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TREASURY DEPARTMENT
INTER-OFFICE COMMUNICATION

DATE June 7, 1941

TO Secretary Morgenthau
FROM Mr. Coolidge

STRICTLY CONFIDENTIAL

There is attached a copy of a letter which I received from Sir Frederick Phillips some days ago, and which I have told you that I should like to discuss with you before answering or filing.

When Phillips handed this to me, I told him that my immediate and unofficial answer would be "yes". I told him, however, that I would like to discuss his note with some of my colleagues. Upon showing Phillips' letter to Mr. Foley, the latter suggested that I talk it over with Mr. Bernstein. It was Mr. Bernstein's opinion that recent legislation relating to foreign accounts in Federal Reserve Banks and that recent banks was conceived for just such a purpose as that which Phillips may have in mind, namely, that of getting into the hands of the Dutch Minister in the United States funds of the Netherlands Bank which might be used to assist the British. Mr. Bernstein's suggestion was that he and I talk with Sir Frederick Phillips and give him an idea as to the possibilities of action under this new legislation. When I mentioned this idea to Under Secretary Bell the latter thought this quite a risky procedure, and did not favor it. He suggested that I draw up a fairly noncommittal reply to Phillips' letter. This I have done, as will be noted from the attached draft.

My own thought is that I should give Phillips no written reply in the premises. When the matter came up in our conversation yesterday, I told Phillips that I could easily write him an evasive letter, but that we were not accustomed to dealing with him in such fashion. I told him that he had access to and knowledge of our own banking legislation. I added that if the inquiry had come from any source other than himself, asking us for forecasts in regard to difficulties concerning possible transactions in foreign accounts, we would decline to give any information. In his case, however, I certainly did not desire to block him from receiving any assistance or advice from us which some one in higher position than myself might see fit to give. I told him that I might find occasion to bring this matter to the Secretary's attention, but gave no promise.

In this connection, my personal opinion is that both the State and Treasury Departments have been inclined to use too generously the authority conferred upon them by the Federal Reserve Bank Act under reference, a copy whereof is attached. It is my feeling that a certification from the Secretary of State could properly be required when there is a real question of authority, but that this procedure should not be used to facilitate an official in this country acquiring authority which it is doubtful that he previously enjoyed. That is, for example, this procedure has been utilized to permit Jugoslav and other Ministers in the United States whose countries had been invaded to draw on the Central Bank balances of their respective countries held in the United States, although they had no such authority prior to the invasion of their countries, and we have no evidence other than the Ministers' statements to the State Department that they should enjoy this authority now. I think it would be particularly

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undesirable for us to collaborate with the British toward the Dutch Minister, for example, gaining access to the funds in this country of the Netherlands Bank, which is not owned by the Netherlands Government, and all of whose officers have remained in the Netherlands. However sympathetic we may be to the British cause, the financial and monetary authorities of the United States definitely have a responsibility for the safekeeping of Central Bank funds entrusted to banks in this country by them. I am strongly of the opinion that it is not for us to determine that such funds should be utilized by the Exiled Governments or ex-Ministers of invaded countries for purposes other than those which the Central Banks of those countries may determine. There will undoubtedly be a great need for such funds for the rehabilitation of the invaded countries once peace is established.



C
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THE BRITISH SUPPLY COUNCIL IN NORTH AMERICA

Box 600
Benjamin Franklin Station
Washington, D. C.

May 21, 1941

Dear Cochran,

I am asked to confirm the view which seems to prevail in London that even if the assets belonging to the Belgian and Dutch National Banks here were unfrozen there would be competing claims between the Director of the Belgian National Bank in London and the Dutch Government on the one hand, and the Belgian and Dutch National Banks situated in occupied territory on the other hand, so that it would be a matter of great difficulty for the Belgian and Dutch Governments to obtain these funds.

Would you agree with this view?

Yours sincerely,

(Signed) F. Phillips

Mr. H. Harle Cochran,
U. S. Treasury,
Washington, D. C.

COPY - 5/23/41 - dm



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TREASURY DEPARTMENT

WASHINGTON

May 29, 1941

Dear Phillips:

In answer to your letter dated May 21, 1941, I have pleasure in attaching for your guidance a copy of the legislation recently enacted which relates to foreign accounts in Federal Reserve Banks and insured banks.

