy is the lack of security in many ways, and I think that indictment is going to be extremely important if we win this war, particularly since Nazism will be out of the cards and there will be only one other "ism" that will compete and it will be an "ism" which will be an increased danger unless we go a whole lot further in the direction of providing security for all classes than we have done in the past.

We already are fifty years behind any other nation, and I think for us to keep thinking in terms of what we have done, keep thinking in terms of "can we afford this," I think puts the whole program on a scale far less than what we ought to think in terms of, and that is why I would be inclined to approach it that way rather than in the past terms.

Brown: I would like to go along with that because I think the most dangerous time we are going through will be after this war is won, say, and we have this relapse because you will have a hodge-podge of all these "isms," and you will have the question of whether it was all worth doing.

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- H.M.Jr: Well, we will have Roosevelt-ism instead of Nazism. (Facetiously)
- Brown: But there will be a lot of people out of work and who will have gone to Norfolk or some place like that and they will go back home and say, "What was it all about."
- H.M.Jr: You haven't met any resistance here yet have you?
- White: No, I don't mean to suggest--
- H.M.Jr: But I mean I have got to do this thing a step at a time, and I feel we are making real progress but I would like to get this Federal Reserve thing out of the way first.
- Viner: If I may say a word on this basic, long-run view--
- H.M.Jr: You want to have the last word too?
- Viner: Last word?
- H.M.Jr: You won't have it, because I will bet Harry--
- White: Not unless he agrees with me.
- Haas: I would like to say something if I am not shut off too.
- Viner: I would say Social Security is a second-best approach, not a best approach, and it is a patch-work thing, and the basic defect in this country in which we are fifty years behind other countries is the raising of the educational, vocational, and health tone of the people and that a large part of the length of the depression and the incapacity of the American people to adapt themselves and find ways out is due to the fact that our educational system

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has not - has left tremendous patches of peasant and backward areas equivalent to the Balkans. We have our Balkans here at a tremendous rate and the Federal Government has really not touched that phase of the question at all heavily. That is the most obvious gap.

- Currie: The University of Chicago hasn't been doing its job.
- Viner: U. of Chicago is at the other end of the sphere. That is a mass education job. We are not skilled people. Our skill is all in the engineers and factory superintendents, but the masses of the workers are unskilled. As compared to Germany or Switzerland or even France, we have done miracles with them. A lot of skill concentrated at the top and then a mass of unskilled workers, and that is bad, including unskilled farmers.
- H.M.Jr: Well, I will get in the next-to-the-last word. We still have our one-third underfed, undernourished, and unhoused.
- Viner: I would add "undertrained" and "undereducated."
- H.M.Jr: I am not losing sight of the--
- Viner: We are not going at that angle, that is the point.
- White: That is not before the Treasury.
- Viner: Neither is Social Security.
- H.M.Jr: Treasury never goes outside its backyard.
(Laughter)
- Viner: It is only the others who step in our fields.

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H.M.Jr: Harry always reminds me to stay in my back-yard.

Now, for instance, we are all excited and depressed because General Maxwell has suddenly returned.

Bell: Did we have anything to do with that?

Viner: You had better ask me. I know more about that than the Secretary does.

White: Did I mention this to you? Dean Acheson, at the meeting last night, had a little rancor against Ed and myself. He said, "Did you fellows know about this? The first I heard of it was over the radio."

H.M.Jr: Tell the story about going over in the car with me.

Viner: What I told you?

H.M.Jr: Yes.

Viner: Well, the Secretary said, "When Mr. Wallace did that, his first job without consulting anybody, it was news to me," and I said, "News to you? Why? Wallace knew what you wanted. He was serving your purposes and carrying all the load." The Secretary says, "What do you mean, he knew what I wanted?" I said, "I heard you tell Wallace that they ought to get rid of Maxwell," and he says, "I told him that?" And I said, "Yes, I heard you tell him that and everybody agreed except Wayne Taylor of Commerce. Acheson was there, and Acheson agreed too, and there was a general line-up against Maxwell. You spoke very vigorously that they must get rid of Maxwell. Wallace was merely carrying out your orders but taking all

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the blame, and now you criticize him for it."
(Laughter)

H.M.Jr: Not too much. But the first I knew about it was when I got the press release. I am delighted.

Well, then, we are going to have a meeting at which you (Currie) are going to be present Monday at eleven, and then we will continue this at nine-fifteen on Tuesday. You like to sit in on these?

Currie: Very much.

H.M.Jr: I like to have you in on them.

7-11-45

ESTIMATES OF CONTRIBUTION YIELD AND DISBURSEMENTS
 UNDER AN EXPANDED SOCIAL SECURITY PROGRAM, 1942-3-4-5, ^{1/}
 AND IN A DEPRESSION YEAR ^{2/}
 (Calendar years)
 (in billions of dollars)

	<u>1942</u>	<u>1943</u>	<u>1944</u>	<u>1945</u>	<u>1942-5</u>	<u>Depression Year</u>
<u>Contributions yield</u>						
<u>Social Insurance</u>						
Old-Age and Survivors Insurance (and Permanent Disability) ^{2/}	1.7	2.1	2.1	2.1	8.0	1.58
Unemployment Compensation	1.5	1.6	1.7	1.8	6.6	1.35
Hospital benefits	.3	.4	.4	.5	1.6	(.75)
Temporary Disability Benefits) ^{4/}	.3	.4	.4	.5	1.6	
Total	3.8	4.5	4.6	4.9	17.8	3.68
<u>Disbursements</u>						
<u>Social Insurance</u>						
Old-Age and Survivors Insurance (and Permanent Disability) ^{2/}	.2	.3	.4	.5	1.4	.9
Unemployment Compensation	.4	.4	.4	.4	1.7	3.0
Hospital Benefits	*	.4	.4	.4	1.2	.4
Temporary Disability Benefits) ^{4/}	*	.3	.3	.3	.8	.4
Total	.6	1.4	1.5	1.6	5.1	4.7
<u>Public Assistance</u>	.6	.8	1.0	1.1	3.5	2.2
<u>Grand Total</u>	1.2	2.2	2.5	2.7	8.6	6.9
<u>Excess</u>						
excess of Social Insurance Contributions Yield Over Social Insurance Disbursements:						
	3.2	3.1	3.1	3.3	12.7	-1.02
excess of Social Insurance Contributions yield Over Combined Social Insurance and Public Assistance Disbursements:						
	2.6	2.3	2.1	2.2	9.2	-3.22

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- 1/ Estimates are preliminary and subject to revision—based upon a continuation of the National Defense Program during 1942-3-4-5. Estimates are rounded out to nearest whole numbers.
 - 2/ Depression year may be considered here as 1946. Estimates are subject to a wide range depending upon the initial severity and duration of the recession, the extent and character of other government programs, etc.
 - 3/ Permanent disability benefits first become payable January 1, 1943.
 - 4/ Hospital benefits and temporary disability benefits become payable January 1, 1943, but contributions for these benefits become payable January 1, 1942.

FEDERAL SECURITY AGENCY
SOCIAL SECURITY BOARD
WASHINGTON, D. C.

September 12, 1941

Mr. Roy Blough,
Director of Tax Research,
Treasury Department,
Washington, D.C.

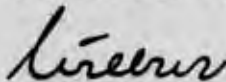
Dear Roy:

In accordance with your telephone request, I am attaching herewith a table which I hope will serve your needs. The information with respect to the contributions yield and disbursements for the depression year is particularly subject to a wide margin of error, depending upon the many factors involved which are, of course, still unknown.

These various estimates represent a kind of "probable" experience, although it is possible that the actual experience might be somewhat higher or somewhat lower than that given.

I have had the figures prepared in accordance with what I understood to be your request over the telephone. If any of the items are not clear, please let me know.

Very truly yours,



Wilbur J. Cohen,
Technical Adviser
to the Board

Enclosure

September 18, 1941
9:24 a.m.

Kenneth
Hogate: Thank you. Your man from New Jersey is quite
a citizen.

HMJr: Is he?

H: The information I'm giving you comes from his
superiors in the American Telephone and Telegraph
Company.

HMJr: Yeah.

H: And they say he is an able and daring thinker.

HMJr: Very what?

H: Able and daring thinker.

HMJr: Yes, daring.

H: With a very liberal type of mind.

HMJr: Yeah.

H: They do not know what his politics are, but
from what they say about him, I can very well
imagine that he was a supporter of the President.

HMJr: Is that right?

H: Yes.

HMJr: Uh huh.

H: He's a director of the insurance - of several
insurance companies and of Bamberger's in Newark.

HMJr: Yeah.

H: He was born in 1886.

HMJr: Uh huh.

H: Let's see. That would make him.....

HMJr: Fifty-five.

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H: Fifty-five, yes. A Harvard man.

HMJr: Yeah.

H: He's in charge of the New Jersey Telephone Company, and the telephone people regard him as one of the ablest operators in their entire system.

HMJr: Well, that's interesting.

H: And he's apparently a fellow who can get along with almost anybody.

HMJr: Well, he might even get along with me, then.

H: (Laughs) Yes. If he got along with Mr. Hague, I'd think it would be easy to get along with you.

HMJr: That's right.

H: And that, the Telephone Company regarded as quite an accomplishment.....

HMJr: I see.

H:to get along with Mr. Hague.

HMJr: Right.

H: He has an exceptionally fine relationship with his employees.....

HMJr: Yes.

H:and he makes a practice of talking with every employee at least once a year.....

HMJr: Is that right?

H:either by telephone or personally.

HMJr: That's amazing.

H: It seems to me that it is.

HMJr: Yeah.

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H: He has no political commitments as far as the Telephone Company people know.....

HMJr: Yeah.

H:but he's definitely a liberal.

HMJr: Well, I'm very glad to get that from you. It seems as though I hit two good ones.

H: Well, it certainly seems like you'll get two dandies.

HMJr: Right.

H: All right, sir. I'm glad to give it to you.

HMJr: Ever so much obliged.

H: All right, then. Oh, Mr. Secretary.....

HMJr: Yes.

H: I want to thank you for some very fine attention that I got from Mr. Sullivan. I don't know whether you knew about it, but at least I think I ought to tell you.

HMJr: Yes.

H: In the tax bill, which is now nearing completion.....

HMJr: Yes.

H:the bills that passed the House have been almost diabolically worked to exclude us from seeing the press.

HMJr: Oh, for heaven's sake.

H: And I talked to Mr. Sullivan and he took me to Mr. Blough and it was straightened out very nicely in the Senate and in the Conference Committee.

HMJr: Well, I'm delighted.

H: They were so very thoughtful, and I just want to tell you about it.

HMJr: Thank you so much.

H: All right, sir. Thank you.

HMJr: Good-bye.

H: Good-bye.

September 18, 1941
10:22 a.m.

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Robert
Doughton: Hello, Henry. How are you feeling?

HMJr: Oh, I'm alive.

D: Well, I don't know whether I am or not. I haven't had a doctor or I haven't had any post mortem yet.

HMJr: I see.

D: I don't know whether I am hardly or not.

HMJr: Well, I see you've been doing business up there.

D: Oh, yeah. Some kind of business. I don't know how profitable or successful it is, but we've been trying to work, trying to keep up with our part of it as best we could.

HMJr: Yeah.

D: We didn't delay the matter, and then when the Senate acted we tried to get the conference even unofficially and this dragged along as best we could at Sullivan's suggestion, according to his request.

What I called you about, I see in the morning paper, and I've seen two or three references to it in the morning papers, especially, some comment by Senator George about the Administration being - what it'll - tax bill, and about what it'll probably contain and so on and so on and additional taxes in it.

HMJr: Uh huh.

D: I was wondering what was the situation.

HMJr: Well.....

D: Nobody discussed it with us.

HMJr: Well, I haven't discussed it with Senator George.

so I don't know - whatever he said must be his own mind. He's had no talks with me.

D: I see.

HMJr: So naturally if we were going to start anything, I'd start with you.

D: Well, we thought probably so, and it's.....

HMJr: No.

D:been rumored around that the Treasury - I say rumored, I've heard it a time or two, ordinarily I don't pay much attention to rumors - that the Treasury perhaps had its program ready.....

HMJr: No.

D: And I thought if they did, that we ought to talk with you or.....

HMJr: No.

D:Sullivan or somebody about it, so that we could see just about what you had and maybe have time to study it and maybe if our study it and if you all had to make an independent study and want to make an independent recommendation about it, I've always tried to get cooperation between the Treasury staff about these tax matters.....

HMJr: No.

D:and your staff without.....

HMJr: Well.....

D:mighty poor success, as you know.

HMJr: No. No, Bob, we've had outside things that have sort of come in between us, but you and I've had no trouble.

D: How's that?

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HMJr: Outside matters have tried to come in between us, but you and I never had any misunderstanding.

D: Not on my part.

HMJr: And not on mine, but I don't know what Senator George has had in mind but I haven't discussed any next tax bill with anybody.

D: Well, don't you - do you think it would be - if you have in mind, as I suppose we've all discussed more or less and had in mind - that there would be a bill some time along this year.....

HMJr: Yeah.

D:an Administrative bill, correcting certain - stopping certain loopholes and making certain administrative changes - we didn't have time to make the proper study for it and get it in this tax bill.

HMJr: Well, now, Bob. Are you going to be in town next week?

D: Hardly, Henry. Congress is not going to be doing anything, as I understand, and I thought maybe I'd go down home and not come back until the last of next week, but I'd be here any time that I'm needed.

HMJr: Well.....

D: That's my religion.

HMJr: All right. Well, that's - well, here's the point. I - when you come back, let me know a day or so ahead, and I'd like to have you come down here and have lunch with me.

D: Well, that'd be fine. I appreciate.....

HMJr: And the first person that I talk with on another tax bill will be you.

D: Well, that's very considerate. I.....

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HMJr: And if anybody asks me that, I'm going to say that; so I've made no commitment - I haven't even talked - somebody came in, a reporter, the other day, and said, "Well, now, what about this and what about that?" I said, "Now wait a minute. I haven't even thought about it." See?

D: Yes.

HMJr: So that's the only conversation I've had with anybody.

D: Well, I desire to do two things about tax matters.....

HMJr: Yeah.

D:to work with the Treasury.....

HMJr: Yeah.

D:harmoniously and successfully.....

HMJr: Yeah.

D:and I - if I was to make a misstep at any time, I'd always appreciate having it called to my attention.

HMJr: Well, if you - I promise you before I talk with anybody or make any commitments of any kind, I'm going to sit down with you and get your ideas first.

D:

HMJr: Well, that is the best procedure. It's always been the best procedure as far as I'm concerned.

D: I want you to know that I'm - I don't - I'm not childish and I'm not looking for any responsibility that don't belong to me. I try to be

modest, try to be helpful, try to be co-operative.

- HMJr: Well, you've always been that; and if you'll just do this, let your office let me know.....
- D: I'll let you know myself.
- HMJr:when you're coming back, and I'd very much like to have lunch with you.
- D: Well, thank you, and I'll certainly be back if I'm living and well, early week after next.
- HMJr: Well.....
- D: If I'm earlier, I'll let you know.
- HMJr: I'll say a little prayer that you will be back feeling better than ever.
- D: I thank you. Thank you. Well, I feel pretty well. You're feeling all right, are you?
- HMJr: I'm all right.
- D: My health appears to be good.
- HMJr: I've got lots of troubles, but I'm all right.
- D: Well, we've all got plenty of them, but I hope nothing of a personal nature.
- HMJr: No, no. Everything's.....
- D: All public, yes.
- HMJr: My family and children are all well, thank God.
- D: Well, that's a lot to be thankful for. Biggest of all blessings.
- HMJr: All right.
- D: Thank you, Henry. Good-bye.
- HMJr: Good-bye.



TREASURY DEPARTMENT
Washington.

41

September 18, 1941

MEMORANDUM
For the Secretary's Diary:

Luncheon at the Treasury, September 18, 1941

Present: Secretary Morgenthau	Governor Ronald Ransom
Mr. D. W. Bell	Mr. George Haas
Mr. Donald M. Nelson	Mr. Harry White
Dr. J. K. Galbraith	Dr. Viner
	Mr. Kuhn

Mr. Nelson started the discussion by saying that the objectives of the Treasury, the Federal Reserve, the OPA and the new SPAB were all the same — namely, to make the defense program move and to do it without producing inflation. Speaking of his own priorities board, he said that before long there just wouldn't be enough copper, steel and other defense materials for any unnecessary projects.

Dr. White said that as priorities were broadened there would be less and less need for monetary measures to curb civilian spending. Mr. Ransom pointed out that priorities were not likely to be 100% effective, and that monetary controls of credit probably would be needed. He added that consumer credit curbs were apt to discriminate against the little man and that this should be "watched with the utmost care".

The Secretary then asked whether the Treasury had any place in the priorities picture. Mr. Nelson said that the Treasury would be needed, firstly, for the information at its disposal, secondly, for administrative help and thirdly, for help in enforcement.

Mr. Nelson said that one doubt in his mind as to the effectiveness of priorities was whether people believed enough in the defense program to put up with its inconveniences. Dr. Viner replied that much of the cutting down of essential materials and much of the shift to substitute materials would inconvenience the manufacturers and would hardly be noticeable to consumers. The examples he cited were lead pencils which could no longer have brass eraser holders, and razors which would have handles of plastic material.

Dr. White brought the conversation back to the relative usefulness of priorities and monetary credit curbs. What possible loan, he asked, could anyone ask for a nondefense project which would not collide with defense needs? Dr. Viner said that all the discussion so far had thrown light on the need for a comprehensive priorities system and the need of going slow on direct selective controls of credit.

Mr. Nelson suggested that the Federal Reserve could help by screening demands for unnecessary projects on grounds of priorities. He suggested that the Federal Reserve banks would know the regional conditions in which certain projects would still be necessary. The Secretary observed that this would not be banking business and that the Federal Reserve would become a kind of sub-agency of the priority control administration, and said that he was not sure that this was a proper job for the banks to do.

In the ensuing discussion, Mr. Nelson admitted that the priorities system was still operating to raise prices. Dr. Viner said that the priorities system had not yet been extended so that it could allocate skilled labor, and it was agreed that this was an important problem for the near future. Mr. Galbraith warned that priorities were not deflationary but "highly inflationary" in the consumer field, and said that there was a real need for the Treasury to dry up excess purchasing power by Defense Savings Bonds and other means.

Mr. Ransom asked that by September 24 the Treasury and the Federal Reserve should have definite conclusions ready for Mr. Nelson and for the Leon Henderson office on credit controls and the possible raising of reserve requirements. The Secretary said today that this luncheon discussion had been very encouraging and enlightening, and arranged a similar discussion next Wednesday.

[The next luncheon was subsequently postponed until Sept 30]

F.K.

September 18, 1941
12:53 a.m.

Operator: Go ahead.

HMJr: Hello.

Secretary
Stimson: Hello, Henry.

HMJr: How are you?

S: I understand that I'm greeting you in a new capacity, that is, as a member of the Economic Warfare Board.

HMJr: What do you mean?

S: (Laughs) I understand there's a new Economic Warfare Board created last Monday, but not conveyed - the information conveyed to anybody that I know of until yesterday.

HMJr: Well, I.....

S: But it's to meet tomorrow morning.

HMJr: Are you on it or am I on it?

S: Both of us are.

HMJr: News to me.

S: (Laughs) Well, you'd better get busy.

HMJr: You mean this thing is about Wallace?

S: Yes. We went to a previous meeting of the original board, and I saw you there and we waited for half an hour.....

HMJr: That's right.

S:and then got our pictures taken.

HMJr: That's right.

S: In the meanwhile, a lot of things have been happening that I don't know anything about.

- 2 -

HMJr: Well, the first.....

S: I'm just learning them now.

HMJr:the first I knew was when he sent me a copy of his press release.

S: Well.....

HMJr: That was yesterday about four or five o'clock.

S: Yes, that's the same - I got one the same time. I didn't read it until this morning.

HMJr: Yes.

S: Well, they're holding a meeting at nine-thirty tomorrow.

HMJr: That's right.

S: Now, I've - you're the only man with whom I've ever held four parleys on this subject, and so I take it up with you.

HMJr: Yeah.

S: The one interest - one thing that I know that I'm interested in and that I know anything about.....

HMJr: Yeah.

S:in the very wide field that they will cover thoroughly.....

HMJr: Yeah.

S:is the subject of our old relations to Japan and the embargo.

HMJr: Yes.

S: And I - if I remember rightly, you saw eye-to-eye with me on that.

HMJr: I did on that and many other things.

S: I know there were other things, but this is the one that is now important to us both.

HMJr: Well, there is a country called Spain, that you and I saw eye-to-eye about.

S: (Laughs) Yes.

HMJr: A country called England.

S: (Laughs) Well, do you know what bearing this is - what I mean is, it's really a serious thing.

HMJr: Yes.

S: Because the - at present our relations with Japan are rather satisfactory to us, as I see it.

HMJr: Yeah.

S: Japan is rattled and scared.....

HMJr: Yeah.

S:is the reason why I think that's happened.

HMJr: Yeah.

S: I don't think it has happened at all because there have been gentle afternoon teas going on between our State Department and their Ambassador.

HMJr: Well, you know more about that, as a former Secretary of State, than I would.

S: (Laughs) Well, I've known enough about those afternoon teas that a Secretary of State has, to unfortunately hold them in comparatively less importance. I think that the thing has come about for these reasons.

First, because Japan was all knocked in the eye by Germany's foolish attack on Russia,

as she thinks.....

HMJr: Yeah.

S:it's upset her whole policy.....

HMJr: Yeah.

S:and the delay which has occurred in the making of Hitler's timetable. And second, because, finally, under the impulse of the Japanese move to the south, we sent something that pretty nearly amounted to an ultimatum in regard to Thailand.....

HMJr: Yes.

S:and showed a stiffening up rather than an amelioration of the tea parties.

HMJr: I agree with you.

S: And third.....

HMJr: Yeah.

S:because the other day nine of our big four-engine bombers landed in Manila.....

HMJr: Yeah.

S:and the Japanese fleet got out the next morning.

HMJr: Got out of where?

S: Thailand.

HMJr: Oh, did they?

S: I mean Indo - Siam.

HMJr: I see.

S: They started north. They didn't want to be caught in that sea, probably.

HMJr: I see.

S: And they also probably know that we've been re-arming the Philippines.

HMJr: Yeah.

S: The President is, I think, fully agreeable to that move.

HMJr: Yeah.

S: And I think he feels the same way. But now I hope that they're not going to start off with any more relaxations with Japan.....

HMJr: Oh, no.

S:but will just keep her right up in the bit.

HMJr: Do you want to make sure that my spine hasn't turned to jelly?

S: No, but I wanted your help in.....

HMJr: Well.....

S:in case the thing comes up tomorrow, why I wanted to find out whether you felt the same way that I did about it.

HMJr: I'm not going to be there, because I'm going out to Detroit tonight to see how they sell these - how they handle the labor unions in connection with our Defense Savings Bonds, and - but I'm sending Dr. Harry White, who's agreeable to Wallace.....

S: Yes.

HMJr:as my alternate. And he knows how I feel.

S: Yes.

HMJr: And I can assure you that from our standpoint

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there won't be any stiffening, because my attitude is just.....

S: Any unstiffening.

HMJr: No, no. We'll stay right where we are.

S: Yes.

HMJr: Because for two years we've wanted to freeze their assets and stop buying their silk and all that sort of thing. And on the economic front, I think the thing that we did that had the greatest repercussions is when we tied up their money.

S: I think it did, too.

HMJr: And because it settled.....

S: I couldn't think of everything when I spoke of these three, but there was a general stiffening up at that time on what we did.....

HMJr: Uh huh.

S: We called our people back from China - from Japan.....

HMJr: But when we tied up their money, then that got them financially where they could take it the least.

S: Yes.

HMJr: And.....

S: You froze their assets.

HMJr: And that settled the question about their getting oil, because they had no money to buy any oil.

S: Yes.

HMJr: And from that day to this, they haven't bought any gasoline. So I can assure you that my

- 7 -

representative up there will fight for what we've stood for for over two years.

S: Good.

HMJr: And I'm delighted that I called - that you called me.

S: Yes. Well, all right.

HMJr: I'm sorry that I can't be there, but I've made these plans.

S: I wish you could.

HMJr: But White's an excellent man.....

S: Yes.

HMJr: And he put up such a fight once he got under your skin in my office here.

S: (Laughs)

HMJr: What?

S: You remember things too long.

HMJr: All right. Thank you for calling.

S: All right.

HMJr: Good-bye.

S: Good-bye.

September 18, 1941
2:33 p.m.

Harry White: Well, it will take me just one minute, if I can find it.

HMJr: Just a minute.

W: We have been, over a period of several years, in two distinct periods, been proposing and recommending and working on a monetary system for Cuba.....

HMJr: Yeah.

W:and banking system.

HMJr: Yeah.

W: They have had a lot of negotiations recently, and they now are very eager, for some reason that's not clear, to agree to the Cuban Government's request that we send some men down there. The Federal Reserve Board is going to send a couple of men, and they've talked it over with me and we have a couple of men here who've worked on it.

HMJr: All right.

W: And they want to send them this next week.

HMJr: Use your judgment.

W: And they also want me, at some time during the negotiations, to lend prestige to it by going down and seeing that they're working all right; but that question can wait. If I can have your permission to send a couple of men.....

HMJr: In what capacity would you go down?

W: (Laughs) Oh, I don't know where I - I see. You mean whose eyes would I have?

HMJr: Yeah.

- 2 -

W: I can't tell you.

HMJr: Well, listen.....

W: But that question can be postponed.

HMJr: All right.

W: With respect to myself. If I have your permission on the other, I'll take it up with Dan Bell and tell him I spoke to you and you said it was okay.

HMJr: Now, do you want to be amused?

W: I'd like to be.

HMJr: Secretary Stimson called me up.....

W: Yes.

HMJr:and he said he saw he was on a new board by the papers, what did I know about it. And I told him only what I saw in the papers.

W: Yeah. (Laughs)

HMJr: And then he said, "Well now, I just want to know whether you're going to stand shoulder-to-shoulder with me where we have stood before, and that is no let up on the economic pressure on Japan."

W: That's a hot one.

HMJr: Hello.

W: That's a hot one.

HMJr: So I said, "I'll stand shoulder-to-shoulder with you....."

W: Yeah.

HMJr: ".....and I'm sending Harry White up there and he'll have those instructions."

W: All right. Glad to have them.

HMJr: So I said, "I will not give an inch."

W: Fine. Unfortunately they're not asking us.

HMJr: What.

W: To give an inch or not. They don't - in those questions, they say, relegate the State Department. However, I'll remember those instructions. If anything comes up, I'll reserve....

HMJr: Well, coming from Stimson it's quite significant.

W: Yes, it is. By the way, I - possibly you didn't have the opportunity and I don't like to remind you again, but it really is rather important that you talk to Stimson on the question of the British.

HMJr: Well, the reason I didn't - I saw McGloy at the Russian Embassy.

W: Yes.

HMJr: And he brought it up.

W: Yes.

HMJr: And he said, "Please give me some more time. Please don't talk to anybody else. Give me a chance and I will make good on my letter."

W: Oh, I see.

HMJr: So I did talk to him.

W: I see. Oh, all right, sir.

HMJr: That was last week.

W: All right, sir.

HMJr: He said, "Please give me a little more time and I'm going to keep my word and I'm going to make good."

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W: Okay.

HMJr: "But please give me a chance." That was last Thursday.

W: All right. Then I'll bring it up again in a week.

HMJr: Next week, please.

W: Okay, sir.

HMJr: So I did do it.

W: All right, sir.

HMJr: Well now, be perfectly honest. He brought it up first.

W: Well.....

HMJr: He's got me very much on his conscience.

W: Okay.

HMJr: All right?

W: Oh, that's fine.

HMJr: Thank you.

W: Good-bye.

HMJr: Good-bye.

September 18, 1941
2:40 p.m.

Senator Byrd: Hello, Henry. Sorry I missed you recently. Did you get your boxes?

HMJr: Yes. I got them through a local co-op that had a car rolling from the State of Maine.

B: Fine. This fellow had his plant burned down in Virginia, and he couldn't fill them.

HMJr: I got them at sixteen and a quarter cents.

B: That's pretty good.

HMJr: But I wanted to tell you how much I appreciate your courtesy and generosity.

B: Well, that was awfully nice.....

HMJr: I felt real neighborly.

B: Well, I wish we could have gotten them. We could have gotten them except that he had his plant burned down.

HMJr: Well, I'd ordered mine last July and the people I ordered them from said that they couldn't get the machinery.

B: Well, that certainly is - you're fixed all right now, are you?

HMJr: I'm all right now.

B: What are you getting for your apples?

HMJr: Well, we sold some this week - No. 1 Macs - delivered in New York, at a dollar thirty-five.

B: That's pretty good. I'm getting my Delicious off now. I have these new Red Delicious and I'm getting about a dollar sixty-five in Winchester.

HMJr: A dollar sixty-five in Winchester?

- 2 -

B: Yeah, they're pretty good. I mean, they're the new Red Delicious called the Starking.

HMJr: Oh, that's the Starking.

B: Uh huh. A dollar seventy-five for some of them.

HMJr: In Winchester?

B: Yeah.

HMJr: Well, is that packed in just a regular box?

B: They're packed in a - I use a bushel and an eighth box.

HMJr: You face them.

B: Yeah.

HMJr: But you don't layer pack, do you?

B: No. I wrap them, you see.

HMJr: Oh, you wrap them?

B: Wrap them all.

HMJr: Oh, you're wrapping them. Well, that's a good price.

B: Yeah, I think it looks fairly good this year for these winter apples. The canneries are taking enormous quantities up with us.

HMJr: Well, we don't have that; but, of course, the Mac crop through New England is heavy.

B: Uh huh.

HMJr: And I think that when they're through picking, I hope for a little bit better price.

B: I believe there will be.

HMJr: I got a dollar and a quarter for my Greenings, in New York.

B: That was good. Was that the Rhode Island Greenings?

HMJr: No commission. A dollar and a quarter to me.

B: That's fine.

HMJr: What?

B: That's fine, I think.

HMJr: I thought that was pretty good.

B: Yeah. I believe that later on that they may do very well.

HMJr: Do you like the Stockings?

B: Oh, very much. I planted a lot of them. They color up earlier than the others, and they're just as good quality.

HMJr: They don't get too dark?

B: No. No, not if you don't let them hang too long.

HMJr: I see.

B: I'm just picking them now.

HMJr: I see.

B: Say, Henry, about our committee.....

HMJr: Yeah.

B:I think we've got a pretty good chance to get a right good representation on that - I don't reckon you'd want to talk it over with Wallace, would you?

HMJr: I don't think it'd do you much good.

B: Uh huh.

HMJr: But.....

B: I think - I'm trying to get Senator George to.....

HMJr: Fine.

B:veto on it from the Finance Committee.....

HMJr: But I'm looking forward to sitting on it.

B: I think it's the right - it came from your suggestion there when I heard you make that speech to me to be about the most practical thing.

HMJr: But you got it through. I say you got it through.

B: Yeah. But it was along the lines of what you said about sitting them down over at the table, you know, and.....

HMJr: Well, thank you, neighbor.

B: If there's ever anything that I can do, let me know and I'll keep you posted - drop you a line every now and then about our prices - and I wish you'd do the same for me.

HMJr: I'll do that. I'll check with you next week. I'll check with you next week.

B: We have to make all we can, Henry, to pay these new taxes.

HMJr: That's right.

B: (Laughs)

HMJr: I'd like to check with you next week.

B: Thank you very much.

HMJr: All right.

B: Good-bye.



OFFICE OF THE DIRECTOR

TREASURY DEPARTMENT
PROCUREMENT DIVISION
WASHINGTON

58

September 18, 1941

MEMORANDUM TO THE SECRETARY:

Requisitions have just been received from the American Red Cross covering medical and surgical supplies for Russia. This for your information.

Clifton E. Jack
Clifton E. Jack,
Director of Procurement.

TREASURY DEPARTMENT

59

INTER-OFFICE COMMUNICATION

DATE September 18, 1941

TO Secretary Morgenthau

FROM Mr. Cochran

STRICTLY CONFIDENTIAL

We have learned through the Federal Reserve Bank at New York that the Chase National Bank is daily expecting the arrival at San Francisco of the S.S. Menjinski bringing approximately \$5,600,000 of gold shipped from Vladivostok by the State Bank of the U.S.S.R. to the Chase Bank. As far as the consignees are aware, the gold is to be sold by them to the U.S. Mint at San Francisco, in the same manner as previous shipments of this type.

Since our arrangement with the Russian Embassy on August 15, whereby we purchased a little over \$10,000,000 of gold from the U.S.S.R. for delivery within 90 days, and advanced \$10,000,000 thereon, there have been no arrivals of Russian gold in this country. It was our oral understanding with the Russian Ambassador that their obligation to the United States would be liquidated with the first Russian gold arriving in this country. It was further understood that when Russian gold was coming to San Francisco for application in liquidating the indebtedness, the Embassy would get in touch with the Treasury and give us notice of such arrival in order that we could arrange for the gold being taken over for our account by the Mint at San Francisco.

We have not yet had any word from the Soviet Ambassador in Washington concerning the above shipment. The question is raised, therefore, whether we should approach the Charge d'Affaires of the Embassy, in the absence of Ambassador Oumansky, and refer to our arrangement consummated with the Ambassador, letting the Charge know that we are aware of an incoming shipment. The Russians have, of course, 90 days from August 15 in which to deliver to us the \$10,000,000 of gold. Their funds in New York have become very low. I am not sure whether the \$50,000,000 from Mr. Jones is immediately available. Should we, in the circumstances, press the Soviet Embassy to have this first shipment turned over to the Treasury?



TREASURY DEPARTMENT

60

INTER-OFFICE COMMUNICATION

DATE September 18, 1941

TO Secretary Morgenthau

FROM Mr. Cochran

STRICTLY CONFIDENTIAL

At 2:45 this afternoon the Secretary called for me. He had before him my memorandum of this morning, copies whereof are attached, concerning the prospective arrival of Soviet gold at San Francisco. I told the Secretary that since dictating this memorandum, I had noted in the INFORMATION DIGEST, Office of Government Reports, No. 295, for September 17, 1941, that Mr. Jesse Jones had said that \$10,000,000 was being advanced yesterday to the Amtorg Trading Corporation out of the \$50,000,000 advance payment which the Defense Supplies Corporation, an R.F.C. subsidiary, has agreed to make against the purchase of \$100,000,000 of manganese, chromite, asbestos and platinum from Soviet Russia. The Secretary instructed me to get in touch with the Russian Embassy along the lines indicated in my attached memorandum.

At 3:05 this afternoon I spoke with the Charge d'Affaires of the Soviet Embassy. I told him I thought he was familiar with the arrangement Ambassador Dumensky had made with us on August 15 in regard to gold, whereby the Treasury advance \$10,000,000 against gold to be delivered to us within 90 days. The Charge d'Affaires said he was familiar with the correspondence in the premises. I told him that there was further an oral understanding reached between his Ambassador and ourselves to the effect that the Soviet would apply toward the repayment of the advance the first gold shipments that might be arriving in the United States from Soviet Russia after the signing of the agreement of August 15. It was understood that the Embassy was to let the Treasury know whenever it might learn of a shipment being enroute to the United States. The Treasury, on the other hand, was to let the Ambassador have any information we might receive as to gold coming from Vladivostok.

I told the Charge that we had today received word through banking channels that a shipment approximating \$5,600,000 in value is due to arrive any day now in San Francisco on the S.S. Menjinski, consigned by the State Bank of the U.S.S.R. to the Chase. As far as the Chase Bank is aware, the gold is to be sold by it to the Mint in San Francisco. This is the way that shipments heretofore have been handled. That is, the Chase Bank would sell the gold and credit the account of the Soviet with the Chase.

I told the Charge d'Affaires that it was our arrangement with his Ambassador that the gold required to repay the advance would upon arrival in San Francisco be deposited with the Mint for the account of the Secretary of the Treasury of the United States. I told him that unless the Chase Bank had definite instructions on this point the gold might be sold to the Mint as previously. I asked whether the Embassy was aware that instructions had been given to the Chase Bank that gold arriving now should be deposited for the account of the Secretary of the Treasury.

- 2 -

The Charge d'Affaires replied that the Amtorg was in charge of gold shipments. He said that he would get in touch with Amtorg and make the necessary arrangements. I added that it was a further part of the oral understanding between his Ambassador and the Treasury that the Embassy would give us as definite information as possible as to the value in dollars or the weight in ounces as any consignment of gold was approaching our shores to be handled in the above fashion. He said that he would immediately make the necessary arrangements and would let me hear from him, so that I could pass word on to the Mint officials in San Francisco to expect and receive the gold.

Upon terminating this conversation I telephoned Mr. Knoke in the Federal Reserve Bank at New York and summarized the situation to him. He was to speak at once to the Chase Bank on this subject.

A handwritten signature in dark ink, appearing to be 'JMF', is centered on the page below the typed text.

TREASURY DEPARTMENT

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INTER-OFFICE COMMUNICATION

DATE September 18, 1941

TO Secretary Morgenthau

FROM Mr. Cochran

STRICTLY CONFIDENTIAL

Reference is made to my earlier memorandum of today upon Russian gold. At 4:10 p.m. this afternoon Mr. Hawkey told me that Mr. Steinmetz of the Federal Reserve Bank at New York had just telephoned him to report that Mr. Funck of the Chase Bank in New York had just been advised by the Chase Bank in San Francisco that the ship carrying Russian gold had docked in San Francisco late last night. Funck stated that he (presumably meaning the Chase in New York) had not yet received payment against the sale of this gold to the San Francisco Mint. He expected that it would be received tomorrow morning.

Upon having this word from Mr. Hawkey, I telephoned Mr. Knoke at 4:15 repeating the information. Mr. Knoke had not yet been able to speak with the Chase Bank, but said he would do so immediately.

Mr. Knoke called me back at 4:35. He said that he had asked the Chase to telegraph their bank in San Francisco to deposit the gold in the Mint for the account of the Secretary of the Treasury. Upon learning that the Chase had instructions from the State Bank of the U.S.S.R. to sell the gold and credit the proceeds to the U.S.S.R. account with the Chase, Mr. Knoke asked that the gold then be simply deposited at the Mint against a receipt and held there pending further instructions.

The Chase sent a telegram to this effect to San Francisco, but a telegram crossed it to the effect that a check had actually been received from the Mint constituting an advance of over \$5,000,000 against the gold. The Chase representative at San Francisco was to take the check to Wells-Fargo and arrange a telegraphic remittance to the Chase in New York, presumably through the Federal at San Francisco and the Federal at New York.

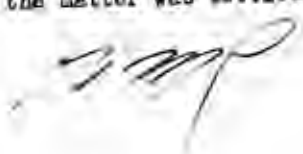
While I was speaking with Mr. Knoke at 4:40, he was interrupted by a call from the Chase, and I held on during this conversation. The Chase told Knoke they had just heard from San Francisco that their man was then with Wells-Fargo. Knoke and I agreed that the next step should be for me to get in touch with the Superintendent of the Mint at San Francisco. Before doing this, I talked with Mr. Bernard Bernstein at 4:50 p.m., reviewing the developments to date. With Mr. Bernstein in accord, I telephoned the San Francisco Mint at 5 p.m.

Superintendent Haggerty was at lunch when I got the Mint but came in while I was speaking with his assistant, Mr. Hodgson, and then took over the telephone. Mr. Hodgson let me know that the Chase man had telephoned him that he was at the Wells-Fargo with the check, but would await instructions from the

Mint, with which he understood the Treasury would get in touch, before taking further action. I explained the situation to Mr. Hodgson and Mr. Haggerty. It was definitely agreed with Mr. Haggerty that he should let the Chase man know that he would accept and cancel the check and simply give the Chase a receipt for the gold deposit. It was definitely understood that the gold would not be counted in the Mint's gold stock. Furthermore, I was to let the Mint know tomorrow what disposition should be made of the gold.

At 5:15 I spoke with Mr. Knoke, telling him of my conversation with Messrs. Hodgson and Haggerty. Mr. Knoke said that he had learned from the Chase that the Wells-Fargo had been asked to let the Chase Bank man take the check back to the Mint, if this was desired by the Mint, or in any event to hold it tonight rather than to proceed with a telegraphic transfer today to New York. I told Mr. Knoke that I would take the matter up with the Soviet Embassy and let him hear further from me in the morning.

At 5:30 I spoke with the Russian Charge d'Affaires. Before I could raise any question or give any information, he volunteered that he had talked with New York and that the gold was already transferred "from the Chase to the Federal Reserve today". He said that there had been some delay in instructions, but that the President of Amtorg in New York had now received instructions which he could pass on to the Chase to transfer the gold to the Federal. I told the Charge d'Affaires that I had raised this question this afternoon feeling that the gold had arrived perhaps without instructions having been received by everyone concerned on the basis of the arrangement which Ambassador Oumansky had made with us. My purpose was to learn definitely from or through the Embassy whether it was desired that the gold be deposited to the credit of the Treasury or be sold by the Chase as heretofore to the Mint, and the proceeds be credited to the Soviet. The Charge promptly replied that the matter was settled and that the gold was ours.



✓
64

September 18, 1941

This is the meeting which HM, Jr attended incognito.



Fisher Body, Local 596, International Union

65

United Automobile Workers of America

AFFILIATED WITH THE C. I. O.

824 Baldwin Avenue

TELEPHONE 2-8810

Pontiac, Michigan

Mrs. L. LUTER, PRESIDENT
ARTHUR J. LAW, VICE-PRESIDENT
D. V. COTE, SEC. TREASURER
KATHLEEN M. HENDON, REC. SEC.
HERBERT COX, TRUSTEE
W. M. S. YOUNG, TRUSTEE
ALVIN LOONIS, TRUSTEE
DAVID N. RUYON, SERG.-AT-LARGE
THURLOW L. HARRON, GUIDE

September 12th, 1941

TO ALL EXECUTIVE BOARD MEMBERS,
COMMITTEEMEN & ALTERNATE COMMITTEEMEN
OF ALL CIO LOCALS IN THE CITY OF PONTIAC

Greetings:

Representing the CIO locals on the Executive Committee for the Sale of Government Stamps and Bonds in the City of Pontiac, I wish to inform you that a meeting was held Thursday evening, September 4th.

Mr. Isbey, Government Representative, was present at the meeting and requested that I call a meeting of all Committeemen and Executive Board members for Thursday, September 18th, at 8 P.M., at 21½ East Lawrence Street, at which time Mr. Isbey will answer all questions in regard to the importance of purchasing Government stamps and bonds.

May I state here, that through my conversations with Mr. Isbey, I feel that it is vitally important that all Committeemen and Executive Board members attend this meeting.

Mr. Isbey has information for you to pass on to your membership in the plants and I know that as a good Union Brother you will make every effort to attend this meeting. This is important and I am depending on you to be there.

Sincerely and fraternally,

D. V. Cote, CIO Representative
Executive Committee for the Sale
of Government Stamps and Bonds
in the City of Pontiac

DVC:kf
uopwa
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SPECIAL MEMBERSHIP MEETING

ALL MEMBERS OF FISHER LOCAL #596 ARE URGED TO ATTEND A SPECIAL MEETING TO BE HELD AT THE LINCOLN JUNIOR HIGH SCHOOL, SUNDAY, SEPTEMBER 21ST, AT 2 P.M.

1. A VOTE WILL BE TAKEN ON THE LEVYING OF AN ASSESSMENT OF \$1.00 PER MEMBER AS RECOMMENDED BY THE DELEGATES IN CONVENTION AT BUFFALO, NEW YORK.
2. ELECTION OF ONE MAN TO THE SHOP COMMITTEE.
3. DISCUSSION ON PLANT-WIDE SENIORITY IN THE EVENT OF CURTAILMENT OF AUTOMOBILE PRODUCTION.
4. DISCUSSION ON THE PURCHASE OF UNITED STATES GOVERNMENT STAMPS AND BONDS FROM LOCAL FUNDS, AND
5. ANY OTHER BUSINESS WHICH MAY PROPERLY COME BEFORE THE MEETING.

FISHER LOCAL #596 URGES ALL OF ITS MEMBERS TO SAVE THROUGH THE PURCHASE OF GOVERNMENT STAMPS AND BONDS AND PREPARE FOR THE RAINY DAYS AHEAD.

ISSUED BY: Fisher Local #596
UAW-CIO

487
2000
0112

September 18, 1941

My dear Mr. President:

I thought you would like to see this very interesting circular which the Amalgamated Clothing Workers of America have gotten out on their own to interest their members in Defense Savings Bonds and Stamps.

Yours sincerely,

(signed) H. Morganthau, Jr.

The President,

The White House.

By Messenger 11:10

cc - D.M.C.

Amalgamated

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Men and Dollars for Defense



Amalgamated

Men and Dollars for Defense

This publication is part of the union's effort to aid in the nation's battle for freedom and democracy in the United States and in the nations abroad.

Amalgamated Clothing Workers of America

Published by the
Amalgamated Clothing Workers of America
15 Union Square, New York, New York
This publication is directed to members of the Amalgamated Clothing Workers of America and their families and is published in the interest of the sale of United States Defense Bonds.

Things Worth Fighting For

We've learned by now, We've learned that freedom, security, decency, are not only worth having—they're worth defending. We've learned that you can't make peace with brutality—but when that brutality seeks to engulf the world in an ever widening circle...

We've learned that a just cause can be lost—if it's not defended. We've learned that democracies, facing the greedy fury of armed dictatorships, must match gun for gun, tank for tank, battleship for battleship, if they are to survive.

We don't need a sample bombing of New York Harbor to drive home the lesson.

We've learned—we're arming!

Bonds — Not Bondage

You can't buy freedom, you can't buy peace. But you can buy the guns and the ships and the tanks and the weapons to enable you to defend your freedom, force a peace.

That's what we're doing now. We're erecting a barricade of nickels and dimes and quarters and dollars, to protect ourselves and our children from all the hostility of the totalitarian New Order. From the nickels and dimes we will forge an armor which will turn aside most biting weapons. — But we must get started NOW!

Locals and Joint Boards Back Defense Bond Drive

THE AMALGAMATED, with its more than a quarter million members, is backing the sale of defense bonds to the limit.

The General Office led off, by buying \$30,000 worth of Series F on May 1, almost as soon as the funds were offered to the public. Numerous Joint Boards and locals followed investing their surplus funds in the defense effort.

The Philadelphia Joint Board and its affiliated locals made purchases totaling \$79,000. Local 4, New York Central took \$35,000 out of the old stock and put it into U. S. Savings Bonds. Local 110, clothing workers in Allentown, went the legal limit of \$50,000. The Buffalo Joint Board rose the bill at \$20,000. The Sewell Jersey Joint Board and the Two City Joint Board have each bought \$5,000 worth, and further purchases are planned.

The smaller locals are being left behind. Local 42 in San Francisco made an impressive purchase of \$16,000 worth of Defense Bonds. Local 159, the washable goods workers in New York, put \$15,000 down on the counter and announce that they plan another \$7,500 deal with Uncle Sam. Local 220 in Syracuse, not one of our biggest locals by any means, joined the band wagon with a \$20,000 purchase.



Membership Purchases

But as far as membership purchases are concerned, the funds must be reserved for Rochester. A great deal of interest has been expressed in the "Rochester plan." Here it is:

The Finance Officer of the Joint Board buys supplies of these stamps at the Post Office. A revolving fund for the convenience of the Rochester members. The shop chairmen in the various factories have organized the members into "Defense Bond Clubs". The chairman, on Thursday, asks members how many stamps they want on the following day, collects the money from the members, purchases the stamps at the union finance office, passes them into the albums supplied by the purchaser, and the next day returns the albums to the members.

Buffalo comes next. The Buffalo Joint Board organized a similar plan right after July 4th. Again—tremendous, whole-hearted response. In the first two weeks of operation, \$2,000 worth of stamps were sold to the members. The plan is now operating at the rate of about 4,000-25c stamps weekly. It is estimated that when the albums are filled, the Buffalo members will have purchased \$75,000 worth of defense bonds. Three out of every four members are taking part in the drive.



Rochester Members Buy \$425,000 of Bonds

DRIVEN by a strong desire to preserve democracy against any menace, the Rochester membership has launched an "all out" campaign to purchase defense bonds and stamps.

Thousands of dollars weekly are going from the workers to the government and amounts of stamps are being returned by the government to be pasted in workbooks until such time as they can be converted into bonds.

The demand for the stamps became so great in the first week of operation that even the Rochester Postoffice had to increase its supply was running low.

The voluntary plan was initiated in mid-June by the Rochester Joint Board and speedily swept through all shops. Membership response amazed and gratified the members of the proposal.

Thousands Pledged

By July 1 the total purchased through the Amalgamated was beyond the \$100,000 mark. By the middle of July, total commitments for bonds and actual bonds purchased reached \$425,000. In addition, some members purchased a total of \$10,175 in bonds outright prior to the start of the Rochester campaign.



Richmond, Va.: Amalgamated Local 88 has purchased \$1,000 worth of Defense Bonds.

The Rochester Joint Board and the Rochester Credit Union, convinced both of the necessity for purchasing the bonds and of their value as sound investments, started the ball rolling in June through the purchase of a total of \$110,000 in bonds. Ernie James R. Whitaker, secretary-treasurer of the Rochester Joint Board, purchased \$30,000 in bonds in behalf of the Joint Board and \$30,000 for the Credit Union, of which he is treasurer.

From that point, things began to happen. Members quickly agreed to buy stamps. A survey by Brother Whitaker in mid-July showed the Rochester membership had committed itself, through stamp purchases, to a total of \$325,000 in bonds. When the stamps books are filled, bonds will be given stamp buyers by the government.

The Bond Clubs

Shop chairmen have given full co-operation in the purchase effort. Section committees and captains were appointed and the campaign placed on an efficient, organized basis. The work of the shop



Rochester members line up to buy stamps in the Joint Board finance office.

chairmen and captains is reflected in the figures for bond commitments by factories. Figures that show percentage of participation and vary in size only as the factories themselves differ. Michael Stern, for example, is boasting about 90 per cent participation of its workers, who, one chairman said, average between \$40 and \$50 a person in purchases.

The Factory Totals

Plant figures in Rochester showing the total in bonds workers will have purchased when they fill outstanding stamp books follow:

Bond	\$105,000
Hilkey Freeman	91,000
Fashion Park	70,000
Michael Stern	25,000
Timely	20,000
Levy Adler	10,000

Up to mid-July and in the face of the usual summer layoff, the Rochester membership had purchased \$10,100 in stamps. Of those 23,990 were 25 cent stamps, 10,250 were 30 cent stamps, 4,800 were \$1 stamps and \$5 were \$5 stamps.

Brother A. B. Chairman, Joint Board manager, termed the response "highly gratifying and it indicates again that the Rochester membership is prepared to meet any threat to democracy."

The reason for this great interest in the bonds and stamps readily can be

found by talking with the shop chairmen and the general membership. Perhaps Brother Carl Glasgow, the tall chairman of the carting room at Timely Clothing, expressed the thought most simply and completely. He said:

"The members feel that the government helped the union and the common people when they needed help. It gave them collective bargaining, social security, old age benefits and all the rest."

"Now the government needs help. The members feel it is only proper and fair to give it."



Brother Carl Glasgow
Chairman...

"I Only Wish I Could Do Much More..."



"If buying stamps will help, I'll buy..."



"The defense savings program is our opportunity to share in the defense of all the things we cherish..."