From this legislation you will note the arrangement which is provided for certification by the Secretary of State as to those officials who may have authority to dispose of the property held in the name of foreign States or Central Banks with our own Federal Reserve and insured banks.

You are aware, of course, that the United States Government continues to maintain diplomatic representatives accredited to the Governments of Belgium and the Netherlands, with present headquarters in London. On the other hand, it is my understanding that the Federal Reserve Bank at New York has no direct contact with the Netherlands Bank at Amsterdam or with the National Bank of Belgium at Brussels, in the name of which institutions the Federal Reserve Bank of New York continues to carry certain accounts.

Faithfully yours,

H. Merle Cochran
Technical Assistant to the Secretary

Enclosure.

Sir Frederick Phillips,
The British Supply Council in
North America,
Washington, D. C.

[PUBLIC LAW 31—77TH CONGRESS]

[CHAPTER 43—1ST SESSION]

[S. 390]

AN ACT

Relating to foreign accounts in Federal Reserve banks and insured banks.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (c) of section 14 of the Federal Reserve Act, as amended, is amended by inserting before the period at the end of the first sentence thereof the following: "or for foreign banks or bankers, or for foreign states as defined in section 25 (b) of this Act".

SEC. 2. Section 25 (b) of the Federal Reserve Act, as amended, is amended by adding at the end thereof the following new paragraphs:

"Whenever (1) any Federal Reserve bank has received any property from or for the account of a foreign state which is recognized by the Government of the United States, or from or for the account of a central bank of any such foreign state, and holds such property in the name of such foreign state or such central bank; (2) a representative of such foreign state who is recognized by the Secretary of State as being the accredited representative of such foreign state to the Government of the United States has certified to the Secretary of State the name of a person as having authority to receive, control, or dispose of such property; and (3) the authority of such person to act with respect to such property is accepted and recognized by the Secretary of State, and so certified by the Secretary of State to the Federal Reserve bank, the payment, transfer, delivery, or other disposal of such property by such Federal Reserve bank to or upon the order of such person shall be conclusively presumed to be lawful and shall constitute a complete discharge and release of any liability of the Federal Reserve bank for or with respect to such property.

"Whenever (1) any insured bank has received any property from or for the account of a foreign state which is recognized by the Government of the United States, or from or for the account of a central bank of any such foreign state, and holds such property in the name of such foreign state or such central bank; (2) a representative of such foreign state who is recognized by the Secretary of State as being the accredited representative of such foreign state to the Government of the United States has certified to the Secretary of State the name of a person as having authority to receive, control, or dispose of such property; and (3) the authority of such person to act with respect to such property is accepted and recognized by the Secretary of State, and so certified by the Secretary of State to such insured bank, the payment, transfer, delivery, or other disposal of such property by such bank to or upon the order of such person shall be conclusively presumed to be lawful and shall constitute a complete discharge and release of any liability of such bank for or with respect to such property. Any suit or other legal pro-

ceeding against any insured bank or any officer, director, or employee thereof, arising out of the receipt, possession, or disposition of any such property shall be deemed to arise under the laws of the United States and the district courts of the United States shall have exclusive jurisdiction thereof, regardless of the amount involved; and any such bank or any officer, director, or employee thereof which is a defendant in any such suit may, at any time before trial thereof, remove such suit from a State court into the district court of the United States for the proper district by following the procedure for the removal of causes otherwise provided by law.

"Nothing in this section shall be deemed to repeal or to modify in any manner any of the provisions of the Gold Reserve Act of 1934 (ch. 6, 48 Stat. 337), as amended, the Silver Purchase Act of 1934 (ch. 674, 48 Stat. 1178), as amended, or subdivision (b) of section 5 of the Act of October 6, 1917 (40 Stat. 411), as amended, or any actions, regulations, rules, orders, or proclamations taken, promulgated, made, or issued pursuant to any of such statutes. In any case in which a license to act with respect to any property referred to in this section is required under any of said statutes, regulations, rules, orders, or proclamations, notification to the Secretary of State by the proper Government officer or agency of the issuance of an appropriate license or that appropriate licenses will be issued on application shall be a prerequisite to any action by the Secretary of State pursuant to this section, and the action of the Secretary of State shall relate only to such property as is included in such notification. Each such notification shall include the terms and conditions of such license or licenses and a description of the property to which they relate.

"For the purposes of this section, (1) the term 'property' includes gold, silver, currency, credits, deposits, securities, choses in action, and any other form of property, the proceeds thereof, and any right, title, or interest therein; (2) the term 'foreign state' includes any foreign government or any department, district, province, county, possession, or other similar governmental organization or subdivision of a foreign government, and any agency or instrumentality of any such foreign government or of any such organization or subdivision; (3) the term 'central bank' includes any foreign bank or banker authorized to perform any one or more of the functions of a central bank; (4) the term 'person' includes any individual, or any corporation, partnership, association, or other similar organization; and (5) the term 'insured bank' shall have the meaning given to it in section 12B of this Act."

Approved, April 7, 1941.

TREASURY DEPARTMENT

INTER-OFFICE COMMUNICATION

DATE June 7, 1941

TO Secretary Morgenthau

FROM Mr. Cochran

STRICTLY CONFIDENTIAL

Sir Frederick Phillips telephoned me at 12:45 yesterday. He said that Sir Edward Peacock had received word from Mr. Jesse Jones that the latter saw no reason for opposing the loan proposition involving the British thread companies. Consequently, Sir Frederick asked if it would not be all right to go ahead with this transaction. I told Phillips that I was seeing Mr. Bell at luncheon and desired to discuss this matter with him, since it was the Under Secretary who had been in touch with Mr. Jones for the Treasury.

As soon as I had talked with Phillips, I telephoned Mr. Bell to report the conversation. When we met at luncheon, Mr. Bell said that he had talked with Mr. Jones and that the latter stated that he had given no such clearance. On the contrary, he was of the opinion that a loan considerably above the sum mentioned by Peacock would be warranted. When we came up from luncheon, there was a copy of a letter from Mr. Jones to the Secretary, which is attached hereto. Shortly afterwards we received a photostatic copy of this letter from the Secretary's office, since it had been handed to Mr. Morgenthau when he was at the Cabinet Meeting.

In agreement with Mr. Bell, I telephoned Phillips yesterday afternoon and told him that Mr. Jones had informed us that he had not given a clearance to the transaction in question. Phillips agreed with me that the transaction should be definitely held up until we are in touch with Sir Edward Peacock next week. It will be recalled that Peacock hopes to see the Secretary, perhaps on Tuesday.

When the Secretary called me from the farm at 10:15 this morning, he said that Mr. Bell had informed him of the confusion which had arisen in connection with this transaction. The Secretary agreed with my suggestion that no draft letter acknowledging Peacock's communication on this proposition should be prepared before Peacock's visit to us next week.



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June 6 Handed at Cabinet

FEDERAL LOAN AGENCY
WASHINGTON

Jesse H. Jones
Federal Loan Administrator

June 6, 1941

Dear Henry:

With regard to the proposed loan by the banks and insurance companies to the British-owned American thread companies, it appears from the information which we have been able to obtain on short notice that the RFC could safely afford to lend as much as \$30,000,000 in the expectation that earnings from the properties would fully amortize the loan within a reasonable time.

This would provide the British with \$14,000,000 more than the banks and insurance companies propose to lend.

We will be glad to give prompt consideration to such a loan upon receipt of more definite information.

Sincerely yours,

(s) Jesse
Administrator

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

Copy:bj:6-7-41

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BRITISH EMBASSY,
WASHINGTON, D.C.

June 7, 1941

Dear Dr. White,

I enclose a statement of British gold and dollar assets as at April 1st, May 1st and June 1st. I hope this is in the form you require.

I have obtained from Mr. Piercy, the British representative handling petroleum here, the following rough figures of British oil requirements (annual rates in \$ millions):

<u>Requirements of oil</u>	<u>U.K.</u>	<u>Rest of Sterling Area</u>	<u>Total</u>
from U.S.A.	35	10	45
from dollar sources outside U.S.A.	<u>60</u>	<u>30</u>	<u>90</u>
Total	<u>95</u>	<u>40</u>	<u>135</u>

Yours sincerely,

/s/ R.G.D. Allen

Dr. Harry White
U.S. Treasury
Washington, D.C.