*President Roosevelt
April 29, 1941*

This Is No Five-and-Ten Cent War

Not your nickels, your dimes, can help to win it.

Defense costs money. According to present plans, it will cost forty billion dollars. One 31,000-ton battleship costs 70 million dollars; it takes 30 million dollars to build an airplane carrier; 20 to 30 million dollars for a cruiser. One four-engine bombing plane costs nearly a half million.

Where is the money coming from?

We can raise loans, and try to pay the bill out of current income. But more money still is needed.

We must borrow the rest. Some of it will come from banks and financial institutions. But why should these professionals have a corner on the best investment in the world?

Uncle Sam has decided to borrow directly from the people. All of us—old and young, rich and poor, worker and doctor and clerk and artist and banker—are invited to "buy a share in America."

Four Good Reasons:

Uncle Sam has four good reasons for wanting to finance the defense effort in this way.

First—each one of us will have a chance to help in the defense program to the extent of our financial ability.

Second—the plan gives us all an easy scheme for systematic savings, a much sounder investment than is usually afforded the working man.

Third—saving is important now. For if we try to spend all our increased income as it comes in, we are bound to compete with defense purchases and send prices soaring.

Fourth—there will be frequent industrial activity after the emergency is over. A big sum put away in bonds will help individual families over the lull; the national savings will supply a cushion against decreased purchasing power.

Three Kinds of Bonds

There are three kinds of bonds offered—Series E, Series F, and Series G. Series F and G are mainly for large investors and corporations. Series E is the type in which our Amalgamated members are interested.

There are five kinds of bonds in this Series E—the \$1 bond, the \$50 bond, the \$100 bond, the \$500 bond, and the \$1,000 bond.

The \$25 bond costs \$18.75 now—will be worth \$25 in ten years. The \$50 bond costs \$37.50; the \$100 bond just \$71; the \$1,000 bond costs \$750.

A Safe Investment—for a Safe America

War time or peace time, these saving bonds constitute an A-1 investment for every man, woman, and child in the country. If there were no emergency, we would still recommend that Amalgamated members use this safe, sound method of saving.

But how much more important it is to buy now, when the country needs the use of our extra cash. By buying now, we are helping Uncle Sam prepare to defend himself. By buying now, we are doing something for the democracy we love.

Think it over today—buy tomorrow
Underwrite American democracy!



You buy a defense stamp—



The money goes into the Treasury at Washington.



Congress for national appropriation for purchase...

We Add Our Voice

It is with a deep sense of privilege and obligation that we add our voice to the voice of the President of the United States, the Secretary of the Treasury, and thousands of distinguished Americans, to urge Amalgamated members to purchase Defense Bonds.

Buying these bonds—today—is a patriotic duty.

It is a privilege, an opportunity to repay to some extent the great debt which every one of us owes to our democracy and its institutions.

The bond-buying procedure is simple. It requires no immediate outlay of cash. Amalgamated Joint Boards and offices have worked out systems whereby the purchasing is done without a minute's inconvenience or loss of time. The investment plan itself is clear-cut, sound, fool-proof.

This is not a decision which requires days of deliberation, of "thinking over."

Time is short. We must act now.

Buy a Defense Bond today. Do your part to defend democracy at home and abroad.

JACOB S. POTOPSKY, General Secretary-Treasurer.

FRANK ROSENBLUM, Executive Vice-President.



The money is drawn from the Treasury, paid to a defense contractor...

And out come the planes, the tanks, the ships to defend America!

Show your faith in America by buying defense bonds and stamps!

This Is Why They Buy Stamps...

WITH quarters, half-dollars and dollars, Rochester members are buying a line of defense for America.

It's a thin blue line, a line of stamps—defense stamps that tomorrow will be defense funds—funds that will be the security Americans want against the foreign aggressor.

Thousands of the stamps are bought weekly by a membership determined to do all in its power to give Uncle Sam the equipment he needs to preserve the government he has.

A trip through the Rochester shops demonstrates that the major reason behind the purchases is a desire to preserve democracy. Each member would his thought differently but all emphatically agree:

"We want to help our country."
The theme cuts across all racial lines. It comes from the lips of new and old citizens, from those born abroad and the native sons, from the union leaders and the average members.

"Doing My Bit"

Takes the case of Sister Emma Joe of Local 204, whose ancestors knew more about this country than the oldest historians have discovered. They lived here—when Sister Joe is a Seneca Indian, a member of the great tribe which ruled Central and Western New York in the days before the white came, and a tribe which, incidentally, developed its own form of democracy.

"In buying stamps," Sister Joe said, "I am doing my bit. It's an important thing to do. I would give more if I could."

Leaving Sister Joe, you meet Brother Theodore Otkowitz of Local 14 who be-

lieves "everyone should do his duty for this is the only country you can depend on." Sister Sylvia Dietota of Local 202 smiles that bonds and stamps "are the first line of defense in helping the country."

"Aiding the Working Man"

Stanley Sica, Local 208, looked up from his off-pressing work to declare with determination that "by aiding the United States you are aiding the working man—this is the country where he is free."

The theme of helping America continues in all shops. It runs above the



Brother William J. Callahan, Local 205: "I wouldn't care if I didn't get a nickel back..."

huzz of the machine, the twitch of the pressing iron, the dull hum of the cutting tool. The members respond quickly to questions. Sister Dorothy A. Tetter, Local 204 grins that "a good investment like this is the least you can do for this country." Sister Lillian Uhl also of 204, joins in the chorus motivated, no doubt, by the presence of a son at a training camp. Brother Leo Iacobucci, Local 202, who purchased \$1,000 in bonds outright, joined in with the assertion that bond buying was "the only way" he could aid his country.

"Wish I Could Do More"

Grey-haired, union-minded, spirited Brother Louis Greenbaum, of Local 14, became almost oratorical on the duties of citizens, especially those like himself who "picked the United States as our country."

"We owe this country many obligations," he exclaimed, pushing aside the argument on which he was working. "As long as we accept its benefits, we must meet the obligations. When the country

New Haven Conn. Local 174, Shift and Clothing Workers of Commerce, has purchased \$2,000 worth of Defense Bonds.

Troy, N. Y.: The Capital District Joint Board has purchased \$1,000 worth of Defense Bonds.

is in danger, we must help. In my case the only help I can give is financial aid. I wish I could do more than I am doing."

"No Sacrifice Too Great"

Brother August DeGeorge of Local 202 pointed out that age denied him the right to enter the armed services as his only method "of showing appreciation" was buying bonds. Both Sister Betty Sarcocoma and Michalis Amos of Local 204 agreed that "no sacrifice is too great." Back has a relative in the Army.

Memories, poignant and bitter, of days gone by, of days in Belgium when the Kaiser's hordes occupied the land, were within the mind of Sister Martha Grosso, Local 204, and prompted her to buy stamps.

"I was in one war and know what it is to live under a conqueror. Adequate defense is vital. I would rather make a big sacrifice now than wait until it is too late," she said. "I sacrificed every day during those four years."

Brother Max Lubelin, who has a wife in Leeds, England, spoke in the same vein, holding that anyone making his living in this country should aid the country.

"To Stop Hitler"

"If there is anything I can do to stop Hitler," he said, "I will do it over & I leave to work a month for nothing."

Brother William J. Callahan, Local 205, virtually stumped his answer when asked why he bought bonds.

"I'm buying because this is the best country in the world, bar none. I wouldn't care if I didn't get a nickel out of it. If we let a bunch of boogars beat us we might as well fold up."

His fellow worker, Brother John E. Kaleta, Local 205, who said only two people in his section had not bought stamps, declared that the purchase proved the buyer was a real "100 per cent American." Sister Margaret Van Schick of Local 204, added to that that buying was a method of fulfilling the wish of the majority of Americans.

"Sales Are Easy"

The spirit with which the members are accepting the stamp sale idea was explained by Sister Anna Morgan, Local 204, one of the captives.

"They are buying willingly, same as the rate of five or six stamps on payday," said Sister Morgan. "They are a good investment but mostly the workers feel they are helping the country. One does not have to urge them to buy."

Sister Julia Salla, Local 204, voiced a willingness to "do anything to help the government." Brother Sam Perla, another captain in the campaign, declared himself "surprised" at the response to the stamp plan.

Brother Sam Siegel, a shop chairman, related with much pride the activities of Sister Connie Paludo who buys five stamps weekly. One is for herself, she says, and the other four are for her children.

Little Sister Justus Staccilio, Local 204, snatched out her major reason for stamp buying and left no doubt as to her stand. "I want to help this country, but not Russia, and if it helps to buy stamps, that's what I will do." Because she "loves in and loves this country,"

Sister Helen Perchick, Local 204, is obtaining bonds. Sister Marjorie De Young, also of 204, maintained that "we would not be true Americans if we did not buy stamps now." Brother Charles Tiltchener, Local 14, and Brother Albert Meyer, 205, agreed that defense production was aided by bond and stamp purchases. Klier added that the proceeds would be used to aid in the college education of his children.

"So Much at Stake"

"We should be especially willing to buy now because we have so much at stake," Sister Blanche Fisher of the newly-organized office workers Local 481, declared. Brother John Zaratro, Local 202, said his contribution was being made "to defend the United States," a sentiment echoed by Brother Harry Rod, Local 14.

Through factories runs the same refrain: help the New Deal help democracy! help America! The response is spontaneous, willingly given, arising from a deep-rooted purpose.

It is no answer that comes from a realization that the fruits of democracy have been theirs, and a tiny financial share, regardless of the sacrifice involved, is in order.

For that reason, Rochester members are buying the thin blue line of stamps.

Snap-Shots of the Bond Drive

And from the stamps will come bonds and from the bonds the greatest defense any democracy ever had.

Free Stamps Here!

One Rochester shop chairman is proud as Punch over the results of a little stunt he tried in exposing the defense stamp sale in his shop.

He invested \$10 of his own money in stamps and passed one stamp in each new book he carried. Then he held a book sale, saying:

"Who wants a stamp and a new book?"



Sister Emma Joe, Local 204: "It's an important thing to do..."

"They were like hotcakes," he laughed later, "and those members are buying steadily now."

The most difficult problem, all agree, is getting the members started. Also that it is easy. Every shop has reported increases in the second and third weeks.

Gift Problems Solved

The knotty problem of what to give for a birthday present has been solved by an informal birthday club at Mich. and Stern Plant 6.

Now the members give defense stamps. Each member participating in the club gives the honored guest 10 cents which she must use in the purchase of stamps. The first time it was attempted, the member held received \$2.40 in dimes.

"It's a very simple and effective way of meeting the gift problem," sponsors of the scheme said.

They Believe in Signs

Not a small part of the success of the defense stamp and bond campaign in Rochester has been due to the effective signs promoting the sale that are placed in every shop.

The signs are the contribution of Brother Phil Bubes of Local 204, who painted them after completing his labors in the Bonds skipping team. He made parallel use of the red, white and blue theme, and with skillful lettering added greatly to the aesthetics of the posters.

Placed small flags on silver back grounds added to the attractiveness of the display.

How They Organized

Here's how Rochester organized its shops to get the defense stamps and buying plan in motion.

The Joint Board approved the plan and urged members to participate.

Shop chairmen set up committees and campaigns in every section to be sure each member was reached and given an opportunity to buy.

In some shops, Defense Stamp and Bond Clubs were organized to do the same work.

Each Thursday, the committees and clerks canvassed the members and took orders for stamps to be delivered Friday. Those were given to the shop chairmen who obtained the necessary stamps from the Joint Board financial officer and the following day distributed them.

This organized effort by the union greatly stimulated the sale, all interested agreed.



Brother Joe, Local 205.

"I'd do anything to help the government..."

"Buying bonds helps to defend the U. S...."

For Our



Children...

ON THE front cover of this book we showed the faces of a few of the thousands of Amalgamated members—the front-line fighters for our American democracy. Let us close with a look into the faces of those who will come after us. Let us look long into the eyes of the Amalgamated children.

It is for them, as much as for ourselves, that we are taking up the gauge in this battle to defend democracy to the death.

What are we defending?

The right to high wages? Yes, that's part of it. We want to live in a country which believes in a progressively higher standard of living, not grinding down homes and bread and clothing into endless articles of war. Our democracy has forged ahead to the highest living standards in the world.

Gaps in the picture? Of course. All of us in the Amalgamated have known the indignity and the brutality of starvation in the midst of plenty. But we'd rather work in a sweatshop here than be a banker under Hitler . . .

Are we fighting for the right to organize? Yes, that's part of it—the right of working men and women to combine for joint protection, to use their genius and their strength to carve out a better life for themselves and their children. Democracy may not have given us all we have wanted, but it gives us a fighting chance . . .

Gaps in the picture? Yes—we've had our Girdlers and our Fords and our Memorial Day massacres . . . But we'd rather work in the most vicious open shop here than head the Labor Front under Hitler . . .

Are we fighting for our system of political democracy? For our right to vote for our own candidates and choose our own representatives? That's a big piece of what we're fighting for. Our democracy vests the power in the people, rests upon the premise that the people can govern, must govern.

Gaps in the picture? Too many. Too many Hagues, too many Pendergasts, too many rotten, machine-run communities. But we'd rather live in Hague-town here, than be a Mayor under Hitler . . .

What else can we be fighting for?

All of this, and something more.

We fight for the right to speak, to think, to breathe, the right to say "No" when the crowd says yes . . .

The right to worship as we choose, in accordance with our conscience, to adore our own God in our own fashion . . .

The right to love and wed and bear children at the command of our hearts, not at a ruler dictates . . .

The right to live together in friendliness with people of all nations, to respect and be respected, to work in fellowship, not to destroy in hate . . .

The right to face our destiny as adult, intelligent human beings, soberly conscious of our own responsibility for our world—the right not to live as stupid, blood-mad dogs, moving only at the flick of a whip . . .

We are fighting for the right to leave our world a clean world, a world which can stand the honest gaze of our children's eyes . . .

That is what we are defending.

We, the men and women of labor, the men and women of the Amalgamated, will not turn back.

All the appeasers, all the liars, all the cowards, all those who peddle fear and hate and confusion, cannot touch us. We are not the "mass" of which they speak so contemptuously—we are the ones who make up the millions. We are Americans, with minds, and souls, and honor. We will stand firm.

No matter what the call made upon us, it will be answered.

The buying of defense bonds is but the smallest facet of the job we have undertaken. We will make good on this as on all others.

We have given our word. We will stand firm.



Defend Democracy!

Buy Defense Bonds!

September 18, 1941.

MEMORANDUM FOR THE SECRETARY'S FILES

A meeting relative to the administration of Executive Order 8389 was held in Mr. Foley's office at 4 p. m. on September 17, 1941, attended from time to time by the following:

Messrs. Foley (Chairman), Pehle, B. Bernstein, White, E. M. Bernstein and Timmons for the Treasury; Messrs. Acheson, Fisher, Luthringer and Miller for State; Messrs. Shea and Kreeger for Justice; and Mr. Knapp for the Board of Governors of the Federal Reserve System.

Mr. Acheson reported that the Navy Department has received from the French authorities at Martinique a request that the light cruiser "Emile Bertin" be allowed to proceed to drydock for scraping. The French Navy's first request was that she be allowed to proceed to Dakar, to which the Navy objected. The second request was that she be allowed to go into drydock in Brazil, to which the Navy likewise objected. It was then suggested that she go to Puerto Rico. The Navy Department has inquired of the State Department whether the Foreign Funds Control will release sufficient frozen French funds to cover the cost of drydocking and scraping. It was agreed that Mr. Acheson should inform the Navy Department that this is primarily a State-Navy problem, that the Treasury assumes it has been cleared with the President, and that upon receipt of a written request to release the necessary funds, such action will be taken.

Mr. White raised the question of a census of American investments in foreign countries. A sub-committee was appointed to consider this problem, consisting of, among others, Mr. E. M. Bernstein, Chairman, and Messrs. Miller, Luthringer and Schmidt.

Further reference was made to the pending applications involving the release of French funds to withdraw attachments on eight French vessels in the United States. Mr. Acheson reported that further conversations have taken place between the State Department and the Maritime Commission, and that they now want, for use as a bargaining point, the Treasury Department to say that a license to release funds will be granted. The present

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plan is to charter the eight French ships in the United States and the three French tankers now at Martinique to American companies designated by the Maritime Commission. It is also proposed that the French will put six ships in the United States-North African trade, three of which are presently in the Mediterranean and three of which are laid up in various South American ports. It was unanimously agreed if the above proposal could be carried out, all necessary licenses would be granted immediately.

An application has been filed by the office of the Italian Commercial Counsellor to pay the operating expenses of such office in the amount of approximately \$1300 monthly. Although the Italian Embassy has made no reply to the State Department Aide-Memoire concerning Italian diplomatic expenses in the United States, it was agreed that we should proceed to license this payment.

Mr. Miller referred to several conversations which representatives of the State and Treasury Departments have had with Mr. Victor Kwong, Attache of the Chinese Embassy, relative to the problem of Chinese partnerships in the United States which are not "generally licensed nationals" because of the fact that certain of the partners reside in China. This problem will receive immediate consideration.

Mr. Miller stated that Mr. Claude Bowers, the American Ambassador to Chile, has written to Under Secretary Welles requesting that the account of the Chinese Ambassador in Chile be freed. After discussion and in view of the reply made to the Chinese Embassy in response to the informal request for the freeing of the account of Mr. T. V. Soong (see Minutes of meeting of August 26, 1941) it was agreed that Mr. Bowers should be advised to have the Chinese Ambassador in Chile transmit his request through the Chinese Embassy in Washington.

Mr. Miller reported to the Committee that the proposed amendment to Circular No. 15, which will state that it is the view of the Treasury Department that the banks are not authorized to establish free dollar accounts to effect remittances to Japan,

has been cleared with the State Department. The amended Circular No. 15 will be sent immediately to the various Federal Reserve Banks and territories and possessions.

It was agreed by the Committee that Mr. White, the New York State Bank Commissioner, should be informed that the National Bank Examiner placed in the Yokohama Specie Bank, New York, to supervise transactions for the Foreign Funds Control is not assuming responsibility for the solvency of such bank. The Foreign Funds Control is considering this question in the granting of licenses but is not taking responsibility therefor. This responsibility remains a problem for the New York State Bank Commissioner. Mr. Pehle also referred to a letter addressed to the three Departments represented on this Committee by Commissioner White to ascertain our attitude concerning the possible closure of the Yokohama Specie Bank. Mr. Pehle pointed out this was a matter in which the State Department, because of the probable international repercussions, has an interest.

The Manchurian subsidiary of the British-American Tobacco Company has on deposit in Manchurian banks 10,000,000 yuan. The puppet Manchurian Government has proposed payment of the dollar equivalent (\$2,360,000) to the British-American Tobacco Company from blocked Japanese accounts in the United States, provided that an additional equal amount be released from Japanese funds for the purchase of American tobacco (1/5), raw cotton (2/5), and crude oil (2/5), for shipment to Manchuria. Also, a Chinese subsidiary of the British-American Tobacco Company has inquired if the Treasury would permit release to the British-American Tobacco Company in the United States of blocked Japanese funds against an equivalent payment to the Japanese authorities in Northern China of Federated Reserve Bank dollars. These proposals, which are in the nature of Japanese "feelers", have not been put in application form, but have been made to the Treasury Department by Mr. Gray Miller, Director of the British-American Tobacco Company. The Committee unanimously agreed that a letter should be addressed to Mr. Miller stating that the Treasury can only consider applications brought before it in the normal course. It is to be informally stated to Mr. Miller that the above proposals if made in application form would not be approved.

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Mr. Pehle referred to a cable received on August 30th by the Interior Department from High Commissioner Sayre in Manila, indicating that if the Treasury Department and the State Department agree arrangements can be made in Manila for all mail addressed to Shanghai, North China, Japan and French Indo-China to be routed through Hongkong for censorship. This would obviously strengthen the effectiveness of both freezing control and export control in the Far East. Mr. Fisher stated that he had checked this matter with the Philippine Islands desk and that the State Department's copy of the cable does not appear to have been received. Mr. Acheson indicated this matter would be looked into immediately.

An application has been filed by the Norwegian Minister to transfer 1,250,000 Swedish kroner for the purpose of shipping pre-fabricated houses to Norway. The British have indicated that they have no objection to this transaction. Mr. Acheson requested that this application be held pending inasmuch as he has recently learned that a plan is under way for the transfer of \$300,000 to Turkey for the purchase of food to be shipped to Greece. There are also pending two applications involving the transfer of funds to Switzerland for the purchase of medicine and food for the Greek Red Cross. The Greek Food Plan appears to have originated with Mr. MacVeagh, the former American Minister to Greece, who has discussed it with the President, Under Secretary Welles, and Secretary Hull. Mr. Acheson further stated that he has addressed a memorandum to Secretary Hull, informing him that a similar transaction involving Norway was recently denied by the Committee, and requesting that a conference be held in order that a coordinated policy with respect to these relief transactions may be developed.

Mr. Bernstein reported that in view of the large amount of work involved in preparing reports on Form TFR-300, and the large number of questions which have been raised, an extension of time to October 31, 1941, for filing of reports is to be granted. Mr. White, in response to a question from Mr. Foley, stated that the card-punching organization to take off information from the TFR-300 reports is in being and ready to operate.

Mr. B. Bernstein said that representatives of the State Department were coming into his office this afternoon to discuss the question of the Argentine Trade Agreement. Inasmuch as the various emergency controls imposed by this Government, such as Export Control, the Proclaimed List, and Freezing Control, cut across this Agreement, the Treasury Department desires to receive assurances from the State Department that nothing in the Trade Agreements will be used in any way to hinder the operation of these controls, necessarily involving, as they do, discrimination. The Treasury some time ago received such a letter from the State Department but it dealt only with the foreign exchange provisions in the trade agreements.

September 18, 1941.

Dear Harry:

I have your note of September 12, and the memorandum in regard to the General Aniline and Film Corporation.

The application involving the sale of the stock of the General Aniline and Film Corporation is still under consideration and, in this connection, I appreciate very much the information which you have given to me.

Sincerely yours,

(Signed) Henry

The Honorable Harry L. Hopkins,
The White House.

EHF:mp 9/18/41

Copy

By Messenger 2:10 pm

*2 copies memo
to 9/17/41*

September 18, 1941

Dear Eleanor:

I am sending you herewith the following:

1. Copy of the President's press release, dated May 26th, in connection with Senate Joint Resolution No. 60.
2. Copy of Senate Joint Resolution No. 60.
3. Copy of the President's veto message on Bill H.R. 5300.
4. Copy of Bill H.R. 5300.
5. Copies of my letter of September 17th to the President and my memorandum of September 12th.
6. Chart and table with detailed prices showing you how the price of flour increased from \$4.28 on September 3, 1940, to \$6.10 on September 9, 1941. You also will note the increase in wheat feed prices which are used largely by dairymen and poultry producers, and have a direct effect on the price of milk and eggs to the consumer.

Mr. George C. Haas, Director of Research and Statistics for the Treasury, prepares this information for me, and he will be glad to furnish you with any additional information you may need.

If you decide to go ahead with the matter which we discussed this morning, I think you could get good material from Mr. Leon Henderson, Miss Elliott, Dr. Parran and Secretary Wickard.

I enjoyed my breakfast with you immensely this morning, and I hope you will invite me soon again.

Affectionately,

Byrd - Henry -

Mrs. Franklin D. Roosevelt,
The White House.

c.c. to Mrs. Morgenthau

Sent by Secret Service.

MEMORANDUM OF

S. J. RES. 60

Most of this Resolution covers technical provisions of existing law aimed at improvement in the operation of the Agricultural program. There is no budgetary or other administrative objection to any of these amendments.

Section 10, however, directs the Commodity Credit Corporation to make available loans to cooperators who grow cotton, corn, wheat, rice or tobacco at the rate of eighty-five percent of the parity price for the commodity as of the beginning of the marketing year.

This is an effort to obtain farm prices nearer parity. It reflects the Government's objective for the past eight years. It reflects the fact that the farmers did not have and have not as great a share of the national income as other groups.

There is, nevertheless, an obscurity or perhaps an omission in the language of the Resolution which I have sought to clarify before affixing my signature.

One effect of increasing the loan rate on the major crops will in many cases result in a lowering of existing or budgeted parity payments. It should be obvious to all that the Government ought not now to change the existing policy by giving to farmers a total remuneration greater than parity.

When this Bill becomes law the cooperating farmer will be able to receive an eighty-five percent Parity Loan plus a cash Parity payment plus a cash Soil Conservation payment. Under no circumstances should the sum of these three exceed parity.

Therefore I have taken up the construction of the law with certain Legislative leaders chiefly responsible for it and have received from them letters stating in effect that for the 1941 crop the broad intention is that parity payments should if necessary be so curtailed as to avoid a price above parity when added to the loan and the Soil Conservation payments. I am therefore confident that in the pending Appropriation Bill this clear interpretation and intent will be carried out.

Furthermore, it is my belief that in the Omnibus Bill submitted to the Congress by the Secretary of Agriculture minimum cotton and wheat allotments should more closely approximate current demand; cotton and rice penalties should be increased; all with the thought that wholly unmanageable surpluses should not accumulate in the hands of the Government. Finally, the Commodity Credit Corporation should be free to dispose in an orderly manner of many commodities acquired under the Loan program.

I am approving this Joint Resolution on the distinct understanding that parity payments will be limited to the amount received from the sale of the commodity at parity. The net amount received

Calendar No. 152

77TH CONGRESS
1st Session**S. J. RES. 60**

[Report No. 143]

IN THE SENATE OF THE UNITED STATES

MARCH 20, 1941

Mr. SMITH introduced the following joint resolution; which was read twice and referred to the Committee on Agriculture and Forestry

MARCH 26, 1941

Reported, under authority of the order of the Senate of March 24, 1941, by
Mr. SMITH, without amendment

JOINT RESOLUTION

Relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended.

1 *Resolved by the Senate and House of Representatives*
2 *of the United States of America in Congress assembled,*

3 That notwithstanding the provisions of the Agricultural
4 Adjustment Act of 1938, as amended (hereinafter referred
5 to as the Act)—

6 (1) Within thirty days after the date of the issuance
7 of a proclamation provided for in section 322 (c) of the
8 Act or of a proclamation provided for in section 335 (a)
9 of the Act, relating to marketing quotas for corn or wheat,
10 as the case may be, the Secretary of Agriculture (herein-

1 after referred to as the Secretary) shall conduct a refer-
 2 endum, by secret ballot, of the farmers who would be subject
 3 to such marketing quotas to determine whether such farmers
 4 are (a) in favor of marketing quotas for the crop of the
 5 commodity harvested during the then current calendar year
 6 and also for the next consecutive crop or (b) in favor of
 7 marketing quotas only for the crop of the commodity har-
 8 vested during the then current calendar year or (c) opposed
 9 to marketing quotas.

10 (2) The Secretary shall proclaim the results of each
 11 referendum on corn or wheat within twenty days after the
 12 date thereof. If two-thirds of the farmers voting in the
 13 referendum favor marketing quotas for the aforesaid two
 14 crops of the commodity, marketing quotas shall continue
 15 in effect for the crop of the commodity harvested in the
 16 calendar year then current and, without a further referen-
 17 dum, marketing quotas shall be in effect for the next con-
 18 secutive crop of the commodity, unless the supply of the
 19 commodity as of the beginning of the marketing year for
 20 such crop is less than that which requires marketing quotas
 21 under the Act. If less than two-thirds of the farmers voting
 22 in the referendum vote in favor of marketing quotas for two
 23 crops, but the number of farmers voting in favor of mar-
 24 keting quotas for two crops, plus the number voting in favor
 25 of marketing quotas for one crop only, represents two-thirds

1 or more of the farmers voting in the referendum, then mar-
 2 keting quotas shall be in effect for the crop of the commodity
 3 harvested during the then current calendar year. If more
 4 than one-third of the farmers voting in the referendum
 5 oppose marketing quotas, then marketing quotas for the
 6 crop harvested in the then current calendar year shall not
 7 be in effect, but a referendum on marketing quotas may be
 8 held, in accordance with the Act and this resolution, for any
 9 crop or crops harvested in any subsequent calendar year
 10 or years. If more than one-third of the farmers voting in
 11 any such referendum oppose marketing quotas for corn or
 12 wheat, as the case may be, no loan pursuant to section 302
 13 of the Act with respect to such commodity will be made
 14 during the period from the date on which the results of
 15 the referendum are proclaimed by the Secretary until the
 16 beginning of the second succeeding marketing year for such
 17 commodity. The results of the referendum shall not limit
 18 the availability or renewal of any loan previously made.

19 (3) The farm marketing quota under the Act for any
 20 crop of corn or wheat shall be actual production of the
 21 acreage planted to the commodity on the farm, less the
 22 normal production or the actual production, whichever is
 23 the smaller, of that acreage planted to the commodity on
 24 the farm which is in excess of the farm-acreage allotment
 25 for the commodity. The normal production, or the actual

1 production, whichever is the smaller, of such excess acreage
 2 is hereinafter called the "farm marketing excess" of corn
 3 or wheat, as the case may be. The Secretary shall issue
 4 regulations under which the farm marketing excess of the
 5 commodity for the farm may be stored or delivered to him.
 6 "Actual production" of any number of acres of corn or wheat
 7 on a farm means the actual average yield of corn or wheat,
 8 as the case may be, for the farm times such number of acres.

9 (4) The producer shall be subject to a penalty of 30
 10 cents per bushel of corn and 50 cents per bushel of wheat on
 11 the farm-marketing excess of the commodity. The farm-
 12 marketing excess shall be regarded as available for market-
 13 ing, and the penalty and the storage or delivery amount for
 14 the commodity shall be computed upon the normal produc-
 15 tion of the excess acreage. Unless the farm marketing
 16 excess is stored or delivered to the Secretary, the penalty
 17 computed as aforesaid shall be paid by the producer imme-
 18 diately upon failure so to store or deliver. Any corn or
 19 wheat delivered to the Secretary hereunder shall become
 20 the property of the United States and shall be disposed of
 21 by the Secretary for relief purposes in the United States
 22 or in foreign countries or in such other manner as he shall
 23 determine will divert it from the normal channels of trade
 24 and commerce. Where, upon the application of the pro-
 25 ducer for an adjustment of penalty or of storage, it is satis-

1 factorily shown to the Secretary that the actual production
 2 of the excess acreage is less than the normal production
 3 thereof, the difference between the amount of the penalty
 4 or storage as computed upon the basis of normal production
 5 and as computed upon the basis of actual production shall
 6 be returned to or allowed the producer.

7 (5) Until the producers on any farm store, deliver to
 8 the Secretary, or pay the penalty on, the farm-marketing
 9 excess of any crop of corn or wheat, the entire crop of corn
 10 or wheat, as the case may be, produced on the farm shall be
 11 subject to a lien in favor of the United States for the amount
 12 of the penalty.

13 (6) The penalty upon corn or wheat stored shall be
 14 paid by the producer at the time, and to the extent, of any
 15 depletion in the amount of the commodity so stored, except
 16 depletion resulting from some cause beyond the control of
 17 the producer.

18 (7) Whenever the planted acreage of the then current
 19 crop of corn or wheat on any farm is less than the farm-
 20 acreage allotment for such commodity, the total amount of
 21 the commodity from any previous crops required to be stored
 22 in order to postpone or avoid payment of penalty shall be
 23 reduced by that amount which is equal to the normal pro-
 24 duction of the number of acres by which the farm-acreage
 25 allotment exceeds the planted acreage. The provisions of

1 section 326 (c) of the Act shall be applicable also to wheat.
2 (8) A farm marketing quota shall not be applicable
3 to any farm on which the acreage planted to corn or wheat
4 is not in excess of fifteen acres. The marketing penalty
5 shall not be applicable to any farm which, under the terms
6 of the then current agricultural conservation program formu-
7 lated under sections 7 to 17, inclusive, of the Soil Con-
8 servation and Domestic Allotment Act, is classified as a non-
9 allotment farm if the acreage of corn or wheat harvested
10 on such nonallotment farm is not in excess of fifteen acres
11 or the acreage allotment for the farm, whichever is larger.
12 If the acreage of corn or wheat harvested on any such non-
13 allotment farm is in excess of fifteen acres and in excess
14 of such acreage allotment, the normal production or the
15 actual production, whichever is the smaller, of the acreage
16 harvested in excess of fifteen acres or such acreage allot-
17 ment, whichever is larger, shall be taken as the farm
18 marketing excess and shall be subject to penalty: *Provided,*
19 That there shall be no penalty on wheat grown on any
20 such nonallotment farm from which no wheat is sold if
21 the acreage of wheat harvested on such farm does not
22 exceed such acreage per family living thereon as may be
23 used for home consumption without reducing the payment
24 with respect to the farm under the then current agricultural
25 conservation program.

1 (9) Until the farm marketing excess of corn or wheat,
2 as the case may be, is stored or delivered to the Secretary
3 or the penalty thereon is paid, each bushel of the com-
4 modity produced on the farm which is sold by the producer
5 to any person within the United States shall be subject
6 to the penalty of 30 cents a bushel for corn and 50 cents a
7 bushel for wheat. Such penalty shall be paid by the buyer,
8 who may deduct an amount equivalent to the penalty from
9 the price paid to the producer.

10 (10) Sections 301 (b) (6), 323 (b), and 335 (d)
11 of the Act, as amended, shall continue in full force and
12 effect, and all other provisions of the Act, as amended,
13 relating to corn and wheat marketing quotas shall continue
14 in effect insofar as not inconsistent with any provision of
15 this joint resolution.

WHEAT-MARKETING QUOTAS

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

WITHOUT HIS APPROVAL A BILL (H. R. 5300) ENTITLED "AN ACT RELATING TO WHEAT-MARKETING QUOTAS UNDER THE AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED, TO PROVIDE FOR WITHHOLDING FROM THE NORMAL CHANNELS OF TRADE AND COMMERCE GOVERNMENT-OWNED COTTON AND WHEAT OF THE 1940 AND PREVIOUS CROPS, AND TO PROVIDE 85 PER CENTUM OF PARITY WITH RESPECT TO PEANUTS OF THE 1941 CROP"

AUGUST 25, 1941.—Referred to the Committee on Agriculture and ordered to be printed

To the House of Representatives:

I am returning herewith, without my approval, a bill (H. R. 5300) entitled "An act relating to wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended, to provide for withholding from the normal channels of trade and commerce Government-owned cotton and wheat of the 1940 and previous crops, and to provide 85 per centum of parity with respect to peanuts of the 1941 crop."

It is my conviction that approval of the measure would seriously and adversely affect the Agricultural Adjustment Program and the attendant policies which have been so beneficial to our farmers during the past few years.

One provision of this act would permit the farmers to dispose of, as feed, without penalty, an indefinite amount of wheat produced in excess of their farm acreage allotments for 1941. This provision would place a premium on noncompliance with the wheat program, constitute a breach of faith with the large majority of farmers who complied with the program, and so relax the control features of the farm program as to adversely affect future participation therein.

Even more objectionable is the provision which would direct the Commodity Credit Corporation to acquire title to all cotton and wheat of the 1940 and previous crops in which it has an interest and to hold these commodities for an indefinite period. The goal of the administration's agricultural policy has been parity prices for the farmers and this has been accepted by the producers, the consumers, and the Congress as fair and reasonable. I do not feel that farmers would wish this acceptance destroyed by action designed to force prices above parity through the arbitrary withholding of Government-owned stocks from the normal channels of trade and commerce.

Recently, I approved legislation enacted by the Congress authorizing the Commodity Credit Corporation to make loans at a rate of 85 percent of the parity prices of the five basic agricultural commodities, which, in addition to agricultural conservation payments and authorized parity payments, will enable the growers of these crops to realize parity for their 1941 production. Parity, however, is only one of two elements of income. The other is volume sold. The ultimate effect of this bill would be to restrict the volume of the products sold and thus shrink the use of and the market for these commodities. Moreover, in times such as these no one can foresee how soon these Government-owned stocks may be needed.

The Commodity Credit Corporation should be free to dispose of the commodities acquired under the loan programs in an orderly manner. Otherwise, it will be impossible to maintain an "ever-normal granary" to protect farmers against surpluses and consumers against scarcity. Restriction of this authority of the Corporation would greatly increase its losses, nullify the effectiveness of existing programs, and, by breaking faith with consumers, be inconsistent with our present price-control efforts.

In my judgment, this bill is contrary to sound governmental policy and the long-time best interests of both farmers and consumers.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, August 25, 1941.

H. R. 5306

SEVENTY-SEVENTH CONGRESS OF THE UNITED STATES OF AMERICA; AT THE FIRST SESSION BEGUN AND HELD AT THE CITY OF WASHINGTON ON FRIDAY, THE THIRD DAY OF JANUARY, ONE THOUSAND NINE HUNDRED AND FORTY-ONE

AN ACT Relative to wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended, to provide for allocation from the normal channels of trade and commerce Government-owned cotton and wheat of the 1940 and previous crops, and to provide 85 per centum of parity with respect to parity of the 1941 crop.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, effective as of May 26, 1941, Public Law Numbered 74, Seventy-seventh Congress, be amended by adding at the end thereof the following new paragraphs:

"(12) Notwithstanding any of the foregoing provisions, the farm-marketing excess for any crop of wheat for any farm shall not be larger than the amount by which the actual production of such crop of wheat on the farm exceeds the normal production of the farm wheat-acreage allotment, if the producer establishes such adjustment to the satisfaction of the Secretary. Where a downward adjustment in the amount of the farm-marketing excess is made pursuant to the provisions of this paragraph, the difference between the amount of the penalty or storage as computed upon the farm-marketing excess before such adjustment and as computed upon the adjusted farm-marketing excess shall be returned to or allowed the producer.

"(13) Notwithstanding any of the foregoing provisions the penalty upon wheat during the marketing year beginning July 1, 1941, shall not apply to that portion of the farm-marketing excess for any farm, which the producer establishes in accordance with the regulations of the Secretary was or will be used as feed on the farm where grown for livestock or poultry or was or will be consumed by the farmer's family or household. The amount of any penalty paid on that portion of the farm-marketing excess of wheat which was or will be used as feed on the farm where grown for livestock or poultry or which was or will be consumed by the farmer's family or household, shall be returned or allowed the producer."

Sec. 2. That the Commodity Credit Corporation is authorized and directed to acquire title to all cotton or wheat of the 1940 and previous crops on which loans have been made or arranged for by such Corporation, as soon as it has the right to do so in accordance with the terms and conditions on which such loans were made: *Provided*, That upon acquiring title to any such cotton or wheat in which the producer has an equity, the Commodity Credit Corporation shall pay to the producer a sum equal to the amount by which the market price of such cotton or wheat (determined on the basis of the place where it is located and as of the date the Corporation acquires title) exceeds the amount of the loan on such cotton or wheat, including accrued interest and accrued carrying charges.

During the continuation of the present European war, and thereafter until the Congress shall otherwise provide, no cotton or wheat of the 1940 crop, or any previous crop, title to which is now held or hereafter acquired by the Commodity Credit Corporation, shall be sold or otherwise disposed of by such Corporation, except that—

(a) Such cotton or wheat may be disposed of (1) for use for domestic relief purposes pursuant to authority contained in other provisions of law, (2) for use for relief purposes in any foreign country, (3) for use by any foreign country whose defense the President deems vital to the defense of the United States, or (4) for export to any foreign country pursuant to authority and subject to limitations contained in other provisions of law, in any case in which the Secretary of Agriculture determines that such disposal and use of such cotton or wheat for such purposes will not reduce the market price and will not interfere with the sale or distribution of cotton or wheat or cotton or wheat products in the normal channels of trade and commerce;

(b) Such cotton or wheat may be disposed of for use by other departments or agencies of the Government for purposes important to the national defense in any case in which the Secretary of Agriculture determines that the use of such cotton or wheat for such purposes will not reduce the market price and will not interfere with the sale or distribution of cotton or wheat or cotton or wheat products in the normal channels of trade and commerce; and

(c) Such cotton or wheat may be exchanged for other cotton or wheat in any case in which the Secretary of Agriculture finds that such exchange is necessary in order that sufficient quantities of cotton or wheat of particular grades, types, or staples may be made available to meet the needs of trade and commerce for such particular grades, types, or staples.

Sec. 3. Section 359 (c) of the Agricultural Adjustment Act of 1938, as amended (Public Law 27, Seventy-seventh Congress, approved April 5, 1941), is amended as follows:

By adding after the words "peanut-diversion program" in the second sentence of said subsection the words "(at a price not less than 85 per centum of the parity price of peanuts as herein established)"; and by striking the words and figures "50 per centum and not more than 75 per centum" appearing in the fourth sentence of said subsection and inserting in lieu thereof "85 per centum". The amendments made by this section shall be effective only with respect to the crop of peanuts produced in the calendar year 1941.

SAM RAYBURN,

Speaker of the House of Representatives.

KENNETH McKELLAR,

Acting President of the Senate pro tempore.

[Endorsement on back of bill:]

I certify that this Act originated in the House of Representatives.

SOUTH TRIMBLE, Clerk.

77th CONGRESS
1st Session

H. R. 5300

IN THE HOUSE OF REPRESENTATIVES

August 5, 1941

Ordered to be printed with the amendments of the Senate numbered

AN ACT

To amend Public Law Numbered 74 of the Seventy-seventh Congress, relating to wheat-marketing quotas under the Agricultural Adjustment Act of 1938, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That, effective as of May 26, 1941, Public Law Numbered
4 74, Seventy-seventh Congress, is amended by adding at the
5 end thereof the following new ~~(1) paragraph~~ paragraphs:

6 " (12) Notwithstanding any of the foregoing provisions.
7 the farm marketing excess for any crop of wheat for any
8 farm shall not be larger than the amount by which the actual
9 production of such crop of wheat on the farm exceeds the
10 normal production of the farm wheat-acreage allotment, if

1 the producer establishes such actual production to the satis-
2 faction of the Secretary. Where a downward adjustment in
3 the amount of the farm marketing excess is made pursuant to
4 the provisions of this paragraph, the difference between the
5 amount of the penalty or storage as computed upon the farm
6 marketing excess before such adjustment and as computed
7 upon the adjusted farm marketing excess shall be returned
8 to or allowed the ~~(2) producer.~~ producer.

9 **(3)**“(13) Notwithstanding any of the foregoing provisions
10 the penalty upon wheat shall not apply to that portion of
11 the farm-marketing excess for any farm, which the producer
12 establishes in accordance with the regulations of the Secre-
13 tary, which was or will be used as feed for livestock or poultry
14 for any purpose or for seed or which was or will be consumed
15 by the farmer's family or household. The amount of any
16 penalty paid on that portion of the farm-marketing excess of
17 wheat which was or will be used as feed for livestock or
18 poultry for any purpose or for seed or which was or will be
19 consumed by the farmer's family or household, shall be
20 returned or allowed the producer.”

21 **(4)**SEC. 2. That the Commodity Credit Corporation is au-
22 thorized and directed to acquire title to all cotton or wheat of
23 the 1940 and previous crops on which loans have been made
24 or arranged for by such Corporation, as soon as it has the
25 right to do so in accordance with the terms and conditions on

1 *which such loans were made: Provided, That upon acquiring*
2 *title to any such cotton or wheat in which the producer has an*
3 *equity, the Commodity Credit Corporation shall pay to the*
4 *producer a sum equal to the amount by which the market*
5 *price of such cotton or wheat (determined on the basis of the*
6 *place where it is located and as of the date the Corporation*
7 *acquires title) exceeds the amount of the loan on such cotton*
8 *or wheat, including accrued interest and accrued carrying*
9 *charges.*

10 *During the continuation of the present European war,*
11 *and thereafter until the Congress shall otherwise provide, no*
12 *cotton or wheat of the 1940 crop, or any previous crop, title*
13 *to which is now held or hereafter acquired by the Commodity*
14 *Credit Corporation shall be sold or otherwise disposed of by*
15 *such Corporation; except that—*

16 *(a) Such cotton or wheat may be disposed of for use*
17 *for relief purposes (pursuant to authority contained in*
18 *other provisions of law) in any case in which the Secre-*
19 *tary of Agriculture determines that the use of such cotton*
20 *or wheat for such purposes will not interfere with the*
21 *sale or distribution of cotton or wheat or cotton or wheat*
22 *products in the normal channels of trade and commerce:*

23 *(b) Such cotton or wheat may be disposed of for use*
24 *by other departments or agencies of the Government for*
25 *purposes important to the national defense in any case*

1 *in which the Secretary of Agriculture determines that the*
 2 *use of such cotton or wheat for such purposes will not*
 3 *interfere with the sale or distribution of cotton or wheat*
 4 *or cotton or wheat products in the normal channels of*
 5 *trade and commerce; and*

6 *(c) Such cotton or wheat may be exchanged for*
 7 *other cotton or wheat in any case in which the Secretary*
 8 *of Agriculture finds that such exchange is necessary in*
 9 *order that sufficient quantities of cotton or wheat of*
 10 *particular grades, types, or staples may be made avail-*
 11 *able to meet the needs of trade and commerce for such*
 12 *particular grades, types, or staples.*

13 **(5)** *SEC. 3. Section 359 (c) of the Agricultural Adjustment*
 14 *Act of 1938, as amended (Public Law 27, Seventy-seventh*
 15 *Congress, approved April 3, 1941), is amended as follows:*

16 *By adding after the words "pennut-diversion program"*
 17 *in the second sentence of said subsection the words "(at a*
 18 *price not less than 85 per centum of the parity price of*
 19 *pennuts as herein established)"; and by striking the words*
 20 *and figures "50 per centum and not more than 75 per*
 21 *centum" appearing in the fourth sentence of said subsection*
 22 *and inserting in lieu thereof "85 per centum".*

Amend the title so as to read: "An Act to amend Public Law Numbered 74 of the Seventy-seventh Congress, relating to wheat-marketing quotas under the Agricultural Adjust-

ment Act of 1938, as amended, and to provide for withholding from the normal channels of trade and commerce cotton or wheat of the 1940 and previous crops which is owned by the Government or which is pledged as security for Government loans, and to increase the parity price of peanuts."

Passed the House of Representatives July 21, 1941.

Attest: SOUTH TRIMBLE,
Clerk.

Passed the Senate with amendments July 29 (legislative day, July 28), 1941.

Attest: EDWIN A. HALSEY,
Secretary.

September 17, 1941

My dear Mr. President:

I am inclosing herewith a copy of the memorandum which I showed you at Cabinet last week. You questioned my figure of six million bales of cotton mentioned in this memorandum.

I have had my people re-check this figure, and find that the latest report of the Commodity Credit Corporation, who is the owner of this cotton, shows that they had on hand, as of July 31st, 6,126,482 bales. There is, however, a statutory provision which provides that not more than 300,000 bales can be sold in any one calendar month and not more than one and a half million bales in any one calendar year.

Yours sincerely,

(Signed) H. Morgenthau, Jr.

The President,
The White House.

September 12, 1941

Secretary Morgenthau**Mr. Cairns
Mr. Haas**

Subject: Use of farm surpluses for inflation control, within the framework of the Administration's agricultural policy.

The President has stated in his press release of May 26, 1941, approving the 85 percent of parity loans (S. J. Res. 60):

(1) "This is an effort to obtain farm prices nearer parity. It reflects the Government's objective for the past eight years."

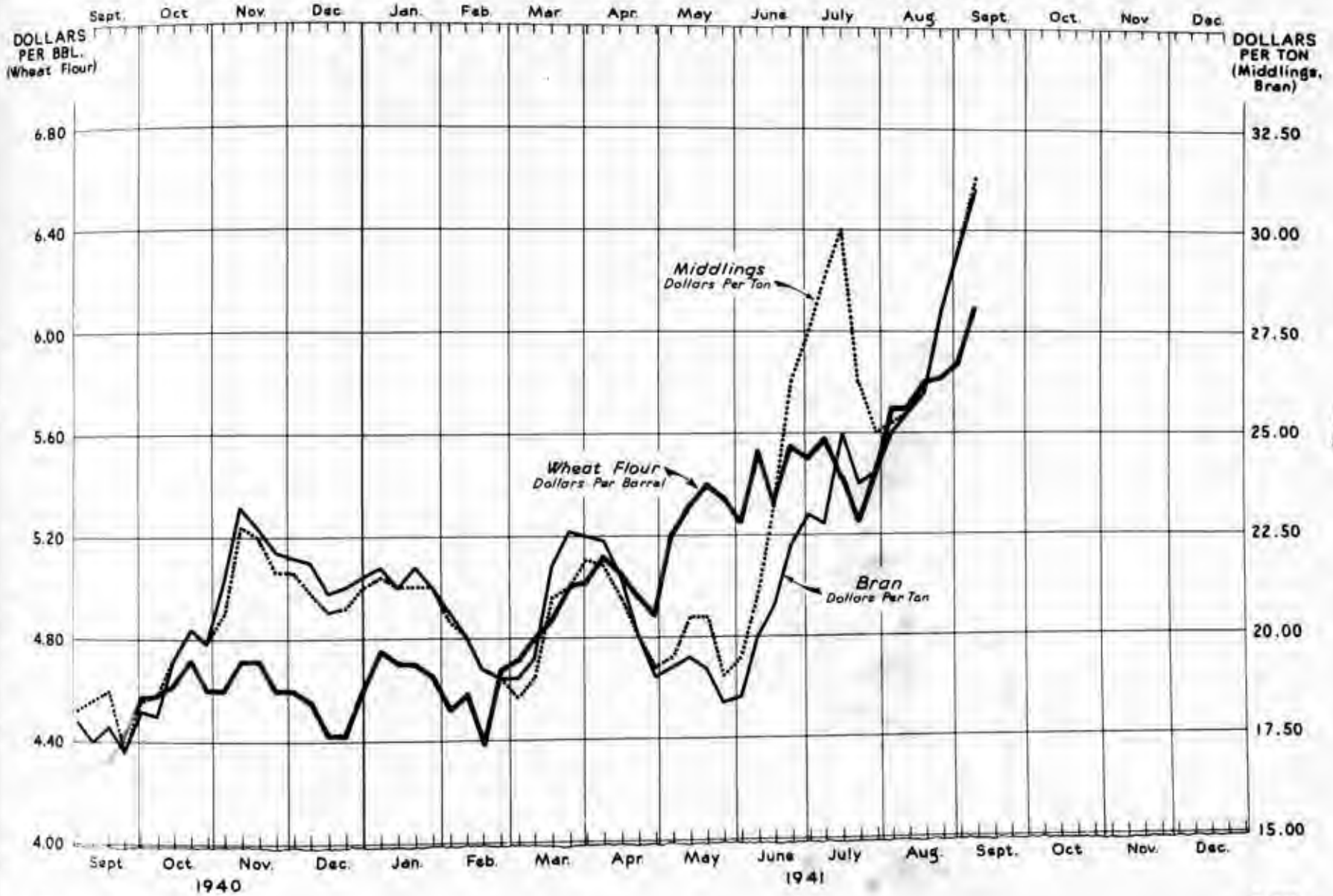
(2) He stated that "wholly unmanageable surpluses should not accumulate in the hands of the Government. Finally, the Commodity Credit Corporation should be free to dispose in an orderly manner of many commodities acquired under the loan program."

(3) "I am approving this Joint Resolution on the distinct understanding that parity payments will be limited to the amount necessary to bring the basic commodities to parity but not beyond parity."

A method by which the Government holdings of cotton and wheat could be used to stabilize prices, consistent with the Administration's stated policy on agricultural prices, is as follows:

The President or the Secretary of Agriculture could announce that the Government stood ready to sell wheat and cotton at parity price levels. The Government has 170,000,000 bushels of wheat and 6,000,000 bales of cotton available for this purpose. It is believed that these are sufficient quantities to maintain the open market price at parity for the time being. The parity price for cotton is at approximately the present market level, and for wheat somewhat higher than present market prices.

83
PRICES OF FLOUR AND WHEAT FEEDS AT MINNEAPOLIS



Weekly prices of wheat flour, bran,
and middlings at Minneapolis

54

Week ended	Flour (Dollars per bbl.)	Bran (Dollars per ton)	Middlings (Dollars per ton)
1940			
September 3	4.28	18.00	18.25
10	4.32	17.50	18.50
17	4.32	17.88	18.75
24	4.42	17.25	17.25
October 1	4.58	18.25	18.50
8	4.58	18.12	18.62
15	4.62	19.50	19.50
22	4.72	20.25	20.25
29	4.60	19.88	19.88
November 5	4.60	21.38	20.62
12	4.72	23.25	22.75
19	4.72	22.75	22.50
26	4.60	22.12	21.62
December 3	4.60	22.00	21.62
10	4.55	21.88	21.12
17	4.42	21.12	20.62
24	4.42	21.25	20.75
31	4.60	21.50	21.25
1941			
January 7	4.75	21.75	21.50
14	4.70	21.25	21.25
21	4.70	21.75	21.25
28	4.65	21.25	21.25
February 4	4.52	20.62	20.38
11	4.58	20.00	20.00
18	4.38	19.25	19.25
25	4.68	19.00	19.00
March 4	4.72	19.00	18.50
11	4.80	19.50	19.00
18	4.88	21.75	21.00
25	5.00	22.62	21.25
April 1	5.02	22.50	22.00
8	5.12	22.38	21.75
15	5.05	21.50	21.00
22	4.95	20.00	20.00
29	4.88	19.00	19.25
May 6	5.20	19.25	19.50
13	5.32	19.50	20.50
20	5.40	19.25	20.50
27	5.35	18.38	19.00

Weekly prices of wheat flour, bran,
and middlings at Minneapolis
(continued)

85

Week ended	Flour (Dollars per bbl.)	Bran (Dollars per ton)	Middlings (Dollars per ton)
1941			
June 3	5.25	18.50	19.50
10	5.55	20.00	21.00
17	5.32	20.75	23.25
24	5.55	22.25	26.25
July 1	5.40	23.00	27.50
8	5.58	22.75	28.75
15	5.42	25.00	30.00
22	5.25	23.75	26.25
29	5.45	24.00	25.00
August 5	5.70	25.00	25.25
12	5.70	25.50	25.50
19	5.80	26.00	26.00
26	5.82	26.00	26.00
September 2	5.88	29.50	29.50
9	6.10	31.00	31.25

Source: Bureau of Labor Statistics

Washington

September 18, 1941

The Speaker of the
House of Representatives.

Sir:

I have transmitted to the Congress the Second Report of operations under the Lend-Lease Act. This report indicates the increasing amount of material aid we are rendering to the democracies. Of the \$7,000,000,000 appropriated six months ago, aid in the amount of \$6,200,000,000 is now moving through the successive stages of allocation, obligation, production, and delivery. Additional funds are now needed in order that there be no interruption in the flow of aid to those countries whose defense is vital to our own. I am, therefore, transmitting a supplemental estimate of appropriation in the amount of \$5,985,000,000, the details of which are set forth in the accompanying letter from the Director of the Bureau of the Budget. I recommend its speedy enactment.

Respectfully,

(Signed) FRANKLIN D. ROOSEVELT

September 15, 1941

Sir:

I have the honor to submit for your consideration a supplemental estimate of appropriation to carry out the provisions of the act entitled "An Act to Promote the Defense of the United States," approved March 11, 1941, in the amount of \$5,985,000,000, as follows:

DEFENSE AID

To enable the President, through such departments or agencies of the Government as he may designate, further to carry out the provisions of An Act to Promote the Defense of the United States, approved March 11, 1941, and for each and every purpose incident to or necessary therefor, there are hereby appropriated, out of any money in the Treasury not otherwise appropriated, in addition to the sums appropriated by the "Defense Aid Supplemental Appropriation Act, 1941," the following sums for the following respective purposes, namely:

(a) For the procurement, by manufacture or otherwise, of defense articles, information and services, for the government of any country whose defense the President deems vital to the defense of the United States, and the disposition thereof, including all necessary expenses in connection therewith, as follows:

(1) Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof. . . \$1,190,000,000

- (3) Tanks, armored cars, automobiles, trucks, and other automotive vehicles, spare parts, and accessories \$385,000,000
- (4) Vessels, ships, boats, and other water-craft, including the hire or other temporary use thereof, and equipage, supplies, materials, spare parts, and accessories 850,000,000
- (5) Miscellaneous military and naval equipment, supplies, and materials 155,000,000
- (6) Facilities and equipment for the manufacture, production or operation of defense articles and for otherwise carrying out the purposes of the Act of March 11, 1941, including the acquisition of land, and the maintenance and operation of such facilities and equipment 375,000,000
- (7) Agricultural, industrial, and other commodities and articles 1,875,000,000
- (b) For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith 175,000,000
- (c) For necessary services and expenses for carrying out the purposes of the Act of March 11, 1941, not specified or included in the foregoing 285,000,000
- (d) For administrative expenses 10,000,000
- (e) In all, \$5,985,000,000, to remain available until June 30, 1945.

(f) Each of the foregoing appropriations shall be additional to, and consolidated with, the appropriation for the same purpose contained in Sections 1(a), 1(b), 1(c), and 1(d), respectively, of the "Defense Aid Supplemental Appropriation Act, 1941": Provided, That, with the exception of the appropriation for administrative expenses, not to exceed 20 per centum of any such consolidated appropriations may be transferred by the President to any other of such consolidated appropriations, but no such consolidated appropriation shall be increased more than 30 per centum thereby.

SEC. 2. The President may, from time to time, when he deems it in the interest of national defense, authorize the head of any department or agency of the Government, to enter into contracts for the procurement of defense articles, information or services for the government of any country whose defense the President deems vital to the defense of the United States, to the extent that such government agrees to pay the United States for such defense articles, information or services prior to the receipt thereof and to make such payments from time to time as the President may require to protect the interests of the United States; and, upon payment of the full cost, the President may dispose of such articles, information or services to such government.

SEC. 3. Any defense article procured pursuant to this Act shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States requires it.

- 3 -

SEC. 4. No part of any appropriation contained in this Act shall be used to pay the salary or wages of any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: Provided, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: Provided further, That any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation in this Act shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both: Provided further, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

SEC. 5. This Act may be cited as "Title II of the Defense Aid Supplemental Appropriation Act, 1941."

I recommend that the estimate be transmitted to Congress.

Very respectfully,

(Signed) HAROLD D. SMITH
Director of the
Bureau of the Budget.



OFFICE OF THE DIRECTOR

TREASURY DEPARTMENT
PROCUREMENT DIVISION
WASHINGTON

89

September 18, 1941

MEMORANDUM FOR THE SECRETARY:

Colonel Greenbaum called to see me at your suggestion and discussed the steps he has taken to expedite the handling of Lease-Lend purchases by the War Department.

He furnished today an outline of the steps taken to effect such purchases by the War Department which is detailed in the attached sheets.

Colonel Greenbaum stated that the time element varies, depending upon the nature of the purchase.

There is also attached hereto a memorandum outlining the Lend-Lease purchase procedure within the Navy Department.

Clifton E. Mack
Clifton E. Mack,
Director of Procurement.

Att.

OUTLINE OF LEND LEASE PURCHASE PROCEDURE BY WAR DEPARTMENT

1. Division of Defense Aid Reports transmits requisition to Defense Aid Division of the War Department.
2. Defense Aid Division transmits requisition to G-4 (Assistant Chief of Staff in Charge of Supplies).
3. G-4 transmits requisition to bureau having jurisdiction such as Quartermaster Corps, Ordnance, etc.
4. Executive Officer of cognizant bureau transmits requisition to proper purchase group for recommendation and estimate.
5. Purchase group returns requisition to Executive Officer with recommendation and purchase estimate.
6. Executive Officer transmits requisition to Chief of Bureau, with recommendation.
7. Chief of Bureau transmits requisition to Assistant Chief of Staff (G-4).
8. G-4 transmits requisition to Defense Aid Division.
9. Defense Aid Division transmits requisition to Budget Officer for preparation of Form LLA-3 (request for funds).
10. Budget Officer prepares Form LLA-3 (request for funds), returns same to Defense Aid Division for signature and transmittal to Division of Defense Aid Reports.
11. Division of Defense Aid Reports prepares allocation letter and after signature same is returned to Defense Aid Division, War Department.

12. Defense Aid Division to Budget, War.
13. To cognizant bureau for purchase.

After contract has been signed by contractor, it is approved by the Chief of Bureau handling purchase if the amount is under \$500,000. If the purchase is in a greater amount, approval of the Under Secretary of War is required.

OUTLINE OF LEND LEASE PURCHASE PROCEDURE BY NAVY DEPARTMENT

1. Division of Defense Aid Reports transmits requisition to Defense Aid Office of Chief of Naval Operations.

2. Defense Aid Office transmits requisition to cognizant bureau for estimate, preparation of Form LLA-3 (request for funds), which is signed by chief of bureau or designated official, if amount is under \$1,000,000.

3. Chief of Bureau transmits Form LLA-3 (request for funds) to Defense Aid Office for recording and transmittal to Division of Defense Aid Reports.

4. Division of Defense Aid Reports transmits allocation letter to Navy Budget Officer, which officer notifies each cognizant bureau of allocation.

5. Purchase action starts at this point in cognizant bureau, as follows:

(1) Cognizant bureau prepares invitation to bid, and forwards same to Bureau of Supplies and Accounts.

(2) Bureau of Supplies and Accounts issues invitation, opens bid and prepares contract, and Chief of Bureau of Supplies and Accounts accepts contract for Government.

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TREASURY DEPARTMENT

Washington

September 18, 1941.

Dear Mr. Secretary:

This is to acknowledge receipt of your letter of September 11 appointing me Consulting Expert in the Department. I have made the necessary arrangements with Brown University and I have reported to Mr. H. Merle Cochran this morning for duty.

I appreciate very much this opportunity to serve in the Department.

Yours very truly,

/s/ William Adams Brown, Jr.

William Adams Brown, Jr.

The Honorable

Henry Morgenthau, Jr.,

Secretary of the Treasury.

Copy:new 9/19/41

MEMORANDUM

September 18, 1941

To: PRICE ADMINISTRATION COMMITTEE
From: R. K. Thompson, Secretary

Attached hereto are the following documents:

1. Minutes of the meeting of September 10.
2. Price schedule No. 25.
3. Civilian allocation program for rayon yarn.
4. Amendment to price schedule No. 15.
5. Civilian allocation program for tungsten chemical compounds.
6. Amendment to price schedule No. 19.
7. Amendment to price schedule No. 4.
8. Amendment to price schedule No. 8.
9. Price schedule No. 26.
10. Amendment to price schedule No. 25.
11. Price schedule No. 27.
12. Amendment to price schedule No. 9.
13. Price schedule No. 28.
14. Department of Agriculture press release announcing program to meet food increased need.

CONFIDENTIAL

SUMMARY OF STENOGRAPHIC TRANSCRIPT OF MEETING OF
PRICE ADMINISTRATION COMMITTEE
September 10, 1941
11:10 a.m.

Present: Mr. Henderson, Chairman, Messrs. March, Clayton, Ryder, Ezekiel, O'Connell, Lewis, Whitcomb, Barnes, Shields, Greenwood, Hamm, Galbraith, Ginsburg, Cassels, Harris, Renard, Plummer, Thompson.

1. Subcommittee investigating use of sanctions.

Mr. Henderson expressed his pleasure with the work of this subcommittee, which was appointed at the meeting of the Committee on August 26, and requested that the work of the subcommittee be continued. It was understood that a meeting of the subcommittee would be held to review the steel scrap situation.

2. Designation of Mr. Hamm as Acting Administrator.

Mr. Henderson advised the Committee that because of the pressure of his duties as Administrator of the Office of Price Administration, Member of the Supply, Priorities, and Allocation Board, and Director of the Division of Civilian Supply of the Office of Production Management, he had designated Mr. Hamm Acting Administrator of the Office of Price Administration for a period of approximately three months.

3. Cotton situation.

Dr. Galbraith stated that the cotton situation has not changed very much in the last few months. He said it is the case of a raw cotton price that is pressing more and more heavily upon our price ceilings on grey goods and now some finished goods. Mr. Galbraith stated further that the price of raw cotton has advanced between two and three cents since the situation was last reasonably quiet and we are faced with an urgent demand on the part of the industry to increase the ceilings to compensate for that increase in cotton prices and in a considerable measure we are obligated to do so. There ensued a discussion of the entire situation but no recommendations were made. Mr. Galbraith added that a meeting was scheduled for today with the industry to discuss the situation.

4. Zinc concentrate situation.

Mr. Hamm referred to the report entitled Price Policy and the Zinc Concentrate Situation prepared by the Office of Price Administration, copies of which had been furnished to the members of the Committee prior to this

meeting. He said that while this particular zinc situation in the Tri-State Area is not immediately acute, the analysis indicates that there will be a gradual decline in production of zinc over the rest of the year, and by the end of the year it will probably be substantial, at the very time when many small industries are in desperate need of zinc to maintain employment and production. There are three very serious problems involved in the maintenance of the current production of zinc (1) labor, (2) the intangible nature of the evidence and (3) the price situation regarding zinc since August 1939. Mr. Hamm enlarged upon the three problems.

5. Anthracite coal industry.

Mr. Henderson stated that there had been several increases in the anthracite industry and that they had announced additional increases to be effective on August 15 and September 15. He said the Office of Price Administration had asked the industry to withdraw the August 15 increase until after they had discussed the matter with us and after such discussion we had agreed to let them keep the August 15 increase and asked them not to make any more increases without discussing them with us in terms of their profit statement. He added that a consolidated statement for the industry had been submitted and then they announced a price increase for September 15, which may precipitate a price schedule and a little difficulty.

The meeting adjourned at 12:45 p.m.

OFFICE FOR EMERGENCY MANAGEMENT

Office of Price Administration and Civilian Supply

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For A.M. Release
August 29, 1941

PM 1040

Special action designed to eliminate speculative practices that tend to disrupt the price structure of the entire fats and oils field was announced today by Leon Henderson, Administrator, Office of Price Administration and Civilian Supply.

At the same time he withdrew an earlier statement by his office that ceiling prices would be placed on cottonseed oil. If action becomes necessary in face of a runaway price situation it will cover both cottonseed oil and competing products. Mr. Henderson stated that no such situation was now expected.

Today's action, which takes the form of Schedule No. 25, "Elimination of Speculative and Inflationary Price Practices" in fats and oils and their products, was arrived at after intensive study by OPACS in the course of which consultation was had with cotton planters, cottonseed crushers, sellers and consumers of the various oils and fats, Commodity Credit Corporation, the Department of Agriculture, the Federal Tariff Commission, and the Department of Commerce.

Four corrective measures are contained in the schedule as follows:

1. Purchases of fats and oils purely for the purpose of speculative resale at a profit are prohibited. This provision does not apply to futures trading on organized commodity exchange for hedging purposes or to purchases or sales in the course of recognized manufacturing and distributing functions.
2. Deliveries against forward purchases must be completed within 45 days of commitment. However, forward sales of crude oils by crushing mills are specifically excluded, as are forward sales of imported oils and fish oils.
3. "Guarantees" on the part of sellers of fats and oils or their products against future price declines are eliminated, with the exception that wholesalers, jobbers, and retailers are allowed to obtain such guarantees as regards their floor stocks.
4. A device sometimes employed to circulate fictitious price quotations in the trade is outlawed.

These measures, which have the support of the trade, are expected to be

a position to cope successfully with a type of speculation that, if not brought under control, might affect adversely both our civilian population and that part of our farm population for which cottonseed is a 'cash crop,'" Mr. Henderson stated. "Supplies of fats and oils are ample, but because of speculation and hoarding over recent months, the spectre of shortage has made its appearance. As a result, prices have been influenced artificially to the detriment of the public interest and the defense effort.

"Continued instability in the prices of these vitally important commodities can only serve to contribute to inflation."

Although not generally realized, there are approximately 1,800 fats and oils (excluding mineral, essential and chemical oils) that are essential to a wide range of industrial and domestic uses. Their annual consumption (referred to as "disappearance") in the United States exceeds 9,000,000,000 pounds. Excluding butter, which is not affected by the new OPACS schedule, the "disappearance" of fats and oils in 1940 was close to 7,500,000,000 pounds. Over 96% of this huge total was made up of 15 major forms, of which the most important are lard, cottonseed oil and inedible tallow and grease, all of domestic origin. Following these leaders in order of their relative "disappearance" are coconut oil, linseed oil, marine animal oil (whale oil, menhaden oil, sardine oil, codliver oil, etc.), soybean oil, palm oil, corn oil, tung oil, edible tallow, peanut oil, castor oil, olive oil, babassu oil, and perilla oil.

The edible fats and oils find their way into salad oils, cooking oils, shortening and oleomargarine. The manufacture of soap, soap powder, and cosmetics absorbs a substantial amount of the inedible fats and oils, while into the production of paints, varnishes, and printing inks go linseed, tung, perilla, fish, soybean, and castor oil.

"Because of its economic importance to the Cotton Belt and the key position it holds in the food industry, cottonseed oil has been the subject of close attention from my office for some time past," Mr. Henderson said. "The sharp price advances

of the winter and early spring led to a threat of ceiling prices at levels considerably lower than those prevailing at the time. This warning served to stabilize cottonseed oil prices over the weeks preceding the season when new run seed begins to flow to the crushing mills. Intensive study of the problem, including exhaustive field investigations, has made it clear, however, that ceiling action on cottonseed oil which did not extend to competitive fats and oils would be unwise and also discriminatory.

"Since new run seed is now beginning to flow to the mills, it is desirable that the threat of specific action directed toward cottonseed oil be removed. In this connection consideration has been given to the fact that cottonseed is the source of the only unpledged income of a large number of small producers. Today's action will permit them to sell this year's crop at prices which represent a fair and proper relation to other fats and oils or oil bearing products."

The provision in the schedule requiring that deliveries against forward purchases must be completed within 45 days will do away with purchase commitments extending over several months made in anticipation of higher prices. This type of operation served to unsettle prices, because in cases where the expected rise did not develop, the commitments were cancelled, adjusted, modified, or resold, causing violent and unnecessary fluctuations in available supplies. Forward sales of crude oils by crushing mills are in a different category, being tied in directly with commitments for purchase of cottonseed. Hence, sales of this type are specifically exempted from the schedule's limitation. Also exempted for reasons of supply are forward transactions in imported oils and fish oils.

"Guarantees" on the part of sellers of fats and oils and their products against future price declines have been subject to any kind of modification that suited the buyers' convenience and, thus, have encouraged speculation and hoarding. Legitimate guarantees applying to supplies in transit or floor stocks of jobbers, wholesalers and retailers are not affected by the schedule.

Another unsettling influence on prices has been the offering of fats and oils

or their products by a seller through a broker, subject to the seller's confirmation. Brokers have arranged such sales, only to have the seller refuse to confirm the transaction. The intended price, having been circulated in the trade, has been taken as an actual price and quotations throughout the market have been adjusted to a new, though artificial level. In section 1343.4 of the new schedule, practices of this kind are forbidden.

An advisory panel, which will include representatives of crushers, refiners, manufacturers, processors, and distributors (including retailers) of all of the products involved, as well as representatives of the consuming public, will be appointed by OPACS to consider any hardships, inequities or other problems arising from operation of the schedule and any adjustments, modifications or supplements that may be warranted.

In issuing the schedule Mr. Henderson made clear that in the absence of stable conditions in the fats and oils field further action will be taken. Fats and oils have increased more sharply in recent months than most other food commodities and corrective measures will be instituted as a supplement to today's schedule should there be any indication of a further runaway situation.

Text of the Schedule is attached.

TITLE 32 - NATIONAL DEFENSE

CHAPTER XI - OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY

Part 1343 - Fats and Oils and their Products

SCHEDULE NO. 25 Elimination of Speculative and Inflationary
Price Practices with respect to Fats and
Oils and their Products

The Office of Price Administration and Civilian Supply is charged with the maintenance of price stability and civilian supply. Present stocks and production of fats and oils and their products are ample. However, during the past few months, speculation in and hoarding of fats and oils and their products has created the impression of a shortage and has imposed an artificial influence upon prices detrimental to the public interest and national defense. The exhaustive investigation by this Office, and the information and counsel furnished this Office by the trade, have established the necessity for, and the willingness of the trade to cooperate in, the elimination of certain of these speculative and inflationary price practices.

Therefore, under the authority vested in me by Executive Order No. 8734, it is hereby directed that:

1343.1 Elimination of Speculative Resales. No person shall buy or offer to buy, and no person shall sell or offer to sell, fats or oils or their products for the purpose of reselling them at a profit without either (1) further processing them or (2) performing some other recognized function in the distribution or manufacture thereof.

Any purchase or sale of a futures contract made on an organized commodity exchange to hedge a position, or any purchase or sale made to fill an order on hand, to avoid transportation expenses, or to facilitate any other recognized manufacturing or distributing process, shall not be deemed to be prohibited by this Section.*

*1343.1 to 1343.11, inclusive, issued pursuant to the authority contained in Executive Order No. 8734.

1343.2 Limitation of Forward Sales. No person shall enter into an agreement, contract, order or booking for the purchase or sale of fats or oils or their

products, other than cruda, imported or fish oil, to be delivered more than forty-five days after the actual date of entering into said agreement, contract, order or booking.*

1343.3 Elimination of Guarantees against Price Decline. No person shall enter into an agreement, contract, order or booking for the future delivery of fats or oils or their products wherein it is expressly agreed or tacitly understood that, in the event of a price decline, the seller will either not deliver said fats or oils or their products or will deliver them at the lower price; except that stocks of fats or oils or their products which the seller has shipped to wholesalers, jobbers and retailers may be guaranteed against a price decline while said fats or oils or their products are in transit or are a part of the stock of said wholesalers, jobbers and retailers.*

1343.4 Elimination of Price Deception Practice. No person who offers fats or oils or their products for sale through a broker or agent shall for the purpose of manipulating price refuse to confirm an acceptance obtained by such broker or agent where the offerer has reason to believe that the unconfirmed acceptance will be reported to the trade as a firm sale.*

1343.5 Evading. The prohibitions as to selling, marketing and inventory practices set forth in this Schedule shall not be evaded either by direct or by indirect methods. No wholesaler, jobber, retailer or importer shall, for speculative purposes, abuse the privilege of purchasing for resale in the performance of his distributive functions by overbuying or overstocking; nor shall any wholesaler, jobber or retailer, for speculative purposes, abuse the privilege as to price guarantees of his floor stock by buying or stocking in excess of his needs; nor shall any person, for speculative purposes, abuse the privilege of buying or selling for resale to avoid the necessity of transportation, to fill orders on hand, to hedge, or to facilitate any other recognized manufacturing or distributing process.*

1343.6 Supplements to the Schedule. In order to insure compliance with this Schedule, supplements further defining its scope, and, if necessary, requiring re-

ports to the Government, will be issued from time to time when found appropriate.

1343.7 Modification of the Schedule. Persons complaining of hardship or inequity in the operation of this Schedule may apply to the Office of Price Administration and Civilian Supply for modification thereof or exception therefrom.*

1343.8 Enforcement. In the event of refusal or failure to comply with the prohibitions against the marketing, selling and inventory practices, or other provisions contained in this Schedule, or in the event of any evasion or attempt to evade the regulations or other provisions contained in this Schedule, this Office will make every attempt to assure: (a) That the Congress and the public are fully informed of any failure to abide by the provisions of this Schedule, and (b) That the powers of the Government are fully exerted in order to protect the public interest and the interests of those persons who conform with this Schedule. Persons who have knowledge or evidence of the violation, attempted violation, evasion or attempted evasion of the provisions of this Schedule, or who have knowledge or evidence of speculation in the hoarding or accumulation of unnecessary inventories of fats or oils or their products, are urged to communicate with the Office of Price Administration and Civilian Supply.*

1343.9 Advisory Panel. To advise this Office on problems arising out of this Schedule, with respect to hardships or inequities that might arise from the operation of the Schedule, or its enforcement, and to advise upon the necessity of future adjustments, modifications or supplements, there shall be appointed by this Office an advisory panel to include representatives of the following groups: crushers, refiners, manufacturers, processors, the distributors (including retailers) of all the products involved, and the consuming public.*

1343.10 Definitions. When used in this Schedule:

(a) The term "person" includes an individual, corporation, association, partnership, or other business entity.

(b) The term "fats or oils or their products" includes (1) all fats and oils, except butter, and mineral, essential and chemical oils, (2) fats and oils products,

a substantial part of which is made from or with fats or oils.

(c) The term "crude oil" means oil in its unrefined state which has been pressed, expelled or extracted from the raw material.

(d) The term "imported oil" means any oil, whether crude or refined, produced outside and shipped to a point within the several states of the United States."

1343.11 Effective Date of the Schedule. This Schedule shall become effective on August 29, 1941.

Issued this 28th day of August, 1941.

Leon Henderson
Administrator

CERTIFIED TO BE A TRUE COPY OF THE ORIGINAL

John E. Hamm
Deputy Administrator

OFFICE OF PRODUCTION MANAGEMENT

Division of Civilian Supply

For Release AM Papers
Saturday, August 30, 1941

PM 1051

The Division of Civilian Supply of the Office of Production Management announced today a one-month extension had been approved for those phases of the civilian allocation program for rayon yarn, as amended, which otherwise would have expired on August 31.

The extension to September 30, 1941, was approved by Leon Henderson, as administrator of the Office of Price Administration and Civilian Supply, before President Roosevelt directed transfer of the civilian supply functions of OPACS to OPM.

The extension provides that the amount of rayon yarn required to be set aside for sale to hosiery manufacturers and other silk users must be over and above the amount producers had been selling to hosiery makers and other silk users before the allocation program was instituted.

The extension also provided for continued holding in the pool that rayon yarn set aside during August but not purchased, it also increased to 100% the amount of acetate rayon yarn originally set aside for hosiery makers which producers were permitted to dispose of without restriction.

Text of the extension amendment to the program follows:

TITLE 32 - NATIONAL DEFENSE
CHAPTER XI - OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY
PART 1337 - Rayon

106

Civilian Allocation Program for Rayon Yarn

It is hereby directed that the amendment to Section 1337.1 which was issued August 15, 1941, be amended by deleting the expiration date "August 31, 1941" and substituting in lieu thereof the expiration date "September 30, 1941."

It is further directed that the amendment to Section 1337.1 which was issued August 19, 1941, be amended by deleting the expiration date "August 19, 1941", and substituting in lieu thereof the expiration date "September 30, 1941", and it is further directed that such amendment be amended by deleting the figure "95%" and substituting in lieu thereof the figure "100%".

Section 1337.1, as amended, is also hereby further amended by adding at the end thereof the following:

Provided further that the rayon yarn expressly required by this program to be made available to hosiery manufacturers and to other former users of silk shall be used only to replace silk, and the amount thereof shall therefore be computed apart from the quantities of rayon yarn which will, in the reduced amounts available by reason of this program, be supplied to persons who prior to August 1, 1941 were purchasers of rayon yarn, and provided also that nothing herein contained shall be taken to be any representation on the part of the Government as to the suitability of any process of manufacture of rayon yarn for the manufacture of hosiery or other products formerly made largely or wholly from silk, nor shall anything herein contained be construed to prevent any producer of rayon yarn from selling yarn not covered by this section to any manufacturer.

Section 1337.2 is hereby amended by adding at the end thereof the following:

Provided, however, that if on the last day of August any of the amounts of rayon yarn required to be set aside during the month of August have not been purchased by persons permitted to make purchases under Section 1337.1, such yarn shall not be disposed of by the producer thereof but shall continue to be held by the producer thereof for the disposition in accordance with the terms of this program.

Issued this 28th day of August, 1941.

Leon Anderson
Administrator

Certified to be a true copy of the original.

John E. Barn
Deputy Administrator

OFFICE FOR EMERGENCY MANAGEMENT

OFFICE OF PRICE ADMINISTRATION

107

For Tuesday AM's
September 2, 1941.

PM 1057

Such misunderstanding as may have arisen over the status of lake copper in the copper price schedule is eliminated by an amendment announced today by the Office of Price Administration.

In the amendment an exact specification for lake copper is added to Appendix A and it is stipulated that the same delivery differentials shall apply to lake copper as are provided for electrolytic copper.

Prior to issuance of the copper price schedule, lake copper sold at a small premium over electrolytic copper in the Connecticut Valley and at a slight discount below electrolytic in the Chicago area. By placing electrolytic and lake copper on the same basis at all points, operation of the priorities order of the Office of Production Management was facilitated.

The schedule also has been changed so as to place casting copper on an f.o.b. refinery basis, instead of a delivered Connecticut Valley basis, thus recognizing prevailing industry practice and preserving the differential between electrolytic and casting coppers.

A further refinement of the schedule is embodied in a change of the word "bought" to "acquired" in that section dealing with prior commitments. By this change dealers may apply to OPA for permission to complete less-than-carload-lot sales at higher than ceiling prices where the copper involved was purchased in carload lots prior to July 1, 1941, but was delivered on or after that date. This will protect dealers in such a position from inventory loss.

Provision also is made under the amendment to allow completion of certain firm commitments beyond December 31, 1941, through application to OPA.

Text of the amendment is attached.

(Corrected Copy)

TITLE 32 - NATIONAL DEFENSE

108

CHAPTER XI - OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY

Part 1309 - Copper and Copper Alloys

Amendment to Price Schedule No. 15 - Copper

Part 1309, Price Schedule No. 15, issued August 12, 1941, is hereby amended in the following respects:

Section 1309.51 MAXIMUM PRICES FOR COPPER, is hereby amended by striking subsection (a) thereof and substituting therefor the following:

§ 1309.51 Maximum Prices for Copper

(a) On and after August 12, 1941, regardless of the terms of any contract of sale or purchase, or other commitment, except as provided in section 1309.53 hereof, no person shall sell, offer to sell, deliver or transfer copper to any person other than the Metals Reserve Company and no person other than the Metals Reserve Company shall buy, offer to buy, or accept delivery of copper at prices higher than the maximum prices set forth in Appendix A, incorporated herein as Section 1309.60 provided, however, that any person, who between July 1, 1941 and August 12, 1941 has acquired copper in carload lots (for resale in less than carload lots) at prices not more than 1/2¢ per pound in excess of the maximum prices established by this Schedule, may be permitted to sell and deliver such copper at prices not more than 1/2¢ per pound in excess of the maximum prices for less than carload lots established by this Schedule upon application to the Office of Price Administration and Civilian Supply for exception to this Schedule. Lower prices than those set forth in Appendix A may, however, be charged, demanded, paid or offered.

Section 1309.53 Permission to Carry Out Contracts Entered into Prior to August 12, 1941 is hereby amended by striking the text thereof and substituting therefor the following:

^s1309.53 Permission to Carry Out Contracts Entered into Prior to August 12, 1941

Any person who has, prior to August 12, 1941, entered into a contract of sale or other firm commitment calling for delivery or transfer, after that date, of copper at prices higher than the maximum prices established by this Schedule may make application, upon forms available upon request, to the Office of Price Administration and Civilian Supply for permission to carry out such contract or commitment at the contract price. Such permission will be granted only: (a) where the applicant has entered into a firm commitment with a purchaser prior to August 12, 1941 at a price not more than 1/2¢ per pound in excess of the maximum price established by this Schedule, and where such firm commitment is actually carried out prior to December 31, 1941, or such later date as may be permitted in each case upon application to the Office of Price Administration and Civilian Supply, or (b) where the applicant is a dealer and the permission is necessary to protect the applicant against loss and where the contract or firm commitment was entered into prior to August 12, 1941, and the copper, or the purchase contract for the copper, to fulfill such contract or firm commitment was acquired prior to April 25, 1941.

Section 1309.60 - Appendix A - Maximum Prices, is hereby amended by striking the text thereof and substituting therefor the following:

^s1309.60 - Appendix A - Maximum Prices

(a) Maximum Base Prices

(1) The maximum base prices for electrolytic, lake, or other fire refined copper in the shape of wire bars or ingot bars made to meet the American Society of Testing Materials

Standard specification B5-27 for electrolytic copper, or American Society of Testing Materials Standard specification B4-27 for lake copper, shall be 12¢ per pound delivered in carload lots at Connecticut Valley points.

(2) The maximum base price for casting copper in the shape of wire bars or ingot bars made by fire refining to a standard of 99.5 per cent pure including silver as copper shall be 11-3/4¢ per pound in carload lots f.o.b. refinery.

(b) Differentials for other kinds, grades, shapes or forms.

For copper of any other kind, grade, shape or form there shall be added to or subtracted from the maximum base price the customary premiums or discounts for such kind, grade, shape or form which would have been added to or subtracted from the maximum base price on August 11, 1941.

(c) Differentials for deliveries at points other than Connecticut Valley points.

For deliveries at any point other than a Connecticut Valley point there shall be added to or subtracted from the maximum base price for Connecticut Valley points set forth in sub-section (a) (1) above the customary differential which, on August 11, 1941 would have been added to or subtracted from said base price adjusted for the kind, grade, shape or form differential. The same delivery differentials shall apply to lake copper as are applied to electrolytic copper.

(d) Differentials for less than carload lots.

For less than a carload lot the maximum price shall be f.o.b. shipping point and shall be calculated by adding to the maximum base price adjusted for the kind, grade, shape, form and delivery differentials the following premiums:

	<u>Quantity</u>	<u>Price per lb.</u>	111
0 -	499 Pounds	2¢	
500 -	999 Pounds	1½¢	
1,000 -	4,999 Pounds	1¢	
5,000 -	pound to carload	3/4¢	

The above prices for less than a carload lot shall not apply to sale delivery, or transfer by the refiner or producer of copper.

(e) Differentials for less than carload lot shipments by a refiner or producer.

A refiner or producer of copper shall be permitted to sell less than carload lots at a price not more than 1/2¢ per pound above the maximum base price adjusted for the kind, grade, shape, form and delivery differentials.

This amendment is issued pursuant to the authority contained in Executive Order No. 8734.

Issued this 28th day of August, 1941.

LEON HENDERSON
ADMINISTRATOR

Certified to be a true
copy of the original

JOHN E. HAMM
DEPUTY ADMINISTRATOR

OFFICE OF PRODUCTION MANAGEMENT

For Tuesday AM's
September 2, 1941

PM 1061

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A new general preference order and a civilian allocation program regulating the distribution of tungsten -- vitally needed for the manufacture of high-speed cutting tools used in defense plants -- were issued today by the Division of Priorities and the Division of Civilian Supply.

An order covering some forms of tungsten was issued originally March 26. The new order, however, expands and strengthens the control and applies to tungsten in all forms -- ores, concentrates, ferro-tungsten, tungsten metal powder, chemical compounds of tungsten and scrap or secondary material containing commercially recoverable tungsten.

Main changes made in the control include:

- (1) ores and concentrates, not covered in the previous order, are covered in the new regulation.
- (2) Producers of tungsten in all forms are required to accept defense orders.
- (3) An allocation system is set up to regulate distribution of ferro-tungsten, tungsten metal powder and tungsten chemicals going into metal powder.
- (4) Processors of tungsten in chemical form, other than those forms going into tungsten metal powder, are generally limited in their processing or purchasing to 90% of amounts processed or purchased during the twelve months ending June 30, 1941. This is in accordance with the civilian allocation program.

Produced both in this country and in the Far East, tungsten has been used widely in both civilian and defense channels, its major use being in the production of cutting tools. Shipping difficulties have threatened the 1941 supply of tungsten, and available data indicate that there will not be enough to meet all needs.

Because of the necessity for conserving the supply of tungsten, the new order contains restrictions against building up excessive inventories. It is provided that tungsten shall not be shipped to any person in amounts which would increase that person's inventory of tungsten to an unnecessary level.

Provisions in the order for direct allocation of tungsten materials apply only to ferro-tungsten, tungsten metal powder and tungsten chemical compounds to go into metal powder. The order provides that, beginning September 1, 1941, no person shall make delivery of these forms of tungsten without the specific authority of the Director of Priorities. During each calendar month the Director will determine the allocation of available supplies among competing consumers.

(A copy of the new order, which takes the place of the old M-3 and the supplementary order M-3-a, is attached, along with a copy of the civilian allocation program.)

August 29, 1941

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Gentlemen:

Enclosed is a copy of General Preference Order M-29, issued by the Director of Priorities to conserve the supply and direct the distribution of Tungsten as therein defined. This order is today being filed for publication in the Federal Register. By its terms, General Preference Order M-29 revokes and supersedes General Preference Order M-3 and Supplementary Order M-3-a as of its effective date, and, accordingly, you will be hereafter governed as to your transactions in Tungsten by the provisions of General Preference Order M-29 rather than by those of the previous orders.

While the two earlier orders just mentioned covered only Ferro-Tungsten, Tungsten Metal Powder, and Tungsten Chemical Compounds, the broad definition of Tungsten stated in General Preference Order M-29 includes the Ores and Concentrates. However, as some of the provisions of the order relate to Tungsten in all forms and others only to Ferro-Tungsten, Tungsten Metal Powder or Tungsten Chemical Compounds, it will be necessary for you to read the order carefully in order to understand its application to a given transaction.

For example, subject to certain qualifications stated in the order, defense orders for Tungsten in all forms must be accepted, and all customers desiring delivery of Tungsten in any form must file with the person from whom it is ordered and with the Division of Priorities the prescribed form not later than the 20th day of the month next preceding the month in which delivery is specified. In addition to this limitation, deliveries of Ferro-Tungsten, Tungsten Metal Powder, and Tungsten Chemical Compounds to be processed into Tungsten Metal Powder (Ores and Concentrates are not included) cannot be made after the effective date of this order without the express authority of the Director of Priorities. The Director will, during each month, allocate the entire supply of these materials, and direct the manner and quantities in which deliveries thereof may be made. Paragraph (b)(14) of the order limits the quantity of Tungsten Chemical Compounds which may be purchased, or manufactured from Ores and Concentrates during any one month, for purposes other than for asking Tungsten Metal Powder.

Inasmuch as this order has been issued late in the month of August, persons who are thereby required to file the prescribed form by the 20th of the month preceding the month in which they specify delivery, but who were not required to file Form PD-9 under General Preference Order M-3, will be permitted to receive deliveries subject to the other provisions of General Preference Order M-29 during the month of September without having filed any form. For October deliveries, however, they must file the required form not later than September 20th and follow the same procedure for each ensuing month. The necessary forms will be prescribed and made available sufficiently in advance of September 20th to enable all persons affected to comply.

The foregoing does not purport to be a complete summary of General Preference Order M-29, and you must read each of its provisions carefully in order to understand their application to your business and your relations with your customers and suppliers.

All questions of interpretation of this order should be addressed to Mr. H. K. Masters, Chief, Commodity Branch E-3, Office of Production Management, Social Security Building, Washington, D. C.

Very truly yours,

E. R. Stettinius, Jr.
Director of Priorities

TITLE 32 - NATIONAL DEFENSE
CHAPTER XI - OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY
Part 1344 - Tungsten
CIVILIAN ALLOCATION PROGRAM FOR
TUNGSTEN CHEMICAL COMPOUNDS

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It is essential that there be provided an increasing supply of tungsten and tungsten chemical compounds to serve the growing needs of the defense effort and vital civilian demands. To insure the obtaining of priority for deliveries of tungsten related to military defense needs, the Priorities Division, Office of Production Management, has issued General Preference Order No. M 29. That order will further diminish the supply of tungsten available for civilian chemical manufacture. It is therefore necessary to restrict the use and manufacture of tungsten chemical compounds manufactured from tungsten ore or concentrates.

Accordingly, pursuant to and under the authority vested in me by Executive Order No. 8734, particularly Section 2 (a) thereof, the following program is announced:

1344.1 Allocation of Materials. No person shall accept delivery of tungsten chemical compounds or manufacture chemical compounds from tungsten ore or concentrates, except for use in executing Defense Orders or in the manufacture of tungsten metal powder, in a quantity which for any calendar month will in the aggregate by weight exceed 90% of the average monthly quantity of tungsten chemical compounds delivered to and manufactured by him, except for use in executing Defense Orders or in the manufacture of tungsten metal powder, during the period July 1, 1940 to June 30, 1941.*

*1344.1 to 1344.5 inclusive, issued pursuant to the authority contained in Executive Order No. 8734.

(6) "Defense Order" means:

- (i) Any contract or order for material or equipment to be delivered to, or for the account of:
 - (1) The Army or Navy of the United States, the United States Maritime Commission, the Panama Canal, the Coast and Geodetic Survey, the Coast Guard, the Civil Aeronautics Authority, the National Advisory Commission for Aeronautics, the Office of Scientific Research and Developments;
 - (2) The government of any of the following countries: The United Kingdom, Canada and other Dominions, Crown Colonies and Protectorates of the British Empire, Belgium, China, Greece, The Kingdom of the Netherlands, Norway, Poland, Russia and Yugoslavia.
- (ii) Any contract or order placed by any agency of the United States Government for material or equipment to be delivered to, or for the account of, the government of any country listed above, or any country, including those in the Western Hemisphere, pursuant to the Act of March 11, 1941, entitled "An Act to Promote the Defense of the United States." (Lend-Lease Act).
- (iii) Any other contract or order to which the Director of Priorities assigns a preference rating of A-10 or higher.
- (iv) Any contract or order for material or equipment required by the person placing the same to fulfill his contracts or orders on hand, provided such material or equipment is to be physically incorporated in material or equipment to be delivered under contracts or orders included under (i), (ii), or (iii) above.

(7) Directions as to Delivering. Deliveries of tungsten by any person shall be made only in accordance with the following directions:

- (1) A-10 Assigned to Certain Defense Orders. Deliveries under all Defense Orders to which a preference rating of A-10 or higher has not been specifically assigned are hereby assigned a preference rating of A-10.
- (2) Sequence of Preference Ratings. Preference ratings in order of precedence are: AA, A-1-a, A-1-b, etc., . . . A-1-j; A-2, A-3, etc., . . . A-10, etc., AA being the highest rating presently assigned.
- (3) Doubtful Cases. Whenever there is doubt as to the preference rating applicable to any delivery, or as to whether a particular order is a Defense Order, the matter is to be referred to the Division of Priorities for determination, with a statement of all pertinent facts.

(4) Sequence of Deliveries.

(1) Every delivery under a Defense Order shall be made in preference to deliveries under other orders whenever, and to the extent, necessary to fulfill the delivery schedule provided in the Preference Rating Certificate covering such delivery, or in the contract or purchase order if no Certificate has been issued. Deliveries bearing no preference rating or lower preference ratings shall be deferred to the extent necessary to assure those deliveries bearing higher preference ratings, even though such deferment may cause defaults under existing contracts or purchase orders. Each person who has Defense Orders on hand must so schedule his production and deliveries that deliveries under Defense Orders will be made on the dates required, giving precedence in case of unavoidable delay to deliveries bearing the higher preference ratings.

(11) The sequence of deliveries bearing the same preference rating shall be governed by the delivery dates specified in the respective Preference Rating Certificates assigned thereto, or if the ratings were assigned by order or direction of the Director of Priorities, but no Certificates were issued, then by the dates specified in the contracts or purchase orders. In any case where preference ratings and delivery dates are the same, and it is impossible to make all deliveries on schedule, the matter is to be referred to the Division of Priorities for determination.

(5) Delivery Schedules. No earlier delivery date shall be specified in any Defense Order than required by the production or delivery schedules of the person placing the Defense Order. No preference rating will be assigned to any contract or purchase order specifying delivery dates earlier or quantities greater than required by the production or delivery schedules of the person placing the contract or purchase order.

(6) Use of Material Obtained Under Allocation or Preference Rating. Any person who obtains a delivery of tungsten under an order or specific direction of the Director of Priorities, or a delivery of such material bearing a preference rating, must use such material, or an equivalent amount thereof, for the purpose specified in connection with the issuance of the order, direction, or rating.

(7) Acceptance of Defense Orders. Defense Orders for tungsten, whether or not accompanied by a Preference Rating Certificate, must be accepted and fulfilled in preference to any other contracts or purchase orders for such material, subject to the following provisions:

(1) Defense Orders shall be accepted even if acceptance will render impossible, or result in deferment of:

(A) Deliveries under non-defense orders previously accepted; or

(B) Deliveries under Defense Orders previously accepted bearing lower preference ratings, unless rejection is specifically permitted by the Director of Priorities.

(11) Defense Orders need not be accepted:

- (A) If delivery on schedule thereunder would be impossible by reason of the requirements of Defense Orders previously accepted bearing higher or equal preference ratings, unless acceptance is specifically directed by the Director of Priorities; or
- (B) If the tungsten ordered is not of the kind usually produced or capable of being produced by the person to whom the Defense Order is offered; or
- (C) If the person seeking to place the Defense Order is unwilling or unable to meet regularly established prices and terms of sale, but there shall be no discrimination against Defense Orders in establishing such prices or terms of sale; or
- (D) If compliance with the delivery dates specified in such defense orders would require the termination or alteration before completion of a specific production schedule already commenced, but this provision shall not authorize rejection when such schedule can be terminated or altered without substantial loss to the producer or processor.

(8) Rejected Orders and Deferred Deliveries. When a Defense Order for tungsten has been rejected or delivery thereunder has been unreasonably or improperly deferred in violation of this Order, the person seeking to place such order or obtain such delivery may file with the Division of Priorities a verified report in the form to be prescribed by the Division of Priorities, setting forth the facts in connection with the rejection or deferment. When the facts set forth justify such action, the Director of Priorities will thereupon direct the person against whom complaint is made to submit a sworn statement, setting forth the circumstances concerning the alleged rejection or deferment. Thereafter, such action will be taken by the Director of Priorities as seems appropriate.

(9) Intra-Company Deliveries. The prohibitions or restrictions contained in this Order shall, in the absence of a contrary direction, apply not only to deliveries to other persons, including affiliates and subsidiaries, but also to deliveries from one branch, division, or section of a single business enterprise to another branch, division, or section of the same or any other business enterprise owned or controlled by the same person.

- (10) Effect of Orders Damages. The prohibitions or restrictions in this order shall, in the absence of a contrary direction, apply to all deliveries made after the effective date of this order, including deliveries under contracts or purchase orders accepted either prior to or subsequent to such effective date. No person shall be held liable for damages or penalties for any default under any contract or purchase order which results directly or indirectly from his compliance with the terms of this order.
- (11) Inventory Restrictions. Unless specifically authorized by the Director of Priorities, no person shall, after the effective date of this Order, knowingly make delivery of tungsten, and no person shall accept delivery thereof, in an amount, quantity, or number which will increase for any current month the inventory of such tungsten of the person accepting delivery, in the same or other forms, in excess of the amount, quantity, or number necessary to meet required deliveries of the products of the person accepting delivery, on the basis of his current method and rate of operation. This provision shall not prohibit or restrict:
- (i) Deliveries for direct export out of the United States provided that such exports shall have been licensed by the Administrator of Export Control;
 - (ii) Deliveries of imported tungsten to any person importing the same, either directly or through an agent;
 - (iii) Deliveries of tungsten to the Metals Reserve Corporation.
- (12) Restrictions on Making and Accepting Deliveries. Beginning September 1, 1941, no producer, processor or dealer shall make, and no person shall accept delivery of, tungsten unless the person seeking delivery shall have filed in duplicate (one copy with the person from whom the tungsten is ordered, and one copy with the Division of Priorities) not later than the 30th day of the month next preceding the month in which delivery is specified, Form PD-9, or such other form or forms as the Division of Priorities may from time to time prescribe. The Director of Priorities may in his discretion from time to time issue specific directions exempting particular customers or classes of customers from the provisions of this paragraph (b)(12) on the basis of the limited character of their requirements for tungsten.
- (13) Special Restrictions on Deliveries of Ferro-Tungsten, Tungsten Metal Powder, and Tungsten Chemical Compounds to be Processed into Tungsten Metal Powder. In addition to all other limitations and restrictions contained in this order, beginning September 1, 1941, no person shall make or accept delivery of ferro-tungsten, tungsten metal powder, or tungsten chemical compounds to be processed into tungsten metal powder without the specific authority of the Director of Priorities. During each calendar month, the Director of Priorities will at such time or times as he may determine allocate the supply of ferro-tungsten metal powder, and tungsten chemical compounds to be processed into tungsten metal powder, among persons seeking deliveries, and specifically direct the manner and quantities in which deliveries thereof may be made and accepted. In making any such allocations and directions,

the Director of Priorities may take into consideration any person's stocks on hand and supply otherwise available to him, of tungsten ore, concentrates or scrap materials, as well as of ferro-tungsten and tungsten metal powder and tungsten chemical compounds. Such allocations and directions will be made primarily to insure satisfaction of all defense requirements of the United States, both direct and indirect, and they may be made, in the discretion of the Director of Priorities, without regard to any preference rating assigned to particular contracts or purchase orders.

- (14) Limitations on Deliveries and Manufacture of Tungsten Chemical Compounds. Beginning September 1, 1941, in the absence of a contrary direction by the Director of Priorities, no person shall, during any calendar month, accept deliveries of tungsten chemical compounds or manufacture such compounds from tungsten ore or concentrates, to be used in either case for purposes other than the manufacture of tungsten metal powder, in a quantity which will in the aggregate by weight exceed 90% of the average monthly quantity of tungsten chemical compounds delivered to, and manufactured by him for such purposes during the year ending June 30, 1941.
- (15) Civilian Deliveries. Subject to the limitations and restrictions contained in this Order and after satisfaction of all Defense Orders, and other orders bearing preference ratings, deliveries under any other contracts or purchase orders may be made. Any allocations made or any preference ratings or other directions issued by the Director of Priorities with respect to the residual supply of tungsten after the satisfaction of all defense requirements, direct or indirect, shall be in accordance with such program as the Office of Price Administration and Civilian Supply may determine.

(c) Records. All persons affected by this order shall keep and preserve for a period of not less than two years accurate and complete records of their inventories of tungsten, and of the details of all transactions in such material. Such records shall include the dates of all contracts or purchase orders, and in any Preference Rating Certificates accompanying them, the dates of actual deliveries thereunder, description of the material covered by such contracts or purchase orders, description of deliveries by classes, types, quantities, weights, and values, the parties involved in each transaction, the preference rating, if any, assigned to deliveries under such contracts or purchase orders, details of all Defense Orders either accepted or offered and rejected, and other pertinent information.

(d) Audit and Inspection. All records required to be kept by this order shall, upon request, be submitted to audit and inspection by duly authorized representatives of the Office of Production Management.

(e) Reports.

- (1) All persons affected by this order shall execute and file with the Office of Production Management such reports and questionnaires as said Office shall from time to time request. No reports or questionnaires are to be filed by any person until forms therefor are prescribed by the Office of Production Management.
- (2) Until otherwise instructed by the Office of Production Management, no producer who regularly and promptly files such reports as may be requested by the Bureau of Mines will be required to file any reports with said Office.

(f) False Statements and Violations.