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YBRITISH GOLD & DOLLAR ASSETS

	<u>April 1st, 1941</u>	<u>May 1st, 1941</u>	<u>June 1st, 1941</u>
Gold	225	117	148-1/2
Official dollar balance *	69	159	115-1/2
Total gold & dollars	294	276	264
Less gold not available:			
Belgian gold borrowed	105	105	105
Scattered gold	18	9	11
Reserve against immediate liabilities	10	10	10
	133	124	126
Available gold & dollars	161	152	138
Marketable securities **	526	507	473
Direct & miscellaneous investments	***	***	***

* Private dollar balances are excluded since they represent minimum working balances.

** April 1st figure is estimated market value of securities unsold at that date. Subsequent figures are obtained by deducting actual sales and make no allowance for depreciation (or appreciation) of value.

*** Amounts realised on direct investments: April \$ 36 millions, May \$ 25 millions. Estimates of value of unsold investments would now be devoid of meaning.

Washington, D. C.
June 7th, 1941

lmc

Recvd from ^{Hand} Bell

June 7, 1941

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(Discussed with
Aerby 619)

MEMORANDUM FOR THE PRESIDENT:

The State and Treasury Departments have drafted and discussed various provisions for inclusion in a Lease-Lend Agreement with the British. This memorandum lists first those matters on which both Departments believe the decisions are clear and, second, those matters on which the decision is less clear. In the latter situation, the considerations favoring alternative procedures are outlined. It is suggested that the question of form of the Agreement be passed without decision at this time and, once you decide the less clear points, an agreement can be drafted in a very short time.

Clear Points

1. The Agreement should not include provisions relating to economic and other problems of the emergency, of post-war relief and of reconstruction. Provision shall be made in this Agreement for the designation of a British-American commission which will sit continuously for the purpose of

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formulating solutions not only of those international economic problems which confront both governments, but also of those larger problems involved in a post-war relief and reconstruction. Such commission will seek to work out problems with existing inter-American bodies.

2. The Agreement should include the following:

- (a) An undertaking by the British to supply similar aid to us should our defense at any time require it.
- (b) An undertaking by the British to examine sympathetically our needs for additional bases, with a view to giving full support and assistance to the strengthening of our defense.
- (c) An undertaking by the British to return to the United States, upon request of the President, all material transferred which is in existence at the end of the war, whereupon the charge therefor shall be written off.

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(d) Against their obligation to the United States for non-military materials, food, and similar items, the British shall receive credits for property, services, information, facilities, or other considerations or benefits accepted or acknowledged by the President, the value of which considerations and benefits shall have been determined by the President. The terms and conditions of liquidating the balance of the British obligations for such non-military materials shall be determined by the President, perhaps after receiving recommendations of a joint United States and United Kingdom commission.

Unresolved Points

1. The principal material that will be lease-loaned to the British will be military material which will be destroyed or used up in the war. The question arises what, if any, compensation shall be received by the United States for such military material.

- 4 -

Alternative ways of handling this matter
are:

- (a) Write off the value of such materials upon their being consumed or destroyed.
- (b) Britain to furnish the United States war materials or articles not produced in the United States for such of the war materials transferred to Britain and consumed or destroyed which are not, in the opinion of the President, offset by one or another form of consideration or benefit received or accepted by the United States.
- (c) Keep, as at present, what is essentially an open account, leaving for determination at ^{a later} [some more propitious] time the question of what, if any, compensation shall be paid therefor by the British.

Considerations Affecting the Selection
of One of These Alternatives

- (1) It will unquestionably have a good effect on British morale to know that the

- 5 -

cost of that part of the hose which is destroyed in putting out the fire is not a mortgage on Britain's future.

As against this must be weighed the reaction, particularly at the present time, of the Congress and the American public to our receiving no consideration or payment for the bulk of the materials lease-loaned to Britain other than the use of such materials, when Britain has islands and investments in the Western Hemisphere.

(11) To wipe off the obligation will keep the total British obligations within more manageable proportions and will thereby reduce the post-war settlement and adjustment problems.

The alternative is to make clear to the British that they will not be expected to repay dollar for dollar for such war materials. Because of the inability now

*Dept. wants these
investments (see suggestion
this)*

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to foresee an appropriate basis of settlement, flexible powers are given to the President so that he may determine what, depending on future circumstances, may fairly be required of the British in compensation for such materials.

(iii) If, because of the foregoing, this is not a propitious time to crystallize the nature of the obligation of Britain for used-up war materials, then the matter can continue to be dealt with as at present, i.e., through the continued maintenance of the open account for such materials.

2. Shall the value of the consideration and benefits received by the United States from Great Britain be determined by:

- (a) The President.
- (b) The President acting with the advice and recommendations of a joint British-American Commission.
- (c) A joint British-American Commission.

6/5/41

June 7, 1941

File

Mr. Gurnea

As I stated yesterday afternoon I received the Hungarian Minister, at his request. Two days previously the Secretary had called me to his office when he was receiving the Minister for the first time. On that occasion the Minister had recommended to the Secretary his difficulties with the Hungarian Foreign Office as a result of his inability to obtain from our Foreign Funds Control the treatment of Hungarian official funds which the Foreign Office thought proper. I explained to the Secretary that there had been a little confusion in the premises and that it was difficult for both Mr. Felt, our Minister to Budapest, and Mr. de Gains to have this rather complicated situation facing them while they are both new at their respective posts. The Hungarian Minister was of the impression that Mr. Felt's conversations with the Hungarian Foreign Office left the feeling that there would be little trouble in obtaining the arrangement in Washington which the Hungarian Government desired. Consequently, the Hungarian Foreign Office had decided their Minister bore severely for his recommendations favoring compliance with the requirements of our Control. The Secretary asked me to see what help I could give in the premises. I told him that we had conferred with Mr. Barle a few days previously and that I thought the affair was now following a proper course.

The Minister came on to my office following his interview with the Secretary, and stayed with me for a while, since I had known him rather well several years ago when he was Hungarian Consul General in New York.

Upon his visit yesterday, the Minister stated that following the receipt of his last message from Budapest, he had called on Mr. Barle at the State Department, and that the latter had recommended that he come on to the Treasury to see what we would do to arrange the matter under reference. Consequently, Mr. de Gains had come to me. I told him that since his call earlier in the week we had received a further message from our Minister at Budapest. I recommended that he call on Mr. Felt on Monday to discuss the question now.

At 9:30 this morning I telephoned Mr. Gurnea, in Mr. Felt's absence, to report the above conversations. I asked Mr. Gurnea to inform Mr. Felt thereof before the latter received the Hungarian Minister. I added my recommendation that we meet the Hungarian demands and liquidate this troublesome question.



TREASURY DEPARTMENT

INTER-OFFICE COMMUNICATION

DATE June 7, 1941

TO Secretary Morgenthau

FROM Mr. Cochran

Personal
4
STRICTLY CONFIDENTIAL

Since you will be called upon to testify before the Senate Committee shortly on the extension of the Stabilization Fund and the authority to devalue further the dollar, may I make the following purely personal recommendation.

In my memorandum of January 24, 1941, I recommended harmony with the Federal Reserve System and banking institutions in the face of our prospective borrowing program. In your broadcast on Thursday evening you expressed your genuine appreciation of the support which the American banks have so far given to your Defense Bond program. Obviously you will continue to require this support, and even more, for a long time to come.

Considering that we are calling upon the public for such complete confidence in Government securities, should we not give them every possible assurance as to the stability of the currency in which these bonds are denominated? No one needs to convince me that the Secretary of the Treasury would be one of the last in this country to favor any further devaluation of our dollar. I think it unfortunate, however, that the Secretary is obliged in present circumstances to support a continuation of the devaluation authority if the granting of this authority arouses the slightest fear among our people that eventual utilization of this power is probable.