- (1) Any person who wilfully falsifies any records which he is required to keep by the terms of this order or by the Director of Priorities, or who otherwise wilfully furnishes false information to the Director of Priorities, the Office of Production Management, or the Bureau of Mines; and any person who obtains a delivery or a preference rating for a delivery by means of a material and wilful misstatement, may be prohibited by the Director of Priorities from making or obtaining further deliveries of tungsten. The Director of Priorities may also take any other action deemed appropriate, including the making of a recommendation for prosecution under section 35 of the Criminal Code (18 U.S.C. 80).
- (2) Any person affected by this order who violates any of its provisions or a provision of any other order issued by the Director of Priorities, may be prohibited by the Director from making or receiving deliveries of tungsten, or he may be subjected to such other or further action as the Director may deem appropriate.

(g) Appeal. Any person affected by this order who considers that compliance herewith would work an exceptional and unreasonable hardship upon him, may appeal to the Division of Priorities by addressing a letter to the Division of Priorities, Office of Production Management, Social Security Building, Washington, D. C., setting forth the pertinent facts and the reasons such person considers that he is entitled to relief. The Director of Priorities may thereupon take such action as he deems appropriate.

(h) Notification of Customers. Any person who is prohibited from, or restricted in, making deliveries of tungsten by the provisions of this order shall, as soon as practicable, notify each of his regular customers of the requirements of this order, but the failure to give such notice shall not excuse any customer from the obligation of complying with the terms of this order.

(i) Revocation of General Preference Order M-3 and Supplementary Order M-3-a. General Preference Order M-3 to direct the distribution of Ferro-Tungsten, Tungsten Metal Powder, and Tungsten Compounds, and Supplementary Order M-3-a, both issued on March 26, 1941, by the Director of Priorities, are hereby revoked effective as of the effective date of this order.

(j) Effective Dates. This order shall take effect on the 31st day of August 1941, and unless sooner terminated by direction of the Director of Priorities, shall expire on the 31st day of December, 1941. (O.P.M. Reg. 3, March 7, 1941, 6 F.P. 1596; E.O. 8629, Jan. 7, 1941, 6 F.R. 191; sec 2(a), Public No. 671, 76th Congress, 3rd Session, as amended by Public No. 89, 77th Congress, sec. 9, Public No. 783, 76th Congress.)

Issued this 30th day of August 1941.

E. R. Stettinius, Jr.
Director of Priorities

Part 1344 - Tungsten
CIVILIAN ALLOCATION PROGRAM FOR
TUNGSTEN CHEMICAL COMPOUNDS

It is essential that there be provided an increasing supply of tungsten and tungsten chemical compounds to serve the growing needs of the defense effort and vital civilian demands. To insure the obtaining of priority for deliveries of tungsten related to military defense needs, the Priorities Division, Office of Production Management, has issued General Preference Order No. M 29. That order will further diminish the supply of tungsten available for civilian chemical manufacture. It is therefore necessary to restrict the use and manufacture of tungsten chemical compounds manufactured from tungsten ore or concentrates.

Accordingly, pursuant to and under the authority vested in me by Executive Order No. 8734, particularly Section 2 (a) thereof, the following program is announced:

1344.1 Allocation of Materials. No person shall accept delivery of tungsten chemical compounds or manufacture chemical compounds from tungsten ore or concentrates, except for use in executing Defense Orders or in the manufacture of tungsten metal powder, in a quantity which for any calendar month will in the aggregate by weight exceed 90% of the average monthly quantity of tungsten chemical compounds delivered to and manufactured by him, except for use in executing Defense Orders or in the manufacture of tungsten metal powder, during the period July 1, 1940 to June 30, 1941.*

*1344.1 to 1344.5 inclusive, issued pursuant to the authority contained in Executive Order No. 8734.

1344.2 Definitions. The terms used in this program shall be defined as they are defined in General Preference Order M-29.*

1344.3. Avoidance of Excessive Inventories. No person shall accumulate excessive inventories of tungsten chemical compounds under this program.*

1344.4 Enforcement. The foregoing program is to be administered and enforced by the Office of Production Management.*

1344.5 Effective Date and Expiration. This program shall take effect on September 1, 1941 and shall, unless sooner terminated by the Administrator, expire on December 31, 1941.*

Issued this 28th day of August, 1941.

Leon Henderson
Administrator

Certified to be a true
copy of the original.

John R. Egan
Deputy Administrator

OFFICE FOR EMERGENCY MANAGEMENT

Office of Price Administration

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For Immediate release
September 4, 1941

PM 1081

Substantial changes in the Southern pine lumber price schedule in advance of its effective date, September 5, were announced today by Leon Henderson, Administrator, Office of Price Administration.

The general effect of the revisions, which are incorporated in a detailed amendment, is to raise the ceiling prices so that the thousands of small lumber mills throughout the Southern pine area will be able to continue in profitable operation. While the maximums are raised, Mr. Henderson pointed out, the prices for Southern pine lumber will be below the levels of August 15 and the net annual saving to the defense program and to civilian users will not be lowered greatly from his original estimate of \$20,000,000.

"Since the schedule of Southern pine lumber prices was announced on August 16, I have received many complaints from mills throughout the Southern States asserting that if ceiling prices thus imposed were permitted to go into effect on September 5 without change, widespread hardship would result," Mr. Henderson said. "These complaints asserted that the stumpage costs of the small mills have risen sharply in recent months and that their logging problems are more difficult due to the fact that available timber stands are less accessible. Furthermore, the schedule made no special allowance for air-dried lumber, which is the kind currently being sold by the small mills.

"It always has been the policy of my office to investigate complaints of this nature and to make such adjustments as appear to be warranted, if careful appraisal of the facts substantiates the complaints. In keeping with this policy, a meeting of OPA officials with approximately 450 mill operators was held on August 30 in New Orleans. After full hearing of their complaints and in the light of additional data collected by my office, it became apparent that adjustments in the schedule were necessary. A committee, representing all sections and all types of mills

Producing Southern pine lumber, is in thorough accord with the revisions that have been worked out. Moreover, the 450 lumber producers present at the New Orleans meeting have promised their full cooperation in maintaining the ceiling prices, as amended."

Maximum prices in the original schedule were based upon air-dried lumber in finished form. By the amendment, ceiling prices are based on "rough green" lumber and additional charges are allowed to be made for air-drying or kiln-drying, surfacing, grooving, etc. In many instances the prices themselves have been changed within the various grades, although the net effect as applied to an entire grade is not substantial. One grade, known as "finish", is eliminated as unimportant.

Several refinements of definition also are contained in the amended schedule, reflecting trade usage or practices. For example, long-leaf pine is further defined so as to make it clear that only the coarse-grained variety is covered by schedule. The definition of a "mill" is restated so as to exempt from the price schedule the large number of lumber retailers in the South who operate planing and similar mills as adjuncts to their retail businesses. A "retail sale", according to the amendment, means a sale to a consumer or contractor in less-than-carload quantity. Mixed car shipments are defined and an explanation of mixed truck shipments is added.

To cover the extra services and costs involved, an addition of not more than \$3.50 for 1,000 board feet is allowed in the case of export sales.

Text of the amendment is attached.

Chapter II - Office of Price Administration

Part 1312 - Lumber and Timber Products

Amendment to Price Schedule No. 19 - Southern Pine Lumber

Sections 1312.32 and 1312.34 of Price Schedule No. 19 are hereby amended to read as follows:

§1312.32 Definitions. When used in this Schedule, the term

(a) "person" means an individual, partnership, association, corporation, or other business entity. The term includes, without restricting the generality of the foregoing, any mill operator, manufacturer, commission salesman, manufacturer's representative, concentration yard operator, wholesaler, wholesale distributor, wholesaler's agent, or retailer.

(b) "southern pine" means the species of shortleaf pine (*Pinus eschinata*), loblolly pine (*Pinus taeda*), slash pine (*Pinus caribaea*), such longleaf pine (*Pinus palustris*) as contains less than six annual rings per inch and less than one-third summerwood, or any other *Pinus* species known commercially as "southern pine".

(c) "mill" means a manufacturing plant, concentration yard, or other establishment which sells less than 75 percent of the volume of its southern pine lumber at retail and which processes, by sawing, or by planing or other comparable method, at least 25 percent of the volume of southern pine logs or lumber purchased or received by it.

(d) "distribution yard" means a wholesale or retail lumber yard which purchases or receives southern pine logs or lumber from a producer, a mill, or another distribution yard for purposes of unloading, sorting, and resale or redistribution, which regularly maintains a stock of lumber, and which (i) processes, by sawing, or by planing or other comparable method, less than 25 percent of the volume of such logs or lumber so purchased or received by it, or (ii), regardless of the percentage of such processing, sells more than 75 percent of the volume of its southern pine lumber at retail.

(e) "retail" sale means a sale to a consumer or contractor in a less than

carload quantity.

(f) "volume" means the board feet volume of lumber processed from logs, processed from other lumber, or sold, as the case may be, within the six months immediately prior to the transaction subject to this schedule.

(Executive Order No. 8734)

WJ12.34

APPENDIX A

(a) Maximum f.o.b. mill prices per 1,000 feet board measure:

Boards and Strips (Rough Green)

Grade	Standard Length	8' Length	10' Length	12' Length	14' Length	16' Length	18' & 20' Length
<u>No. 1</u>							
1x3	\$34.00	\$34.00	\$35.00	\$35.00	\$35.00	\$36.50	\$37.00
1x4	32.00	32.00	33.00	33.00	33.00	34.50	35.00
1x6	32.00	32.00	33.00	33.00	33.00	34.50	35.00
1x8	33.00	33.00	34.00	34.00	34.00	35.50	35.00
1x10	35.00	35.00	36.00	36.00	36.00	37.50	36.00
1x12	43.00	43.00	44.00	44.00	44.00	45.50	46.00
<u>No. 2</u>							
		6' & 8'					
1x3 & 3	26.00	26.00	27.50	28.00	28.00	28.50	30.00
1x4	23.00	23.00	24.50	25.00	25.00	25.50	27.00
1x6	25.00	25.00	26.50	27.00	27.50	28.00	30.00
1x8	25.00	25.00	26.50	27.00	27.50	28.00	30.00
1x10	25.50	25.50	28.50	28.50	29.00	29.50	31.50
1x12	30.00	30.00	33.00	33.50	34.00	34.50	37.50
<u>No. 3</u>							
		6' x 8'					
1x4	19.00	19.00	20.50	21.00	21.00	21.50	23.00
1x6	20.00	20.00	21.50	22.00	22.50	23.00	25.00
1x8	20.00	20.00	21.50	22.00	22.50	23.00	25.00
1x10	20.50	20.50	23.50	23.50	24.00	24.50	26.50
1x12	21.00	21.00	24.00	24.50	25.00	25.50	28.50

Additions to Rough Green Prices:

For Rough, Air Dried, add \$1.50

For Rough, Kiln Dried, add \$2.50

For S1S, S2S, S3S, S4S, S2S & Matched, or Shiplap, Standard or Thinner, add \$1.50

For Ripping or Resawing, add \$1.00 per 1,000 board feet for each cut.

For Chemical Anti-Stain Treatment, add 50¢.

Where a restricted standard length is specified, either 8' to 18', or 8' to 20', add \$1.00.

Odd lengths or fractional lengths shall be counted and priced as next longest even length.

Standard Lengths are 4' to 20', inclusive in multiples of 2', and the following percentage of short lengths may be included in all shipments in which the lengths are not specifically restricted:

No. 1	5% 8-foot
No. 2	5% 4-foot
	5% 6-foot
	5% 8-foot

Dimension (Rough Green)

<u>Grade</u>	<u>Random Length</u>	<u>8'</u> <u>Length</u>	<u>9'</u> <u>Length</u>	<u>10'</u> <u>Length</u>	<u>12'</u> <u>Length</u>	<u>14'</u> <u>Length</u>	<u>16'</u> <u>Length</u>	<u>18'</u> <u>Length</u>	<u>20'</u> <u>Length</u>	<u>22'x24'</u> <u>Length</u>
<u>No. 1</u>										
2x3	\$31.00	\$31.00	\$32.00	\$31.00	\$31.00	\$32.00	\$33.00	\$34.50	\$35.50	\$
2x4	30.00	30.00	31.00	30.00	30.00	31.00	32.00	33.50	34.50	40.00
2x6	29.00	29.00	30.00	29.00	29.00	30.00	30.50	32.50	33.50	39.00
2x8	30.00	30.00	31.00	30.00	30.00	31.00	31.50	33.50	34.50	40.00
2x10	33.50	33.50	33.50	35.00	35.00	35.00	36.00	39.50	41.50	46.00
2x12	35.50	35.50	35.50	37.00	37.00	37.00	38.00	41.50	43.50	48.00
<u>No. 2</u>										
2x3	27.00	27.00	28.00	27.00	27.00	28.00	29.00	30.50	31.50	
2x4	26.00	26.00	27.00	26.00	26.00	27.00	28.00	29.50	30.50	36.00
2x6	24.00	24.00	25.00	24.00	24.00	25.00	25.50	27.50	28.50	34.00
2x8	25.00	25.00	26.00	25.00	25.00	26.00	26.50	28.50	29.50	35.00
2x10	26.50	26.50	27.50	29.50	28.50	28.50	28.50	32.00	34.00	39.50
2x12	28.50	28.50	29.50	29.50	29.50	29.50	30.50	34.00	35.00	40.50
<u>No. 3</u>										
2x3	19.00	20.00	21.00	20.00	20.00	21.00	22.00	23.50	24.50	
2x4	18.00	19.00	20.00	19.00	19.00	20.00	21.00	22.50	23.50	
2x6	16.00	17.00	18.00	17.00	17.00	18.00	18.50	20.50	21.50	
2x8	17.00	18.00	19.00	18.00	18.00	19.00	19.50	21.50	22.50	
2x10	18.50	19.50	20.50	22.50	21.50	21.50	21.50	25.00	27.00	
2x12	20.50	21.50	22.50	23.50	22.50	22.50	23.50	27.00	28.00	

Additions to Rough Green Prices:

For Rough, Air Dried, add \$2.00

For Rough Kiln Dried, add \$3.00

For S1S, S2S, S3S, S4S, add \$1.00

For working to Shiplap, Center Match, Dressed and Match, or Grooved, add \$2.00

For Ripping or Resawing, add \$1.00 per 1,000 board feet for each cut

For Chemical Anti-Treatment, add 50¢

Random lengths may be 8' to 16' or 8' to 20'

Odd or Fractional Lengths, except 9', shall be counted and priced as next longest even length

Flooring (no heart specification). Plain End. Kiln Dried.
Standard Lengths 2/

	<u>Grade</u> <u>B & Better</u>	<u>Grade</u> <u>C</u>	<u>Grade</u> <u>D</u>	<u>Grade</u> <u>No. 2</u>	<u>Grade</u> <u>No. 3</u>
Edge Grain:					
1 x 3	\$65.00	\$57.00	\$42.00		
1 x 4	63.00	55.00	40.00		
Near Edge Grain:					
1 x 3	58.00	50.00	37.00		
1 x 4	56.00	48.00	35.00		
Flat Grain:					
1 x 3	50.00	47.00	35.00	\$31.00	\$21.00
1 x 4	49.00	46.00	34.00	29.00	20.00

Add \$2.00 for Specified Lengths

Add \$2.00 for End-Matching Standard Length Flooring

Flooring (no heart specification). End Matched.
Kiln Dried. 2' to 8' nested

	<u>Grade</u> <u>B & Better</u>	<u>Grade</u> <u>C</u>	<u>Grade</u> <u>D</u>
Edge Grain:			
1 x 3	\$57.00	\$50.00	\$38.00
1 x 4	55.00	48.00	36.00
Near Edge Grain:			
1 x 3	52.00	47.00	35.00
1 x 4	51.00	46.00	34.00
Flat Grain:			
1 x 3	42.00	39.00	28.00
1 x 4	41.00	38.00	27.00

2/ Standard lengths are 4' to 20' inclusive, and the following percentages of short lengths may be included in all shipments in which the lengths are not specifically restricted:

A and B	5%	8 and/or 9-foot
C	5%	6 and/or 7-foot
	5%	8 and/or 9-foot
D and No. 2	5%	4 and/or 5-foot
	5%	6 and/or 7-foot
	5%	8 and/or 9-foot
No. 3	Not to exceed 20%	4 and 6-foot lengths.

Drop Siding, Kiln Dried
Standard Lengths 3/

	<u>Grade</u> <u>B & Better</u>	<u>Grade</u> <u>C</u>	<u>Grade</u> <u>D</u>	<u>Grade</u> <u>No. 2</u>	<u>Grade</u> <u>No. 3</u>
Drop Siding (All patterns):					
Plain End 6"	\$51.00	\$48.00	\$39.00	\$31.00	\$25.00
" " 8"	53.00	50.00	40.00	32.00	25.00
Bevel Siding	47.00	44.00	35.00	30.50	22.00
Add \$2.00 for Specified Lengths					

Standard Beaded or V-Grooved Ceiling, Kiln Dried
Standard Lengths 3/

Plain End:	<u>Grade</u> <u>B & Better</u>	<u>Grade</u> <u>C</u>	<u>Grade</u> <u>D</u>	<u>Grade</u> <u>No. 2</u>	<u>Grade</u> <u>No. 3</u>
11/16 & 3/4	\$49.00	\$46.00	\$34.00	\$29.00	
9/16	40.00	38.00	30.00	26.00	
Add \$2.00 for Specified Lengths					

3/ Standard lengths are 4' to 20' inclusive, and the following percentages of short lengths may be included in all shipments in which the lengths are not specifically restricted:

A and B	5% 8 and/or 9-foot
C	5% 6 and/or 7-foot
	5% 8 and/or 9-foot
D and No. 2	5% 4 and/or 5-foot
	5% 6 and/or 7-foot
	5% 8 and/or 9-foot
No. 3 not to exceed.....	20% 4 and 6 foot.

Timbers, Green, Rough, S4S or S2S

	<u>No. 1 Common</u>		<u>No. 2 Common</u>	
	<u>8' to 16'</u>	<u>18' & 20'</u>	<u>8' to 16'</u>	<u>18' & 20'</u>
3 x 3 to 4x4	\$32.00	\$35.00	\$29.00	\$33.00
3x6 to 6x6	30.00	34.00	27.00	31.00
3x8 to 6x8	32.00	36.00	28.00	32.00
8x8	34.00	38.00	30.00	34.00
3x10 to 10x10	35.00	39.00	31.00	35.00
3x12 to 12x12	40.00	44.00	36.00	40.00

Add \$2.00 for shiplap or T&G

Add \$4.00 for Beveling or Outgauging

For odd sizes, price at next larger even size

Odd or fractional lengths, except 5' and 7', shall be counted and priced as next longest even length

(b) For mixed car or mixed truck shipments, \$2.00 additional per 1,000 feet board measure may be charged. A mixed car shipment consists of three or more items as hereinafter defined, provided at least three items amount to not less than 2,000 board feet each, or at least six items amount to not less than 1,000 board feet each, or at least twelve items amount to not less than 500 board feet each. A mixed truck shipment consists of three or more items as hereinafter defined, provided at least three items amount to not less than 500 board feet each, or at least six items amount to not less than 250 board feet each. An item consists of one width, thickness, or pattern of finish, casting, base, mouldings, partition, ceiling, siding, plain end flooring, and matched flooring, shiplap, boards, strips, dimension, or timbers.

(c) For export sales, an addition of not more than \$3.50 per 1,000 feet board measure may be charged for the services of switching, unloading at the dock, tallying, marking, and dock insurance.

(d) A delivered price in excess of the maximum f.o.b. mill prices set forth in (a) hereof may be charged, consisting of such maximum prices plus actual transportation costs to the extent that such costs are paid by the seller. In computing such actual transportation costs, the parties may adopt the practice of charging a sum equivalent to the one-quarter of a dollar nearest to such actual transportation costs. In addition, they may adopt the estimated average weights of southern pine per thousand feet board measure (worked to standard sizes unless otherwise indicated) as follows: 4/

4/ The average weights shown are based upon test weights made upon large quantities of each item of southern pine lumber manufactured by the subscribers to the Southern Pine Association, as set forth in 1939 Standard Specifications for Southern Pine Lumber, of the Southern Pine Association, New Orleans, Louisiana, and adopted by the Board of Governors of the Southern Pine Inspection Bureau of the Southern Pine Association on May 28, 1940 as the official grading rules of the Bureau. The figures given refer to dry weight, except where otherwise specified.

Boards and Strips

1 x 2" to 1 x 10" Rough	3200
1 x 12" Rough	3200
1 x 2" to 1 x 10" S1S or S2S 25/32"	2500
1 x 12" S1S or S2S 25/32"	2600
1 x 2" to 1 x 10" S3S or S4S 25/32"	2400
1 x 12" S3S or S4S 25/32"	2500
1 x 2" to 1 x 4" D&M	1900
1 x 6" D&M or Shiplap	2200
1 x 8" to 1 x 10" D&M or Shiplap	2300
1 x 12" D&M or Shiplap	2400
For 3/4" dressed boards deduct	100
For 5/8" boards, all workings, deduct	500
For 11/16" boards, all workings, deduct	300
For 13/16" boards, all workings, add	100
For resawing, deduct for each cut	200
For Ripping, no deduction	
For 1-1/4" and 1-1/2", add	300

Dimension

(2" Dimension, Factory Flooring, and Roof Decking)

2 x 4" to 2 x 12" Rough green	4500
2 x 4" to 2 x 12" green, dressed 1-5/8"	3800
2 x 2" to 2 x 8" Rough	3300
2 x 10" & 2 x 12" Rough	3400
2 x 2" to 2 x 8" Dressed to 1-5/8"	2500
2 x 10" & 2 x 12" Dressed to 1-5/8"	2600
For 1-3/4" add	400
For D&M, SL & Cr. for splines, deduct	200

Flooring

(Plain End and End Matched)

1 x 3" (For Hollow Back deduct 100 lbs.)	1800
1 x 4" " " " " " "	1900

Drop Siding

1 x 6" (Pat. 116)	2000
1 x 8" (Pat. 116)	2100
1 x 6" (Pat. 117)	1700
1 x 8" (Pat. 117)	1800
1 x 6" (other patterns)	1800
1 x 8" (other patterns)	1900
Bevel and SE Siding from 1"	1000
Bevel and SE Siding from 1-1/4"	1300

Standard Beaded or V-Grooved Ceiling

11/16"	1700
3/4"	1800
9/16"	1400

Timbers(Heavy Joists, Timbers, etc. over 2" thick)

Rough, green	4500
S4S 1/4" scant, green	4200
S4S 3/8" scant, green	4000
S4S 1/2" scant, green	3800
T&G, SL & Gr. for splines, deduct	300

(Executive Order No. 8734)

Issued this 3rd day of September, 1941

Effective September 5, 1941.

 Leon Henderson
 Administrator

CERTIFIED TO BE A TRUE COPY OF THE ORIGINAL

 John E. Hamm, Deputy Administrator

OFFICE FOR EMERGENCY MANAGEMENT

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OFFICE OF PRICE ADMINISTRATION

For Saturday AM's
September 6, 1941

PM 1091

Railroad rail that is sold for re-laying purposes is being taken out of the iron and steel scrap price schedule and transferred to the iron and steel products schedule, according to an announcement made today by the Office of Price Administration.

An amendment to the iron and steel products schedule will establish maximum prices for rail sold to be re-laid for further transportation use.

The scrap schedule had allowed a charge of \$5.00 a ton above the re-rolling rail ceiling prices in the case of rail of re-laying quality. By an amendment this provision is deleted and a paragraph is substituted defining "rail for re-rolling" as any rail sold for re-rolling purposes, whether or not such rail is of re-laying quality. Thus, the prices of any rail sold to be used for re-rolling must not exceed the maximum prices for re-rolling rail as set forth in the scrap schedule.

It is not desirable that rail of re-laying quality be used for re-rolling purposes. Both re-rolling rail and re-laying rail are in great demand under the defense program.

Text of the amendment to the scrap schedule is attached.

CHAPTER II - OFFICE OF PRICE ADMINISTRATION

Part 1304 - Iron and Steel Scrap

Price Schedule No. 4 Amended

1304.17, Appendix B, MAXIMUM PRICES FOR IRON AND STEEL SCRAP ORIGINATING FROM RAILROADS, of Price Schedule No. 4 is hereby amended by striking out the footnote " * Re-laying quality \$5.00 higher " and inserting in place thereof the following footnote:

" * The term 'rails for rerolling' includes any rails which are sold to be used for rerolling, irrespective of whether or not such rails are usable for re-laying. "

Issued this 5th day of September, 1941.

Leon Henderson
Administrator

CERTIFIED TO BE A TRUE COPY OF THE ORIGINAL

(sgd) John E. Hamm

John E. Hamm
Deputy Administrator

OFFICE FOR EMERGENCY MANAGEMENT
Office of Price Administration

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PM 1105

For Tuesday AM's
September 9, 1941

Amendments to the nickel-bearing scrap materials price schedule, growing out of recommendations made at a recent meeting of dealers and consumers, were announced today by Leon Henderson, administrator, Office of Price Administration.

The series of amendments were designed to clarify and revise certain aspects of Price Schedule No. 8, which became effective on June 2 and covered a wide variety of scrap and secondary materials containing nickel. The principal changes and the reasons for their adoption follow:

1. Maker not a converter:

A manufacturer or fabricator who produces nickel-bearing scrap is prohibited from qualifying as a converter and thus is not entitled to the converters' premium set forth in the schedule. The converters' premium is allowed to enable those dealers who perform the specialized functions of a converter to continue in the performance of their functions. Allowing the industrial maker of scrap to be a converter would tend to squeeze the converter out of business because it would give the maker an incentive to sell directly to the consumer and thus by-pass the converter. Definitions of a converter and an industrial maker are set forth in the amendment.

2. Revisions of schedule on stainless steel scrap:

One price—\$90 per gross ton—is fixed for the so-called 18% chrome-8% nickel type of stainless steel scrap. Under the original schedule, the maximum price for 18-8 stainless steel scrap containing more than .36% carbon was \$85 per gross ton. A maximum of \$85 per gross ton was fixed for the same type containing .08% or less carbon. (C.I.A. experience indicated that the differential served no useful function and that in some instances merely afforded an opportunity for violation of the terms of the schedule.

A specific maximum price is established for stainless steel turnings and borings. Turnings and borings have been selling at prices out of line in relation to existing schedule prices, which were intended to apply to sheets, clippers and solids. A

maximum price of \$30 per gross ton less than the applicable maximum price for sheets, clippings and solids is fixed for turnings and borings in the case of chrome-nickel type stainless steel scrap. In the case of the straight chrome type, the maximum price for turnings and borings is fixed at \$5 per gross ton less than the applicable maximum price for sheets, clippings and solids.

A maximum price of \$10 per gross ton less than the applicable maximum price for carload lot shipments of chrome-nickel type stainless steel scrap is established for less than carload lot shipments. The amendment provides that a carload lot may be made up of any kind or grade of stainless steel scrap, including both the chrome-nickel and the straight chrome types. One maximum price still applies, however, on straight-chrome stainless steel scrap, regardless of whether it is shipped in carload or less than carload lots.

Responding to a request by the Office of Production Management for uniformity in the present classification of straight chrome type stainless steel scrap, OPA breaks down its classification into a class containing 12-14% chrome, one containing 14-18%, and another containing over 18%. The over 18% class is the only new one, and the maximum price for it is fixed at \$40 per gross ton, plus 2-1/2¢ per pound for each pound of chrome in excess of 18%.

The \$10 briquetting premium set forth in the present schedule will be allowed under the revised schedule for sales of stainless steel scrap in the form of power pressed briquettes "which are suitable, without further preparation, for direct charging into an electric furnace." Under the old language, the premium applied only to "hydraulic press briquettes." OPA explained that some of the newer machinery for briquetting is electric rather than hydraulic, and no restrictions ought to be placed on the type of machinery used. The requirement that the briquette be suitable for direct charging into an electric furnace is necessary so that premiums cannot be claimed for sales of scrap in the form of bundles or bales. The premium is allowed only for briquetting—a function performed on behalf of the consumer—and not for rolling scrap, which must be done preliminary to shipping. There is no requirement,

It was pointed out, that the briquette be charged into an electric furnace; it may be charged into an open-hearth furnace; but before the premium is allowed, the briquette must be suitable for charging into an electric furnace.

It is made clear that the 5% broker's commission allowed in sales of stainless steel scrap must be computed by taking 5% of the base maximum price excluding the \$10 briquetting premium. Complaints have been received that many brokers have charged their customers 5% of a price which included the briquetting premium.

3. Brokers' commission on nickel steel scrap:

Brokers will be allowed a flat premium of not more than \$1 per gross ton on sales of nickel steel scrap. Brokers had objected that the present 2% commission was too small in view of the small volume of available nickel steel scrap as compared with the much greater volume of available ordinary iron and steel scrap. CFA consulted consumers, who agreed that 2% was too low.

Text of the amendments is attached.

CHAPTER XI - OFFICE OF PRICE ADMINISTRATION

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Part 1308 - Scrap and Secondary Materials Containing Nickel
Amendments to Price Schedule No. 8

Sections 1308.9, 1308.10 and 1308.11 of Price Schedule No. 8 are hereby amended to read as follows:

1308.9 Definitions. When used in this Schedule, the term

(a) "person" includes an individual, partnership, association, corporation or other business entity.

(b) "maker" of the scrap materials set forth in Appendix A, Part I, of this Schedule means the person who first sells, offers for sale, or delivers such scrap materials such as (i) any manufacturer or fabricator, who, as an incident to his manufacturing process, fabricating or other industrial uses, produces such scrap materials, or (ii) any person who, in his business or as an incident to his business, demolishes or dismantles structures, machinery, vehicles or equipment and removes such scrap materials therefrom for the purpose of sale.

(Executive Order No. 8734)

§ 1308.10 APPENDIX A, MAXIMUM prices for pure nickel scrap, monel metal scrap, nickel steel scrap, stainless steel scrap, and other scrap materials containing nickel.

Introductory

Maximum prices herein established are for the principal kinds or grades of the scrap materials. All other kinds or grades, which are not specified, should be sold at their normal differentials from such principal kinds or grades. Moreover, the maximum prices are established for scrap which meets generally accepted maximum standards in the trade - as, for instance, the Standard Classification for Old Metals of the National Association of Waste Material Dealers, Inc., contained in its Circular O, effective

as of June 1, 1940. Scrap which fails to meet such standards should be sold at their normal differentials below the established maximum prices.

PART I

PURE NICKEL SCRAP, FERRO-NICKEL-CHROME-IRON SCRAP, FERRO-NICKEL-IRON SCRAP, MONEL METAL SCRAP AND CUPRO-NICKEL ALLOY SCRAP

The maximum prices established for the kinds and grades of scrap materials set forth in Part I of this Appendix, apply on sales of scrap, unsuitable and unprepared for industrial consumption. A converter of such scrap materials, as hereinafter defined, may receive, in addition to the maximum prices set forth below, a stated maximum premium for scrap which he has converted. A "converter" of such scrap materials is defined for the purposes of this Price Schedule, as any person, other than a maker of such scrap materials, who:

- (1) sells scrap directly to a consumer thereof; and,
- (2) by chemical test or assay, determines the metal constituents of the scrap; and,
- (3) on that basis, sorts, grades, treats, packages or briquettes by power press, and otherwise prepares, the scrap, making it suitable for direct industrial consumption; and
- (4) guarantees the delivery of scrap in an agreed amount and analysis.

Unless such person satisfies the four criteria, set forth above, he may not receive a converter's premium. His scrap must not be sold at a price higher than the maximum prices set forth below.

Furthermore, a converter or any other person may receive, in addition to the maximum prices set forth below, a premium of a stated maximum amount on shipments of a specified quantity of material.

Kind or Grade of Scrap Material

Price, f.o.b. point of shipment

Pure Nickel Scrap

Containing 98% or more nickel and not more than $\frac{1}{8}$ % copper

26¢ per pound of material.

Containing 90% up to 98% nickel

26¢ per pound of nickel contained; no payment for any other metals contained.

Converter's Premium

3¢ per pound of material.

Premium on shipments of 2000 pounds or more of material at one time

1/2¢ per pound of material.

Ferro-Nickel-Chrome-Iron Scrap

Containing 20% up to 90% nickel

26½¢ per pound of nickel contained; 6¢ per pound of chrome contained; no payment for any other metals contained.

Converter's Premium

1-1/2¢ per pound of material.

Premium on shipments of 10,000 pounds or more of material at one time

1/2¢ per pound of material.

Ferro-Nickel-Iron Scrap

Containing 14% up to 90% nickel and no chrome

26½¢ per pound of nickel contained; no payment for any other metals contained.

Converter's Premium

1-1/2¢ per pound of material.

Premium on shipments of 10,000 pounds or more of material at one time

1/2¢ per pound of material.

Monel Metal Scrap

New Monel Metal Clippings

20¢ per pound of material.

Soldered Monel Metal Sheet

18¢ per pound of material.

No. 1 Grade Monel Castings and Turnings

Containing a minimum of 60% nickel, 30% copper, and not more than 3% free iron, clean and dry

15¢ per pound of material.

Kind or Grade of Scrap Material

Price, f.o.b. point of shipment

Monel Metal Scrap

Converter's Premium

2¢ per pound of material.

Premium on shipments of 20,000 pounds or more of material at one time

1/2¢ per pound of material.

Cupro-Nickel Alloy Scrap

Containing 90% or more combined nickel and copper

26¢ per pound of nickel contained; 8¢ per pound of copper contained; no payment for any other metals contained.

Containing less than 90% combined nickel and copper

26¢ per pound of nickel contained; no payment for any other metals contained.

Converter's Premium

2¢ per pound of material.

Premium on shipments of 20,000 pounds or more of material at one time

1/2¢ per pound of material.

PART II

STAINLESS STEEL SCRAP AND NICKEL STEEL SCRAP

In the event that a consumer of stainless steel scrap or nickel steel scrap shall employ an agent or broker to purchase such scrap for the consumer's use, the consumer may pay the agent or broker for such scrap a sum not exceeding the applicable maximum price set forth below plus a commission, in the case of stainless steel scrap, of not more than 5% of such maximum price, excluding the \$10 premium for briquetting, and in the case of nickel steel scrap, of not more than \$1 per gross ton. ^{1/} The commission shall be payable only if (a) the agent or broker guarantees the quality and delivery of an agreed tonnage of the scrap; (b) the commission is shown as a separate charge in invoicing and billing; and (c) the agent or broker does not split or divide the commission allowed him by a consumer with the seller or sellers of the scrap.

^{1/} The maximum commission of \$1 per gross ton in the case of nickel steel scrap shall become effective September 8, 1941.

Kind or Grade of Scrap Material

Price, f. o. b. point of shipment

Stainless Steel Scrap

Sheets, Clippings & Solids Turnings & Borin

18% Chrome-8% Nickel Type

Containing 18%-20% chrome
and 7%-10% nickel

\$90 per gross ton ^{2/}

\$80 per gross ton ^{2/}

All other grades or types of
chrome-nickel stainless steel
scrap

28¢ per pound of
nickel contained; 9½¢
per pound of chrome
contained; no payment
for any other metals
contained.

\$30 per gross ton
less than the
applicable maxi-
mum price for
sheets, clippings
and solids. ^{2/}

The maximum prices set forth above apply on shipments of chrome-nickel type stainless steel scrap in carload lots. On shipments of such scrap in less than carload lots the applicable maximum price shall be \$10 per gross ton less than the applicable maximum price on carload lot shipments. ^{2/} The minimum quantity making up a carload lot for the purposes of this Schedule shall be the minimum quantity required to obtain railroad carload lot rates from the point of shipment to the point of destination. Such quantity may be made up of any kind or grade of stainless steel scrap, including both the chrome-nickel and the straight-chrome types. If delivery is made by truck, a carload lot shipment will be considered to have been made, for the purposes of this Schedule, if the minimum quantity making up the carload lot is delivered to the buyer within two days after the first shipment of the lot is picked up by truck.

Kind or Grade of Scrap Material

Price, f. o. b. point of shipment

Turnings
Sheets, Clippings & Solids and Borings

Straight-Chrome Type

Containing 12%-14% chrome

\$35 per gross ton

\$30 per gross ton ^{2/}

Containing 14%-16% chrome

\$40 per gross ton

\$35 per gross ton ^{2/}

Containing over 18% chrome

\$40 per gross ton
plus 9½¢ per pound
for each pound of
chrome in excess of
18%. ^{2/}

\$5 per gross ton
less than the
applicable maxi-
mum price for
sheets, clippings
and solids. ^{2/}

^{2/} Effective September 8, 1941.

A maximum of \$10 per gross ton may be added to the maximum prices set forth above for sales of stainless steel scrap, both chrome-nickel and straight-chrome types, in the form of power-compressed briquettes (not bundles or bales) which are suitable without further preparation for direct charging into an electric furnace. There is no requirement that the briquette actually be charged into an electric furnace; it must merely be suitable for such charging even though it may be charged into another type furnace.

Nickel Steel Scrap

The maximum price at which a grade of steel scrap containing less than 1% of nickel may be sold to a consumer shall be the maximum price for a like grade of steel scrap, as set forth or determined under the Iron and Steel Scrap Price Schedule No. 4, Revised.

The maximum price at which a grade of steel scrap containing 1% or more nickel may be sold to a consumer shall be the maximum price for a like grade of steel scrap, as set forth or determined under the Iron and Steel Scrap Price Schedule No. 4, Revised, plus \$1.00 per gross ton for each 1/4 of 1% of nickel content. ^{3/}

(Executive Order No. 8734)

§ 1305.11 APPENDIX B. Maximum prices for secondary monel metal ingot, secondary nickel metal shot, and secondary copper-nickel shot.

<u>Kind or Grade of Secondary Material</u>	<u>Price</u> (For pound, f. o. b. Point of shipment)
Nickel Ingot	27¢
Nickel Shot	27¢
Copper-Nickel Shot containing 48% to 52% Nickel and 52% to 48% copper and not more than 1/4% foreign materials	25 1/2¢

3/ The formula shall be applied in accordance with the following tables:

up to 1.35% nickel content	+ \$4
1.35% up to 1.50% " "	+ \$5
1.50% up to 1.75% " "	+ \$6
1.75% up to 2.00% " "	+ \$7
2.00% up to 2.25% " "	+ \$8
etc.	

The maximum prices set forth above apply if secondary monel ingot or shot, or secondary copper-nickel shot is sold, shipped, delivered, or carried away, in lots of 30,000 pounds or more; if sold and shipped, delivered, or carried away in lots of:

10,000 up to 30,000 pounds,	$\frac{1}{2}$ ¢	per pound	may be added to such prices							
2,000 up to 10,000	"	1 ¢	"	"	"	"	"	"	"	"
1,000 up to 2,000	"	1 $\frac{1}{2}$ ¢	"	"	"	"	"	"	"	"
500 up to 1,000	"	2 ¢	"	"	"	"	"	"	"	"
100 up to 500	"	2 $\frac{1}{2}$ ¢	"	"	"	"	"	"	"	"
100	"	3 $\frac{1}{2}$ ¢	"	"	"	"	"	"	"	"

(Executive Order No. 8734)

Issued this 5th day of September, 1941.

LEON HENDERSON
ADMINISTRATOR

CERTIFIED TO BE A TRUE COPY OF THE ORIGINAL

JOHN E. HAMM
DEPUTY ADMINISTRATOR

OFFICE FOR EMERGENCY MANAGEMENT
OFFICE OF PRICE ADMINISTRATION

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For Release A.M.
September 11, 1941

PM 1124

Prices of the upper grades of Douglas fir lumber, one of the most important of all primary construction materials and the chief competitor of Southern pine in eastern and middle western markets, are reduced an average of \$10 per 1,000 board feet in Price Schedule No. 26 announced today by Leon Henderson, administrator, Office of Price Administration.

The schedule, which will become effective on October 1, covers all types of Douglas fir. However, maximum prices set for the common grades — boards, "dimension", and timbers — do not differ greatly from quotations that have prevailed in lumber markets for some time past. Common grade prices, while above the levels of a year ago, have not risen unreasonably, although it is felt that they should not be allowed to go higher.

On an over-all basis, Mr. Henderson estimated, the prices established in the Douglas fir lumber schedule should save the defense program and civilian users approximately \$5,000,000 over the next 12 months.

In arriving at ceiling prices for Douglas fir, Mr. Henderson said, full consideration has been given to the importance of maintaining the relative competitive standing of Douglas fir and Southern pine lumber, the latter having been brought under a price ceiling as of September 5th.

Announcement of maximum prices on Douglas fir comes exactly one year after Mr. Henderson, as head of the Price Stabilization Division of the National Defense Advisory Commission, issued his first warning that lumber prices were unreasonably high. Other warnings followed. On August 1 of the current year, ceiling prices were established for Douglas fir plywood and peeler logs and soon thereafter for Southern pine lumber.

Preliminary to setting top prices for Douglas fir lumber, OPA undertook an exhaustive study of all phases of the industry. Over two-thirds of the productive capacity and members of all branches of the industry were represented at a meeting held August 20 in Portland, Ore. At this meeting a representative committee, including wholesalers, sat with OPA officials and worked out differentials. It was the consensus of the meeting that members of the industry would render full cooperation in maintaining ceiling prices.

"As the defense effort has progressed, the demand for Douglas fir lumber has increased to a point where incoming orders are in excess of production," Mr. Henderson said. "Reflecting this pressure, prices of the upper grades and specialties, such as ship decking, flooring and box car materials, have reached exorbitant levels and in the absence of ceiling action would have risen still further.

"This situation cannot fail to disturb the price structure of the common grades and, in turn, the general level of all lumber prices. Moreover, to impose maximum prices on Southern pine and leave Douglas fir prices unrestricted would disrupt the lumber markets very seriously."

Comparison of the top prices established in the schedule with recent market quotations on three of the more important grades of "uppers" follows (per M bd. ft., f.o.b. mill):

<u>Grade</u>	<u>Ceiling</u>	<u>Recent Prices</u>
Grade B and better flooring, vertical grain.....	\$60	\$75 and up
Grade B and better drop siding.....	\$50	\$58 to \$60
Grade B and better ceiling (1 x 4).....	\$45	\$52 to \$55

As stated previously, the common grades -- boards, "dimension", and timbers -- show little, if any, changes when the ceiling prices are compared with quotations prevailing in recent weeks.

Douglas fir, also called red fir, yellow fir, Douglas spruce, Oregon pine, and Puget Sound pine, grows in the vast forests of Oregon and Washington extending from the western side of the Cascade Mountains to the Pacific Coast. Because of the great size of the trees, timbers can be cut in the larger dimensions required for ship building, bridge building and heavy construction. In other forms the lumber is widely used in the manufacture of sash, doors and various kinds of exterior and interior finish, as well as in crates, utility furniture and household and farm appliances.

Timbers and "dimension" (2 x 4's, 2 x 6's, etc.) together make up about 70% of all lumber produced from Douglas fir trees. Around 16% of the output is used in the form of "clears", or "uppers", for ceiling, flooring, drop-siding, railroad freight car siding, ship decking, cross-arms on telephones and telegraph poles and tight cooperage, etc. Shop and industrial uses absorb 10% and the remaining 4% is accounted for by boards.

Nearly half of the Douglas fir lumber produced in Oregon and Washington is used on the West Coast. The remainder is shipped by rail and water throughout the country. It is this share of the output that competes directly with Southern pine lumber. In the east and middle west, where considerable lumber of the two species is used, Douglas fir timbers and dimensions command a premium over Southern pine, while Southern pine boards sell at a premium over Douglas fir boards.

The price schedule adheres closely to long-standing trade practices as regards sizes, methods of quoting prices, shipping customs, etc. Attention is called to the fact that maximum prices will not apply prior to October 1 "where actual delivery has been made by the mill to the purchaser or to a 'carrier' for delivery to a purchaser." Under this provision, sales outside the ceiling prices will not be affected by the schedule if the lumber has been placed on shipboard or railroad car or truck prior to October 1 for delivery, even though the shipment has not actually been delivered by that date. This provision recognizes the long hauls involved in shipments of Douglas fir lumber to eastern and middle western markets.

As is the case with the Southern pine schedule, the new maximum prices are f.o.b. mill or concentration yard. It is expected that wholesale and retail prices will fall into line as soon as the new maximums become effective. This will obviate extension of the ceiling to cover wholesale and retail sales of Douglas fir lumber, although, Mr. Henderson said, his office was prepared to do this should it become necessary.

Certain lumber mills operate retail yards as adjuncts of their mill business. There is nothing in the schedule that is designed to disturb this practice.

Abbreviations used in schedule:

R/L.....	Random Lengths
B & Str.....	Grade B and better
V.G.....	Vertical grain
F.G.....	Flat grain
M.G.....	Mixed grain
A.L.S.....	American Lumber Standard
S&S.....	Surfaced on four sides

Text of the schedule is attached.

TITLE 32 - NATIONAL DEFENSE

CHAPTER XI - OFFICE OF PRICE ADMINISTRATION

Part 1312 - Lumber and Lumber Products

PRICE SCHEDULE NO. 26, Douglas Fir Lumber

Douglas fir lumber, a Pacific Coast Product, is often employed co-extensively and to some extent interchangeably with Southern pine lumber. It is widely used in the construction industry for exterior and interior finish, framing, mill work, sheathings, floorings, and sub-floorings, and in the manufacture of crates, utility furniture, and household and farm appliances. In the defense program it has been extensively employed in the construction of cantonments, defense housing projects, and factories, and in the production of ships and airplanes. The increased need for Douglas Fir lumber has prompted government efforts to secure expanded production, but the supply has failed to keep pace with the augmented demand stemming from the defense program and the accompanying economic expansion. As a consequence, inflationary pressure has caused prices to rise greatly in excess of previously existing industry levels. Such price increases have markedly outstripped cost advances. Issuance of a Price Schedule is therefore necessary to protect consumers and those members of the industry who are attempting to keep prices down.

Accordingly, under the authority vested in me by Executive Order No. 8734, it is hereby directed that:

1312.51 Maximum Prices for Douglas Fir Lumber. On and after October 1, 1941, regardless of the terms of any contract of sale or purchase, or other commitment, no person shall sell, offer to sell, deliver, or transfer, for domestic or export use, any Douglas fir lumber, where the shipment originates at the mill rather than at a distribution yard, at prices higher than the maximum prices set forth

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PM 1124

in Appendix A, incorporated herein as § 1312.50; provided that such maximum prices shall not apply where actual delivery has been made by the mill to a purchaser, or to a carrier for delivery to a purchaser, prior to October 1, 1941.*

* 1312.51 to 1312.59, inclusive issued pursuant to the authority contained in Executive Order No. 8734.

1312.52 Less than Maximum Prices. Lower prices than those set forth in Appendix A may be charged, demanded, paid, or offered.*

1312.53 Evasion. The price limitations set forth in this Schedule shall not be evaded by unusual charges for extending credit or for early delivery, by charges for delivery which exceed the actual cost of such delivery, except as otherwise provided in § 1312.59 (d), by unnecessarily routing lumber through a distribution yard, or by other direct or indirect methods. The seller shall in all cases give the purchaser the option of making his own transportation arrangements.*

1312.54 Records and Reports. Every person who, during any calendar month, shall sell 34,000 pounds or more of Douglas fir lumber for shipment originating at the mill shall keep for inspection by the Office of Price Administration, for a period of not less than one year, complete and accurate records of every sale of such lumber made during such month, showing the date thereof, the name of the buyer, the prices, and grades sold. Persons affected by this Schedule shall submit such reports to the Office of Price Administration as it may from time to time require.*

1312.55 Enforcement. In the event of refusal or failure to abide by the price limitations, record requirements, or other provisions of this Schedule, or in the event of any evasion or attempt to evade the price limitations or other provisions of this Schedule, the Office of Price Administration will make every effort to assure (a) that the Congress and the public are fully informed thereof, (b) that the powers of the Government are fully exerted in order to protect the public interest and the interests of those persons who comply with this Schedule, and (c) that the procurement services of the Government are requested to

refrain from purchasing Douglas fir lumber from those persons who fail to comply with this Schedule. Persons who have evidence of any offer, receipt, demand, or payment of prices higher than the maximum prices, or of any evasion or effort to evade provisions hereof, or of speculation, or of manipulation of prices of Douglas fir lumber, or of the hoarding or accumulating of unnecessary inventories thereof, are urged to communicate with the Office of Price Administration.

1312.56 Modification of the Schedule. Persons complaining of hardship or inequity in the operation of this Schedule may apply to the Office of Price Administration for approval of any modification thereof or exception therefrom.

1312.57 Definitions. When used in this Schedule, the term

(a) "person" means an individual, association, partnership, corporation, or other business entity. The term includes, without restricting the generality of the foregoing, any mill operator, manufacturer, commission salesman, manufacturer's representative, concentration yard operator, wholesaler, wholesale distributor, wholesaler's agent, or retailer.

(b) "Douglas fir" means the botanical species of *Pseudotsuga taxifolia* produced in those parts of Oregon and Washington lying west to the crest of the Cascade Mountains.

(c) "mill" means a manufacturing plant, concentration yard, or other establishment which processes, by sawing, by planing or other comparable method, at least 25 per cent of the volume of Douglas fir logs or lumber purchased or received by it.

(d) "distribution yard" means a wholesale or retail lumber yard which purchases or receives Douglas fir logs or lumber from a producer, a mill, or another distribution yard for purposes of unloading, sorting, and resale or redistribution, which regularly maintains a stock of lumber, and which processes, by sawing, or by planing or other comparable method, less than 25 per cent of the volume of such logs or lumber so purchased or received by it.

(e) "volume" means the board foot volume of lumber processed from logs, processed from other lumber, or sold, as the case may be, within the six months immediately prior to the transaction subject to this Schedule.*

1312.58 Effective Date of the Schedule. This Schedule shall become effective October 1, 1941.

(a) Maximum f.o.b. mill prices per 1,000 feet board measure:

		FLOORING, P/L 1/2		
1x4	V.G. B&Str	\$60.00	C - \$55.00	D - \$45.00
1x4	F.O. B&Str	45.00	C - 43.00	D - 38.00
		DROP SIDING, R/L 1/2		
1x6	M.G. B&Str	50.00	C - 48.00	D - 40.00
		CEILING, R/L 1/2		
5/8x4"	M.G. B&Str	37.00	C - 35.00	D - 28.00
1x4	M.G. B&Str	45.00	C - 43.00	D - 38.00

1/ Regular Loading Random Length is as follows:

<u>B & Better & C Grades</u>		<u>D Grade</u>	
4 feet)	3%	4 feet)	
5 feet)	3%	6 feet)	20%
		7 feet)	
6 feet)	7%	8 to 20 feet	80%
7 feet)			
8 to 20 feet	90%		

For specified lengths, 12 feet, add \$2.00.

For specified lengths, 14 feet, add \$3.00.

For specified lengths, 16-18 and 20 feet, add \$5.00.

NO. 1 BOARDS AND SHIP LAP, GREEN, SURFACED A.L.S.

	R/L 6/20'	6'	8'	10'	12'	14'	16'	18'	20'	Add for Dry
1 x 4	\$26.00	\$23.00	\$22.00	\$28.00	\$32.00	\$39.50	\$30.50	\$30.50	\$30.50	\$4.00
1 x 6	27.00	27.00	27.00	27.00	27.00	28.50	29.50	29.50	29.50	4.00
1 x 8	27.00	27.00	27.00	27.00	27.00	29.50	29.50	29.50	29.50	4.00
1 x 10	25.00	25.00	25.00	25.00	25.00	26.50	27.50	27.50	27.50	3.00
1 x 12	28.00	28.00	28.00	28.00	28.00	29.50	30.50	30.50	30.50	4.00

GRADE SPREAD: No. 2 Dry or Green: \$2.00 per 1,000 feet less than No. 1 of same size and length.