I should have preferred that the letter from the President to Congress submitting this 1941 extension legislation had not contained a request for a renewal of the devaluation authority. I did not see this correspondence until after it had been quoted in the press. Now that this program has been followed so far, however, there is nothing that could be done except to yield gracefully in the Senate if strong opposition develops there against the devaluation authority. As I said, my preference would have been for the Secretary of the Treasury to give further evidence of his own conservative ideas on monetary matters by voluntarily suggesting that this authority be permitted to lapse. Before the Senate Committee I think that he should take advantage of any situation to come out for this policy. That is, he should state that if the representatives of the American people to whom the Treasury is confidently looking for full support of our defense program have the least concern with respect to the future of our dollar, he desires to be the first to have this concern removed. The Secretary could very properly refer to the fact that since he has been in office there has been no utilization of special powers which might weaken the dollar in the least. On the contrary, he has steadfastly worked to make the dollar the keystone of the world's currencies. If the people through their Congressional representatives feel, however, that in this period of stress and sacrifice they would be happier to see no authority existing for lowering further the gold content of their dollar, he would insist that their wishes be met.

From a technical standpoint, I see no possible reason for our wanting to devalue the dollar further. No European country has ever, to the best of my knowledge,

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devalued a currency twice in the same generation with any success attending the second devaluation. Germany has sought steadfastly to prevent the second devaluation of the reichsmark, after the bitter experience following the World War. It is true that Germany has resorted to trick marks for foreign transactions, but it has kept the reichsmark a fixed currency from the internal standpoint. I believe that for us to tinker with our currency further would mean a national catastrophe. Certainly it is no time to leave doubts in the minds of our people with respect to the dollar when we are calling on them for big loans and taxing their wealth and revenue heavily. Only this week we have heard of withdrawals of currency for hoarding purposes in various parts of the United States because of the fear that the legislation suggested this week at the instance of the War Department might permit seizure by the Government of private banking deposits. However far-fetched these fears may be, they are bound to grow as our country becomes more involved in the international difficulties. Should our taxes pile up enormously and our country suffer through labor disorders as well as become engulfed in a terrible war, it is entirely conceivable that people would not only become concerned as to the value of their money, but also seek places of safe refuge. To meet such contingencies our currency should be as strong as possible, and our Stabilization Fund should be available.



TREASURY DEPARTMENT

INTER-OFFICE COMMUNICATION

DATE June 7, 1941

TO Secretary Morgenthau

FROM Mr. Cochran

STRICTLY CONFIDENTIAL

When I reported to you at Staff meeting on June 5 the receipt of a letter from Under Secretary of State Welles reporting his suggestion that the Colombian Ambassador discuss directly with the Treasury the question of possible cooperation of our Stabilization Fund with that of Colombia, you left to Mr. Bell's group the question as to whether we should receive the Colombian Ambassador now or, as Mr. Bell suggested, postpone any new negotiations on Stabilization matters.

Mr. Bell and I were definitely of the opinion that no new negotiations should be started in June. In the first place, we are still likely to have a number of questions arising with the institution this month of the Stabilization Board in China. The Argentines may also possibly approach us for some arrangement to substitute for the unratified arrangement which we entered into some months ago. Then too, there remains the task of getting the extension of our Stabilization Fund through the Senate yet this month.

dated 6/9/41.

When I mentioned the Colombian matter to the Secretary, when he was talking with me by telephone from the farm this morning, he approved the idea of my drafting a letter to Mr. Welles suggesting the postponement of any Treasury discussion with the Colombian Ambassador until after Congress determines the extension of the Stabilization Fund.

A first examination of the Colombian proposition would indicate that this is a request for around \$1,000,000 to supplement the Colombian Stabilization Fund to such an extent that it may be able to pay arrears of dollar exchange due for imports into Colombia. This arrangement would presumably supplement credits to be extended to Colombia by the Export-Import Bank. It has been my argument that the Stabilization Fund should not be used for loans of this purpose to Latin American countries, that is, making up their trade deficits. The Secretary's recommendation along these lines when Peru was seeking a Stabilization Fund arrangement has apparently been a successful one, in that we have purchased copper and other Peruvian products to build up stock piles in this country and have relieved the dollar exchange shortage of Peru by this method, without the necessity of a Stabilization Fund arrangement. Conceivably something of this sort might be done with Colombia, or the whole problem left properly in the hands of the Export-Import Bank. Recalling our negotiations with the Colombian Ambassador concerning the settlement of private debts owed American holders of Colombian bonds, new negotiations with the Colombian Ambassador on a Stabilization arrangement could not be looked forward to with much pleasure or confidence.