No. 3 Green: \$5.00 per 1,000 feet less than No. 1 of same size and length.

No. 3 Dry: \$8.00 per 1,000 feet less than No. 1 of same size and length.

For working to Pattern, add \$2.00 per 1,000 feet.

For rough random length, add \$1.50 to R/L surfaced prices.

For rough specified lengths, add \$3.00 to specified length surfaced prices.

	R/L 5/20'	6'	8'	9'	10'	12'	14'	15'	18'	20'	22/24'	Add for Dry
2x3	\$28.50	\$21.00	\$27.00	\$30.50	\$29.00	\$29.00	\$29.00	\$31.50	\$31.50	\$31.50	\$35.00	\$3.50
2x4	28.50	21.00	28.50	29.00	28.00	28.50	28.50	29.50	29.50	29.50	32.00	3.50
2x6	28.50	21.00	26.50	----	27.00	28.50	28.50	29.00	29.00	29.00	31.00	3.50
2x8	27.50	20.00	26.00	----	26.00	27.50	27.50	27.50	27.50	27.50	29.50	3.50
2x10	27.50	20.00	26.00	----	26.50	28.00	28.00	28.50	28.50	28.50	30.50	4.00
2x12	27.50	20.00	26.00	----	27.00	28.00	28.00	28.50	28.50	28.50	30.50	5.50

Grade Spreads: No. 2 Green all widths and lengths, 20' and shorter, \$2.00 per 1,000 feet less than No. 1 Green of the same width and length.

No. 3, 20' and shorter, 2x4, 2x6, and 2x8 Green \$8.00 per 1,000 feet, and 2x10 and 2x12 Green \$9.00 per 1,000 feet, less than No. 1 Green of the same width and length.

No. 2 Dry, all widths and lengths, 20' and shorter, \$4.00 per 1,000 feet less than No. 1 Dry of the same width and length.

No. 3 Dry, 20' and shorter, 2x4, 2x6, and 2x8, \$10.00 per 1,000 feet, and 2x10 and 12", \$11.00 per 1,000 feet, less than No. 1 Dry of the same width and length.

For Dimension surfaced 1/4" off, add \$1.00 per 1,000 feet to the price for the same grade, width and length.

For No. 1, permitting up to 15% No. 2, deduct .50 per 1,000 feet from the No. 1 price of the same width and length.

For working to Shiplap, Center-Matched, or Dressed and Matched, add \$2.00 per 1,000 feet, droppings to be included at grade differential.

For Rough dry, add \$1.00 per 1,000 feet to surfaced dry price.

For Ripping and Resawing, not diagonal or tapered, add for 2x4, \$2.50, and for 2x6 and wider \$1.50 per 1,000 feet.

PLANK AND TIMBERS, GREEN, ROUGH OR S4S

FM 1124

	No. 1				Sel. March.				Sel. Str.			
	20' & Shtr.	22/24	26/32	34/40	20' & Shtr.	22/24	26/32	34/40	20' & Shtr.	22/24	26/32	34/40
3x3	34.00	36.50	39.50	—	38.00	40.50	42.50	—	40.00	42.50	45.50	—
3x4	32.50	35.50	38.50	—	36.50	39.50	41.50	—	38.50	41.50	44.50	—
3x6 & 3x8	31.00	33.00	34.50	37.50	35.00	37.00	38.50	41.50	37.00	39.00	40.50	43.50
3x10 & 3x12	30.50	32.50	34.00	36.50	33.50	35.50	37.00	39.50	35.50	37.50	39.00	41.50
4x4	32.00	34.00	36.00	—	36.00	38.00	40.00	—	38.00	40.00	42.00	—
4x6 & 4x8	31.00	33.00	34.50	37.50	35.00	37.00	38.50	41.50	37.00	39.00	40.50	43.50
4x10 & 4x12	30.50	32.50	34.00	37.00	33.50	35.50	37.00	40.00	35.50	37.50	39.00	42.00
6x6 & 6x8	30.50	32.00	33.50	34.00	34.50	36.00	37.50	40.50	36.50	38.00	39.50	42.50
8x8	30.50	32.00	33.00	33.50	34.50	36.00	37.00	40.00	36.50	38.00	39.50	42.00

	No. 1			Sel. March.			Sel. Str.		
	20' & Shtr.	22/30	32/40	20' & Shtr.	22/30	32/40	20' & Shtr.	22/30	32/40
6x10 & 6x12	29.50	30.50	31.00	31.50	32.50	33.00	33.50	34.50	35.50
8x10 & 8x12	29.50	30.50	31.00	31.50	32.50	33.00	33.50	34.50	35.50
10x10 & 10x12	29.50	31.50	30.50	31.50	33.50	34.00	33.50	35.50	36.50
12x12	29.50	31.50	30.50	31.50	33.50	34.00	33.50	35.50	36.50

(b) For mixed car, mixed cargo, or mixed truck shipments, \$2.00 additional per 1,000 feet board measure may be charged. A mixed car or mixed cargo shipment (where cargo shipment is not greater than carload quantity) consists of three or more items as hereinafter defined, provided at least three items amount to not less than 2,000 board feet each, or at least six items amount to not less than 1,000 board feet each, or at least twelve items amount to not less than 500 board feet each. A mixed truck shipment consists of three or more items as hereinafter defined, provided at least three items amount to not less than 500 board feet each, or at least six items amount to not less than 250 board feet each. An item consists of one width, thickness, or pattern of finish, casing, base, mouldings, partition, ceiling, siding, plain end flooring, end matched flooring, shiplap, boards, strips, dimension, or timbers.

(c) For export sales, an addition of not more than \$3.50 per 1,000 feet board measure may be charged for the services of switching, unloading at the dock, tallying, marking, and dock insurance.

(d) A delivered price in excess of the maximum f.c.b. mill prices set forth in (a) hereof may be charged, consisting of such maximum prices plus actual transportation costs to the extent that such costs are paid by the seller. In computing such actual transportation costs, the parties may adopt the practice of charging a sum equivalent to the one-quarter of a dollar nearest to such actual transportation costs. In addition, they may adopt estimated average weights of Douglas fir per thousand feet board measure (worked to standard sizes unless otherwise indicated) as follows:

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FLOORING

1 x 4" Pounds per 1,000 feet
1800

DROP SIDING

1 x 6" Pat. 107, 113, 115, 117, 124	1500
1 x 6" Pat. 103, 108, 111, 114, 118	1600
1 x 6" Pat. 101, 104, 105, 106, 112 & Rustic	1700
1 x 6" Pat. 102, 109, 110, 116, and V Rustic	1800

CEILING

5/8 x 4"	1200
1 x 4	1500

FINISH S4S

1 x 3 & 4"	1900
1 x 5 & wider	2000

BOARDS

	<u>DRY</u>	<u>GREEN</u>
1 x 3 & 4"	2100	2400
1 x 5 & wider	2200	2500

For Shiplap, D&M or C.M., deduct 100 from S4S.

DIMENSION, PLANE AND SMALL TIMBERS

	S4S Standard Dry	S4S Standard Green	CM & or S2S Dry	S1S Standard Green
2 x 3"	2100	2400	---	---
2 x 4	2200	2500	1900	2150
2 x 5	2250	2550	2050	2300
2 x 8	2250	2550	2100	2400
2 x 10	2300	2600	2150	2450
2 x 12	2300	2600	2150	2500
3 x 3"	2400	2600	---	---
3 x 4	2400	2600	2050	2250
3 x 5	2600	2800	2350	2500
3 x 8	2600	2800	2400	2600
3 x 10	2600	2800	2450	2650
3 x 12	2600	2800	2500	2700
4 x 4"	2500	2700	---	---
4 x 5"	2600	2800	2400	2600
4 x 8	2600	2800	2500	2700
4 x 10	2700	2900	2550	2750
4 x 12	2700	2900	2600	2800

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S4S 1/4" off by
Indicated Width
Green

DIMENSION SURFACED 1/4" Off

2 x 2" - 1/4" off each way	2550
2 x 3" - " "	2650
2 x 4" - " "	2750
2 x 6" - " "	2800
2 x 8" - 1/4" off each way	2850
2 x 8" - 1/4" off by 1/2" off in width	2750
2 x 10" - 1/4" off each way	2850
2 x 10" - 1/4" off by 1/2" off in width	2750
2 x 12" - 1/4" off each way	2850
2 x 12" - 1/4" off by 1/2" off in width	2800

DIMENSION, ROUGH OR SLE

Green	3300
2", Dry	2900
3" and thicker, Dry	3100

Issued this 11th day of September, 1941

Effective October 1, 1941

Leon Henderson
Administrator

CERTIFIED TO BE A TRUE COPY OF THE ORIGINAL

John E. Hamm, Deputy Administrator

OFFICE FOR EMERGENCY MANAGEMENT

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Office of Price Administration

For Friday AM's
September 12, 1941

PM 1137

All trading in fats and oils futures on commodity exchanges was definitely excepted from the operation of Schedule No. 25 in an amendment issued today by Leon Henderson, Administrator, Office of Price Administration.

This action was taken to clear up confusion in the trade over the operation of the schedule. This schedule was designed to eliminate speculative practices involved in the purchase or sale of physical quantities of fats and oils. It was not designed to interfere in any way at the present time with the operation of the futures market. However, Mr. Henderson stated that, if the activity in the futures market should reach a point where it creates an artificial influence on prices, action may then become necessary to limit such trading.

Mr. Henderson further stated that the Office of Price Administration and the Commodity Exchange Administration are working closely together in this matter. CEA is widening its scrutiny of market activity in this connection — the first step being to require reports covering smaller transactions than were previously included.

The amendment also excepts futures contracts and purchases or sales by Federal departments and agencies from operation of the 45 day limitation on deliveries under forward sales.

CHAPTER XI - OFFICE OF PRICE ADMINISTRATION

Part 1343 - Fats and Oils and their Products

Amendment to Schedule No. 25 - Elimination of Speculative
and Inflationary Price
Practices with respect to
Fats and Oils and their
Products.

Sections 1343.1, 1343.2 and 1343.10 of Schedule No. 25 are hereby amended to read as follows:

§1343.1 Elimination of Speculative Resales. No person shall buy or offer to buy, and no person shall sell or offer to sell, fats or oils or their products for the purpose of reselling them at a profit without either (1) further processing them, or (2) performing some other recognized function in the distribution or manufacture thereof.

Any purchase or sale of a futures contract made on a commodity exchange, or any purchase or sale made to fill an order on hand, to avoid transportation expenses, or to facilitate any other recognized manufacturing or distributing process, shall not be deemed to be prohibited by this Section.

(Executive Order No. 8734)

§1343.2 Limitation of Forward Sales. No person shall enter into an agreement, contract, order or booking for the purchase or sale of fats or oils or their products, other than crude, imported or fish oil, to be delivered more than forty-five days after the actual date of entering into said agreement, contract, order or booking, except that (1) any purchase or sale of a futures contract made on a commodity exchange, or (2) any purchase or sale by, or on behalf of, or at the direction of, the United States, or any department or agency thereof, shall not be so limited as to delivery.

(Executive Order No. 8734)

§1343.10 Definitions. When used in this Schedule:

(a) The term "person" includes an individual, corporation, association, partnership, or other business entity.

(b) The term "fats or oils or their products" includes (1) all fats and oils, except butter, and mineral, essential and chemical oils, (2) fats and oil products, a substantial part of which is made from or with fats or oils.

(c) The term "crude oil" means oil in its unrefined state which has been processed, expeller or extracted from the raw material.

(d) The term "imported oil" means any oil, whether crude or refined, produced outside and shipped to a point within the several states of the United States.

(e) The term "commodity exchange" shall mean a commodity exchange designated as a "contract market" by the Secretary of Agriculture acting in accordance with the provisions of the Commodity Exchange Act.

(Executive Order No. 8734)

Issued this 11th day of September, 1941.

ACCEPTED TO BE A TRUE COPY OF THE ORIGINAL

/s/ Leon Henderson
Leon Henderson
Administrator

/s/ John G. Hays
John G. Hays

OFFICE FOR EMERGENCY MANAGEMENT

OFFICE OF PRICE ADMINISTRATION

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For Immediate Release
September 12, 1941

PM 1141

Action essential to protect the interests of householders depending upon hard coal for heating was taken today by Leon Henderson, administrator, Office of Price Administration, through issuance of an emergency price schedule blocking the 15-cent per ton increase which producers of Pennsylvania anthracite had proposed to put into effect next Monday (September 15).

Placing a ceiling on hard coal prices at the mine became necessary when leading producers of anthracite failed to furnish OPA with reports which would permit full analysis of the factors purporting to justify the proposed September 15th increase. Composite figures submitted by eight of the largest producers were neither satisfactory nor adequate. A belated offer of individual data still fell short of the information requested by OPA and necessary for a determination of fair prices.

"Rather than allow another 15 cents to be added to the price of the domestic sizes and passed on to householders while the necessity for it is yet to be established, the Office of Price Administration is freezing anthracite prices for the time being," Mr. Henderson stated. "The ceiling prices set forth in the schedule correspond to the levels that were established by the mine operators as of August 15th, when a 15-cent increase became effective.

"Anthracite producers will be afforded an opportunity in the immediate future to provide the information OPA has requested and to offer any additional information they desire in support of higher prices. If it can be demonstrated satisfactorily that the current level of prices is inadequate, a revision of the present maximums will be worked out. In the absence of such a showing, however, the public cannot reasonably be called upon to pay still higher prices for this very essential commodity.

"It is to be expected that wholesalers and retailers of hard coal will maintain their present margins so that the ultimate cost of coal to the consuming

public will not be changed while the ceiling prices are in force.

"I may add that the data so far submitted to this office does not indicate that the freezing of anthracite prices at prevailing levels will act to prevent the industry from carrying out existing wage agreements."

Maximum prices established in the schedule (f.o.b. mine per net ton of 2,000 pounds) are \$6.60 for the principal domestic sizes -- broken, egg, stove and chestnut --; \$5.10 for pea coal; \$3.75 for buckwheat No. 1, \$2.90 for rice and \$2.15 for barley. The latter three sizes are used for commercial and industrial purposes.

The text of the schedule outlines the anthracite price situation during the current year to date. The smaller sizes of coal were increased 25 cents a ton on buckwheat No. 1 and 15 cents a ton on rice and barley on May 20, while on June 16 and July 15 advances of 10 cents a ton were made in the prices of the domestic sizes -- egg, stove, chestnut and pea. Soon after, it was announced that domestic size prices were to be raised another 15 cents a ton each on August 15 and September 15. Meetings of the leading operators then were called by Mr. Henderson and, after a study of the data submitted, OPA requested informally that the two proposed increases be withheld temporarily pending receipt of further information. "The industry was unwilling to comply with this request", the schedule states, "and on August 15 the prices of all domestic sizes were raised 15 cents."

After summarizing the steps taken by OPA to obtain adequate information and noting the unwillingness of the largest producers to report along the lines requested, the schedule continues, "It is apparent that the Office of Price Administration must have further information to determine the necessity for the proposed September 15 increase. If an appropriate showing is made, this price schedule will be amended or revoked."

The domestic supply of anthracite is mined in Eastern Pennsylvania. Production for the current year is estimated in excess of 55,000,000 tons. Of this total about 66% is used by householders, much of it by low-income consumers. The

remainder is consumed in the furnaces of apartment houses, office buildings, hotels and other commercial establishments and by industry at large.

Well over 90% of the production of anthracite is burned in the New England and Middle Atlantic States: Maine, New Hampshire, Vermont, Rhode Island, Connecticut, Massachusetts, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia; and in the District of Columbia.

There are about 65 operators who produce more than 100,000 tons a year each. All of these received OPA questionnaires in that agency's survey to attempt to collect the data required for analysis in connection with the proposed price increases.

Wholesale and retail prices for anthracite are always substantially above the mine prices, reflecting freight charges from mines to dealers' yards and the dealers' margin of mark up to cover costs of distribution, etc. In general, freight charges and retailers' margins account for from 40 to 50 per cent of the retail price, although this ratio changes in relation to the distance of the markets from the mines.

Text of the schedule is attached.

TITLE 33 - NATIONAL DEFENSE
CHAPTER XI - OFFICE OF PRICE ADMINISTRATION
Part 1340 - Fuel
PRICE SCHEDULE NO. 27 - Anthracite

Anthracite is used for space heating and for power production. It is essential to the health and efficiency of a multitude of consumers. Its principal market is the Middle Atlantic and New England states, where numerous workers in defense industries reside. Increases in the price of anthracite directly affect the cost of living.

On May 30 the prices of the smaller sizes of anthracite were advanced 15¢ and 25¢, for different sizes, and the prices of the domestic sizes were increased 10¢ on June 16 and again 10¢ on July 15.

Two conferences were then held with representatives of the mining companies and certain data were submitted by them to justify the price increases. On the basis of this and other available information, the representatives were requested to defer additional price increases announced for August 15 and September 15, pending submission of further information and its review by the Office of Price Administration and Civilian Supply. This request was not complied with, and on August 15 the prices of all domestic sizes were raised 15¢.

Every reasonable effort has been made to obtain sufficient information from the anthracite industry in order that the Office of Price Administration might determine the necessity for the proposed September 15 increase of 15¢ on domestic sizes. On August 22 the Office of Price Administration and Civilian Supply addressed a short questionnaire to the individual anthracite companies producing 100,000 tons of coal or more annually, and requested that the questionnaires be filled out and returned on or before September 2.

As of September 2 not more than two or three questionnaires had been returned. The Administrator on September 5 addressed a telegram to the companies asking that they submit individual replies by September 8.

The major companies have thus far failed to furnish the information requested. On September 8, eight major anthracite producing companies submitted a consolidated statement. This consolidated statement failed to disclose the operating position of individual producers; it did not set forth information requested by the questionnaire and thus further precluded adequate analysis of substantial items of purported expenses. The need for such information from individual companies had been clearly stated at the conferences and in subsequent telegrams to

the major companies. Some thirty questionnaires have been returned by smaller companies within the last few days.

The anthracite industry, although unprofitable since 1923 according to its records, has substantially improved its position since 1939. The industry over-all profit for 1940 will almost certainly be increased for 1941.

The industry contends that the September 15 price increase, along with earlier price advances made this year, is necessary to cover the increased labor and other costs that have occurred in 1941. The nature of the price and cost situation is not clearly indicated in the data so far submitted by the industry.

It is apparent that the Office of Price Administration must have further information to determine the necessity for the proposed September 15 increase. This Office in carrying out its responsibility for preventing inflationary prices must be furnished with such data and information as may be necessary for a fair and intelligent determination of the necessity for price increases. This Price Schedule, therefore, continues the August 15 circular prices in effect as maximum prices for the time being. The Office will give prompt attention to the requested data and any other information the companies may offer as soon as they are presented. If an appropriate showing is made, this Price Schedule will be amended or revoked.

Accordingly, under the authority vested in me by Executive Order No. 8734, it is hereby directed that:

1340.71 Maximum Prices for Anthracite Coal.

On and after September 15, 1941, regardless of the terms of any contract of sale or purchase, or other commitment, no person shall sell, offer to sell, deliver or transfer anthracite coal at prices higher than the maximum prices f.o.b. mine set forth in Appendix A, incorporated herein as Section 1340.72.*

*1340.71 to 1340.79, inclusive, issued pursuant to the authority contained in Executive Order No. 8734.

1340.72 Less than Maximum Prices.

Lower prices than those set forth in Appendix A may be charged, demanded, paid, or offered.*

1340.73 Evasion.

The maximum prices set forth in this Schedule shall not be evaded by additional charges of any kind, or by any other direct or indirect methods.*

1340.74 Enforcement.

In the event of refusal or failure to abide by the price limitations and other provisions contained in this Schedule, or in the event of any

evasion or attempt to evade the price limitations or other provisions of this Schedule, the Office of Price Administration will make every effort to assure (a) that the Congress and the public are fully informed thereof, and (b) that the powers of the Government are fully exerted in order to protect the public interest and the interests of those persons who comply with this Schedule. Persons who have evidence of the demand or receipt of prices higher than the maximum prices, or of any evasion or effort to evade the provisions hereof, are urged to communicate with the Office of Price Administration.*

1340.75 Records and Reports.

Every anthracite producer making sales of anthracite after September 12, 1941 shall keep for inspection by the Office of Price Administration for a period of not less than one year, complete and accurate records of (a) each such sale, showing the date thereof, the name and address of the buyer, the price received, and the quantity of each size sold.

Persons affected by this Schedule shall submit such reports to the Office of Price Administration as it may, from time to time, require.*

1340.76 Modification of the Schedule.

Persons complaining of hardship or inequity in the operation of this Schedule may apply to the Office of Price Administration for approval of any modification thereof or exception thereto.*

1340.77 Definitions.

When used in this Schedule, the term

- (a) "Person" means an individual, partnership, association, corporation, or other business entity;
- (b) "Anthracite" means anthracite coal produced in the State of Pennsylvania.*

1340.78 Effective Date of the Schedule.

This Schedule shall become effective September 12, 1941.*

1340.79 Appendix A - Maximum Prices for Anthracite Coal.

<u>Size</u>	<u>Maximum Price f.o.b. Mine Per Net Ton (of 2,000 Pounds)</u>
Broken	\$ 6.60
Egg	6.60
Stove	6.60
Chestnut	6.60
Pea	5.10
Buckwheat No. 1	3.75
Rice	2.90
Barley	2.15

* Issued this eleventh day of September, 1941.

Certified to be a true copy of the original

/s/ Leon Henderson
 Leon Henderson
 Administrator

OFFICE FOR EMERGENCY MANAGEMENT
Office of Price Administration

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For Saturday AM's,
September 13, 1941

PM 1144

Price differentials are established for all grades and classifications of domestic hides in an extensive amendment to Price Schedule No. 9, Hides, Kips and Calfskins, announced today by Leon Henderson, administrator, Office of Price Administration. The differentials are graded downward from a top price of $15\frac{1}{2}$ cents.

The present amendment continues the average level of prices which has ruled in recent months in the absence of differentials but establishes a spread above and below the former ceiling for different qualities of hides. The amendment does not justify any change in the price of leather or leather products.

In the original schedule, effective June 16, 1941, a ceiling price of 15 cents a pound was fixed for domestic hides. It was hoped that normal differentials would develop for the various grades under market conditions. This did not take place. Recently branded hides, as well as natives, have been selling at the ceiling price and the customary trade practice of selecting and classifying hides and skins before sale has been abandoned by many sellers. Tanners, particularly specialty tanners making industrial leathers, thus have been forced to buy hides in combination lots in order to obtain the types needed for their operations and the distribution of hides has been seriously affected.

"Careful examination of evidence submitted by leather tanners has shown that their costs have been increased appreciably by combination lot buying. Studies by my office of all of the factors involved make it plain that the establishment of a system of differentials will help to restore normal trade practices, benefit all users of hides, and relieve the pressure for an increase in leather prices," Mr. Henderson said.

Since the original schedule was issued, 10 of the 12 classifications of packer hides have been selling at the ceiling price of 15 cents a pound. The amendment, however, only applies the new $15\frac{1}{2}$ -cent price to the four top grades and establishes differentials of from one-half to $4\frac{1}{2}$ cents a pound for the lower grades. Hence, the over-all effect of the new prices will not be to increase the cost of hides to the tanning industry.

The schedule, as amended, specifically applies the new $15\frac{1}{2}$ -cent ceiling price to No. 1 native steers and cows of packer classifications. No. 2 native steer and cow hides have a top price of $14\frac{1}{2}$ cents. From these levels the maximum prices in the packer classification scale down, according to grade, to lows of 11 cents a pound and 10 cents a pound, respectively, for No. 1 and No. 2 branded bulls.

Packer classification hides which fail to meet present generally accepted standards of selection, trim, tare allowance or delivery, shall be sold at less than the applicable maximum prices, according to the schedule. Hides other than packer classifications sold on an unselected basis are priced somewhat under packer classification levels and a tare allowance of not less than 2% is stipulated.

The maximum prices for calf and kip skins are not changed by the amendment, although several additional types, weights and classifications are added, including skins originating in the Pacific Coast area and country skins.

The term "native" hide applies to one having no brand marks, which render a considerable section of the hide unsuitable for quality use. Branded hides sell at a discount from natives and are largely used for sole leather. Bull hides are of inferior quality to either steer or cow hides and sell for considerably less.

The packer classifications listed in the schedule are those recognized by the industry.

Since packers originate about two-thirds of all hides and follow standard methods of skinning, trimming and selection, their hide output generally commands a better price. Abattoirs and butchers are the other principal sources of hides. Their output sells at a slight discount from packer classifications because of poor take-off and since it is largely marketed on an unselected basis.

Kips are skins weighing more than calfskins, but less than hides. Slunks are skins removed from unborn or newly-born calves. The leather from slunkskins is of extremely fine grain and is used in fancy leather goods.

Because hides of all classes are sold in bundles by weight, the schedule recognizes the trade practice of "tare" allowance, which means a small discount for manure, dirt and salt that cling to the hides.

The terms "Chicago City", "New York Collector" and "country" are grade terms and do not refer to the point of origin of calfskins or kips. "Country" skins, for example, mean to the trade skins not removed skillfully or of irregular pattern and trim or showing other pronounced inferiorities.

A clause has been added to the schedule prohibiting both direct and indirect methods of evasion. This provision is directed at such practices as up-grading or the sale of inferior skins at the price of a better quality. According to reports received by OPA, this and other practices have been engaged in by certain members of the trade.

Firm commitments entered into prior to September 13, 1941, the effective date of the amendment, for sales of hides, kips or calfskins at prices not exceeding the old maximums, but higher than any new top price established by the amendment, may be carried out, provided that all deliveries thereunder are completed on or before November 15, 1941.

Text of the schedule is attached.

TITLE 32 - NATIONAL DEFENSE

CHAPTER XI - OFFICE OF PRICE ADMINISTRATION

Part 1314 - Raw Materials for Shoes and Leather Products

Price Schedule No. 9 - Hides, Kips and Calfskins, is hereby amended by adding thereto a new section numbered 1314.7a and by amending Sections 1314.10, 1314.11 and 1314.12 to read as follows:

1314.7a. Evasion. The price limitations set forth in this Schedule shall not be evaded whether by direct or indirect methods in connection with a purchase, sale, delivery or transfer of hides, kips or calfskins, alone or in conjunction with any other material, or by way of any commission, service, transportation, or other charge, or discount, premium or other privilege, or by up-grading, tying-agreement or other trade understanding, or otherwise.

(Executive Order No. 8734)

1314.10. Definitions.

(a) The term "person" includes an individual, corporation, association, partnership, or other business entity.

(b) The term "hides, kips or calfskins" means hides and skins of domestic cattle of the bovine species.

(c) The term "domestic" means originating from the continental United States.

(d) The term "broker" means any person who acts on behalf of a principal in connection with the collection, sale, purchase, receipt or shipment of hides, kips or calfskins.

(e) The term "carload" means a shipment of 36,000 pounds.

(f) The term "New York City trim" means the standard trim prevailing in and about New York City in which the skin has the head cut straight off behind the ears, and the shanks cut off at the knee or above.

(g) The term "Pacific Coast" means the states of California, Washington, Oregon, Arizona, Nevada, Idaho, and Utah, and that part of Montana, Wyoming, Colorado, and New Mexico west of Denver, Colorado.

(h) The term "Pacific Coast Trimmed" means the standard short trim prevailing in the Pacific Coast.

(i) All other trade terms used in this Schedule shall have the meanings generally accepted in the trade.

(Executive Order No. 8734)

1314.11. Appendix A. Maximum Prices for Domestic Hides.

I

Packer Classifications Sold on a Selected Basis

Standard Present Trim, Tare Allowance and Delivery

	<u>Price per lb. F.O.B. Chicago,</u> <u>Freight Equalized a/</u>	
	<u>No. 1's</u>	<u>No. 2's</u>
Native Steers, heavy and light	\$.15-1/2	\$.14-1/2
Native Steers, extreme light (23 to 48 lbs.)	.15-1/2	.14-1/2
Heavy Native Cows (53 lbs. and up)	.15-1/2	.14-1/2
Light Native Cows (less than 53 lbs.)	.15-1/2	.14-1/2
Butt Branded Steers	.14-1/2	.13-1/2
Texas Steers, heavy and light	.14-1/2	.13-1/2
Texas Steers, extreme light (23 to 48 lbs.)	.15	.14
Colorado Steers	.14	.13
Branded Cows	.14-1/2	.13-1/2
Native Bulls	.12	.11
Branded Bulls	.11	.10

Packer classifications of hides which fail to meet present generally accepted standards of selection, trim, tare allowance or delivery shall be sold at a price less than the applicable maximum price set forth above.

II

Hides Other Than Packer Classifications Sold on an Unselected Basis.

	<u>Price per lb. F.O.B. Chicago,</u> <u>Freight Equalized a/</u>	
	<u>Trimmed</u>	<u>Untrimmed</u>
Free of Brand Steers and Cows	\$.15	\$.14-1/2
Branded Steers and Cows	.14-1/2	.14
Free of Brand Bulls	.11-1/2	.11
Branded Bulls	.10-1/2	.10

Premium for Hides Other Than Packer Classifications Sold on a Selected Basis.

A seller who does not grade his hides according to packer classifications but allows a one cent per pound discount for No. 2's may charge a premium of one-half cent per pound over the maximum prices set forth above for hides other than packer classifications.

Tare Allowance.

A tare allowance of not less than $\frac{2}{100}$ shall be allowed on all sales of hides other than packer classifications.

The term "F.O.B. Chicago, Freight Equalized" used in this Schedule has the meaning generally accepted in the industry, to wit: The maximum price F.O.B. Chicago, Freight Equalized, which a purchaser may pay under this Schedule shall not exceed the maximum price set forth above plus either (a) freight from Chicago to destination or (b) freight from shipping point to destination, whichever is less; except that on shipments by sellers from points located east of Chicago, Illinois, the maximum price is F.O.B. shipping point.

(Executive Order No. 8734)

1314.12. Appendix B. Maximum Prices for Domestic Kips and Calfskins

I

Packer Calf and Kip Skins Sold on a Selected Basis

No. 1 Selection, Standard Present Trim, Tare Allowance and Delivery

Price per lb., F.O.B. Chicago

Freight Equalized a/

Chicago Packer Heavy Northern (9-1/2 - 15 lbs.)	\$.27
Chicago Packer Lights (less than 9-1/2 lbs.)	.23-1/2
Packer Kips, No. 1 Northern Native (15 - 25 lbs.)	.20
Packer Kips No. 1 Northern Overweight, (Kips over 25 lbs.)	.19
Branded Kips	.17-1/2
Slunks, regular	1.10 each, flat
Slunks, hairless	.55 each, flat

Chicago City Calf and Kip Skins Sold on a Selected Basis

No. 1 Selection, Standard Present Trim, Tare Allowance and Delivery

Price per lb., F.O.B. shipping point

Chicago City (10 to 15 lbs.)	\$.23
Chicago City (8 to 10 lbs.)	.20-1/2
Chicago City Native Kips (15 - 25 lbs.)	.18
Chicago City Branded Kips	.17
Chicago City Overweight Kips (Kips over 25 lbs.)	.17

Price per skin, F.O.B. shipping point

Chicago City (less than 8 lbs.)	\$1.43
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New York City Packer and Collector Calf and Kip Skins Sold On
a Selected Basis

No. 1 Selection, New York City Trim - Standard Tare Allowance and Delivery

Price per skin, F.O.B. shipping point

New York Packer (3 to 4 lbs.)	\$1.25
" " " (4 to 5 lbs.)	1.40
" " " (5 to 7 lbs.)	1.80
" " " (7 to 9 lbs.)	2.80
" " " (9 to 12 lbs.)	3.80
" " " (12 to 17 lbs.)	4.20
" " " (17 lbs. or more)	4.50
New York Collector (3 to 4 lbs.)	1.15
" " " (4 to 5 lbs.)	1.30
" " " (5 to 7 lbs.)	1.55
" " " (7 to 9 lbs.)	2.50
" " " (9 to 12 lbs.)	3.55
" " " (12 to 17 lbs.)	3.95
" " " (17 lbs. or more)	4.35

Calf and Kip skins of the classifications set forth above which fail to meet present generally accepted standards of selection, trim, tare allowance or delivery, shall be sold at a price less than the applicable maximum price set forth above.

Maximum Prices for No. 2's.

The maximum price for No. 2 Calf and Kip skins of the classifications set forth above shall not exceed the maximum price for each such classification reduced by discount of 10%.

II

Country Calf and Kip Skins

Price per lb., F.O.B. shipping point

Country Calf (10 lbs. and down)	\$.16 flat for No. 1's and No. 2's.
Country Calf (10 to 15 lbs.)	.18 flat for No. 1's and No. 2's.
Country Kips (15 lbs. or more)	.16 flat for No. 1's and No. 2's.

III

Pacific Coast Calf and Kip Skins b/ Standard Tare Allowance and Delivery

Price per lb. F.O.B. shipping point

Pacific Coast Kips (15 lbs. or more)	\$.19-1/4
Pacific Coast New York City Trimmed Kips (15 lbs. or more)	.21
Pacific Coast Trimmed Calf (6 to 13 lbs.)	.26
Pacific Coast Trimmed Calf (13 to 15 lbs.)	.23-1/2
	<u>Prices per skin, F.O.B. shipping point</u>
Pacific Coast Calf (less than 6 lbs.)	\$1.25

Pacific Coast Calf and Kip skins which fail to meet present generally accepted standards of tare allowance or delivery shall be sold at a price less than the applicable maximum price set forth above.

- a/ The term "F.O.B. Chicago, Freight Equalized" shall have the same meaning as that set forth in Note "a" to Appendix A.
- b/ The maximum price of any calfskin originating in the Pacific Coast, but not Pacific Coast trimmed, shall not exceed 80 per cent of the maximum price set forth above for Pacific Coast trimmed calf of corresponding weight except that (1) in the case of skins weighing less than six pounds, the maximum price of \$1.25 per skin shall apply to both trimmed and untrimmed skins, and (2) New York City trimmed calfskins originating in the Pacific Coast weighing 15 pounds or less may be sold by the skin at prices not exceeding the maximum prices established above for New York Collector skins.

(Executive Order No. 8734)

Effective Date of this Amendment

This amendment shall become effective September 13, 1941, provided, however, that firm commitments entered into prior to September 13, 1941, for the sale of hides, kips or calfskins at prices not exceeding the maximum prices heretofore established by Price Schedule No. 9, but higher than any maximum price established by this amendment thereto, may be completed at contract prices, provided that all deliveries pursuant to such firm commitments are completed on or before November 15, 1941.

(Executive Order No. 8734)

Issued this 12th day of September, 1941.

Leon Henderson
Administrator

Certified to be a true
copy of the original.

John E. Hamm,
Deputy Administrator

OFFICE FOR EMERGENCY MANAGEMENT
OFFICE OF PRICE ADMINISTRATION

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For Wednesday AM's
September 17, 1941

PM 1170

Maximum prices approximating the levels that have generally prevailed during the third quarter of the current year are imposed on 12 leading classifications of ethyl alcohol, an indispensable raw material to the defense program and civilian industry, in a schedule announced today by Leon Henderson, administrator, Office of Price Administration.

A top price of $24\frac{1}{2}$ cents a gallon "at works" is set for "Specially Denatured 2B", the basic formula among the 13 classifications covered, in tank car lots in Eastern Territory. Differentials are established for the 11 other formulas.

In the past 12 months the tank car price of ethyl alcohol "SD2B" has risen from $20\frac{1}{2}$ cents to $24\frac{1}{2}$ cents a gallon and is threatening to increase still further. On August 30th, Mr. Henderson requested the trade not to increase the prices of industrial solvents, including ethyl alcohol, above the level of July 29, 1941, without prior consultation with his office.

The preponderant majority of producers and dealers adhered to this request, but, unfortunately, a number of small transactions took place at considerably higher prices. One of the largest producers quoted a price of 48 cents a gallon for the "SD2B" formula in connection with a proposed defense order, while another manufacturer added 5 cents a gallon to his price for the same type.

Supplies of ethyl alcohol are not sufficient to satisfy demands of the defense program and civilian industry. Further price increases under these circumstances can only be inflationary in character.

A conference was held with members of the industry on September 12, 1941, at which OPA was assured that the $24\frac{1}{2}$ -cent per gallon price on the "SD2B" formula was the list price quoted by the great majority of producers during the third quarter and one which they planned to continue through the final quarter of 1941.

Ethyl alcohol enters into scores of products now being made under the defense program, including such vital materials as smokeless powder, cordite, anti-freeze and drugs. There is scarcely any branch of civilian industry which does not use ethyl alcohol, directly or indirectly, in the manufacture of innumerable articles of commerce.

"Completely denatured" alcohol, of which three formulæ and one proprietary type are covered by the schedule, is ethyl alcohol fully denatured for general use and is sold mainly for anti-freeze purposes.

"Specially denatured" alcohol is ethyl alcohol suitably denatured for use as a raw material for chemical and other manufacturing operations.

Most of the ethyl alcohol used by industry is manufactured by the fermentation of blackstrap molasses, a by-product of cane sugar mill operations. Grain is another source of ethyl alcohol, while large supplies also are obtained synthetically from gases produced in the "cracking" of petroleum.

The ceiling prices apply only to transactions in quantities of 500 gallons or more and manufacturers are required to file monthly with OPA sworn statements that all such sales during the preceding calendar month were made in compliance with the schedule. Maximum prices are computed on the basis of tank car lots in Eastern territory and premiums are stipulated for smaller quantities. The addition of 4 cents a gallon is permitted in computing prices in Pacific territory.

While the price schedule does not extend to quantities of less than 500 gallons and does not formally apply to jobbers, dealers and other middlemen, Mr. Henderson stated, OPA will keep a careful watch over all such transactions. Producers and sellers are requested not to alter or amend to the disadvantage of their customers any of the prices, discounts, terms of trade, etc., which prevailed during the third quarter of 1941.

Buyers are urged to report to OPA any substantially unfavorable revisions that producers or sellers attempt to impose as compared with the prices, terms, and conditions laid down in price lists in effect during the third quarter of the current year.

Text of the schedule is attached.

TITLE 32 - NATIONAL DEFENSE
 CHAPTER 11 - OFFICE OF PRICE ADMINISTRATION
 Part 1335 - Chemicals
 Price Schedule No. 28 - Ethyl Alcohol

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A sharp increase in the demand for ethyl alcohol has occurred in recent months. Ethyl alcohol is not only essential for the production of high explosives used by the armed forces, but is also used in the manufacture of many civilian products related to national defense. Upon the price of ethyl alcohol depends the price of many other essential chemicals. Investigation by the Office of Price Administration reveals that since the beginning of this year the tank car price of ethyl alcohol SD2B, the basic formula among those affected by this schedule, has risen from 32½ cents per gallon to 34½ cents per gallon and is threatening to rise even higher. The average price of the same formula in 1940 was 30½ cents per gallon. On August 30, 1941, producers, dealers, and purchasers of industrial solvents were requested by the Administrator of the Office of Price Administration not to raise prices above the July 29, 1941, level without prior consultation with his Office. Despite this request and without prior consultation, one of the largest manufacturers of ethyl alcohol recently quoted a price of 49 cents per gallon for SD2B with respect to a proposed order for defense purposes. Other increases in price have also been noted, although the majority of the industry has shown cooperation in keeping the price of SD2B at 34½ cents. After a conference with members of the industry, the Office of Price Administration has determined that, under existing circumstances, there is no justifiable reason for raising the price above 34½ cents, and that further increase in price would therefore be inflationary in character.

Such an inflationary movement in the price of prime chemicals would tend to weaken the defense effort by causing dislocations, price spiraling, and profiteering.

Accordingly, under the authority vested in me by Executive Order No. 8734, it is hereby directed that:

1335.150. Maximum prices for ethyl alcohol. On and after September 15, 1941, regardless of the terms of any contract of sale or purchase, or other commitment, no manufacturer shall sell, offer to sell, deliver or transfer ethyl alcohol in quantities of 500 gallons or more when packaged in containers of 50 gallons or more, and no person shall buy, offer to buy, or accept deliveries of ethyl alcohol in quantities of 500 gallons or more when so packaged, from any manufacturer, at prices higher than the maximum prices set forth in Appendix A incorporated herein as Section 1335.159.*

* Sections 1335.150 to 1335.159 inclusive, issued pursuant to authority contained in Executive Order No. 8734.

1335.151. Less than Maximum Prices. Lower prices than those set forth in Appendix A may be charged, demanded, paid or offered.*

1335.152. Evasion. The price limitations set forth in this Schedule shall not be evaded whether by direct or indirect methods in connection with a purchase, sale, delivery, or transfer of ethyl alcohol, or in connection with a purchase, sale, delivery, or transfer of any other material by way of any commission, service, transportation, or other charge or discount, premium, or other privilege, or by tying agreement, or other trade understanding, or otherwise.*

1335.153. Records. Every person making purchases or sales of ethyl alcohol in quantities of 500 gallons or more shall keep for inspection by the Office of

(Price Administration for a period of not less than one year complete and accurate records of each sale showing the date thereof, and the name and address of the buyer, the prices received, the specifications and quantity, including the size of the containers of the ethyl alcohol sold.*

1335.154. Affirmations of Compliance. On or before October 10, 1941, and on or before the 10th day of each month thereafter, every manufacturer who, during the preceding calendar month, has made sales of ethyl alcohol in quantities of 500 gallons or more when packaged in containers of 50 gallons or more, whether for immediate or future delivery, shall submit to the Office of Price Administration an affirmation of compliance on Form 128:1, containing a sworn statement that during such month all such sales were made at prices in compliance with this Schedule or with any exception or modification thereof. Copies of Form 128:1 can be procured from the Office of Price Administration, or, provided that no change is made in the style and content of the Form and that it is reproduced on Ex10-1/2 paper, they may be prepared by persons required to submit affirmations of compliance hereunder.*

(1335.155. Enforcement. In the event of refusal or failure to abide by the price limitations, record requirements, or other provisions of this Schedule, or in the event of any evasion or attempt to evade the price limitations or other provisions of this Schedule, the Office of Price Administration will make every effort to assure (a) that the Congress and the public are fully informed thereof, (b) that the powers of the Government are fully exerted in order to protect the public interest and interests of those persons who comply with this Schedule, and (c) that the procurement services of the Government are requested to refrain from purchasing ethyl alcohol from those persons who fail to conform to this Schedule. Persons who have evidence of the offer, receipt, or demand of payment of prices higher than the maximum prices, or of any evasion or effort to evade the provisions hereof, or of speculation or of manipulation of prices of ethyl alcohol, or of the hoarding or accumulation of unnecessary inventories thereof, are urged to communicate with the Office of Price Administration.*

1335.156. Modification of the Schedule. Persons complaining of hardship or inequity in the operation of this Schedule may apply to the Office of Price Administration for approval of any modification thereof, or exception therefrom.*

1335.157. Definitions. When used in this Schedule the term

- (a) "person" means an individual, partnership, association, corporation, or other business entity.
- (b) "manufacturer" means a person operating a factory, plant, or distillery, which manufactures or produces ethyl alcohol.
- (c) "ethyl alcohol" means the formulae of ethyl alcohol listed in Appendix A hereof and specified by or registered with the United States Treasury Department, Bureau of Internal Revenue.

(1335.158. Effective Date of the Schedule. This Schedule shall become effective on September 15, 1941.*

1335.159. APPENDIX A.

MAXIMUM PRICES FOR ETHYL ALCOHOL

180

The following maximum prices are established for ethyl alcohol (188-190 proof unless otherwise indicated) of the formulas listed below:

a. Tank cars in Eastern Territory:

CD12	.325	per gallon F.O.B. Shipping Point
CD13	.325	" " " " " "
CD14	.325	" " " " " "
SD1	.275	" " " " At Works
SD2B	.245	" " " " " "
SD3A	.275	" " " " " "
SD12A	.255	" " " " " "
SD23A	.275	" " " " " "
SD23G	.305	" " " " " "
SD23H	.280	" " " " " "
Proprietary		
Name CDA	.325	" " F.O.B. Shipping Point
Proprietary		
Name Solvent	.285	" " At Works

b. To determine the price for quantities of less than tank cars, the following differentials may be added to the maximum tank car prices set forth in Paragraph a above:

Drums GL	\$.07	Containers included
19 Drums - LCL		.09-1/2	" "
1-18 Drums		.12-1/2	" "
Barrels GL		.11	" "
19 Barrels		.13	" "
1-18 Barrels		.16	" "

c. To determine the maximum prices in the Pacific Territory, 4 cents per gallon may be added to the maximum prices established in Paragraph a or b above, as the case may be.

d. To determine the price of anhydrous ethyl alcohol (200 proof), 3 cents per gallon may be added to the maximum prices established in Paragraphs a, b or c above, as the case may be.

e. For purposes of this Schedule the term "Eastern" territory shall be deemed to include all the states east of and including New Mexico, Colorado, Wyoming and Montana and the term "Western" territory shall be deemed to include all other states of the United States.

Issued this 15th day of September, 1941.

Leon Henderson
Administrator

CERTIFIED TO BE A TRUE COPY OF THE ORIGINAL

John E. Hagg
Deputy Administrator

MAXIMUM PRICES FOR ETHYL ALCOHOL

180

The following maximum prices are established for ethyl alcohol (188-190 proof unless otherwise indicated) of the formulas listed below:

a. Tank cars in Eastern Territory:

CD12	.325	per gallon F.O.B. Shipping Point
CD13	.325	" " " " "
CD14	.325	" " " " "
SD1	.275	" " At Works
SD2B	.245	" " " "
SD3A	.275	" " " "
SD12A	.255	" " " "
SD23A	.275	" " " "
SD23G	.305	" " " "
SD23H	.280	" " " "
Proprietary Name CDA	.305	" " T.O.B. Shipping Point
Proprietary Name Solvent	.285	" " At Works

b. To determine the price for quantities of less than tank cars, the following differentials may be added to the maximum tank car prices set forth in Paragraph a' above:

Drums CL	\$.07	Containers included
19 Drums - LCL		.09-1/2	" "
1-18 Drums		.12-1/2	" "
Barrels CL		.11	" "
19 Barrels		.13	" "
1-18 Barrels		.15	" "

c. To determine the maximum prices in the Pacific Territory, 4 cents per gallon may be added to the maximum prices established in Paragraph a or b above, as the case may be.

d. To determine the price of anhydrous ethyl alcohol (200 proof), 3 cents per gallon may be added to the maximum prices established in Paragraphs a, b or c above, as the case may be.

e. For purposes of this Schedule the term "Eastern" territory shall be deemed to include all the states east of and including New Mexico, Colorado, Wyoming and Montana and the term "Western" territory shall be deemed to include all other states of the United States.

Issued this 16th day of September, 1941.

Loan Henderson
Administrator

CERTIFIED TO BE A TRUE COPY OF THE ORIGINAL

John E. Harn
Deputy Administrator

INFORMATION FOR THE PRESS

United States Department of Agriculture

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For September 8, 1941,
P. M. Papers

Washington, D. C.

WICKARD ANNOUNCES PROGRAM TO MEET INCREASED FOOD NEED

A farm production campaign for 1942 providing for a complete mobilization of American agriculture to adjust production to domestic needs for national defense and to the needs of the nations resisting aggression, was announced today by Secretary of Agriculture Claude R. Wickard.

The campaign will be under the supervision of State and county USDA defense Boards which are made up of representatives of all Department of Agriculture agencies in the field.

Production goals for 1942 and the part which agriculture will be called upon to play in the defense effort will be discussed with farmers and farm leaders in four regional agricultural defense conferences scheduled for Salt Lake City September 15 and 16, Chicago September 18 and 19, New York City September 24 and 25, and Memphis September 29 and 30.

"For the first time in the history of agriculture in this country," said Secretary Wickard, "production goals for all essential farm commodities have been established. They have been established on the basis of a thorough canvass of the needs for improved nutrition in this country and the needs of the nations that still stand between this country and Hitler.

"Every farmer in the United States will be contacted by local farmer committeemen under the supervision of USDA Defense Boards and will assist with individual farm plans to determine the extent to which each farm can contribute to agriculture's task in national defense.

"The adjustment machinery of the National Farm Program will be applied to the whole range of agricultural commodities to assure plenty of the commodities for which there is increased need while continuing to hold in check the production of commodities of which we already have large reserves

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"We are not going to repeat the mistakes of the first world war which brought a long series of difficulties for farm people. Through the machinery of the National Farm Program farmers can produce what we need and avoid the bad after effects of an over-expanded farm plant. The fact that we are asking for greatly increased production of some commodities does not mean that the lid is off on production of all commodities. It is just as important to national defense and our future national welfare that we hold production of some commodities in check as that we increase supplies of others.

"The goals for 1942 call for the largest production in the history of American agriculture but we are not going to have to plow up the hills and the plains to get it. We have adequate reserves of feed grains for increased production of livestock products and it will not be necessary materially to increase total crop acreage next year.

"Farm production in general is in good balance but greatly increased supplies of some commodities will be needed. In this emergency I have found it necessary to encourage the expansion of the production of hogs, eggs, evaporated milk, dry skim milk, cheese and chickens, and accordingly I have today made a formal public announcement that the Department of Agriculture will support prices for these commodities until December 31, 1942 at not less than 85 percent of parity. Increases in the production of other crops in 1942 are also desirable as indicated by the goals. Other proclamations may be issued from time to time if it is found that special encouragement is needed to obtain adequate or desired supplies, or supplies which are considerably in excess of what farmers might otherwise be expected to produce.

"This public announcement is issued under the recent Congressional authorization contained in the Stengall amendment to the act of July 1, 1941 extending the life of the Commodity Credit Corporation. Under the terms of that act, whenever the Secretary of Agriculture finds it necessary during the existing emergency to encourage the expansion of production of any non-basic agricultural commodity, the Department is required, within the limit of the funds available, to support a price for the producers at not less than 85 percent of parity.

"Of all the farm commodities of which increases are needed, the most urgent need is for more milk. We need to consume more dairy products in this country for improved health and strength and the British will need tremendous quantities of cheese, evaporated milk, and dried skim milk. To reach the production goals for 1942 the greatest effort will be required in dairying."

In general the production goals reflect suggested or expected production substantially larger than in recent years for livestock products with adequate supplies of feed grains to supply increased livestock numbers, expanded production of oil-producing crops, and a continuation of about the current level of production of less of cotton, wheat, and tobacco.

Goals for 1942 provide for a total farm production 15 percent higher than the 1936-40 average. Using 100 as the index of farm production for the 1936-40 period, the average for the 1936-40 period was 100. For 1941 it is

estimated to be 113, and for 1942, it is expected to be 115. If 1942 production goals are reached it will be the third successive year of record production. While total production next year would be only about 2 percent greater than this year, such larger increases occur in the vitamin and mineral-rich livestock products for which demand is increasing in this country and which are among the foods most needed by the British.

The British Government expects to need from this country about a fourth of its supply of animal protein foods or the equivalent of enough to feed 10 million people. Total British needs for United States farm products are expected to amount to about 8 to 9 percent of total United States farm production. Total exports, including Lend-Lease shipments, may amount to as much as 8 to 10 percent of total production.

For the fiscal year 1942-43 it is expected that exports may require the product of 25 to 27.5 million acres of cropland, which is about the same as the average for the period 1936-37 through 1940-41. For the fiscal year 1940-41 exports required only about half as much acreage as is expected for the fiscal year 1942-43.

The following table compares 1942 goals with estimated production in 1941 and with average production for the 1936-40 period:

Commodity	Unit	1936 - 40 Average	Est. 1941	1942 goal or expected production
<u>Milk and Eggs</u>				
Milk	Lbs.	106,640,000,000	116,809,000,000	125,000,000,000
Eggs	Doz.	3,400,000,000	3,676,000,000	4,000,000,000
<u>Meat Animals</u>				
Hogs	Number Slaughtered	63,196,000	71,000,000	79,300,000
Beef & Veal	"	24,850,000	25,100,000	28,000,000
Chickens	"	644,000,000	680,000,000	750,000,000
Lamb & Mutton	"	21,802,000	22,400,000	22,900,000
<u>Feed Grains and Hay</u>				
Corn	Acres	93,980,000	97,363,000	87 1/2 to 90 mil.
Oats	"	36,992,000	39,197,000	Abt. 40,000,000
Barley	"	12,881,000	14,813,000	14 1/4 to 14 1/2 mil.
Grain sorghums	"	9,303,000	9,285,000	9 1/4 to 9 1/2 mil.
All hay	"	69,026,000	73,933,000	74 to 75 mil.
<u>Cotton, Wheat and Tobacco</u>				
Cotton	Acres	27,858,000	23,519,000	22 to 24 mil.
Wheat	"	72,049,000	63,503,000	50 to 55 mil.
Tobacco:				
Flue-cured	"	956,600	747,700	Abt. 762,000
Burley	"	388,000	363,900	" 388,000
Other domestic	"	297,200	264,900	" 247,000
<u>Oil Crops</u>				
Peanuts threshed	Acres	1,736,000	1,908,000	1,600,000 for nuts 1,900,000 for oil 2/
Soybeans for beans	"	3,433,000	5,550,000	7,000,000
Flaxseed	"	1,696,000	3,228,000	Same as 1941

2/ In addition to peanut acreage allotments

Commodity	Unit	1936 - 40 Average	Est. 1941	1942 goal or expected production
<u>Sugar, Rice and Beans</u>				
Sugar	Acres		Cane 285,000 Beet 800,000	No acreage limit excepted
Rye	"	3,533,000 (harvested)	3,436,000 (harvested)	Same as 1941
Rice	"	1,047,000	1,186,000	1,200,000
Dry beans	"	1,880,000	2,220,000	Same as 1941
<u>Potatoes and Sweet Potatoes</u>				
Potatoes	Acres	3,132,000	2,988,000	Abt. 3,060,000
Sweet Potatoes	"	836,000	843,000	" 850,000
<u>Vegetables</u>				
<u>Commercial Vegetables</u>				
Fresh use	Acres	1,824,000	1,843,000	1,935,000
Processed	"	1,319,000	1,487,000	1,500,000
Para gardens	No.		4,431,000	Abt. 5,760,000
<u>Fruits</u>				
Citrus fruit	Tons	4,600,000	5,200,000	(Since fruit pro- duction cannot be quickly in- creased emphasis (will be on bette distribution and prevention of waste.
Deciduous				
Fresh use	Tons	9,000,000 1/	9,600,000 1/	
Canned	Cases	28,300,000	33,000,000	
Dried	Tons	550,000	600,000	
<u>Forest Products</u>				
Lumber	Bd. ft.	24,800,000,000	31,500,000,000	32,000,000,000
Pulp wood	Cords	9,300,000	16,000,000	15,800,000
All other wood	Cu. ft.	5,300,000,000	5,850,000,000	5,100,000,000
Naval stores				
Turpentine	Bbls.	452,000	285,000	400,000

1/ Total fresh production for all uses, except that non-commercial apples are not included.

Page 7 - Harold Graves

MEMORANDUM FOR THE SECRETARY.

September 18, 1941.

Mail Report

We have never had such an outpouring of fan mail in response to a Secretary's speech as we did after the Boston address. The reaction is overwhelmingly favorable, and letters of all types have been abstracted in a separate group. In addition, there have been several requests each day for copies of the speech, varying from 1 to 200. Since these did not contain any comment, they are not mentioned in the abstract. (8 need today, on Page 1 of attached)

Falling far behind in the volume is the mail dealing with taxation. This continues in a proportion of 5 antagonistic letters to 1 pledging support, and bright ideas for additional revenue continue numerous.

There were 6 letters each against participation in the war and violently abusive of England to 1 urging help in every way, and 1 endorsing the President's recent radio address.

There were 3 letters commending Lindbergh's speech, and 1 condemning it.

Protests on Administration policies continue to deal largely with excess spending and the labor situation. The latter has considerably fallen off. There continue many protests over lack in economy, and 3 out of 5 of these letters say that the writers will not buy stamps or bonds because of it.

There were scattered comments on joint income tax returns, possible increase in Social Security taxes, and abusive letters and postal cards, most of them anonymous.

Harold Graves

Louis Britwitz, Central Advertising Service, New York City. Congratulations on the wonderfully clear and stimulating talk which you gave a few days ago before the Boston Advertising Club. It seems to me that's the straight kind of talk which should be given day in and day out these days throughout our country. We need such clarified thinking and the lack of it is largely responsible for the mis-information which the America First groups and their friends are spreading. You were fearless in your outspoken analysis. The things you said aren't exactly the things we like to hear, but they are the things we must hear if we want to avoid disaster to our country. I strongly urge upon you that you do everything possible to send that radio address into every nook and corner of the country and to do everything possible to get other members of the Administration to present talks along similar lines.

J. D. Turner, President, Turner Hardware Company, Stockton, Calif. I happened to listen to the speech which you made before the Advertising Club in Boston on Tuesday evening of this week. What you said relative to installment buying particularly interested me, and I might add that I thoroughly agree with you upon both the down payments and the length of time the contracts shall run. I have always been opposed to notes running over 18 months. * * * (Mentions cases where merchant uses "undue influence" in Government quarters.)

Fred J. Lingham, Federal Mill, Inc., Lockport, N.Y. I know from experience that men in government positions get little but criticism, and I take the liberty of saying to you that I have continued to have full confidence in both your honesty of purpose and soundness of thinking, as well as your fearlessness in stating your beliefs, from the first time I had the pleasure of meeting you. I am reminded to write you as above because of your statements regarding the proposed hoarding of wheat and cotton by the government.

Rudolph H. Klauer, Ocean City, N. J. Reading in the papers your recent utterances on the danger of inflation, I am moved to venture to inquire whether the expedient of increasing the gold content of the dollar has had consideration. I presume it would be one of the first things thought of, but I have not seen any references to it published. * * * This letter is written in the very faint hope that it might turn out to be of some use to you.

California Consumers League Against Skirocketing Prices, San Francisco, Calif. Please accept our hearty approval and endorsement of your view on the creation of false scarcities as expressed to the Advertising Club of Boston. We are fully cognizant of the evils of such practices and have organized to combat them. Commodity prices, artificially stimulated, already are too high and will go higher if the powerful farm bloc and other interests in Congress are successful in pushing through proposed new measure. We intend to do everything in our power to prevent the unreasonable increases in the cost of living and the upsets in our national economy which will result if such monopolistic practices are continued.

Abner A. Reeburn, New York City. In this morning's mail I received your Department's reminder of the various types of United States Savings Bonds now made available for investment by individuals. Last week I listened with interest to your address in Boston and I came away with the thought that inflation was a real hazard against which we must guard in the light of the large expenditures for defense, the great portion of which will go into the hands of labor. As the chief executive of a small, long established, successful business it has been my practice, and that of our management, to reward our employees with compensation over and above their wages at all times when our institution has enjoyed a successful year of business. In the past these distributions have been in the form of cash. The foregoing condition suggests our making these distributions in the form of Defense Bonds. However, we find none of the various types now available exactly suited to this purpose since the bonds can be cashed within six months on one month's written notice. (Further comment on bonds obtainable.)

Mrs. E. M. Agnew, New York City. (Gives instances of unjustly increasing costs -- coal, furniture, etc.) Don't you think publishing the names of manufacturers and dealers who do not cooperate with the country's defense policy might be a good method of controlling these men? I am enclosing an article by Samuel Grafton of the N. Y. Post. Also I am writing you, because I read every word of your Boston speech, and heartily subscribed to everything you said in it.

J. Oskar Rydstrom, Glenview, Ill. I heard your talk to advertising men in Boston last Tuesday evening. You addressed yourself also to the radio audience, of which I was one. Otherwise, I doubt that I would feel privileged to write you. Your talk gave me food for much thought. But sad to relate, the more I thought, the more confused I became; not confused about what I think, but about what you may possibly have meant. Am I justified in assuming that you consider inflation an evil because it always brings on the reverse--deflation? Or did you mean that it is an evil in itself? I am reminded of President Roosevelt's oft stated aim to increase the prosperity of the nation to a point where national income would be 80 billions of dollars or more annually. But according to the latest computations that have come to hand, we have not reached this anticipated prosperity, and yet you say that inflation is stalking the land. Is it your contention that the President at that time was unwittingly advocating inflation? (Further questions various statements.)

Phil Carson, Houston, Texe. I am in full accord with your suggestion of releasing surplus commodities to stem this runaway commodity market; however, I think some definite action must be taken and taken now.

Comments on Tax Program

Dr. and Mrs. Henkel, Denison, Iowa. Excessive taxation will breed American Communism--exactly what Russia wants. Regardless what F.D.R. says or does, he cannot rule Europe. America is too big for him now.

Mrs E. D. Koons, Muncie, Indiana. Now that income taxes have been assessed against the poor man, as well as the rich man, I should like to be told the penalty for not paying them. Can our homes be taken from us or our salaries garnished or is there a jail sentence in the offing? My husband is a white collar worker under a fixed salary. I am a good manager, and while there isn't enough for exactly the right kind of food from my husband's \$38.61, we manage to maintain ourselves and give a few dollars each week to needy relatives. We have a son who is eighteen and still in school. We do not get exemption for any of these people, and out of our small remainder I must hocus pocus money for income taxes this next year. In case I cannot do it, I would like to know the penalty.

Mrs. Violet Biallas, Chicago, Ill. After hearing announced this morning that you said, "The people must be taxed more so they can't buy so much", I couldn't resist writing to you. One object seems to be to build up the nation's health, and as a wife and mother of two growing children, I would like to say if we are taxed any more, especially with food prices rising as they are, we will have to stop eating altogether, and how about health then? From a truly worried housewife.

W. R. Howard, Fort Worth, Texas. You seem to see only the fellow at the bottom in your search for more and ever more taxes. There are still sources for collecting a few more billions from the fellow at the top.

Blanche W. Knight, Washington, D. C. Local Banks do not carry Tax Saving Bonds. The application of registered mail stamps on delivery to a purchaser of a \$25 bond is extravagant and in opposition to the Government's own policy. The extravagance continues down the line. More Post Office clerks are required to handle all this registered mail -- make out notices that registered mail is waiting at the Post Office for one -- a Government clerk cannot accept registered mail at his desk, so he needs must pursue his little bond to a Post Office, and if he cannot do so promptly enough, the bond is sent to the main Post Office, and the clerk must spend 50¢ taxi fare to go after it, when what he seeks to do is save all his extra cash for Defense, and the bonds are issued to accumulate cash for Government defense purposes. That 50¢ would buy a stamp toward getting another Defense Bond. Couldn't these bonds be sold outright in this city -- in every city where there is a Post Office?

General Comments

John Mead, Chicago, Ill. Sends letter and clippings condemning the activities of the America First Committee. States that the Committee is a corporation and hopes the Government will see that they are taxed the same as any other corporation.

R. L. Heflin, Acting Manager, The People's Bureau, Sherman, Texas. We endorse the President's radio address of last night 100% plus, and extend

him our full and complete cooperation in attaining the objectives outlined. We endorse Secretary Morgenthau's non essential economy program and extend him our full and complete cooperation in attaining the objectives outlined. I invite Secretary Morgenthau and Asst. Attorney General Thurman Arnold to send a qualified and experienced investigator to Sherman, Texas, to confer with us and to cooperate with us in breaking the strangle hold that certain organizations now hold over many of our producers and independent business enterprises in this area - in Texas - in the South and largely throughout the agricultural area of our nation. In all too many instances our producers have been hog tied through credit extensions, who prevent their being able to utilize credit agencies created for their use and benefits. In all too many instances direct and absolute price control is exercised - and in numbers exceeding almost one's wildest imagination, toll is being levied upon our producers that wholly destroys their profitable possibilities. We have in mind instances and cases where absolute proof is available, but in each such case and instance, parties existing claimed indebtedness wholly prevents them from being willing to make any direct charges because they, under existing conditions, are wholly and absolutely dependent upon such interests for the credit with which to finance their work.

J. W. Batts, Bryan, Texas. I notice in today's paper that you suggest the cutting of non-essential Government expenditures. Three hundred and fifty thousand dollars have been set aside for a negro housing project in Bryan. The houses will be rented to 90 families. There is no question that there are more than 90 negro houses in Bryan that should be pulled down, but they should not be replaced by units that will cost about \$4,000 each. We have a local building and loan association. If the Government will lend this organization one hundred thousand dollars, at a low rate of interest, with the distinct understanding that the money is to be loaned to Bryan negroes for the purpose of building and repairing homes, more than 90 negroes will get as good homes as they want and need, the town will be benefited, and the Government will get back all its money.

T. Owen Dorsey, Beverly Hills, Calif. A situation has come to my attention regarding which I believe you should be informed. It concerns a citizen of a neutral and non-belligerent, non-occupied European country who came to this country on business in the latter part of 1939, and is now compelled to live here. He is a man of excellent reputation, well known in his field of industrial activity, both in this country and abroad, and entirely independent financially and otherwise. He has purchased a fine home in this community and expected to live here in peace as a guest of this country, observing its laws and enjoying its freedom. A sort of persecution of foreigners began some months ago with the registration and finger printing of aliens and with the alleged purpose of chasing fifth columnists. Then Dies Committee representatives investigated his record without finding anything objectionable. He told them that he was willing to meet any inquiry in this respect and had not the slightest desire or necessity of concealing any fact. Recently his assets have also been frozen. As you are fully

swers, every person in his position and holding assets such as stocks and real estate finds frequent necessity for the sale, purchase, exchange or improvement of certain items. In attempting to follow such a course of legitimate administration of his affairs, he finds himself compelled by long, tedious and absurd processes to seek a "permit" or "license" to transact the simplest business. Even the sale of recently issued American Telephone and Telegraph rights was rendered nearly impossible by such red tape processes despite an expiration date beyond which the rights became worthless. While I marvel at this man's patience, he has now reached about the limit of his endurance. He has the desire to transfer all he has here to some other country, preferably England, where he is well known to the authorities as an active friend of England and where he says "they talk less about freedom but practice it instead". He cannot understand why it is necessary to police him day and night, nor can I, and it is quite difficult for him to calmly accept being financially outlawed. Furthermore, his reputation is suffering for the first time in his life by checks issued in payment for work done at his home being returned by the bank.

Comments on Defense Bonds

Mrs. H. A. Arnold, Cottonwood, Arizona. We will not be able to buy any more bonds. The defense is putting us entirely out. By 1943 we will have to close our doors. We sell ammunition and tackle, bicycles, hardware, and tires, and could never exist on the little amount of gas we sell. From my point of view, the war heads do not understand the little man's problem. My husband is in the Veteran's Hospital and I never will forget the grief and misery of 1917 and hope it never comes again. During the other war, however, the little man was able to stay in business. It is very hard to see your lifetime work swept away.

O. A. Slater, President, Slater Pontiac Company, Pontiac, Mich. We receive letters asking for patriotic cooperation in national defense. The small industries of the country can give very little financial cooperation, since they do not receive any from Washington. Defense contracts are not being distributed fairly, at least 95% of Government orders going to 5% of the available manufacturing institutions. Priorities are crippling hundreds of thousands of manufacturers who cannot purchase bonds themselves and must turn off their employees who also cannot buy bonds. The Treasury Department has frozen money in the bank that could be employed in turning the wheels of industry. It is our conclusion that until there is a sane distribution of available work on the defense program, and until there is made available money for use of those who provide the payrolls, there will be no active or healthy progress in the defense program.

W. A. Higgins, Washington, Kansas. Like many other farmers here, I would like to buy Defense Bonds, but my money is tied up in my wheat crop. If the penalty on excess wheat were removed, it would release a great deal of money and also help bring about that much needed unity the Administration is asking for.

M. Ucovich, San Francisco, Calif. The Bank of America, formerly the Bank of Italy, has caused the poor depositors to lose millions. Recently I was told and then discovered of my own knowledge that if one goes into this bank with the intention of buying Defense Bonds, they try to talk them into buying something else. I do believe this act is in violation of the law and warrants investigation. I need help but can assemble a worthwhile case if your Department can make some able investigators available.

Senator E. C. Lodge forwards a letter from a mother in Melrose, Mass., whose children took their pennies to the Post Office to buy bonds and were refused. The Senator asks an investigation.

R. J. Terry, President, High Point Association of Life Underwriters, High Point, N. C., thanks the Treasury for prompt reply to request for copies of Any Bonds Today. The club has patriotic singing at its meetings and can put the song to good use.

George Caborn, Nyack, N. Y. Poor taste shown in having Madame Lotte Lehmann singing German songs in German on the Treasury radio program. Stupid and utter disregard of the intelligence of the American people at this time. Surely there must be plenty of real American talent to carry on this program in our own language.

J. E. Nesbitt, Shreveport, La. Sends a red, white and blue card to which a 10¢ stamp is attached. This carries the statement that he is tipping with Defense Stamps. Mr. Nesbitt is not anxious for publicity but will supply the card to other salesmen and do anything else he can to cooperate.

Bill Arthim, Philadelphia, Pa., has been saving money in his glass bank and took it to the Post Office. The clerk at the window "give me the devil for bringing in \$18.00 in 25¢ pieces". He was told to take them to a bank. "Well, I don't belong to no bank. I am just about able to stay in business and save my money hard. How can I buy the bonds if they won't accept my quarters!"

Anonymous correspondent sends in a copy of the chain letter dealing with Defense Savings Stamps and asks if it is legal and has the Government approval. The writer asks that the Secretary make a statement through the press.

Three letters speak of the newspaper statements, including Pegler's article, saying that Defense Bonds sales are lagging.

A. E. Wise says anyone who can trust this Government under Roosevelt is pretty trusting! With Washington aligned with the labor racketeers, why fight for democracy?

191

Miss Macdonald

This is the page you
needed.

10-10-41-dbs

- 7 -

Herbert Lee, Santa Cruz, Calif. Why should I take further losses when the Government wastes hundreds of millions? He complains of receiving no dividends on preferred stock because of taxes and high wages, of petty payments to farmers, shipments of oil to Japan, crookedness in relations with independent utility firms, Icker's persecution of oil utilities, and so on.

Singclair Williams of Boston, Mass. The people of this nation have lost confidence in the leadership of the President. They see that during the last campaign they were fed on misrepresentations, if not actual lies. The President tolerates Icker and actually backs him up. He holds on to a Cabinet official like Secretary Perkins who protects Harry Bridges. I am one of many who would refrain from buying Defense Bonds if they were priced at 10¢ on the dollar. Every banker admits that the bond offerings in the past eight years have been forced upon the banks, etc., etc.

Mrs. C. E. Poyson, San Diego, Calif. If you can prevail upon President Roosevelt to invest his recent inheritance in Defense Bonds, it will give the country confidence.

J. Holden Robbins, M. D., Madison, Wis. My annual income is between \$3,500 and \$4,000. I have set myself a program of buying one hundred dollar bond each month. Since I am married and have three children, this involves some small sacrifice on my part. I intend to adhere to this program as long as it is of benefit to my Government. However, what I should like to know is, when will my Government do something to prevent inflation so that the one hundred dollars for which I now pay seventy-five dollars will not be worth fifty dollars or less in actual value ten years from now?

A. E. Taylor, Muskegon, Mich. First bought \$500 worth of Savings Bonds, then \$200 more. However, Chicago Tribune says inflation is sure, and that if there were no inflation the present Administration would repudiate the national debt and the bonds would be worthless. Had intended buying another \$500 worth but this article makes him feel bonds are too dangerous as an investment. Can we assure him his money is safe? Letter referred to Mr. Greves.


J. E. Pietruch, Camden Furniture Co., Camden, Ark. Mr. Pietruch is wrought up! Employees of his firm have a Defense Stamp Club, purchasing about 50 each week. Has sold \$685 in two months. Believes this is best record of any industrial enterprise in Arkansas. Went to Post Office Sept. 10th to purchase \$35 worth and clerk said all his stamps had been withdrawn except a small supply. Could not order more before October 1st to 10th. Grudgingly sold Mr. P. \$2 worth. Employees resent this bitterly and believe high-handed methods of Government clerks do more to sabotage defense program than Hitler. Secretary should know how town of 95% American born and intensely patriotic citizens are snubbed by Washington clerks.

September 18, 1941

Files

Mr. Cochran

At three o'clock this afternoon Mr. Bernard Bernstein spoke with me, referring to Mr. Knabe's memorandum of September 15, of which he had provided me with a copy, concerning the disposition by the Federal Reserve Bank at New York of mail and documents intended for the Reichsbank at Berlin. In accordance with Mr. Bernstein's suggestion, I spoke by telephone with Mr. Knabe at 3:15. I told him that I had shown his memorandum to Mr. Bernstein. Since the latter is engaged in a study being made by Foreign Funds Control of dealings with firms on the Proclaimed List, it was our suggestion that if the mail in question has not yet been forwarded, it should be held until further word is received from Mr. Bernstein or myself in regard to the Treasury's position. Mr. Knabe turned to Mr. Cameron and learned that the mail had not yet gone forward. It is understood, therefore, that Mr. Bernstein or I would call Mr. Knabe or Mr. Cameron within the next few days on this subject.



EMC:dm:9/18/41

copy

194

DEPARTMENT OF STATE

WASHINGTON

In reply refer to
EA 862.5171/30

September 18, 1941.

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and encloses a copy of telegram No. 3492, dated September 17, 1941, 5 p.m., from the American Embassy, Berlin, Germany, in regard to a recession on German bourses during the first three days of this week.

Enclosure:

From Embassy, Berlin,
No. 3492, September 17,
1941.

copy

195

GS

GRAY

Berlin

Dated September 17, 1941

Rec'd 11:10 p.m.

Secretary of State,
Washington.

3492, September 17, 5 p.m.

There has been a recession on German bourses during the first three days of this week due to rumors that severe measures were to be taken by the authorities against the rising trend of the market including ceilings on ticker fluctuations and speculation profit taxes. Quotations on German markets had been rising steadily for several months with the exception of a temporary recession the latter part of July as a result of warnings against excessive rises. The present recession is still relatively slight, declines in a group of representative stocks ranging from 2 to 5 percent of market value.

MORRIS

KIP

Copy:hr:9-19-41.

TO THE DIRECTOR
TECHNICAL SERVICES DIVISION
RECEIVED
SEP 18 1941
RECEIVED

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Shanghai, China.

196

September 18, 1941.

For: Alder
From: Phlox (?) Fox.

"Sent by Board through U. S. Treasury Hong Kong to U. S. Treasury Shanghai for distribution. Pending issuance of written instructions, the following operations procedure should be observed in making applications and requesting exchange cover from Stabilization Board of China pursuant to Board announcement of September 8: 1. For import cover for items in Lists A and B. Paragraph One and Two of Board's announcement Shanghai Banks should require importers to submit applications containing full particulars with respect to import transactions to be financed. Pending receipt of revised Board application form banks should make up their own forms which should show full particulars. Present form SEC 3 may be used as general guide as to information to be required in such applications form but wording, such as purchased, sold, etc. in heading and in items Three and Four should be changed so as to make all language consistent with an application form as distinguished from a statement of foreign exchange already purchased. Particular attention should be given to accurate showing of tariff numbers and specific description of goods quantities being shown where possible. Information should also be shown as to probable date of shipment. Provision should be made for certification of correctness of particulars by importer and banks. Three copies of these applications should

should be sent to Hong Kong to be embodied in application to Board B Hong Kong office. Payment will be made by Board on basis of approved applications against confirmed deliveries of national currency in usual manner. If essential to make application by cable following minimum information should be supplied to Hong Kong office of bank as a basis for its submitting application to Board:

Tariff numbers and quantities and descriptions of import goods and exchange required for each,

Name of importer,

Name of exporter and beneficiary of exchange,

Country from which imports are made,

Probable date of shipment.

Importers' statements of particulars should then be mailed to Hong Kong for transmittal to Board.

2. For exchange requirements from Board under paragraph numbered Three of Board announcement Shanghai Bank should cable its Hong Kong office at close of business of each week amount of exchange desired specifying general classification of transaction as indicated by subparagraphs A and B. Hong Kong Branch will notify Board of payments desired and Board will effect payment requested against confirmed delivery of national currency according to usual procedure. Weekly reports should show full particulars with respect to each transaction and should be supported by a duplicate of application to the banks by their clients.

3. For exchange cover for matured bills under conditions set forth in paragraph Five Board will provide cover after examination of
detailed

detailed statements submitted by banks.

4. Statements of particulars showing information required by Form SBO 3 should be completed and submitted as soon as possible for all applications submitted prior to Board announcement of September 8th where Board has made payments. Particular care should be given to correct showing of tariff numbers and specific description of import goods quantities should be shown if possible. A separate form should be submitted for each import transaction but these should be grouped and submitted according to approved applications."

NOSIG

Copy:hr:9-23-41.

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 02-23-83 BY SP-8
JRM/STW

C
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P
Y

Shanghai, China

199

September 18, 1941

To: Secretary of the Treasury.

From: Fox

SECTION TWO

"A - Set up. Leading Officers of Exchange Control Commission:

Chairman - Kung.

Secretary General - Y. C. Koo, Vice Minister of Finance.

Assistant Secretaries General - Tai Ming Li, Chief of Division of Monetary Affairs Minister of Finance and Hsu Pei Yuan, Secretary General of joint head of the four government banks.

First Department:

Chief, Tung Meng Cheng, Concurrently Assistant Chief Division Monetary Affairs, Ministry of Finance.

Second Department:

Chief, Yang Ching Chung, has same position as Tung.

Third Department:

Chief, K. K. Kwok, Active Manager Banking Department, Central Bank.

Fourth Department:

Chief, Chen Li Ting, Official of Central Bank and Assistant Chief, Y. P. Wang."

Section two to continue.

NICOL

Copy:bj:9-23-41

EM

GRAY

Hong Kong via N.R.

Dated September 18, 1941

Rec'd 10:50 p.m., 21st

Secretary of State,
Washington.

370, September 18, noon. (SECTION ONE)

STRICTLY CONFIDENTIAL FROM FOX TO THE SECRETARY
OF TREASURY:

Herewith answers to questions one and four your
cable 206 of August 26.

Section One re question one Chinese Government's
legal regulations on trade between free and occupied
China are on public record. Chinese Government dis-
approves of exports from nonoccupied to occupied China
except such exports as are needed by other areas in con-
tact with Government to maintain resistance. It dis-
approves of imports from occupied to unoccupied China
of goods on its banned list of such imports doing nothing
to relieve the shortage of essentials or high price situation
and providing the balance with exchange. But it welcomes
movement of essentials from occupied into unoccupied China.

Section Two re question four. Taylor was prepared
to arrange report based on information he gathered recently

while in Shanghai: (one) It would appear that the major portion of Shanghai's imports are for local consumption or hoarding. (two) Shanghai dependent upon foreign trade for its very existence. Data in mail pouches from occupied interior on the subject of Japanese blockade or restrictions. Rice and coal formerly brought in from Chinese areas now largely imported from abroad. Shanghai has been doing more than one-half trade of all China. Exports more than double this year for (?) China. (Three) Impossible to prevent Japanese from getting some benefits from Shanghai. They are part of the International Settlement. Though excluded from dealings in dollar--sterling exchange they are free to buy and sell in fapi. In week following freezing order Japanese are understood to have spent CN dollars \$6,000,000 (United States dollars 4,300,000) in buying upon arrival metal, petroleum products and rice. In return Japanese are selling Chinese silk, bristles, and lace--most of which is exported to the United States by third parties.

SOUTHEARD

NPL

TEM

GRAY

Hong Kong via N. R.

Dated September 18, 1941

Rec'd 7:36 a.m. 21st

Secretary of State,

Washington.

370, September 18, noon (SECTION TWO)

Four. Not possible statistically to indicate what portion of Shanghai exports going to Japanese. Goods sent to occupied areas not recorded by customs and shipments to Japan under military auspices also unrecorded. In recent months, it is known, Japanese have bought heavily in motor vehicles, et cetera. In the customs trade returns Shanghai's trade with Japan is far behind that of United States and United Kingdom and about equal to the Netherlands East Indies.

Five. Aside from desired continued insusceptible of local population to Chungking Government and national currency free China's trade benefits from Shanghai are cotton yarn and piece goods, tobacco products, and sundry articles. Estimated that 300 bales of cotton yarn shipped daily to free areas via Hong Kong. Shipments of metal goods suspended by Japanese in April and since freezing order for Japanese (puppet) list of prohibited exports extended. Must be recognized that Japanese can prohibit movements of goods from Shanghai by export ban. Blockade running would continue.

Six. Faphil in Shanghai area reliably reported in excess of three billion. Of this probably 900,000,000 held by Yokohama Specie Bank against (*) from customs payments, tax levies and exchange operations. Obviously (?) only yuan 100,000,000 outstanding offers little separator competition and convertible at par with katspi. Competition from military yen much more serious. Now virtually only currency acceptable in Hongkew area. Amount outstanding estimated 900,000,000 (?) to Chinese dollars 2,200,000,000.

Seven. Stocks of commodities on hand in Shanghai estimated in excess of Canton's dollars two billion of which cotton yarn largest single item of commodity investment represents 500,000,000 merchant men. All figures and incidentally the conditional on given sources by us suggest that supplies have been constantly directed to the godowns rather than to the market and held with intent of waiting for favorable opportunities to sell at fancy profit. Has he left indulgence householder's stocking up in flight from money to commodities. Chinese Government unable to correct situation because it lacks police power.

SOUTHARD

WSB

(*) Apparent omission

EJ

GRAY

204

Hong Kong via N. R.

Dated September 18, 1941

Rec'd 11 p.m., 21st

Secretary of State,
Washington.

370, September 18, noon (SECTION THREE)

Eight. Foreign Exchange speculation brought to virtual standstill by freezing orders. But turnover and prices for commodities and real estate intensified. Under Nanking sponsorship since July 26 a new sugar exchange, a new cotton yarn market dealing in "imaginary brands and counts" and a United States dollar note market with "actual" and "fictitious" dollars have been established. That there is no labor (?) (?) capital in Shanghai is evidenced in the reorganization of a British company whose new capital issues recently were over-subscribed fifty times on first day of issue. Nine. The most recent and reliable estimates in regard to commodity stocks in Shanghai reveal the following:

Cotton--one million piculs in greater Shanghai. Sufficient to satisfy Japanese, British and Chinese mill requirements for six months.

Flour--leading Chinese millers estimates sufficient stock to satisfy local demand for eight months.

Drugs and dyestuffs--in some items enough for two years, largely due to German dumping in the early months of 1941.

Rice--405,000 tons were imported from January to June which at rate of consumption of 30,000 tons a month would be sufficient to meet Shanghai's needs for almost fourteen months. This importation was more than double the importation for the same period of 1940. Rice dealers estimate current stocks adequate for ten months.

Sugar--imports for the first six months of 1941 were 156 percent greater than for similar period 1940. Excess has gone largely into stocks which are currently valued at CN dollars seventy million or enough-for eight months supply.

Oil--a commodity handled by three major companies whose position in September was: Standard Vacuum--stocks adequate for six months; Texas Oil Company--stocks adequate for two months; Asiatic Petroleum--stocks adequate for two weeks; Asiatic Petroleum operates a shuttle service from Hong Kong with two small tankers in service and designedly holds down its Shanghai reserve.

SOUTHARD

PEG

Hong Kong via N.R.

Dated September 18, 1941

Rec'd 5:16 a.m., 22nd.

Secretary of State,

Washington.

370, September 18, noon., (SECTION FOUR)

Coal--the Shanghai Power Company estimates its stocks adequate for only three months' supply. It is not believed that other stocks available for household consumption exceed three months and a serious shortage is anticipated this winter. On many items it is impossible to get accurate judgment. But it is known that a definite scarcity already exists for many small items in Shanghai. In this regard some observers believe that the acute shipping shortage in the Pacific will restrict Shanghai's trade more than freezing or currency control measures. In the first six months of 1941 the tonnage of vessels entering Shanghai declined by 29%. Ten. Under circumstances described above the Stabilization Board decided to place Shanghai's leading items of import on a quota basis for September as follows: coal United States dollars 1,000,000; petroleum products United States dollars 900,000; tobacco leaf United States dollars 750,000; rice (for S. M. C.) 25,000 tons maximum equal to \$2,000,000. It is not the intention of the Board to provide cover temporarily for raw cotton or newsprint imports. Other legitimate imports placed on quota basis. Eleven. Not all of Shanghai's trade controllable by freezing orders of United States, United Kingdom, and Dutch Indies or

measures of Stabilization Board. About 33% of total imports came from non-controlled areas (Japan, Indochina, Kwangtung leased territory, Thailand, Brazil) and about 27% all exports to these areas. To the prohibited unauthorized imports will constitute base for black market operations in Shanghai in which case Bank of Indochina expected to play leading role. Twelve. Prices and costs of living will rise. Labor difficulties will increase. But restrictive trade measures will lessen value of Shanghai to Japanese as a treasure house for valuable commodities. Further anticipated United States control measures will allow more even flow of wide variety of goods into area. Comment one. Two schools of thought prevail in official Chinese circles regarding Shanghai. One group is for cutting off Shanghai altogether on grounds either that it is occupied territory with major benefits going to Japanese or that Shanghai people are interested only in their own welfare to exclusion of free China. Another group feels that Shanghai must be supported at all costs. Board forced to steer path between these conflicting views. Comment two. Board will endeavor currently to hold prices in check by offering some cover for imports even when it is established that large stocks prevail if importers promise to release more than equivalent amounts for sale to public e.g. Netherlands East Indies sugar.

(END OF MESSAGE.)

SOUTHARD

WSB

Copy:bj:9-24-41

TREASURY DEPARTMENT

208

INTER-OFFICE COMMUNICATION

DATE September 18, 1941.

TO Secretary Morgenthau
FROM Mr. Cochran

CONFIDENTIAL

Registered sterling transactions of the reporting banks were as follows:

Sold to commercial concerns	£74,000
Purchased from commercial concerns	£13,000

Open market sterling held steady at 4.03-1/2. The only reported transaction consisted of £18,000 sold to a commercial concern, which is reportedly using the exchange to effect insurance payments.

The Argentine free peso again declined to a low of .2355 by the close. A New York bank stated that one of the factors behind the present downward movement may be a falling off in the demand for Argentine pesos to be used in making remittances to Italy via Buenos Aires.

The Cuban peso, which has remained steady of late at the current high of 7/16% discount, weakened somewhat today. The final quotation was 9/16%.

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

Canadian dollar	10-5/8% discount
Brazilian milreis (free)	.0905
Colombian peso	.5800
Mexican peso	.2070
Venezuelan bolivar	.2755
Uruguayan peso (free)	.4400

There were no purchases or sales of gold effected by us with foreign countries today.

By general license No. 70, and a Treasury license issued under the Gold Reserve Act, the Federal Reserve Bank of New York received permission to effect the following transfer of gold in its vaults:

\$1,700,000 from the ordinary account of the Bank of Portugal to the Bank of Portugal's Gold Account G. Gold in the latter account is the property of the Portuguese Government.

- 2 -

This gold transfer is being accompanied by a payment of dollars into the Bank of Portugal's account at the Federal by order of the Portuguese Government. According to the Bank of Portugal's cabled advice, these operations reverse the transaction of September 8, wherein the Bank purchased \$1,700,000 in gold from the Government and gave the latter dollars in payment.

No new gold engagements were reported.

In London, spot and forward silver were again fixed at 23-1/2d and 23-7/16d respectively. The U.S. equivalents were 42.67¢ and 42.55¢.

The Treasury's purchase price for foreign silver was unchanged at 35¢. Handy and Harman's settlement price for foreign silver was also unchanged at 34-3/4¢.

We made no purchases of silver today.

A handwritten signature in dark ink, appearing to be 'J. M. P.', is centered on the page below the typed text.

CONFIDENTIAL

210

BRITISH EMBASSY,
WASHINGTON.

PERSONAL
AND SECRET

September 18, 1941.

Dear Mr. Secretary,

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

Believe me,

Dear Mr. Secretary,

Very sincerely yours,

R. J. Campbell

The Honourable

Henry Morgenthau, Jr.,
United States Treasury,
Washington, D.C.

TELEGRAM FROM LONDON DATED 17TH
SEPTEMBER, 1941

On September 14th Russian submarines torpedoed and sank laden 3,000 ton transport between Kirkenes and Petsamo. Russian NEWS claim torpedoing and sinking two transports off Petsamo night of September 14th/15th.

2. Stern portion of tanker recently blown up has arrived at Yarmouth but fore part sank.

3. In E boat attack off Sheringham night of September 16th two British merchant ships torpedoed but still afloat.

4. Over 50 bombers attacked Karlsruhe and Havre. Many fires started at both targets.

5. Russian troops in Kiev area encircled and under pressure. Germans from Berislev moving also Eastwards.

212

BRITISH EMBASSY,
WASHINGTON.

PERSONAL AND
SECRET

September 18th, 1941

Dear Mr. Secretary,

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

Believe me,

Dear Mr. Secretary,

Very sincerely yours,

R. J. Campbell

The Honourable

Henry Morgenthau, Jr.,

United States Treasury,

Washington, D.C.

**TELEGRAM RECEIVED FROM LONDON
DATED SEPTEMBER 16th, 1941**

Russian troops in Kiev are practically surrounded.

ROYAL AIR FORCE. September 15th.

Blenheims attacked Heugesund Seaplane base and shipping off Frisian Islands. At former a 1,000 ton merchant ship was damaged and factory hit; off Borkum one 3,500 ton ship hit and possibly two others of about 2000 tons. One ship was later seen awash. One Blenheim missing.

September 15th, September 16th over 200 aircraft despatched to targets including Hamburg and Havre. Nine missing.

LIBYA. September 14th. Maryland's attacked a column of about 500 vehicles near Naddalena and started large fires; Tomahawks destroyed and damaged many aircraft on enemy landing grounds. Two enemy fighters and a bomber shot down. We lost 5 aircraft.

GERMAN AIR FORCE. September 15th/16th.

Enemy aircraft mine laying in Thames estuary. Our fighters destroyed one enemy bomber.

RESTRICTED

214

G-2/2657-220; No. 496 M.I.D., W.D. 11:00 A.M., September 18, 1941

SITUATION REPORT

I. Eastern Theater.

Ground: Unofficial dispatches from Helsinki report the capture by the Finns of Svirstroi, a town on the Murmansk railroad between Lakes Ladoga and Onega.

Russian counterattacks are reported on the northern portion of the central front. These attacks appear to have gained ground in the direction of Yartsevo.

No further information has been received with regard to the large-scale operations now developing in the Ukraine.

II. Western Theater.

Air: During the night the R.A.F. attacked objectives in the Rhineland, bombing Karlsruhe. Coastal Command planes attacked docks at St. Nazaire.

Harbor works in south England were the chief objectives of German bombers last night.

III. Middle Eastern Theater.

Ground: No important activity.

Air: The Alexandria area was subjected to Axis night raids. Tripoli, Benghazi and Licata, in Sicily, were the British objectives in this theater.

RESTRICTED

The Secretary of the Treasury, by this public notice, invites tenders for \$100,000,000, or thereabouts, of 91-day Treasury bills, to be issued on a discount basis under competitive bidding. The bills of this series will be dated September 24, 1941, and will mature December 24, 1941, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p. m., Eastern Standard time, Monday, September 22, 1941. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be

accompanied by payment of 10 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on September 24, 1941.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing

- 3 -

authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest.

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

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TREASURY DEPARTMENT

218

INTER-OFFICE COMMUNICATION

DATE September 19, 1941

TO Secretary Morgenthau

FROM Mr. Cochran

STRICTLY CONFIDENTIAL

At 8:50 this morning I spoke by telephone with Mr. Knoke in the Federal Reserve Bank at New York. I told him of my conversation with the Charge d'Affaires of the Soviet Embassy yesterday evening, in which this official had stated that necessary instructions had been given for the transfer of the gold to our account. While I held the telephone, Mr. Knoke talked directly with Mr. Funck of the Chase Bank. Following the suggestion which I had given Mr. Knoke, Mr. Funck stated that he would obtain a letter from the Amtorg Trading Corporation informing the Federal Reserve Bank of New York, for further transmission to us, that, at the instance of the Soviet Embassy (or what other Soviet officials had been responsible for the instructions) so much gold was being deposited at the San Francisco Mint for the account of the Secretary of the Treasury of the United States. I asked Mr. Knoke to call me back as soon as such a letter was received by the Federal Reserve Bank, in order that I might then communicate with the Superintendent of the Mint at San Francisco.

At 11:40 a.m. today Mr. Knoke advised my office that at 12:05, his time, the Chase Bank had reported that Amtorg was sending by messenger the letter required for the basis of the above-described communication to the Federal.

At 1:57 this afternoon Mr. Knoke's secretary phoned to my office the draft text of a letter to be sent to the Federal by the Chase. I telephoned Mr. Knoke back at 2:45 p.m., suggesting certain changes in the draft. Mr. Knoke tried to reach Mr. Funck at the Chase Bank at 2:55 while I held the line, but Mr. Funck was not available.

Mr. Knoke called me back at 3:27 and told me that the draft letter had been changed to meet my wishes. He read the text thereof, as amended, as follows:

"To: Federal Reserve Bank of New York
From: Chase National Bank

We are in receipt of instructions from Amtorg Trading Corporation requesting us to notify you, as fiscal agent of the United States, that at the instance of the Embassy of the U.S.S.R., Washington, D.C., we are authorized to deposit forthwith all the gold which arrived on the S.S. Menjinaki, at the San Francisco Mint for account of the Secretary of the Treasury.

We are telegraphing our San Francisco representative accordingly. Kindly forward copy of this letter to the Treasury Department in Washington."

At 3:30 it was agreed that Mr. Knoke would address a letter to the Treasury yet this evening, transmitting a copy of the communication in the above wording to be received by the Federal from the Chase.

At 3:35 p.m. I put in a call for Mr. Haggerty or Mr. Hodgson in the Mint at San Francisco. I obtained communication with Mr. Hodgson at 3:40 p.m. I told him that I had cleared the formalities at this end and that the Chase Bank official in San Francisco would be instructed today to deposit with the Mint all of the gold which had arrived on the S.S. Menjinski for the account of the Secretary of the Treasury. I confirmed that the gold had not been entered yesterday into the Mint's gold statement. I told Mr. Hodgson that I had prepared a telegram of instructions which would be filed in a few minutes and which he should thus have today for his guidance. I told him that I did not have the data to identify the shipment by ounces, but would refer to it as approximating \$5,600,000 in value. I read to him the greater part of the telegram as drafted, and felt that he understood it. I told him that, however, if he had any question upon receiving it, he should call me.

H. M. J.

FEDERAL RESERVE BANK
OF NEW YORK

September 19, 1941

Attention: Mr. Cochran

Sir:

We enclose copy of a letter dated
September 19, 1941, received this afternoon from
the Chase National Bank.

Respectfully,

(Sgd.) L. W. Knoke

L. W. Knoke,
Vice President.

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

Enc.

C
O
P
Y

THE CHASE NATIONAL BANK
of the City of New York

221

September 19, 1941

2-45 JJMcC

Mr. L. W. Knoke, Vice President,
Federal Reserve Bank of New York,
New York, New York.

Dear Mr. Knoke:

We are in receipt of instructions from Amtorg Trading Corporation requesting us to notify you, as fiscal agents of the United States, that at the instance of the Embassy of the U.S.S.R., Washington, D. C., we are authorized to deposit forthwith all of the gold which arrived on the Steamship MENJINSKY, at the San Francisco Mint, for account of the Secretary of the Treasury.

We are telegraphing our San Francisco Representative accordingly.

Kindly forward copy of this letter to the Treasury Department in Washington.

Very truly yours,

John J. McClean,
Second Vice President.

Copy:wac:9-20-41

Exchange Stabilization Fund

Superintendent,
United States Mint,
San Francisco, California.

SEP 18 1945

On September 19 you will receive gold valued at approximately \$5,600,000 for the account of the Secretary of the Treasury by order of the Government of the Union of Soviet Socialist Republics. Upon receipt of this gold you are hereby authorized and instructed to melt and determine its value. After determination of the value you are further authorized and instructed to purchase the gold at the flat price of \$35 per fine troy ounce without subtracting the $\frac{1}{4}$ of 1 percent handling charge, and to draw your check for the net value of the gold (less the usual mint charges) to the order of the Federal Reserve Bank of San Francisco for account of the Federal Reserve Bank of New York for credit to the "Secretary of the Treasury, Special Account." Please instruct the Federal Reserve Bank of San Francisco to transfer this amount by telegraph to the Federal Reserve Bank of New York for credit to the "Secretary of the Treasury, Special Account." Please have the Federal Reserve Bank of San Francisco include in its telegram to the Federal Reserve Bank of New York the output of the number of fine ounces, the total dollar value, the amount of the regular $\frac{1}{4}$ of 1 percent handling charge, and the mint charges which have been deducted, as well as the name of the ship on which the gold was transported, and the date of its arrival. Please prepare six copies of Mint Form 42-B in the usual manner and forward them to the Secretary of the Treasury, Attention E. Merle Cochran, Treasury Department, Washington, D. C. You will observe from the instructions that you are not to deduct and retain the $\frac{1}{4}$ of 1 percent handling charge.

Signed: D. W. [unclear]

Acting Secretary of the Treasury

September 19, 1941

The fifth meeting of the Economic Defense Board was held in the Vice President's office in the Capitol at 9:30 a.m., September 19, 1941.

Present at the meeting were:

The Vice President, Assistant Secretary of State Dean Acheson, Mr. Harry White representing the Secretary of the Treasury, the Secretary of War, Mr. Malai Stevenson representing the Secretary of Navy, Mr. Leslie Wheeler representing the Secretary of Agriculture, Mr. Will Clayton representing the Secretary of Commerce and Mr. Milo Perkins of the Economic Defense Board.

Also present were Mr. Laurence Duggan and Mr. Paul C. Daniels of the State Department.

Secretary Stinson raised a question as to the time situation of Cabinet Officers and their difficulty of attending too many meetings. After some discussion, it was agreed that subsequent meetings of the Economic Defense Board would be held only as major questions of policy arose. The Vice President indicated that he would address a letter on this subject to each member of the Board.

Mr. Acheson suggested and the Board approved a sub-committee made up of the already designated alternates working with Mr. Perkins as Chairman. The intent of this arrangement was to bring only those matters of greatest policy importance before the Economic Defense Board and to do as much of the Board's work as possible through the sub-committee.

Mr. Leslie Wheeler presented a confidential report on coffee which he and Mr. Duggan had written and the Board approved the recommendations at the end of the report. Mr. Daniels felt that adequate power existed to control quotas promptly in such a fashion as to prevent inventory hoarding and undesirable price rises.

Mr. Acheson indicated that some 70 people in the Licensing Division of the State Department would be transferred to the Economic Defense Board under the President's Executive Order of September 15. A meeting has been called at the Budget Bureau for September 17 to discuss the details of this transfer.

Mr. Wheeler indicated that the Secretary of Agriculture was planning to sell some 250,000 bales of cotton in Canada through the Commodity Credit Corporation at roughly 5¢ a pound under the domestic market plus an additional subsidy allowance to make prices competitive with those of Brazilian cotton. It was the unanimous opinion of the Board that sales of this sort to countries in the Far East, such as Japan, Indo-China, and Japanese-controlled China, should not be made.

Assistant Secretary Acheson raised the policy question of issuing general licenses to Latin-American countries. Mr. Perkins indicated that under the President's Executive Order of September 15, which superseded to some extent previous tentative decisions, it would take the Economic Defense Board at least another week to ten days to explore this matter with the various affected agencies. Mr. Perkins also indicated that he would make such consultations his "number one" order of business.

The Vice President indicated that he was addressing letters to the Executive Directors of both the Supply Priorities and Allocations Board and the Economic Defense Board requesting that they consult with all affected departments and agencies at once and report on the extent to which supplies of critically needed raw materials can be increased. He further indicated that it was necessary to think in terms of action programs which would result in building up stock piles of certain commodities. He also asked Mr. Wheeler to report to him and the Executive Director of the Economic Defense Board on the goals for increased production established by the Department of Agriculture together with their estimates of stock piles of foods expected to be brought about as a result of these goals.

The meeting was adjourned.



OFFICE OF THE DIRECTOR

TREASURY DEPARTMENT

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PROCUREMENT DIVISION

WASHINGTON

September 19, 1941

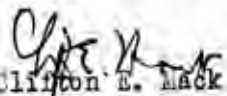
MEMORANDUM TO THE SECRETARY:

Concerning the letter of Mrs. Florence Kerr, Assistant Commissioner of the WPA, to Mrs. Roosevelt which was attached to your memorandum of September 18th, inquiry has been made relative to the sewing machines referred to and the facts are as follows:

These sewing machines have not been declared surplus to the Procurement Division by the WPA. Mrs. Kerr wrote to this Office September 18th stating that a survey and study of the needs of the individual states on sewing machines was in process and it was anticipated that this survey would show machines surplus to their needs.

The Procurement Division is without authority to act until these machines have been declared surplus and, if declared surplus, has no authority to transfer or loan this equipment to the Los Angeles County Welfare Board. When declared surplus to the Procurement Division all Federal agencies would be circularized, and in the event any Federal agency desired such equipment it would have to be given to such agency. If none of such agencies desired this equipment, it is required under the law to be returned to the WPA for disposition.

We understand that the WPA has proposed legislation which would permit the transfer or loan of this equipment to the Los Angeles County Welfare Board.


Clifton E. Mack
Director of Procurement



OFFICE OF THE DIRECTOR

TREASURY DEPARTMENT
PROCUREMENT DIVISION
WASHINGTON


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September 19, 1941

MEMORANDUM FOR THE SECRETARY:

The Office of Production Management, Defense Supplies Corporation, Procurement Division, War, Navy and other interested agencies have worked out a plan with respect to the purchase and allocation of manila fiber whereby purchases for all agencies will be made by the Defense Supplies Corporation and acquisition for stockpiling by the Procurement Division will be at cost.

The Chief Counsel, Procurement Division, has advised that there is no legal objection to the plan contemplated.


Clayton L. Mack
Director of Procurement



TREASURY DEPARTMENT

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PROCUREMENT DIVISION

WASHINGTON

OFFICE OF THE DIRECTOR

MEMORANDUM TO THE SECRETARY:

September 19, 1941

Weekly Report - Lease-Lend Purchases
(9/12 - 9/19/41)

<u>Requisitions</u>	<u>Estimated Cost</u>
Approved by O.P.D.....\$	214,586,158.55
Awaiting clearance by O.P.D.....	16,858,788.23
<hr/>	
Total Pending Requisitions.....\$	231,444,946.78
Less Requisitions for metals and textiles, where contracts will be made for term periods and allocations required from O.P.D.....\$	
	115,678,457.83
<hr/>	
Total Pending Requisitions for Spot Purchases.....\$	115,766,488.95
Purchases to 9/12/41.....\$	139,563,529.77
Purchases 9/12 - 9/19/41...	8,817,421.53
<hr/>	
Total to 9/19/41.....\$	148,380,951.30

A conference was held on Tuesday afternoon at the Office of the Division of Defense Aid Reports between representatives of War, Treasury Procurement, O.P.D., DAR, and the Argentine Army Purchasing Commission, to discuss a purchasing plan covering airplane, ordnance, machinery, medical, raw materials, and miscellaneous requirements.

Purchases are to be made by the agencies now handling lend-lease procurements but payment will be with funds deposited in the U. S. Treasury by the Argentine Republic.

Conressional hearings on the Lease-Lend Budget for additional funds are scheduled to start September 22nd.

Clifton E. Jack
Clifton E. Jack
Director of Procurement

Attachments-5

<u>UNIT ACQ</u>	<u>DISPOSING COS</u>	<u>REJUSTIFICATION</u>	<u>COMMODITY</u>	<u>QUANTITY</u>	<u>TOTAL VALUE</u>
DA-TPS-1196	St. Joseph Lead Co.	U.S.	Zinc	124,000#	\$ 16,005.00
DA-TPS-1075 (Adj. Add)	National Steel Corp.	"			42,105.00
DA-TPS-1258	Carpenter Steel Co.	"	Tungsten Chr. Steel. Carbon Tool Steel	40.85 GT.	23,370.58
DA-TPS-1261	Republic Steel Corp.	"	Concrete Reinf. Bars	4,928,000#	132,059.20
DA-TPS-1263	Jones & Laughlin Steel Corp.	"	Ingots, Wire rods, Slabs	14,300GT.	538,233.00
DA-TPS-1265	Heppenstall Co.	"	Alloy Die Blocks	66.652GT.	18,676.39
DA-TPS-1266	Wheeling Steel Corp.	"	Reinf. Wire rods	415 Gt.	22,974.40
DA-TPS-261-8	Copperweld Steel Co.	"	Hi. Chr. Steel	1161 GT.	230,069.28
DA-TPS-1273	Crucible Steel Co. of America	"	Bits & Tool Steel	5 GT.	3,480.68
DA-TPS-1256 (ADJ. ADD)	Scully Steel Products Co.	"			8.98
DA-TPS-1294	Bethlehem Steel Export Corp.	"	Billets		1,519,915.00
DA-TPS-1504	McLouth Steel Corp.	China	Steel Strip	320 N.T.	37,336.00
DA-TPS-1286	Keystone Steel & Wire Co.	U.K.	Reinforcing Bars	250 GT.	19,712.00
DA-TPS-1287	Republic Steel Corp.	"	Ingots, Wire rods, Billets, Slabs	25,600 GT.	1,230,222.40
DA-TPS-326-6	Rustless Iron & Steel Corp.	"	Hi. Chr. Steel	120 GT.	91,338.24
DA-TPS-326-3	Rustless Iron & Steel Corp.	"	Stainless Steel Bars	29.032 GT.	24,985.41
DA-TPS-258-7	Republic Steel Corp.	"	Hi. Chr. Steel	115 GT.	80,326.48

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<u>DA</u>	<u>COMPANY'S NAME</u>	<u>PLANT</u>	<u>COUNTRY</u>	<u>QUANTITY</u>	<u>TOTAL VALUE</u>
DA-TPS-1186	American Metal Co., Ltd.	U.K.	Zinc	1,040,000#	\$ 124,804.00
DA-TPS-1187	American Smelting & Refining Co.	"	Zinc	1,280,000#	97,732.00
DA-TPS-1188	American Zinc Co. of Illinois	"	Zinc	1,754,000#	129,620.60
DA-TPS-1189	Du Pont de Nemours Co.	"	Zinc	368,000#	28,115.20
DA-TPS-1190	Hegeler Zinc Co.	"	Zinc	656,000#	50,118.40
DA-TPS-1191	International Minerals & Metals Corp.	"	Zinc	1,878,000#	142,915.80
DA-TPS-1192	Mattiesson & Hegler Zinc Co.	"	Zinc	624,000#	47,486.40
DA-TPS-1193	Anaconda Sales Co.	"	Zinc	380,000#	31,350.00
DA-TPS-1194	New Jersey Zinc Co.	"	Zinc	356,000#	29,370.00
DA-TPS-1195	U.S. Smelting Refining & Mining Co., Inc.	"	Zinc	70,000#	5,775.00
DA-TPS-1197	Anaconda Sales Co.	China	Zinc	380,000#	31,350.00
DA-TPS-1198	New Jersey Zinc Co.	"	Zinc	358,000#	29,585.00
DA-TPS-1199	St. Joseph Lead Co.	"	Zinc	130,000#	15,675.00
DA-TPS-1200	U.S. Smelting, Refining & Mining Co., Inc.	"	Zinc	72,000#	5,940.00
DA-TPS-1311	Raystone Steel & Wire Co.	U.K.	Rods	1,100GT.	57,508.00
DA-TPS-1312	Continental Steel Corp.	"	Rods	1,400GT.	73,192.00
DA-TPS-1097 (Adj. Add)	W. H. Davey Steel Co.	"			1,200.00

<u>DA-TPS-#</u>	<u>Supplier's Name</u>	<u>Country</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Total Value</u>
DA-TPS-866	The Dow Chemical Co.	China	Paris Green	20	\$ 8,400.00
DA-TPS-1131	E. W. Atkins & Co.	"	Files,	700	125.00
DA-TPS-947	The Pyle-National Co.	U.S.	Turbo Generators	50	6,250.00
DA-TPS-764	D. H. Byrd & Jack Frost	"	Lockhead Airplane		50,000.00
DA-TPS-1254	The Abbott Ball Co.	"	Balls, Bearing	3024	876.96
DA-TPS-929	The Huber Mfg. Co.	"	Road Rollers	16	59,580.96
DA-TPS-1106	S.K.F. Industries, Inc.	"	Bearings Ball		2,006.77
DA-TPS-1067	Duval Texas Sulphur Co.	"	Sulphur	9,000Lt.	150,750.00
DA-TPS-1069	O.G. Innes Corp.	"	Varnish Gun Copal		16.52
DA-TPS-1112	Ford Motor Co.	"	Bearings		2,640.00
DA-TPS-1085	Merchants Chemical Co. Inc.	"	Potassium Carbonate	5,376#	33,760.96
DA-TPS-1050	Dow Chemical Co.	"	Ethylene Glycol	82,880#	* 10,774.40
DA-TPS-1045	International Harvester Export Co.	"	Tractors	120	432,138.60
DA-TPS-763	Mieke Metal Products Corp.	"	Lockhead Airplane		39,133.83
DA-TPS-852	Bannett Co., Inc.	"	Lockhead Airplane		63,487.43
DA-TPS-1094	Nevada Development Co.	"	Lockhead Airplane		57,041.75
DA-TPS-1116	Cleveland Twist Drill Co.	"	Drills Twist		15,197.40
DA-TPS-1132	The American Fork and Hoe Co."	"	Forks, Stone		4,450.00

<u>DA-TPS-</u>	<u>COMPANY'S NAME</u>	<u>QUANTITY</u>	<u>COMMODITY</u>	<u>UNIT</u>	<u>TOTAL PRICE</u>
DA-TPS-969	Pittsburgh Steel Co.	T.K.	Lockhead Airplane		58,556.35
DA-TPS-1168	Merck and Co.	"	Ammon Iodide, Pot. Phosphate etc.		2,132.50
DA-TPS-1088	The Ohio Chemical & Mfg. Co.	"	Hydrogen, Methyl Chloride	300,000cu.ft.	1,242.00
DA-TPS-1130	R.C.A. Mfg. Co.	"	Microscopes electron	7	73,850.00
DA-TPS-1164	Henry Disston & Sons, Inc.	"	Saw Teeth, Holden Band Saws, etc.		1,552.78
DA-TPS-1172	National Cylinder Gas Co.	"	Cylinders & Acetyline Gas		17,175.00
DA-TPS-1153	Chas. Pfizer & Co., Inc.	"	Iron & Ammon Citrates, Pot. Iodide etc.		397.88
DA-TPS-939	Caterpillar Tractor Co.,	"	Elec. Generating sets	40	177,732.22
DA-TPS-940	Caterpillar Tractor Co.	"	Diesel Elec. sets semi	5	87,612.82
DA-TPS-770	Diamond T. Motor Car Co.	"	Tractors, Trailers	20	138,860.00
DA-TPS-1154	J. T. Baker Chemical Co.	"	Ammon Nitrate, Pot. Ferrocyanide etc.		621.08
DA-TPS-1128	Henry Denton & Sons, Inc.	"	Saws Hand, Handler, File		5,737.43
DA-TPS-1279	Gottesman and Co., Inc.	"	Kraft Pulp	2,000 ST.	120,000.00
DA-TPS-1280	St. Regis Paper Co.	"	Kraft Pulp	550 T.	35,750.00
DA-TPS-176	Publicker Commerical Alcohol Co. (Adj. Deduction)	"			-15,300.00
DA-TPS-879	Whisholm-Moore Hoist Corp.	"	Cranes		40,560.00
DA-TPS-865	Neslitt Machinery Co. (Cancelation)	"			-26,500.00

<u>CONTACT NUMBER</u>	<u>CONTACT NAME</u>	<u>QUANTITY</u>	<u>DESCRIPTION</u>	<u>UNIT</u>	<u>TOTAL VALUE</u>
DA-TPS-326-4	Rustless Iron & Steel Corp. U.S.		Hi. Chr. Steel	200 GT.	\$ 102,513.00
DA-TPS-326-5	Rustless Iron & Steel Corp. "		Hi. Chr. Steel	50 GT.	50,220.80
DA-TPS-1249	Somers Brass Co. "		Brass Strip	12,500#	2,873.75
DA-TPS-1350	Jones & Laughlin Steel Corp. "		Concrete Reinf. Bars	1,232,000#	29,937.60
DA-TPS-Metal	Anaconda Sales Co. "		Copper	2,495 NT.	586,325.00
	Reserve				
DA-TPS-Metals	Anaconda Sales Co. "		Copper Wire Bars	1,500 NT.	352,500.00
	Reserve				
DA-TPS-Metals	Kennecott Sales Co. "		Copper Ingots	3,500 NT.	805,000.00
	Reserve				
DA-TPS-1327	Timken Roller Bearing Co. "		Tube Hollows	1643 GT.	295,555.70
DA-TPS-1328	Acheson Graphite Corp. "		Electrodes	11,200#	1,736.00

Total Purchases 9/12/41 - 3/19/41.....\$8,817,421.53

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September 19, 1941

To: Mr. Harold N. Graves
Subject: PROGRESS REPORT FROM DEFENSE SAVINGS STAFF

SALE OF BONDS

Actual cash receipts from the sale of E, F and G Bonds from September 1st through September 17th were \$130,604,000, which is a decrease of 17.4% over the same period in August. Sales from August 1st through August 17th were \$158,180,000. Sales from July 1st through July 17th were \$189,162,000.

RETAILERS FOR DEFENSE WEEK - September 15 - 20

Retail stores in 48 states cooperated in selling, advertising and merchandising Defense Savings Stamps. Early reports indicate active participation. In Los Angeles 18,000 merchants took part; in New York City 89,000 individual kits of display material were distributed. Merchants in Detroit, Atlanta, Chicago, St. Louis, New Orleans, Kansas City, Washington, D. C., Baltimore, and Cleveland ran full page or newspaper section advertisements. In 12,500 motion picture theaters announcements were shown to an estimated 65 million people. One hundred 16 millimeter films, including a message from the Secretary, were

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shown at civic and merchants' meetings by state administrators and Chambers of Commerce.

A Defense Clinic, on September 15th at the Mayflower Hotel, pointed up activities in Washington, D. C., resulting in much local and national publicity on buying of a Stamp by Mrs. Roosevelt, a speech by Donald M. Nelson, and other promotion by the Treasury's Retail Advisory Committee.

In Canton, Ohio, which staged a large demonstration, and in Hollywood, as well as in Washington, D. C., the Press Section handled special exploitation. Newspapers received from many cities carried Retailers-For-Defense week material sent to them in advance.

Radio stations report to date that 44 sponsors, representing most major network programs, used special announcements. Mr. Nelson's address was broadcast coast to coast and there were nine local Washington, D. C. programs. Early reports show that 3,817 printed announcements sent to all stations were used by 160, but experience indicates that 863 stations probably used upwards of 30,000.

TREASURY HOUSES

In New York \$17,328.10 of bonds and stamps were sold in the first 14 days, including one sale of \$8,000 in bonds; 2,999 albums were started.

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In Boston \$26,032.95 of bonds and stamps were sold in the first 13 days, including one sale of \$20,000 in bonds; 1,903 albums were started.

The lineage received to September 10th in twenty shopping newspapers, aggregates 186,021 lines; space value, \$33,113.50; in circulation, 39,093,111.

FIELD FORCE

It is estimated that more than four million persons are employed by business concerns which have installed, or are now installing, payroll allotment plans. These include 97 railroads.

As of September 12th 90% of the 62,544 Treasury employees had pledged participation in the Voluntary Purchase Plan, and had bought \$1,137,004 in bonds and stamps.

A new map showing the status of Field Force operators by states is attached.

DIRECT MAIL

During 11 days the industrial mailing has brought 322 orders, a total of \$982,140. Returns are still coming in strong. Test series #1 mailed June 1st shows 307 orders of \$145,748. Test series #2 shows 278 orders of \$86,610. Series #3 in thirteen days shows 133 orders of \$53,608.

ANY BONDS TODAY

With 30,000 request cards still to be answered, 287,489 copies of the song have been sent out.

For distribution to high schools and colleges 50,000 additional band and 50,000 additional orchestra arrangements have been ordered.

RADIO

45 special announcements prepared to give sponsors exclusive copy are being printed for early distribution.

The Navy, Marine Corps, and Coast Guard have accepted enthusiastically recordings of "Arms for the Love of America" and "Ballad of the Leatherneck Corps". Special transcriptions of these numbers in dramatized versions have been made for distribution to all radio stations.

There has been a change in day and time on "For America We Sing", NBC show produced by Frank Hummert, to Monday from 9:30 to 10:00 PM EST starting September 29th.

PRESS

Washington's Baseball Defense Bond Day was staged at Griffith Stadium, with Treasury officials in attendance. Under Secretary Bell spoke.

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Book publishers who were asked to print promotional material on jackets and in advertising have begun to promise cooperation.

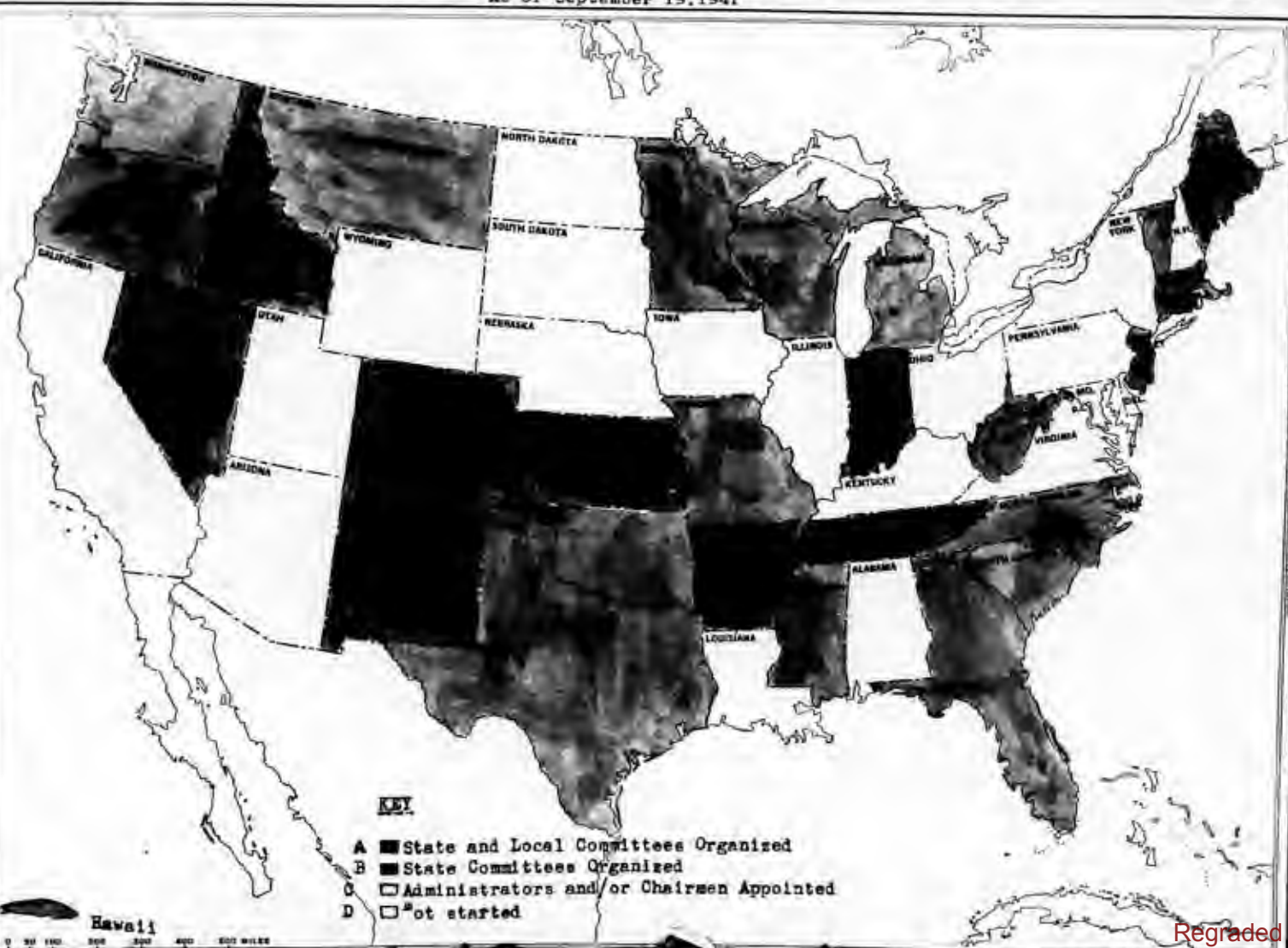
Attached is a sheet showing initial results from newspapers which are following the suggestion that they use the Minute Man as editorial "ears".

STATUS OF STATE ORGANIZATIONS
As of September 19, 1941

RAND McNALLY

LOOSE LEAF OUTLINE MAP

238 UNITED STATES



Regraded Unclassified

EDITORIAL EARS

HERE ARE SAMPLES SHOWING HOW NEWSPAPERS ARE BEGINNING TO USE OUR SUGGESTION THAT THEY ADAPT THE MINUTE MAN SYMBOL TO EDITORIAL EAR USE.

THE Avoca Herald
A Comprehensive Report of the Week's Notable News
AVOCA HERALD, AVOCA, N.Y., THURSDAY, AUGUST 11, 1941



Four examples of the Minute Man symbol in a circle, arranged in a 2x2 grid, illustrating the suggested editorial ear use.

The Fairland News-Herald
FAIRLAND NEWS-HERALD, FAIRLAND, N.Y., THURSDAY, AUGUST 11, 1941




Clay Stores Will Close Labor Day
THE CLAY TRIBUNE
CLAY TRIBUNE, CLAY, N.Y., THURSDAY, AUGUST 11, 1941




The Crandall Star
CRANDALL STAR, CRANDALL, N.Y., THURSDAY, AUGUST 11, 1941




The Sturgis Tribune
and The Chalkville News, combined with the Tribune July 1, 1940
STURGIS TRIBUNE, STURGIS, N.Y., THURSDAY, AUGUST 11, 1941




The Paullina Times
PAULLINA TIMES, PAULLINA, N.Y., THURSDAY, AUGUST 11, 1941




THE GRAPEVINE SUN
GRAPEVINE SUN, GRAPEVINE, N.Y., THURSDAY, AUGUST 11, 1941





THE COLONIAL VOICE
IN OUR 27th YEAR OF CONTINUOUS PUBLICATION, PROMOTING AMERICAN CITIZENSHIP, HONOR AND LOYALTY TO AMERICA, AND OBEDIENCE TO ITS LAWS.
WELLSBORO, PA., SATURDAY, SEPTEMBER 1, 1941



The Versailles Policy
VERSAILLES POLICY, VERSAILLES, N.Y., THURSDAY, AUGUST 11, 1941




Winchester Chronicle
WINCHESTER CHRONICLE, WINCHESTER, N.Y., THURSDAY, SEPTEMBER 1, 1941




Carlton County Vidette
CARLTON COUNTY VIDETTE, CARLTON, N.Y., THURSDAY, AUGUST 11, 1941



The Wellsboro Agitator
THE AGITATOR, WELLSBORO, PA., WEDNESDAY, SEPTEMBER 1, 1941




Jornal Português
Portuguese Journal
JORNAL PORTUGUES, PORTUGUESE JOURNAL, WELLSBORO, PA., THURSDAY, AUGUST 11, 1941



Connecticut Staats-Beitung
In American Newspapers Printed in the German Language
CONNECTICUT STAATS-BEITUNG, WELLSBORO, PA., THURSDAY, AUGUST 11, 1941




In reply refer to Initials
and No.

NAVY DEPARTMENT
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
WASHINGTON

September 19, 1941

My dear Mr. Secretary:

This morning, I had presented to me in the Secretary of the Navy's office, a very handsome, bronze medallion which you had struck off, commemorating the cruise of the U.S.S. LOUISVILLE, at the time she carried the 150 million dollar shipment of gold from South Africa to New York last January.

Please accept my sincere thanks for this beautiful memento of that service, which was a most interesting and instructive assignment. The officers and crew were largely responsible for the success of that mission, and I consider myself most fortunate for commanding the ship at that time.

Sincerely yours,



R. S. Nelson,
Captain, USN

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

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

September 12, 1941

TO Ferdinand Kuhn, Jr.

FROM Alan Barth

EDITORIAL OPINION
ON FOREIGN AFFAIRS:
THE PRESS WANTS ACTIONTonic

The Navy's orders to shoot on sight in "defensive waters" have given the press something of a feeling of relief. The long-debated issue has at last been removed from the uncertain area of debate into the realm of action. The disposition of most editorial writers is to view the outcome rather fatalistically and philosophically: the next move is Hitler's; if he keeps out of our "defensive waters", well and good; if he comes into them, we'll have a shooting war and nothing can be done about it.

Secretary Knox's speech to the American Legion and his announcement that the Navy will employ all methods for the protection of Lend-Lease shipments were generally regarded as the logical implementation of the policy laid down by the President. The insistence upon convoys so prevalent a few months ago has now largely disappeared. It is assumed that the Navy will convoy, if convoying proves the most effective form of protection. Patrols will suit

the editorial writers equally well, if patrols do the necessary job. It seems to be generally believed now that the Administration means business and will get the supplies across by whatever means prove feasible, short of nothing. That's what the newspapers have been asking for.

Whenever emphasis shifts from debate to action, the press exhibits fresh buoyancy, resolution and unity. The commentators are prone to argue about the merits of measures which the President or members of his Cabinet propose, so long as these are in the discussion stage; but they tend to rally to the support of such measures as soon as the President has put them into operation. They are concerned with the end, rather than with the means. Action is tonic to them.

Start

The President's second report on the disbursement of Lend-Lease funds was received by the press with candid disappointment. Some satisfaction was derived from the fact that almost all of the seven billion dollar appropriation has been allocated and more than half of it already put under contract. But the trickle of actual shipments to the British seemed shocking to many editorial writers. Their tendency has been to evaluate it, not so much in reference to the potentialities of production during the past six months as in reference to British needs and the grandeur of American promises.

In general, there seems to be a readiness to accept the President's assurance that "the flow will accelerate from day to day until the stream becomes a river and the river a torrent." In this light, there is every inclination to endorse the request for a new Lend-Lease appropriation. Most newspapers continue to take the line with which they supported the enactment of the Lend-Lease Law -- that the prompt and adequate delivery of war materiel to Britain affords the liveliest possibility for the avoidance of full participation in a shooting war for the United States.

The disappointment over Lend-Lease achievements to date has revived criticism of the Administration's production policies in a number of influential newspapers. Production, these critics insist, can be stepped up satisfactorily only by the appointment of a single responsible defense chief to whom the President will delegate full authority. The common assumption is that such authority has not been put into Donald Nelson's hands.

Boomerang.

The reaction to Mr. Lindbergh's speech at Des Moines last week was vigorous and uniform. He raised an issue which almost all anti-Administration, as well as pro-Administration, newspapers would have much preferred to leave alone.

Criticism of the Lindbergh reference to Jews was of two types. Some commentators merely undertook to deny his premise that Jews exercise a controlling influence over the press, the radio and the films. A greater number accused him of anti-Semitism and declared that his very contention was viciously and dangerously un-American. The press as a whole appears to regard the entire subject with extreme distaste.

The employment of anti-Semitism as an instrument of persuasion suggests a high degree of desperation in the isolationist camp. So, too, does a series of editorials which have appeared in the Patterson newspapers -- The New York Daily News and The Washington Times-Herald. These have intimated that the Administration intends to dispense with the 1942 congressional elections. Arthur Krock has dignified these innuendoes by giving them serious consideration in his column in The New York Times.

The effect of such tactics may well be to discredit those who have resorted to them. Already, it is plain, the isolationists have been jolted into a defensive position -- a position which only the more strong-stomached among them has any appetite to defend. Speeches delivered in Congress by Senator Capper and by Representative Dirksen, resignations from The America First Committee, and

further shifts among newspapers which have hitherto been only lukewarm in their support of Administration policy, indicate a fresh winnowing of the fanatic fringe and a swelling of majority pressure for national unity.

Public opinion, if the press reflects it with any accuracy, is sick of indecision and meaninglessly protracted debate. Its decision has been made. It wants effective movement toward the determined goal.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

246

DATE
September 19, 1941

TO Ferdinand Kuhn, Jr.

FROM Herbert Merillat

FARM AND LABOR PRESS ATTITUDES
ON INFLATION PROBLEMS

The applause from Eastern city newspapers for the Secretary's Boston address has not been repeated in the Western press. There has been little comment from the West. A few papers in Midwestern cities have praised the speech in general terms; a few others have used the speech as a springboard for an attack on New Deal fiscal policies. The small-town papers in the farming regions, however, have so far been silent.

This silence is probably due to several factors: the nation's absorption in the President's radio speech of September 11th, which pushed everything else into the background; an abiding indifference in the West to the threat of impending inflation; and, not least important, a feeling that whatever the Secretary may say, his recommendations are not likely to be followed by action.

Comment in newspapers and other periodicals brings out the extent to which the anti-inflation program has become a political football. The Secretary's request for "the firm support and the

clear understanding of 130 million Americans" behind efforts to prevent inflation, has not yet been granted.

The conservative press, critical of general price-controls, has campaigned for taxes on low incomes and measures to stop the rise in wages and farm prices. Labor spokesmen have inveighed against taxes on the wage earner and attempts to control wages in the face of a rising cost of living. Farmers are wary of moves to keep farm prices down. With group arrayed against group, there is little inclination to think out an over-all program of inflation-curbs which would mean restrictions on all.

The attitude of the Eastern metropolitan press is not likely to allay the apparent fear of the farmer that he alone is to be called upon to sacrifice in the name of inflation-prevention. As noted in last week's report, these newspapers in commenting on the Secretary's Boston speech stressed the need for calling a halt to rising farm prices and paid little attention to the other inflation-curbs he recommended. The Wall Street Journal followed up with an editorial on the theme that "the Secretary of the Treasury has been assigned the task of bearding the farm bloc in its Congressional den", predicting an Administration struggle with the farm group. The Journal of Commerce also has developed at length the case for control of farm prices, stressing the relative stability of industrial prices.

Senator Capper, in Capper's Weekly, doubtless expressed the view of many farmers when he complained of the constant talk in big Eastern papers about rising food prices and asserted that food costs are not going up as much as non-food costs.

There is a hopeful sign in the almost universal commendation of the President's veto of the bill to freeze government stocks of wheat and cotton. Papers in the farm belt joined with others in condemning the bill. The measure, however, was considered an extreme one by all. Much of the farm-belt criticism seemed to be motivated more by fear of jeopardizing other farm demands than by concern over its inflationary effects.

Labor likewise is suspicious of measures, proposed in the name of inflation-prevention, which it feels would discriminate against the wage earner. Unimpressed by the argument that taxes cutting into low incomes are necessary to check inflationary tendencies, labor union publications have assailed the reduction in personal income tax exemptions as an attack on the worker's standard of living. There is considerable comment in the labor press on the rising cost of living, but usually it is mentioned only as justification for wage increases.

Reporting the Secretary's separation wage proposal, Labor (publication of the railroad brotherhoods) said: "Secretary Morgenthau, still suffering from a bad case of 'inflation jitters,'

called for 'forced savings' by Americans. . . . The impression Morgenthau sought to establish is that workers are making such fabulous wages that a substantial part should be taken away from them for their own and the nation's good." This shrugging off of the threat of inflation is typical of the recent labor attitude.

Gallup Poll

The recent Gallup polls of farmers and wage earners would seem to indicate that these groups are more willing than their spokesmen indicate to accept control of farm prices and wages. 55% of the farmers indicated willingness to have the government keep prices where they are now on the things they sell, provided that the government also fixes the prices of things they buy at the present level. 52% thought they were getting a fair price for their chief cash crop. 62% of the wage earners expressed willingness to accept freezing of present wage rates, with the same proviso. 64% thought they were being paid a fair wage.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London, England

DATE: September 19, 1941, 7 pm

NO.: 4387

This telegram is Personal for the Secretary of the Treasury:

I wish to bring to your attention (although you may have seen it) an announcement in yesterday's newspapers that Mr. Montagu Norman is to stay on as the Governor of the Bank of England. The newspaper report also stated that Mr. John Maynard Keynes at the same time was proposed by the Directors to take the place of Sir Josiah Stamp, a former Director who died some time ago.

A date next month has been set for the time when the election court will act on the proposal of the Bank's Directors.

WINANT.

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251

DEPARTMENT OF STATE

WASHINGTON

In reply refer to
SA 840.51 Frozen Credits/3446

September 19, 1941

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and transmits herewith a copy of despatch no. 1348, dated August 26, 1941, from the American Embassy at London concerning the Chinese Currency Stabilization Board and restriction of exports to China.

Enclosure:

Despatch no. 1348 from London,
August 26, 1941.

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LONDON, August 26, 1941.

Chinese Currency Stabilization Board
and Restriction of Exports to China.

I have the honor to refer to the Embassy's telegram No. 3849, dated August 25, 2 p.m. dealing with the British Government's decision to prohibit, except under license, all exports to China.

Copies of the Board of Trade's Statutory Order, which has not yet been printed, will be forwarded when available to complete the set of documents forwarded with despatch No. 1343, dated August 25, 1941.

What appears to be an inspired statement is published in the financial newspapers and The Times City Column today pointing out that the Order is regarded as a natural development of the policy of the China Currency Stabilization Board in granting devisen only for approved imports.

The decision to prohibit exports to China, except under license, these statements point out, may indeed be the result of suggestions made by the Currency Board, since clearly it is easier to prevent the passage of goods to China for which the Board might feel bound to provide devisen at the other end, than to allow all types of goods to go on their way only to be held up on arrival at Shanghai or other Chinese ports while a decision is taken as to whether exchange should be granted for their importation.

It is further noted that Mr. Hall-Fatch was due in Shanghai on August 25 on his way to Chungking and that the Board is making much headway with the formulation and application of its policy.

"It is expected", the notices continue, "that, politics permitting, it should not be long before all details of operation are determined. Meanwhile, it is understood, guidance is being given from Hong Kong on questions of execution."

The Times City Editor adds:

"The combined effect of the difficulty of finding exchange for imports not approved by the fund and the inability of exporters from this country to obtain licenses for unwanted goods will be to give the Fund a firm grip over a large part of China's import traffic. It

traffic. It looks as though the Stabilization Fund, when the pre-zero imports are out of the way, will thus be in a strong position to regulate the external value of the yuan."

Respectfully yours,
For the Ambassador;

Herschel V. Johnson
Counselor of Embassy

KAHE/JC

Copy:hr:9-26-41.

HONGKONG SEP 19 555P 1941

LC SECRETARY TREASURY

US TREASURY WASHINGTON DC

CABLE SITUATION SERIOUS BOTH SOUTHARD AND CAMPBELL COMPLETELY
COOPERATIVE SOUTHARD HAS BEEN UNABLE FOR FEW DAYS TO TAKE ANY
CABLES AND CAMPBELL ADVISES ME THAT IT WILL BE FEW DAYS BEFORE
HE CAN FORWARD CABLES ALREADY RECEIVED AND MORE ARE IN PREPARATION

FOX

Copy sent 10-20-41

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255

Shanghai, China

September 19, 1941.

To: Secretary of the Treasury.

From: Phlox ? (Fox)

"Sent through American Consulate General Hong Kong to the American Consulate General Shanghai for distribution. The Stabilization Board of China greatly appreciates the cooperation which it has been receiving from the Licensed Banks. The Board is mindful of the fact that problems will undoubtedly arise requiring clarification. The Licensee Banks are urged to feel free in bringing such matters to the attention of the Board for it is anxious to have matters work as smoothly and as expeditiously as possible. Applications for cover are receiving the Board's earnest and serious attention. Delays will be greatly minimized if applications are properly filled out. In a number of instances insufficient information has been supplied. In order that delays may be avoided the Board would like to call the attention of the Licensed Banks to a few matters. The Board in its initial statement to the Licensed Banks on August 17 pointed out that no cover could be supplied for items which were on the prohibited list of the Chinese Government. The Board is prepared to supply funds for commodities for use in Shanghai or for free China, but it cannot do so for other centers. The Board has observed in passing upon applications a number of items not on the prohibited list but with respect to which questions could reasonably be raised. It must be borne in mind that the present is an emergency situation involving the interests and welfare of the three cooperating countries; China, United States and

Great Britain. The Board cannot be expected to supply funds for operations which are not in harmony with the best interests of these cooperating countries. It would serve our mutual objectives best if the Licensed Banks would carefully scrutinize applications to make certain that the funds requested are not apt to be used for purposes which would be inimical to the welfare of the three countries and are therefore intended for commodities which will not have these objectives. Banks should scrutinize merchants applications carefully and make no commitments in until allotment is obtained from the Board in Hong Kong. The Board will act promptly on all inquiries. Among the defects thus far observed on applications may be noted the following:

- 1- Failure to indicate the nature of imports.
- 2- Imports of items for which the Boards information would indicate a large and satisfactory supply to be on hand in Shanghai.
- 3- Items which on the surface would appear not to be intended for use in Shanghai or Free China, such as flour.
- 4- With respect to such items as cotton, reasonable diligence should be exercised to make certain that the cotton is not intended for mills whose products are not apt to be used in Shanghai or Free China. Request for cover for cotton imports have been so large that Boards hereafter will require the name or names of firms for whose use the cotton is importer.
- 5- The request for funds for building materials have been sufficiently large to warrant the Board to urge that inquiry be made hereafter as to the need for such building materials before making application for cover."

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Hong Kong via N. R.

Dated September 19, 1941

Rec'd 6:57 a.m. 22nd.

Secretary of State,
Washington.

371, September 19, 10 a.m.

FOR TREASURY

Following statistics furnished on condition that they be transmitted in code and not published:

Officially recorded Hong Kong silver statistics for August 1941, in thousands of Hong Kong dollars: imports from North and South China, nil, Kwongchowwan, 1; exports to China nil.

Recorded treasury imports and exports for first eight months 1941 in thousands of Hong Kong dollars: gold bars and ingots imports 2895 (no figures on gold possession July available) all from North China; exports 2895 all to the United States. Silver bars and ingots imports nil; exports 3685 all to United States.

Silver half pesos in thousands of Hong Kong dollars: imports 234 all from Kwongchowwan; exports nil. Copper and nickel coins imports 15 all from Macao; exports nil.

SOUTHARD

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258

DEPARTMENT OF STATE

Washington

September 19, 1941

In reply refer to
Bu 859B.637/63

My dear Mr. Secretary:

With a communication dated July 31, 1941 there was transmitted for your information a paraphrase of a telegram from the American Consul at Godthaab, Greenland, regarding the opening of personal United States dollar accounts in the United States by the miners employed in the cryolite mine at Ivigtut, Greenland. A copy of the communication in question, together with a copy of its enclosure is enclosed for your information.

I should appreciate receiving your comments on this matter.

Sincerely yours,

For the Secretary of State:

Enclosure: /s/ A. A. Berle, Jr.

From State Department, Adolf A. Berle, Jr.
July 31, 1941, with Assistant Secretary
enclosure.

The Honorable

Henry Morgenthau, Jr.,

Secretary of the Treasury.

Copy:mew 9/19/41

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259

DEPARTMENT OF STATE
WASHINGTON

July 31, 1941

In reply refer to
EA 840.51 Frozen Credits/2752

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and encloses six copies of a paraphrase of telegram no. 149, dated July 29, 1941, 11 a.m., from the American Consulate at Godthaab, Greenland, concerning the dollar accounts in the United States of citizens of Greenland.

Enclosure:

From Consulate,
Godthaab, No. 149,
July 29, 1941. (6.)

Copy:mew 9/20/41

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Consulate, Godthaab, Greenland

Date: July 29, 1941, 11 a.m.

No. 1 149

Governor Brun, in recent conversations with representatives of Ivigtut Union, agreed to the opening of personal American dollars accounts in the U.S. by the miners. It is understood that these accounts will, of course, be blocked in accordance with the regulations of the Treasury.

The Consulate has been requested by the Governor to inform the Government of the United States in regard to the following: The Greenland Administration fully supports the applications for licenses to permit the transfer of funds from the Administration account to personal accounts in New York banks to be opened by the individual miners; such applications are understood to be at present pending with the Treasury Department.

PERFIELD

Copy: new 9/20/41

COPI

TELEGRAM RECEIVED

FROM: BEIRUT

DATE: SEPTEMBER 19, 1941.

Rec'd: 3:36 p.m., 20th

Secretary of State,
Washington,

373, September 19, 8 p.m.

Department's 167 September 13, 8 p.m.

For the Department's consideration of my telegram No. 348, September 5, 9 a.m., it should be borne in mind that the great increase in living costs mentioned therein was calculated on the basis of the recently restored official rate which is approximately the same as that on which the cost of living report of May 10, 1941 was reckoned. Pending the actual putting into effect of the official rate for all transactions in this country this office is continuing to negotiate official drafts in the manner described in a previous report at rates only slightly higher than the official.

The Department's urgent consideration of this matter will alleviate a real hardship for the staff of this office both American and alien.

I am reporting separately regarding the general exchange situation as request in your telegram under reference.

ENCERT

DEPARTMENT OF STATE

263

WASHINGTON

In reply refer to
EA 740.00112A
European War 1939/515

September 19, 1941.

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and encloses a copy of a paraphrase of telegram No. 219, dated August 12, 1941, 3 p.m., and a copy of despatch No. 3485, which is referred to in the telegram, from the American Legation, San Jose, Costa Rica, concerning a plan of the Government of Costa Rica with respect to the control of coffee and sugar plantations in Costa Rica which are owned by persons whose names are included on the list of certain blocked nationals.

Enclosure:

From Legation, San Jose,
No. 219, August 12, 1941.
No. 3485, August 1, 1941.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, San Jose, Costa Rica

DATE: August 12, 1941, 3 p.m.

NO.: 219

Yesterday, the Minister of Finance called on me. He made the statement that the Government of Costa Rica has completed its organization to control the operation of local coffee and sugar plantations—as well as other important local industries—which are owned by persons whose names are included on the list of certain blocked nationals. (With regard to the plan of the Costa Rican Government: See Despatch No. 3485, dated August 1, 1941, the plan is set forth in the memorandum on page 2, paragraph 2.)

The cooperation of the Legation is desired by the Minister of Finance. The Legation has also been asked for its advice and suggestions in regard to the plan as it was outlined in the memorandum (see reference above).

The Legation feels that this or some other similar steps must be taken by the Government of Costa Rica immediately in order that the employees of firms which will be forced out of business by the American restrictions might be protected and also that an unbalancing of the industry and economy of the country might be prevented.

Because

-2-

Because of the wholehearted desire of the Minister of Finance, the President, and other officials of the Government of Costa Rica to cooperate in the carrying out of the U.S. restrictions on totalitarian firms, it would be appreciated if the Department would telegraph its reaction as soon as possible with regard to this plan in order that the Legation may cooperate immediately in the formulation of a procedure to be followed with the Minister of Finance.

DWYRE

EA:PAK

740.00112A European War 1939/515

COPY

266

LEGATION OF THE
UNITED STATES OF AMERICA

San Jose, Costa Rica
August 1, 1941

No. 3485

Subject: Transmitting copy of Memorandum Prepared by First Secretary of Legation, Dudley G. Dwyre, of Conversation with Minister of Finance of Costa Rica, with Relation to Export Control and General Effect of Proclamation by Our Government of List of Blocked Nationals. Costa Rican Government Expresses its Intention of Cooperating to Fullest Extent with Efforts of the United States Government in this Respect.

The Honorable

The Secretary of State,
Washington.

Sir:

I have the honor to transmit herewith a copy of a memorandum prepared by First Secretary Dudley G. Dwyre, reporting a conversation had with the Minister of Finance of Costa Rica touching upon the control of exports from this country, and the cooperation of Costa Rica with the efforts of the United States in connection with dealing with the list of certain blocked nationals.

Respectfully yours,

WM. H. HORNIBROOK

Enclosure: As stated.

690

DGD:mc

STRICTLY CONFIDENTIALMEMORANDUM

By previous appointment I called upon the Costa Rican Minister of Finance, Senor Carlos M. Escalante, this morning, as I had been informed that he desired to discuss the ramifications of the list of controlled nationals and other phases of the economy of Costa Rica as affected thereby.

.....

Minister Escalante stated that, in accordance with the wishes of the President and his own, he would give immediate instructions to the effect that all Government departments are henceforth prohibited from purchasing any materials whatever from any of the firms whose names appear on the blocked list of nationals.

The manufacture of oxygen in this country for the use of various industries is in the hands of the firm known as Miller Hermanos. The members of this firm are radical totalitarians and Nazis, and are, of course, on the blocked list of nationals. I explained to the Minister that the question of purchasing oxygen from this firm has been discussed with the large American interests here using oxygen, such as the United Fruit Company, the Inter-American Highway, the American Controlled electric corporation, and that they were all considering supplying their necessities by importations from the United States, but that this step would entail delays and much higher prices to be paid. The Minister stated that the Costa Rican Government would be willing to take over this industry either by appointing an inventor to operate it or to purchase it outright, and if the owners opposed one or the other of these steps the Government would expropriate the plant on the grounds of national necessity. The Minister stated that he expects to take steps to carry this out without delay.

The treatment of growers of coffee, sugar and coconuts in this country whose names are on the blocked nationals list was next discussed. The Minister stated that this had been discussed with the President and the Government is prepared to take immediate steps to place all these fincas (farms), sugar mills and coffee beneficios under Government control and operation to the following extent:

Each farm

Each farm or industry in this category will be required to submit a statement of the cost of its monthly operation. This statement will be carefully checked and verified by the appropriate government authorities and each industry or farm will be allowed to draw funds sufficient only to meet this expenditure. The products of the farms or industries will be taken over in their entirety by the Government and disposed of through appropriate government agencies as are at present used for disposing of the crops of the non-listed firms. All income from the operation of these blocked industries and farms, over and above operating costs, will be deposited in the Banco Nacional de Costa Rica, and these funds will be frozen until the close of the war. These steps are considered by the Government to be satisfactory from all view points, namely:

- (a) No real hardship will be suffered by the owner;
- (b) The Government's interest in maintaining employment for the thousands of farm and other workers thus employed will be satisfied;
- (c) Normal economy of the country will not be disturbed, and;
- (d) The plan will safeguard against the misuse of any funds derived from the operation of such farms and industries.

Minister Escalante stated that a separate office would be established under his direction to administer this system of control of the farms and industries in this category.

The Minister stated that the President, as well as himself, desired to assure me that they wish to cooperate with the United States in every way possible to enable us to render effective to the fullest extent the program of hemispheric defense and unity.

DUDLEY G. DWYRE
FIRST SECRETARY OF THE LEGATION

San Jose, Costa Rica.
August 1, 1941.

DGD:mc

Copy: 100-41-2.

TREASURY DEPARTMENT

269

INTER-OFFICE COMMUNICATION

DATE September 19, 1941

TO Secretary Morgenthau.

FROM Mr. Cochran

CONFIDENTIAL

Registered sterling transactions of the reporting banks were as follows:

Sold to commercial concerns	£54,000
Purchased from commercial concerns	£ 5,000

Open market sterling was again quoted at 4.03-1/2. The only reported transaction consisted of £2,000 sold to a commercial concern.

The Canadian dollar discount widened to 11 $\frac{1}{2}$ ¢, as compared with the quotation of 10-5/8¢ that has prevailed during the past few days.

The Argentine free peso, which touched a current low of .2355 at yesterday's close, recovered to .2360 by the close today.

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

Brazilian milreis (free)	.0505
Colombian peso	.5800
Mexican peso	.2070
Venezuelan bolivar	.2755
Uruguayan peso (free)	.4400
Cuban peso	9/16¢ discount

There were no purchases or sales of gold effected by us with foreign countries today.

The Federal Reserve Bank of New York was advised by the Chase National Bank that approximately \$5,600,000 in gold had been shipped by the State Bank of the U.S.S.R. to the Chase National Bank, San Francisco on the S.S. Menjinski; the gold arrived late September 17 and was subsequently deposited in the San Francisco Mint for account of the Secretary of the Treasury. This shipment was the first delivery against the U.S. Stabilization Fund's purchase, on August 16, of \$10,535,000 in gold from the Government of the U.S.S.R., such gold to be delivered within 90 days. At the time of this purchase, the Fund made an advance payment of \$10,000,000 to the Russian Government.

Spot and forward silver were again fixed in London at 23-1/2 ¢ and 23-7/16¢ respectively. The U.S. equivalents were 42.67¢ and 42.55¢.

- 2 -

The Treasury's purchase price for foreign silver was unchanged at 35¢. Handy and Harman's settlement price for foreign silver was also unchanged at 34-3/4¢.

We made no purchases of silver today.

The report of September 10, received from the Federal Reserve Bank of New York, giving foreign exchange positions of banks and bankers in its district, revealed that the total position of all countries was short the equivalent of \$3,904,000, a decrease of \$682,000 in the short position since September 3. Net changes were as follows:

Country	Short Position September 3	Short Position September 10	Change in Short Position*
England**	\$ 268,000 (Long)	\$1,309,000 (Long)	- \$1,041,000
Europe	2,680,000	2,653,000	- 27,000
Canada	19,000	25,000	+ 6,000
Latin America	98,000 (Long)	75,000 (Long)	+ 23,000
Japan	191,000	246,000	+ 55,000
Other Asia	2,148,000	2,378,000	+ 230,000
All others	86,000 (Long)	14,000 (Long)	+ 72,000
Total	\$4,586,000	\$3,904,000	- \$ 682,000

*Plus sign (+) indicates increase in short position, or decrease in long position. Minus sign(-) indicates decrease in short position, or increase in long position.

**Combined position in registered and open market sterling.

 CONFIDENTIAL

CONFIDENTIAL

271

MILITARY INTELLIGENCE DIVISION
WAR DEPARTMENT
Washington, September 19, 1941

TENTATIVE LESSONS BULLETIN
No. 160
G-2/2657-235

NOTICE

The information contained in this series of bulletins will be restricted to items from official sources which are reasonably confirmed. The lessons necessarily are tentative and in no sense mature studies.

This document is being given an approved distribution, and no additional copies are available in the Military Intelligence Division. For provisions governing its reproduction see Letter TAG 350.05 (9-19-40) M-B-M.

OPERATIONS IN GREECE
APRIL 6, 1941 - APRIL 10, 1941

SOURCE

This bulletin, which is the first of a series of three on these operations, is based on a report submitted on April 11, 1941, by an American official observer in Athens.

CONTENTS

1. FORCES
2. PLANS
3. OPERATIONS

CONFIDENTIAL

CONFIDENTIALOPERATIONS IN GREECE¹
APRIL 6, 1941 - APRIL 10, 19411. FORCESa. Greek

In the face of the threat of large concentrations of German troops in Bulgaria, while the bulk of the Greek Army was engaged against a numerically superior Italian army in Albania, the Greeks had manned their defensive works along the Bulgarian frontier eastward to the Nestos River, thence southeastward along that river to its mouth. In addition to fortress troops, the Greeks had placed one division in the area to cover the intervals between strong points. The Greek effectives in this sector totalled about 15,000 men. Much of the Greek artillery was of obsolescent types, and the Greek aviation, equipped with obsolescent planes, consisted of less than 70 serviceable combat planes in all.² With fairly well trained and very intrepid personnel, however, it did its best to oppose the large and excellently equipped German Air Force.

b. German

The exact number and composition of the German forces actually engaged against the Greeks is not known, but they are believed to have consisted of several infantry divisions, at least one of which was a mountain division, heavily supported by artillery, bombers, and some tanks.

The German armored and motorized forces which penetrated to Salonika were not actually engaged with the Greek forces, except for the action at Kilkis.

The Germans are believed to have concentrated at least 1000 combat planes in Bulgaria.³ How much of this formidable air force was employed against Greece during this phase of the operations is not known.

¹Attached to this bulletin is a map which shows the location of all places mentioned in this series of reports on the Greek campaign.

²Some previous losses had been replaced by Gladiator planes received from the British.

³Although other and later reports give the total number of German planes in Bulgaria and Rumania as about 1700, they indicate that the number of planes in Bulgaria alone was not as high as the figure given here. 3-2.

CONFIDENTIAL

CONFIDENTIAL

but a considerable number were so employed in bombing and machine gun attacks on the Greek defensive positions, in bombing attacks on towns and harbors, and in mine-laying operations along the coasts.

2. PLANSa. Greek

Evidently acting on the assumption that German forces would not come through Yugoslavia, either because of that country's neutrality or because Yugoslav resistance would halt any German attack, the Greeks planned to resist a German attack from Bulgaria by means of a series of positions.

The initial line of defense comprised the fortified positions along the Bulgarian frontier, between the southeast corner of Yugoslavia and the Nestos river, thence southeastward along that river to its mouth. The area east of the Nestos river was evacuated by all Greek troops with the exception of several strong points north of Xanthi and north of Komotini. Few troops could be spared to face a threat from this direction since the greater part of the Greek Army was still engaged against a numerically superior Italian army in Albania. The line of the Vardar River was to be a secondary delaying position, if necessary, with the next main defensive line based on the high ground running south-southeast and north-northwest just west of Ekaterini, Verria and Edessa. On and in the rear, or west, of this second line, the British were concentrating troops and supplies.

b. German

The German plan, as can now be seen, was to attack Greece and Yugoslavia simultaneously, by surprise, to contain the Greek forces defending the Bulgarian border-Nestos River line, and to attack heavily toward the west across the southern edge of Yugoslavia, thus separating the Yugoslavs and Greeks and also turning the Greek defensive line.

3. OPERATIONSa. April 6

At about 5:15 A.M., April 6, 1941, the Germans launched their attacks against the Greek positions in three places: in the directions of Komotini, of Xanthi, and astride the Struma River. The main German attack was southward along a front of about 60 kilometers on both sides of the Struma River. At the same time the Germans attacked Yugoslavia westward across the Bulgarian frontier in at least three places, their heaviest attack being directed westward through the Strumitsa Pass, in the southeast corner of Yugoslavia. On this first day the German

CONFIDENTIAL

CONFIDENTIAL

aviation was not particularly active against the Greek front lines, but it bombed Askipolis, Drama, Seres, Vironia, and Alexandropolis.

b. April 7

On April 7, the German attacks against the Greek positions astride the Struma River continued. German troops penetrated Thrace east of the Nestos River, and occupied Drama, Xanthi, and Komotini, although the Greek strong points north of the two latter towns still held out. German forces also drove through the southern edge of Yugoslavia, via Strumitsa, to the vicinity of Lake Doiran.

German aviation was very active in night mine-laying operations outside the mouths of harbors along the Greek east coast as far south as Naplia. A night bombing attack on the port of Piraeus succeeded in setting fire to a British ship loaded with explosives. The explosion of this ship caused considerable damage to the port facilities, rendering the port practically useless, and set fire to and burned at least eight large ships. British aviation shot down six German planes and bombed Berat in Albania, while Greek aviation and antiaircraft fire shot down five German planes. A local Greek counterattack in the central sector of Albania resulted in the taking of 500 Italian prisoners.

c. April 8

On April 8, a German armored division penetrated into Greece from Yugoslavia, just west of Lake Doiran, and later in the day defeated a Greek light motorized force sent to meet it, near Kilkis. In the meantime cavalry penetrated east of Lake Doiran. German attacks, supported by artillery, bombers, and some tanks, continued against the Greek positions along the Bulgarian frontier, without much gain. Some of the Greek forts changed hands several times, finally remaining in Greek hands although they had been practically destroyed by artillery fire and bombs. About 200 German paratroopers, who were dropped in rear of the Greek positions in the Struma Valley, were overcome, 70 being taken prisoner. British aviation carried out night bombing attacks on Sofia and on German motorized columns in the Struma Valley, and also made daylight attacks on Gorna-Djunaya, Simittli, and large motor concentrations in the vicinity of Strumitsa.

d. April 9

On April 9, a German armored division, thought to have been followed by a motorized division, entered Salonika. The city had previously been evacuated of all military personnel and installations, and most of the stores and supplies had been removed or destroyed. Much of the destruction of supplies and facilities was carried out by British military personnel. Local Italian attacks in Albania were repulsed.

CONFIDENTIAL

German planes were again active in night mine-laying operations, particularly in the vicinity of Piraeus. At the same time they dropped a few bombs in that port without adding appreciably to the damage previously done by the explosion of the munition ship. British planes carried out another daylight attack on motorized and armored columns in the vicinity of Strumitsa.

e. April 10

On April 10 the Greek forces in eastern Macedonia and western Thrace - all troops east of the Vardar River - capitulated, after having resisted for four days the heavy German attacks which were supported by artillery, planes, and tanks, and after having been completely cut off by the German penetration to Salonika. It is believed that some of these forces escaped to islands off the coast just prior to the capitulation, but the number who did so is not known. The Greek forces in this sector, consisting of about a division plus the detachments manning the fortresses and strong points, totalled about 15,000 effectives. At this same time German armored and motorized units were known to be concentrating in the vicinity of Monastir in Yugoslavia. British planes machine-gunned a motor column near Kilkis and bombed motor concentrations and bridges near Axioupolis.

f. General

The amount of German losses in men and materiel during this phase of operations is not definitely known, but there is reason to believe that they were comparatively heavy in the areas along the Bulgarian frontier, where determined attacks were made against the Greek fortified positions. The Greek troops apparently knew that their fate was sealed and they evidently put up a determined resistance right to the end.

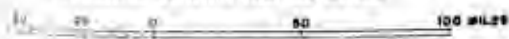
There were no British ground troops engaged in this phase of the operations.

On the whole, the damage done by British aviation to German motor columns and concentrations is not believed to have amounted to a great deal, due to the fact that the British had only about a hundred planes in Greece.



Map of Greece

Showing names mentioned in Tentative Liaison Bulletins Nos. 160, 161, 162



RESTRICTED

G-2/2657-220; No. 497 M.I.D., W.D. 11:00 A.M., September 19, 1941

SITUATION REPORTI. Eastern Theater.

Ground: German troops have secured a foothold on the Baltic island of Oesel, at the mouth of the Gulf of Riga.

Strong Finnish attacks are in progress on Russian territory to the east of Lake Ladoga. These attacks are making progress in the direction of Petrozavodsk. Advanced units had reached on September 16 the area 10 miles west of Pryasha (25 miles southwest of Petrozavodsk).

Heavy fighting continues on the Leningrad front. German forces attacking the city from the south appear to have reached in one sector, a point $6\frac{1}{2}$ miles south of the center of the city.

The German High Command confirmed publicly on September 19 the recently circulated unofficial reports that large Russian forces had been surrounded in and to the east of Kiev. The enveloping German wings met six days ago at a point 15 miles northeast of Lubny.

German forces of the Army group of Field Marshal von Rundstedt are approaching the important Ukrainian city of Poltava.

Other German forces advancing from the lower Dnepr bridgeheads of Nikopol and Berislav are approaching the Kharkov—Crimea railroad.

The German High Command announces that the following casualties were suffered by the German Army and Air Force in the Russian campaign up to August 22: Army: 84,354 killed, 292,690 wounded, 18,921 missing - Total 395,965. Air: 1,542 killed, 3,980 wounded, 1,378 missing - Total 6,900. Grand Total of Casualties: 402,865.

Air: German communique reported heavy attacks on Leningrad, Moscow and Odessa.

II. Western Theater.

Air: No activity reported.

III. Middle Eastern Theater.

Ground and Air: Nothing of importance.

RESTRICTED

TREASURY DEPARTMENT

278

INTER-OFFICE COMMUNICATION

DATE September 20, 1941

TO Secretary Morgenthau

FROM Mr. Cochran

STRICTLY CONFIDENTIAL

When the Secretary telephoned the Treasury at 10:30 this morning I told him briefly that I had obtained the deposit to his account with the Mint in San Francisco of the \$5,600,000 of Russian gold. I explained that the Soviets had not given instructions to the Chase to the effect that this gold was to be turned over to the Treasury, but, on the contrary, had instructed the Chase to sell the gold and put the proceeds to the account of the Soviets with the Chase Bank in New York. The Charge d'Affaires explained to me that there had been some delay in instructions, and he straightened the matter out through the Amtorg after our representations to him. I let the Secretary know that the check had actually been issued by the Mint to the Chase Bank and that their representative in San Francisco was at the Wells-Fargo office, ready to make the telegraphic remittance, when I intervened to have the check returned to the Mint and canceled, and the gold held on deposit for the Treasury. The Secretary thought it was important that this gold was turned over to us to apply on the transaction which we had consummated with the Soviet Embassy, particularly in view of the announcement which the Secretary had given to the press in regard to his forward purchase of Russian gold, which announcement was made almost simultaneously with the arrival of the gold in question at San Francisco.




September 20, 1941

Files

Mr. Cochran

Mr. Bernstein today brought to my office Mr. Andrade, President of the Portuguese Purchasing and Trade Commission. Mr. Andrade stated that his Government was purchasing silver on this market for shipment to Portugal. They are working through the Chase Bank. Mr. Andrade thought that he would be able to procure a navicert for the shipment, but came in to inquire whether there was any danger in the price of silver going upward during the period which might be involved in getting the navicert. If there was such risk, he may advise that the Chase go ahead and purchase the silver before the navicert is obtained.

I told Mr. Andrade that the price of silver, so far as the Treasury is concerned, is fixed daily. I pointed out that this price is for foreign silver only. Naturally, I explained to him, the Chase would not be buying domestic silver since its price is more than double that of foreign silver offered on this market, and is fixed by law. I let Mr. Andrade know that the foreign demand for silver for coinage and domestic and foreign demand for silver for industrial purposes have increased to such an extent that more and more of the foreign silver on our market is being diverted from the Treasury to other purchasers. Naturally a movement of this sort might eventually push the market price for silver above the price of 35 cents which the Treasury is now paying. I told him that we had been paying this same price since June, 1939. I reiterated that no assurance could be given as to what the Treasury price might be on any day.



FOR DEFENSE

BUY
UNITED
STATES
SAVINGS
BONDS
STAMPS

FIELD ORGANIZATION *News Letter*

DEFENSE SAVINGS STAFF

280

TREASURY DEPARTMENT, WASHINGTON, D. C.



September 20, 1941

Number 18

TO THE FIELD STAFF:

BUY A BOND A MONTH

This program of systematic investment is being used in numerous places. Financial institutions are making such a plan available to depositors. Firms with payroll allotment plans are making this possible for those who wish to allot as much as \$18.75 a month for Defense Savings. Leaders of labor report that this suggestion has been made with fine reception to members of locals. Well known national business groups have urged members to follow this plan.

An individual's personal financial program can be well served by the regular monthly purchase of a Bond. A Bond purchased each month for \$18.75 matures each month ten years hence and thus takes the form of an annuity. It may be used for education of children; and to meet other specific obligations of the future.

Best of all, the Bonds purchased today will be a reserve for any financial uncertainty of the future. Guaranteed by our Government, by the morale and strength of one hundred and thirty million people, these securities will bring pride and peace of mind to every owner.

There are several million Americans who will welcome the opportunity to BUY A BOND A MONTH, if they are educated properly and if they understand that there is a convenient method of purchase available. The latter is our job.

The plan of BUY A BOND A MONTH, or as often as possible, should be a key note of our efforts for Defense Savings.

Sincerely yours,

GALE F. JOHNSTON

Field Director, Defense Savings Staff

FIELD ORGANIZATION NEWS

New Honorary Chairman

In Texas, Governor W. Lee O'Daniel, Honorary Chairman of the Texas Committee has resigned following his election to the United States Senate. He has been succeeded by Governor Coke R. Stevenson former Lieutenant Governor of the State.

California Organization Taking Shape

Two Committees - one in the Northern and one in the Southern parts of the State - will be in charge of the Defense Savings Program in California.

The Southern California Committee will be under the Chairmanship of J. R. Richards, member of the firm of Hill & Richards, investment bankers of Los Angeles, and member of the Metropolitan Water Board of Southern California.

State Administrator for Southern California will be Howard D. Mills, Los Angeles representative of Lionel D. Edie Company, investment counselors.

Headquarters of the Southern California Committee are at 612 South Spring Street, Los Angeles.

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AVAILABLE: Back issues of the Field Organization News Letter. Send requests to the Defense Savings Staff Headquarters in your State or to the Office of the Field Director, Washington, D. C.

M A S S A C H U S E T T S
Publicity Program Progresses— Salary Allotment Well Received

BASEBALL DEFENSE BOND DAY was celebrated with appropriate ceremonies in Boston, Pittsfield and Springfield. In Boston children with \$1. worth of Defense Stamps were admitted free of charge . . . Defense Bonds were awarded to players who hit home runs . . . In Springfield 10 Bonds were used as attendance prizes . . . Legion Bands and boy scouts provided music and "color".

ON HISTORIC BOSTON COMMON, a "Treasury House" is now drawing the attention of thousands daily to the Defense Savings Program. (Pictures in next issue). An estimated 25,000 attended the ceremonies there on September 7 in connection with "Inter-Faith" day.

SECRETARY MORGENTHAU addressed the Advertising Club of Boston on September 9 at a large meeting which was attended by a substantial number of city and town Defense Savings Committeemen. The Secretary's address, "The Fight Against Inflation," will soon be available in printed form and will be distributed widely among owners of government securities and other groups, including, of course, the field staff.

THE INSURANCE DIVISION of the State Committee has arranged for the active participation of insurance men in the salary allotment program.

SALARY ALLOTMENT plans are being studied and adopted by many Massachusetts firms. As reported in a previous News Letter (Number 13, August 16) practically all public utilities in the state have adopted such plans, Samuel T. MacQuarrie, of the Boston-Edison Company, rendering yeoman service to the Program in this connection.

OTHER CONCERNS which have adopted allotment plans include:

Alberta Shoe Company, Middleboro
American Stevedoring Company, Boston
Fabian Woolen Mills, Medway
Globe News Company, Boston
Hotel Lafayette, Boston
Hotel Lincolnshire, Boston
Lawton-Hevessy Company, Boston
Medway Mills, Medway
Medway Shoe Company, Medway
Package Machinery Company, Springfield
R. K. O. Theater, Boston
Sadie Kelley Restaurants, Boston
C. H. Tenney & Company, Boston
United Carr Fastener Corporation, Cambridge

TO STIMULATE INTEREST in Defense Savings the 240 employees of the H. A. Johnson Company, Boston, have been divided into six groups each headed by a Defense Savings chairman. The Company has started each employee with a \$.25 stamp in a stamp album and offers to fill the last four spaces with stamps when the employee has saved \$17.50 toward the purchase of a \$25 bond.

MONTANA

Many Groups Participating-Local Committee Holds Big Rally

ALL OF THE 56 COUNTIES of the state now have Defense Savings Committees.

SPLENDID RECEPTION of the salary allotment plan by state government employees has paved the way for its presentation to city and county employees and this is now being done.

AN ORGANIZED CAMPAIGN to secure the participation of every Junior Chamber of Commerce member in the State of Montana in the Defense Savings Program is now underway. George Graham, Montana State President of the Jaycees has appointed George O. Huston Chairman of this campaign and Mr. Huston has asked local chapters of the organization to (1) appoint Defense Bond Committees; (2) post sheets with members' names, on which each member will check each time he purchases a bond (amounts invested not to be entered); (3) maintain a confidential register of the amount invested by members in Defense Bonds in order that monthly reports on the total purchased can be made to members; and (4) make summary reports each month beginning October 1, to the State headquarters giving the percentage of members participating and the total amounts purchased.

PRODUCTION CREDIT ASSOCIATIONS in Montana are giving the Program valuable support. There are about a dozen such offices in the state and all of them are handling Defense Savings Stamps and are assisting members who desire to do so, purchase Defense Bonds.

SUBSTANTIAL INVESTMENTS in Defense Bonds have been made by the Scandinavian Fraternity in Montana and the Croatian Brotherhood of Montana.

AN ATTENDANCE PRIZE of one \$25 Defense Bond is given each week by the Kiwanis Club of Great Falls, Montana.

MORE THAN 300 persons attended the public meeting which launched the Defense Savings Program in Great Falls, Montana. More than 200 organizations were invited to send representatives to this meeting which was held at the Civic Center. Inspirational and technical addresses, a question period, and group singing ("Any Bonds Today?") made up the program. Applause was generous throughout the evening. The Great Falls Tribune, commenting editorially upon this meeting said:

"Anyone who attended the large meeting at the Civic Center, to explain the Defense Bonds and Stamps that are to assist the National Defense for the whole country, will have no doubt about what Great Falls intends to do....It will buy these baby bonds - plenty of them. It will buy the Defense Stamps - thousands of them....It was a real assuring meeting."

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COW GIRLS ENTERTAIN AT DEFENSE BOND RALLY



Miss Mary Jane Hill and Miss Betty Crenshaw at the shops of Atlanta Gas Light Co., where at 7 a. m., J. Arch Avary, Jr., State Chairman for Salary Allotment plan addressed 300 workers on the plan.

Below: H. Carl Wolf, President Atlanta Gas Light Co., at piano; Marion H. Allen, Georgia State Administrator; Miss Betty Crenshaw and Miss Mary Jane Hill, employees, singing during a company Defense Bond rally.

ONE OF OUR YOUNGEST BOND OWNERS

Right: Royce G. Kerstow, Jr., of Atlanta, Ga., is shown here with his nurse when his age was reckoned in hours, and when he was probably the Nation's youngest possessor of a Defense Savings Bond—the gift of the men working with his daddy, an official of the arm building the Army's Conley depot.



TRUCKS CARRY DEFENSE MESSAGE THROUGH POPULOUS NORTHERN NEW JERSEY



Lined up here in the yard are some of the 50 trucks of Congoleum-Nairn, Inc., which are carrying Minute Man posters through one of the most densely populated sections in the country.

F L O R I D A
Many Organizations & Firms Cooperating

REPORTS FROM FLORIDA indicate that many organizations are lending their support to the Defense Savings Program. A few examples:

Every member of the Winter Haven Lions Club buys at least one Defense Stamp each week at the clubs luncheon meeting where stamps are on sale.

The annual Labor Day Open House of the St. Petersburg Lions Club featured the awarding of \$650 in Defense Bonds as prizes.

The educational fund of the Business & Professional Women's Club of Jacksonville has been invested in Defense Bonds.

A Defense Savings Stamp booth is the "project" of the Junior Chamber of Commerce of Clearwater.

Investment of reserve funds of the Elks Lodge of Daytona in a \$500 Defense Bond brought matching purchases by three individual members and purchase of \$100 Bonds by several others. Result: \$3500 invested in Defense Bonds at this one meeting.

SALARY ALLOTMENT for Defense Savings continues to gain new adherents:

First non-banking concern in the state to report 100% participation in an allotment plan is the Central Florida Gas Corporation of Winter Haven.

All employees of the American National Bank of Winter Haven and the First National Bank of Kissimmee are enrolled in Defense Saving allotment plans.

First newspaper in state to install an allotment plan is the Orlando Sentinel Star. Martin Anderson publisher of this paper is an enthusiastic backer of the program.

The Florida Section, American Road Builders Association has urged all of its members to install allotment plans and has issued a special bulleting on Defense Savings.

OTHER HIGHLIGHTS:

Bonuses are being paid half in cash and half in Defense Bonds and Stamps by the Duval Jewelry Company of Jacksonville.

The Facker Poster Company, operating outdoor advertising throughout Florida, has donated 24 poster boards to the Defense Savings.

Practically all Poles in Florida are buying Defense Stamps. In the Polish Community of Korona, in Flagler County, Mr. S. Trojan visits each family regularly with information about the Program and a supply of stamps so that he is at all times ready to "close a deal."

Highlights From Other States:

ARKANSAS

FOLLOWING A TOUR of 11 counties, State Administrator Roy G. Paschal and Deputy Administrator C. K. Wilkerson announced that they had virtually completed organization work in the more populous counties and were proceeding to form Defense Savings Committees in the other 64 counties of the state.

"We found the people in the rural sections just as anxious to participate in the savings program as those in the larger cities," reports Administrator Paschal. "Citizens everywhere are exhibiting an excellent spirit of cooperation."

DEFENSE BOND RALLIES have been held in Booneville, Paris, Hughes and Forest City and many others are being scheduled for the near future.

SCHOOL CHILDREN throughout the State are to form "Defense Savings Thrift Clubs." Educational authorities have indicated their desire to cooperate fully with the Defense Savings Program.

DEFENSE STAMPS ARE PRIZES in the circulation contest of the Southwest American and Times Record newspapers in Fort Smith.

A SOUTH DAKOTA RESIDENT, Alexander McIntosh of Mitchell, S. D., passed through Blytheville, Arkansas recently and purchased a \$100 Defense Bond. He is on an extended tour of the country and plans to buy a Defense Bond in each of the 48 States.

VERMONT

EVERY COUNTY in Vermont now has a functioning Defense Saving Committee.

PAYROLL ALLOTMENT plans have been established in most of the leading industries of the state.

ALL COUNTY FAIRS in Vermont this year including the famous "World's Fair in Miniature" at Tunbridge had information booths for Defense Savings and at the Rutland Fair and Champlain Valley Exposition Bonds as well as Stamps were sold.

EVERY HOUSEHOLDER in Burlington and Winooski has received Defense Bond leaflets delivered by carriers of the Burlington Free Press. This paper has also launched a subscription contest in which Defense Savings Stamps are to be awarded as prizes.

PAYROLL ALLOTMENT FOR BUSINESS AND INDUSTRY
PAYROLL ALLOTMENT FOR CITY EMPLOYEES
RETAIL SALE OF DEFENSE SAVINGS STAMPS
INFORMATION
SPEAKERS BUREAU

} These are the assignments of
} the principal subcommittees
} of the newly organized Defense
} Savings Committee for the city
} of Burlington, which is under

the Chairmanship of Bart F. Garrity, Manager of the Metropolitan Life Insurance Company.

TRIPPLICATE CALVES CALL ATTENTION TO DEFENSE SAVINGS POSTER



"Kate," "Duplicate" and "Triplicate" leading attraction at this year's Indiana State Fair pose for their picture to help focus attention upon Defense Savings

COLORFUL DEFENSE SAVINGS FLOATS IN RODEO PARADES

Left: Float entered in the "Ski-Hi Stampede" at Monte Vista, Colo., by Farmers and Merchants Bank.



Two views of the float entered in this year's "Go Western" parade in Billings, Mont., by the Security Trust & Savings Bank of that city. W. B. Vaughn, officer of this bank is the Chairman of the Defense Savings Committee for Yellowstone County.

BIG C. I. O. UNION ENDORSES DEFENSE SAVING

Solidly behind the Defense Savings program of the U. S. Treasury, 120,000 workers of the United Electrical, Radio and Machine Workers of America went on record at their recent convention in Camden, N. J.

The resolution of support for the program, passed by 1100 delegates after an address by Roy Small, conciliator of the union, follows:

"Whereas the purchase of Defense Savings Bonds constitutes a patriotic duty of the highest order, and such bonds are a safe investment and thus admirably adapted for the reserve funds of unions and individual members, and

"Whereas Defense Savings Bonds are also obviously a splendid financial backlog for members and their families against any post-emergency readjustments:

"Be it Resolved that the United Electrical, Radio and Machinery Workers Union of America in convention assembled does hereby endorse and encourage the purchase of Defense Savings Bonds by its members and from the reserve funds of the international and the local unions, and

"Be it Further Resolved that we emphatically endorse the policy of the Treasury Department of the United States in insisting that all such purchases shall be on a voluntary basis; that we deplore and condemn any effort from any source or of any character to depart from this principle and that, with respect to payroll allotment plans, such as have been endorsed by the Treasury Department and already put into effect by mutual agreement between unions and employers, we endorse such plans, provided they are instituted through voluntary action by the local unions."

LABOR UNIONS PURCHASE DEFENSE BONDS

Some Recent Reports:

Seattle Butchers. - Local #1, Amalgamated Meat Cutters and Butcher-men's Union - \$35,000.

Wilkes-Barre Brewers. - Local 136 of the Brewery and Soft Drink Worker's International Union of Wilkes-Barre - \$5,500.

Memphis Musicians. Memphis Federation of Musicians, A. F. of M. - \$5,000.

Philadelphia Clothing Workers. Philadelphia Joint Board of Amalgamated Clothing Workers of America and Amalgamated Centre, Philadelphia, - \$50,000 each.

South Bend Auto Workers. Studebaker Local #5, United Automobile Workers - \$10,000 (the Union's strike fund).

OREGON BANKS 100%!

As this News Letter "goes to press" a wire from Ted R. Gamble, State administrator for Oregon informs us that all of the 27 National banks and 46 STATE chartered commercial and savings banks have qualified as issuing agents for Series E Bonds.

Oregon thus becomes the second state (Nevada was the first) in which all banks have assumed the duties of issuing agents for Defense Bonds.

♦ ♦ ♦ ♦ ♦

OTHER BANK NEWS

***In 33 of the 62 counties of New York State all banks have qualified as issuing agents and there are 17 other counties which are only one bank short of the 100% mark.

***Many banks this year will distribute "Christmas Club" checks with a letter suggesting that at least a portion of sums accumulated for Christmas gifts be invested in Defense Bonds, "in the future of yourself and your country". . . . The "Christmas Club," a corporation, 341 Madison Avenue, New York City is now advertising to bankers the availability of its "Defense Savings Bond Club" materials which many banks are using to encourage systematic, weekly saving to purchase Defense Bonds.

***The August issue of Savings and Loans, monthly magazine of the American Savings and Loan Institute is devoted almost entirely to the Defense Savings Program. The President, Vice-President and Second Vice-President all contribute articles on this subject; other articles discuss the mechanics of handling bond sales, the sale of Defense Stamps, the salary allotment plan, and installment sale of Defense Bonds through "member share accounts"; and three pages of pictures illustrate the way in which Savings and Loan Associations are advertising Defense Bonds.

***Monthly Statements of the First National Trust & Savings Bank of San Diego, California now carry the message:

"Support your Government . . .
Buy Defense Bonds, Stamps, and Tax Notes."

***The Rochester Savings Bank of Rochester, New York, has announced that it is prepared to cooperate with employers in operating payroll allotment plans for the purchase of Defense Bonds. During World War I, this bank sold more than \$10,000,000 worth of Liberty Bonds to more than 125,000 subscribers through weekly payroll allotments and after the war continued to operate salary allotment savings plans.

***Every one of the 629 employees of the Citizens Southern National Bank of Atlanta, Ga., (branches in 14 other cities) has invested in Defense Bonds or Stamps.

DEFENSE SAVINGS ON THE AIR
Radio Programs For Coming Week

Tuesday, Sept. 23 FOR AMERICA WE SING 7:30-8:00 P. M. (EST)
NBC Blue Network

Symphony Orchestra conducted by Dr. Frank Black with the NBC Choir.
GUEST STARS: Rose Hampton and Robert Weede.

* * * * *

Wednesday, Sept. 24 MILLIONS FOR DEFENSE 8:00-9:00 P. M. (EST)
CBS Network

With Barry Wood, Al Goodman and his Band and Ray Block's Choir.
AN ESPECIALLY FINE PROGRAM is being planned for this, the final
program in the 13 week series contributed to Defense Savings by
the Texas Company. Next week the Treasury Hour begins a new
series of 13 programs under the sponsorship of the Bendix Avia-
tion Corporation. The new series will be heard on Tuesdays,
instead of on Wednesdays, and will be aired over stations of the
NBC Blue Network.

* * * * *

Saturday, Sept. 27 AMERICA PREFERRED 8:30-9:00 P. M. (EST)
Mutual Network

Symphony Orchestra conducted by Alfred Wallenstein. Commentator
Deems Taylor.

* * * * *

Sunday, Sept. 28 MILLIONS FOR DEFENSE 5:00-6:00 P. M. (EST)
WORL Boston

This is the 15th consecutive production of Boston's own "Treasury
Hour". It is produced by radio station WORL in collaboration with
Internal Revenue Collector, Thomas B. Hasset and State Administrator
Daniel J. Doherty. The broadcasts, which are devoted entirely to
stimulating interest in Defense Savings, include guest stars, guest
orchestras and brief addresses by leading citizens and public officials
on some phase of the Savings program. Broadcasting facilities,
services of artists, speakers and radio time are all donated as a
public service.

* * * * *

719 times a week, the Summerfield Company of Boston makes an appeal
to its radio audience to buy Defense Savings Bonds and Stamps. This
store also gives Defense Stamps with every purchase.

TREASURY HOUSE IN HEART OF NEW YORK

Right: Crowds thronging the Plaza of Rockefeller Center in New York City at the opening of Treasury House there.



Left: Mrs. Lytle Hull, Vice Chairman of the State Defense Savings Committee for New York, cuts the ribbon to open Treasury House officially. With Mrs. Hull are (left to right) Wendell L. Willkie, principal speaker at the opening, Richard C. Patterson, Jr., Chairman of the State Committee, and C. Newbold Morris, President of the City Council.

WORLD'S LARGEST BILLBOARD GETS NEW SLOGAN



For many years this billboard in New York's Astor Place advertised "The Pause that Refreshes," and other well known slogans. Today it has a new message

U. S. GOVERNMENT PRINTING OFFICE: 1941 - 20-00000

BIG INCREASE IN SALES OF DEFENSE STAMPS
DURING MONTH OF AUGUST

The following statistics on the sale of Defense Savings Stamps for the months of May, June, July and August were released by the Secretary of the Treasury, September 11:

NUMBER OF UNITS SOLD

<u>Denomination</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>
\$.10	2,536,000	1,594,000	1,625,000	2,426,000
.25	5,364,000	5,728,000	7,341,000	9,856,000
.50	1,213,000	875,000	1,038,000	1,209,000
1.00	698,000	468,000	533,000	661,000
5.00	<u>115,000</u>	<u>61,000</u>	<u>48,000</u>	<u>56,000</u>
Total	9,926,000	8,725,000	10,584,000	14,208,000
Total Value	\$3,475,000	\$2,802,000	\$3,288,000	\$4,251,000
Total Four Months				\$13,817,000

Statistics on the sale of Defense Stamps during September, which will reflect the tremendous effort of retail merchants during "Retailers for Defense Week" and also the opening of the school year, will be given to the field staff just as soon as they become available.

* * * * *

TRADE ASSOCIATIONS LEND A HAND

HUNDREDS OF NATIONAL AND REGIONAL trade associations have cooperated with the Defense Savings Program by distributing to their members a folder entitled:

"6 WAYS FOR AMERICAN BUSINESS TO COOPERATE IN
THE SALE OF DEFENSE SAVINGS BONDS AND STAMPS"

Briefly, this folder, which was announced to national and regional trade associations some time ago, suggests that business can do the following things: (1) distribute literature; (2) display posters; (3) give space to Defense Saving in regular advertising; (4) sell Defense Stamps; (5) pay bonuses in Defense Bonds and Stamps; and (6) with the cooperation of and upon the initiative of their employees install and administer salary allotment plans.

The folder includes a post card order form for regular Defense Saving pamphlets, posters, retail store display pieces, and payroll allotment material. Business firms in all parts of the country are now sending these order cards in to the Washington headquarters of the Defense Savings Staff. After these orders are filled State Administrators will be notified in order that they will have a record of the firms in their state which have in this way indicated their desire to cooperate with the program.

BREAD CAST UPON THE WATERS!

One Hundred Million loaves of bread will carry wrappers reminding all who see them to Buy Defense Bonds! The Ward Baking Company of New York, with distributing points throughout the country, has placed an initial order for bread wrappers on which there is printed an appeal to invest for defense.

AND ON PAPER BAGS

Dry Cleaning Establishments throughout the Southeast which purchase their garment bags from the Atlanta Paper Company will help boost the Defense Savings Program. All such bags printed by the Company now carry a large shield with the slogan, "For Defense: Buy U. S. Defense Savings Bonds and Stamps."

MINIATURE MINUTE MAN POSTERS

Stickers about the size of postage stamps carrying the Minute Man and the Slogan "For Defense — Buy United States Savings Bonds and Stamps" have been manufactured in large quantities by the Oberly and Newell Lithograph Corporation of New York City for distribution to its customers. On these stamps the Minute Man appears in blue on a red background and the stamps has a wide gold border — a very effective color combination.

Printers throughout the country now have (or can secure from the Government Printing Office) the two-color electros to print the official Minute Man poster. (See News Letter, July 19, page 13.) Printers should encourage their customers to use the poster on all kinds of printed material — direct mail circulars, stationery, blotters, desk pads, house organs, menu cards, etc., etc.

* * * * *

TWO NEW DEFENSE SAVINGS FOLDERS AVAILABLE

"Invest in Freedom for the Future — Buy U. S. Defense Savings Bonds"

This folder is designed primarily for farmers. On the cover is a photograph of a man in overalls pitching hay. Other photographs and the text point up the difference between the peaceful American countryside "where freedom reigns", and the European scene where prisoners of war work in the fields under the shadow of Nazi guns and Nazi soldiers.

"How you Can Buy a Share in America"

This folder is printed in red, white and blue and is attractively illustrated with sketches and photographs. It was designed originally for use in the direct mail sales campaign for Defense Bonds. Now available for general distribution.

SOMETHING NEW IN ADVERTISING! INDUSTRIES COOPERATION SERIES POSTERS

FOR A RAINY DAY



UNITED STATES
DEFENSE BONDS
AND STAMPS

AS ADVERTISED BY
Rude - THE COMIC WEEKLY

DISTRIBUTED THROUGH 15 GREAT SUNDAY NEWSPAPERS

ELSIE SAYS:
*"If it's Uncle Sam's,
it's got to be good"*



UNITED STATES
DEFENSE BONDS
AND STAMPS

★ *Borden's* ★

A new series of Defense Savings posters similar to these will soon be appearing in stores and shops throughout the land. At the suggestion of H. Paul Warwick, consulting expert, Defense Savings Staff, some 25 of America's larger advertisers are jointly sponsoring these posters, each of them printing and posting 50,000 copies. Note how, in each case, the company's slogan serves to advertise Defense Bonds.

So that FREEDOM may



UNITED STATES
DEFENSE BONDS
AND STAMPS

AS ADVERTISED BY
**SHERWIN-WILLIAMS
PAINTS**

A THRIFTY PURCHASE

U.S. DEFENSE
BONDS
AND STAMPS
SOLD HERE



UNITED STATES
DEFENSE BONDS
AND STAMPS

NUCOA

QUOTABLE QUOTES:

"Any systematic savings plan is worthwhile at any time, but during the existence of a national emergency it becomes a necessity as well as a virtue. Every sacrifice we make for saving toward national defense makes the necessity of other greater sacrifices more remote."

- Hon. Harry S. Truman,
United States Senator from Missouri.

"You should buy these Bonds and Stamps, not once but regularly, to the limit of your ability in order to be a good civilian soldier, not in uniform, but doing your full duty behind the lines.

"In purchasing Defense Savings Bonds and Stamps in accordance with a well laid out plan of your own and consistently carried through, you will accomplish four worthy objectives:-

- "1. You will be doing your duty as a good American citizen. . .
- "2. You will be developing a habit of thrift. . .
- "3. You will be making your contribution to the national cause by saving, . . . thus cooperating with your Government and with business to avoid inflation.
- "4. You will be protecting yourself and making a substantial contribution toward solution of the great problems that will confront us all in the post-war period. . .

"These four worthy objectives should actuate you to commence at once and continue the purchase of U. S. Defense Savings Bonds and Stamps in accordance with a definite plan and to the maximum of your ability."

- A. W. Hawkes, President,
Congoleum-Kairn, Inc.

"DON'T CUT YOUR OWN WAGES! Prices are largely fixed by demand for goods. If demand is too high, supply will be short and prices will rise. . . A high price in one line is quickly reflected in other lines. The result is higher prices for everything. . . All of us in the Potlatch family are part of the American buying public and we shall do well to remember that every time we buy anything we do not need, we are cutting our own incomes by helping to boost prices upwards. . . Each of us should save a substantial amount of our present income each month - and loan our surplus funds to our country by buying Defense Bonds."

- C. L. Billings, General Manager
Potlatch Forest, Inc.

"Two kinds of bonds share the world's attention these days - the bonds of slavery and the bonds of freedom. Yours is to choose while we still can choose. Much of the world cannot. Buy United States Defense Bonds - freedom's greatest protection."

- Citizens National Trust & Savings
Bank of Los Angeles.

COPY

By Safe Hand

W.T. 1016/45/41

BRITISH EMBASSY,
WASHINGTON, D.C.
September 20, 1941

CONFIDENTIAL

Dear Cochran,

I wrote to you on September 10th passing on some information about the German-Argentine clearing which had been sent to us from our Buenos Aires Embassy. I think you will be interested to read some further observations on this matter which have now reached us from the same source.

" With regard to the estimate of from 60 to 100 million pesos, that several leading bankers here had given to me as being owed by Germany to the Argentine at the outbreak of war, a statement appears in the Annual Report of the Central Bank for 1939 that "while no definite figure could then be calculated because of pending operations, nevertheless, it could be stated with a sound basis that in no case could the balance on one side or the other be of any importance." In June, last year, the head of the Argentine Exchange Control made a similar statement to the Commercial Department of this Embassy.

The official referred to said that "in order to keep the clearing as nearly square as possible, export permits from the Argentine to Germany were controlled within the limits set by the value of import permits for German goods, allowance being made for seasonal movements." In this connection, it should be noted that the Argentine export season is the first half of the year. The import permits correspond to orders placed in Germany. I have been told that in this way, the big debt to the Argentine arose, since (it is said) deliveries of goods ordered in the months preceding the war fell heavily behind, while the exports had kept up.

Where the truth rests, is hard to say. It would appear, anyhow, from the intercept mentioned in my previous letter, that whatever debt to the Argentine there were, had been paid off by June of this year and a credit in favour of Germany had accumulated.

There is the further evidence (not absolute) given in my said letter, of the increase in growth of this German credit, to some 13 million R.M. as at about 21st August last. For practical purposes, it is this balance that may be a cause of anxiety, in view of the dangers of pesos being conceded to the Germans against it.

Mr. Merle Cochran,
U.S. Treasury Department,
Room 279,
Washington, D.C.

/ It has

September 20, 1941

- 2 -

"It has been suggested that part of the two credits of 1 1/4 million R.M., mentioned in my previous letter, might be for the upkeep of the Graf Spee sailors.

With reference to the calculation of 609,000,000 pesos given in my previous letter as the gold or free exchange holding abroad, of the Central Bank, you will doubtless observe that this is some 200,000,000 over the published figure, which was 415,000,000 pesos on 31st July last. (This 415,000,000 is, of course, additional to the 1,071,000,000 pesos gold held by the Bank here).

I have been seeking for an explanation of this apparent discrepancy of 200,000,000. It doubtless lies in an unpublished item - really a hidden reserve - of gold and free exchange, held by the Central Bank as cover for "Certificates of custody of gold and exchange," issued to the trading banks here under rules published on 16th March, 1937, against surplus currency deposited by them. The Central Bank agreed, under these rules, to keep 100% cover in gold and foreign exchange, for the certificates.

So anxious have the Central Bank been lately to keep these gold and exchange holdings secret, that they asked the trading banks not to mention their individual holdings of the corresponding certificates in the periodical finance statements published by the banks, as so long as this information were so published, anyone could add up the figures and see the total foreign holding of the Central Bank.

It is just possible that some of the Government's exchange profits may also be included in the 200,000,000 pesos referred to, but this is not likely, as it is thought that all these profits have been used up to cover the Government losses on crop purchases. "

Yours sincerely,

/s/ R. J. Stopford.

Mr. Merle Cochran.

EJ

PLAIN

Hong Kong via N. R.

Dated September 20, 1941

Rec'd 7:10 a.m., 23d

Secretary of State,
Washington.

374, Twentieth.

FOR SECRETARY OF TREASURY FROM FOX.

"For your information following cable from Shanghai received by Stabilization Board from local office of Great Northern Telegraph Company, a Danish communication corporation.

'Please personally approach Chinese Currency Stabilization Board at Hong Kong and explain that order enable us liquidate our international telegram accounts our company maintains account in United States dollars with Chartered Bank on which we operate through banks Shanghai office. Company now desires to pay into said account United States dollars amount received from Moscow through Moscow Narodny Bank Shanghai for which purpose Chartered Bank states they require permit from Board which please ask Board kindly wire direct to bank viz permission for Chartered Bank to receive foreign
currency

-2- #374, September 20, from Hong Kong via N. R.

currency from Great Northern Telegraph Company for credit to company's foreign currency account for settlement of international telegram accounts Poulsen'.

Board reply as follows:

Stabilization Board of China sees no objection and interposes none in transfer at Shanghai of United States dollars from Moscow Narodny Bank to Chartered Bank for account of the Great Northern Telegraph Company. Board assumes that in making payments out of foreign currency deposits the bank will comply with United Kingdom and United States Treasuries freezing regulations'".

SOUTHARD

RR

EJ

GRAY

Hong Kong via N. R.

Dated September 20, 1941

Rec'd 2:05 a.m., 23d

Secretary of State,
Washington.

375, September 20, noon.

STRICTLY CONFIDENTIAL TO THE SECRETARY OF
THE TREASURY FROM FOX.

One. Hall-Patch and I have reviewed the Treasury's reply of September 15th to last plan. Joint statement being drafted at an early date.

Two. After reviewing London's reaction to last plan, we agreed that ten days allowed to elapse without news or action especially before inaugural meeting of commission. This meeting makes most inadvisable any serious modification of your policy committee (?).

Three. Am submitting draft of special instructions which I hope Hall-Patch and I can agree on over week-end for transmission to Washington and London. Leaving Monday for Chungking with Bontz and Hewlett. Will probably be gone a number of weeks (?) messages should be sent direct to me at Chungking without repeat at Hong Kong.

Four.

-2- #375, September 20, noon, from Hong Kong
via N. R.

Four. Have a letter from Kung in which he states, referring to personnel of Central Bank of China: "I shall make adjustments necessary to assure its efficiency". It would be highly desirable if joint policy committee idea be pushed during next few weeks while I am in Chungking. Am more than ever in favor of it.

SOUTHARD

RR
HSM

RS

PLAIN

Hong Kong via N.R.

Dated September 20, 1941

Rec'd 6:40 p.m., 22nd.

Secretary of State,
Washington.

376, Twentieth.

CONFIDENTIAL FOR SECRETARIES OF STATE AND
TREASURY FROM FOX.

Referring to "1316, Nineteenth weekly financial Shanghai" explanation for merchant complaint of failure to receive replies to applications before board is that Hopkins and MacKay representing British and American bankers in Shanghai through Nicholson cabled board from PRESIDENT CLEVELAND proceeding to Shanghai to hold all applications for few days until situation became clearer. Since receiving clearance board has made every effort to act promptly upon applications with objective of acting each day on applications received.

Sent to Department, repeated for information Shanghai Consulate and Nicholson.

SOUTHARD

GW

TREASURY DEPARTMENT

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INTER-OFFICE COMMUNICATION

DATE September 20, 1941

TO Secretary Morgenthau

FROM Mr. Cochran

CONFIDENTIAL

Registered sterling transactions of the reporting banks were as follows:

Sold to commercial concerns	£15,000
Purchased from commercial concerns	£12,000

Open market sterling remained at 4.03-1/2, and there were no reported transactions.

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

Canadian dollar	11% discount
Argentine peso (free)	.2360
Brazilian milreis (free)	.0505
Colombian peso	.5800
Mexican peso	.2070
Venezuelian bolivar	.2755
Uruguayan peso (free)	.4400
Cuban peso	9/16% discount

There were no gold transactions consummated by us today.

No new gold engagements were reported.

The Federal Reserve Bank's report of September 17, listing deposits of banks in Asia with the New York agencies of Japanese banks, showed that such deposits totaled \$56,956,000, an increase of \$368,000 since September 10. Also reported were selected items from the statement of the Yokohama Specie Bank's New York Agency; which revealed that deposits held for banks in Japan and Manchuria rose \$354,000. This rise, however, was more than offset by a decline of \$496,000 in U.S. Treasury bills and commercial paper which the Agency holds for such banks.

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BRITISH EMBASSY,
WASHINGTON.

September 20th, 1941.

PERSONAL
AND SECRET

Dear Mr. Secretary,

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

Believe me,

Dear Mr. Secretary,

Very sincerely yours,

R. J. Campbell

The Honourable
Henry Morgenthau, Jr.,
United States Treasury,
Washington, D.C.

TELEGRAM FROM LONDON DATED SEPTEMBER 19th, 1941

Ships sunk by Trident reported on September 4th were larger than at first believed and troops were carried, number were drowned.

2. Optel 260, 3rd paragraph.

Of two ships, one has arrived to (sic) harbour and one is on the way in tow.

3. On September 18th Beauforts hit ship estimated at 2,000 tons north of Bergen.

4. During bomber operations Northern France September 17th we lost 13 Spitfires, 1 Blenheim. Enemy lost 12 Messerschmidts certainly, 9 probably, 9 damaged. Four British pilots safe.

5. Night September 17th, 18th, 62 aircraft despatched from United Kingdom medium weight attacks made on Karlsruhe, light attack on Havre and a number laid mines.

6. Libya. September 16th, 17th, Wellingtons attacked Tripoli (1) and Swordfish mined harbour.

7. Sicily. September 17th, Blenheims attacked two ammunition factories Licata and destroyed several buildings.

8. German Air Force. Small number enemy aircraft over and round United Kingdom. Only serious incident at Dover where 5 H.E. caused considerable damage.

9. Russian troops in Kiev area encircled and under pressure. Germans from Berditsav moving also eastwards.

BRITISH EMBASSY
WASHINGTON, D.C.PERSONAL AND
SECRET

September 20th, 1941

Dear Mr. Secretary,

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personal and secret information a copy
of the latest report received from London
on the military situation.

Believe me,

Dear Mr. Secretary,

Very sincerely yours,

R. J. Campbell.

The Honourable

Henry Morgenthau, Jr.,
United States Treasury,
Washington, D.C.

TELEGRAM RECEIVED FROM LONDON
DATED SEPTEMBER 19/41

An eastward convoy attacked by aircraft afternoon of September 18th off Whitby. One ship has unexploded bomb on deck, no other hits or damage to convoy.

Focke-Wulf Aircraft approached convoy south of Cape St. Vincent afternoon of September 18th. Aircraft of catapult ship drove it off.

Morning of September 18th. Three Blenheims and 30 fighters attacked merchant vessel estimated at 5000 tons and 8 escort ships off Ostend. Fighters attacked escort while bombers attacked merchant vessel; escort sunk, merchant vessel almost certainly destroyed. Later in the day 4 Hurricanes attacked 4 minesweepers off Ostend. Claimed all 4 were sunk or left sinking; during these operations we lost 2 Blenheims, 9 fighters, 2 fighter pilots saved; enemy lost 17 aircraft certain, 5 probable, 8 damaged.

September 18/19th, small force attacked Havre docks. All returned.

LIBYA. September 16th/17th.

Wellingtons continue their attacks on Benghazi harbour, on September 17th 9 Wellingtons successfully bombed stores, dumps at Bardia.

GERMAN AIR FORCE. September 18th/19th.

Small force of enemy aircraft, the majority sea mining and operating against shipping.

RESTRICTED

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G-2/2657-220; No. 498 M.I.D., W.D. 11:00 A.M., September 20, 1941

SITUATION REPORT

I. Eastern Theater.

Ground: Finnish forces advancing eastward towards the White Sea have captured the town of Rukajarvi, 70 miles from the White Sea port of Belomorsk (Soroka).

The Finnish-German attack in the area east of Lake Ladoga is making slow progress in the direction of Petrozavodsk.

German forces attacking Leningrad have captured Peterhof and Oranienbaum and reached Strelna, a southwestern suburb of the city on the Gulf of Finland.

The Baltic islands of Vormsi (Worms) and Muhu (Moon) are in German hands. The German bridgehead on the island of Saare (Oesel) is being reinforced.

Southeast of Lake Ilmen, the German attack is continuing in the direction of the Leningrad-Moscow railroad. The town of Ostashkov has been captured by the Germans. Strong Russian counter-attacks were launched on September 16 against this town.

There is no reliable information as to the course of operations on the Central (Moscow) front.

The great battle of encirclement in the Kiev region continues. Attacking from the west, German forces have broken through the Russian fortifications on the west bank of the Dnepr and seized the citadel of Kiev within the city limits on the Dnepr bank. Fighting continued on September 19 in certain quarters of the city.

The extensive region east of Kiev, which had been encircled by German forces on September 13 is being steadily attacked. A German armored column, moving southward from Mezhin, has reached the area north of Pereyaslav. This drive has, therefore, cut the Kiev-Poltava railroad. Priluki is in German hands. In the southeastern portion of the encircled area, a German column, attacking northeastward from the Sula River, is approaching Piryatyn.

German forces advancing northeastward from Kremenchug have captured Poltava. The town of Mirgorod is also in German hands.

German forces have made progress in their advances from their bridgeheads on the lower Dnepr River.

Air: Odessa and Moscow bombed.

II. Western Theater.

Air: R.A.F. activity against Le Havre docks and Nantes constituted the only activity in this theater.

III. Middle Eastern Theater.

Air: The British raided Tripoli and Benghazi.

RESTRICTED

Paraphrase of Code Cablegram
Received at the War Department
at 11:12 a.m., September 20, 1941

CONFIDENTIAL

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London, filed: 3:30 p.m., September 20, 1941.

1. British Air Activity over the Continent,

a. Night of September 18-19. 17 tons of HE and 480 incendiaries were dropped.

b. Day of September 19. A total of 151 fighters were employed as follows: 89 in the protection of shipping, 51 on interception patrols and 11 on special missions. Bad weather prevailed and no bombers were dispatched.

c. Night of September 19-20. Stettin was the target for 72 bombers, 36 Wellingtons, 10 Stirlings, 9 Whitleys and 4 Halifax being dispatched against the railway station, and 10 Wellingtons and 3 Manchesters being directed against the warehouses there. The weather was favorable and the majority of these bombers were able to attack their primary targets.

2. German Air Activity over Britain.

a. Day of September 18. 25 reconnaissance aircraft and 10 long range bombers were employed.

b. Night of September 18-19. 5 reconnaissance aircraft and 35 long range bombers were used.

c. Day of September 19. No German aircraft appeared over Britain. Other operations were on a very small scale.

d. Night of September 20. A few operations against shipping took place off the coast of East Anglia.

3. Aircraft Losses Reported.

a. British losses. 1 Spitfire and pilot were lost on September 17. Bomber losses the night of September 19-20, were

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as follows: 1 Wellington and 1 Whitley unreported. 1 Wellington down at sea and 1 Wellington crashed in Britain.

b. Axis losses. On September 19, these were as follows: 2 Me-109F's shot down; 1 Me-109F and 1 Me-109 probably destroyed; and 1 Me-109 damaged.

4. British Air Activity, Other Theaters.

a. North African Theater. Benghazi was bombed by 4 Wellingtons the night of September 17-18. The same night 5 Wellingtons dropped 5 tons of HE on Tripoli harbor. The day of September 18 two small schooners off Zuara were sunk by 4 Blenheims, two of which were lost, one by anti-aircraft fire and the other by its own bomb blast. Also on this day an attack on supply dumps near Bardia was made by 15 Marylands. Tripoli harbor was again bombed the night of September 18-19, this time by 2 Wellingtons and 3 Blenheims. 18 tons of HE were dropped and hits claimed on harbor installations and a large motor vessel.

5. Axis Air Activity, Other Theaters.

a. North African Theater. Only slight damage was done by an attack on Tobruk during the day of September 18.

b. Middle Eastern Theater. Suez was attacked the night of September 18-19. The results of this raid have not been reported.

LEE

I. B. # 2 , 8:35A, 9/22/41

Distribution:

Chief of the Army Air Forces
State Department (2)
War Plans Division
Office of Naval Intelligence (2)
G. H. Q.
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PARAPHRASE

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A strictly confidential telegram of September 21, 1941 from the American Consulate at Rangoon reads substantially as follows:

The Chinese Director of Traffic on the Yunnan-Burma Highway, General Yu, has departed from Rangoon on his return trip to Yunnan. While here he arranged for the opening of an office of the recently established Board of Transport Control and for the amalgamation of Chinese Government transport agencies. Government banks are the only unit which are not included in the amalgamation. They will continue independently to ship their bank notes.

The handling of all cargoes arriving by sea for China has been assigned to Mr. E. L. Matteson, who is an American shipping man at present associated with China Defense Supplies.

I was informed by General Yu that he intends to put into effect the recommendations of Mr. Arnstein with regard to the repair and servicing of trucks. This he expects to do with the aid of American personnel. The General stated that by the end of the year he expected the first 30 miles of road from the border to have been asphalted and that by March or April, 100 additional miles will have been similarly processed with much of the remainder completed by June. Supervision of the work is being undertaken on the spot by an American paving expert connected with the Standard Vacuum Oil Company.

Copy:bj:9-26-41