While I am not favorable to the idea of making any definite commitment to the British or anyone else at present as to what we might, with our Stabilization Fund or gold, do to help them in the future, I believe it is very much to our own interest

- 2 -

to refrain from small Latin American operations with the Fund and conserve our resources if the Fund is extended after June 30, 1941. In a real emergency, the Secretary could always go before the appropriate Committees of Congress and raise the question as to buying sterling if the British urgently require dollars. We undoubtedly shall have a real role to play with our Stabilization Fund in post-war reconstruction of the international financial system. Canada may prove one of the best fields to enter toward this end. But with the future so uncertain at present, I think we should continue a cautious policy and certainly not become involved in petty or political-financial arrangements with Latin American countries, particularly with those having a bad debt record.



ADDRESS OFFICIAL COMMUNICATIONS TO
THE SECRETARY OF STATE
WASHINGTON, D. C.



DEPARTMENT OF STATE
WASHINGTON

In reply refer to
RA

June 4, 1941

Cause 619/41

My dear Mr. Secretary:

The Government of Colombia has submitted, through the Colombian Ambassador, a request for financial and economic assistance involving credits for public works and agricultural development purposes and cooperation with the Colombian stabilization fund. There is enclosed a copy of a translation of a memorandum on this subject presented to the Department by the Colombian Ambassador. Copies have also been made available to the Export-Import Bank and to the Department of Agriculture. The Department is requesting that the Export-Import Bank take action with respect to the general public works and agricultural development credits. The question of cooperation with the Colombian stabilization fund appears to the Department to be properly a subject for discussion with the Treasury.

In

The Honorable

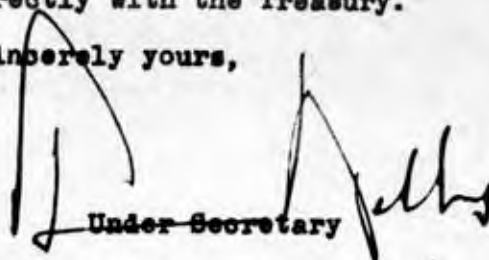
Henry Morgenthau, Jr.,

Secretary of the Treasury.

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In the light of our previous discussions regarding the possibility of monetary and stabilization arrangements with certain of the other American republics, in which from time to time reference to Colombia has been made, I am suggesting that the Colombian Ambassador discuss the matter directly with the Treasury.

Sincerely yours,



Under Secretary

Enclosure:

Copy of memorandum
with attachments.

[TRANSLATION]

- MEMORANDUM -

Plans for the loan that is asked from the
Export-Import Bank.

The Government of Colombia, after a careful study of the national economic situation and the disturbances in internal order that might be produced if both the public works now being executed and the plans for industrial promotion and agrarian defense were found to be paralyzed for lack of resources, has come to the conclusion that it is an indispensable necessity to secure extraordinary funds in order to prevent the economic and social consequences that would be brought about by the unforeseen suspension of such efforts of the present administration. The essential object of the policy of public works and industrial and agricultural promotion that the Government has been pushing is that of conserving the nation's purchasing power and reducing as much as possible economic fluctuations and drastic reductions in the standard of living of the workers and the population in general. This program forms part of the economic, fiscal and monetary policy that the Government has been maintaining, in order to reduce, as far as possible, the effects of the crisis produced by the war, and today it constitutes a plan judiciously studied and matured and in active execution, in the main. The said plan was approved by the National Economic

-3-

Economic Council as specially suited to stimulate industry and the development of important agricultural regions and to ensure a more direct demand for consumers' goods, in keeping with the variable circumstances of the economy in each of the regions that are going to be improved by the works planned.

The object of a loan for insuring the rapid completion of the system of highways and for giving an impulsion to the schemes for industrial and agricultural development given in Annexes 1 to 5 is to counteract the possible dangers of an economic depression that is about to occur and, on the other hand, to stimulate the demand for articles of consumption by the most rational and scientific means, such as that of directly augmenting the purchasing power of the laboring masses.

THE PLAN FOR INVESTMENTS

The determination of the works and public services of underrable urgency, requiring the immediate attention of the State, has been the subject of a very careful study on the part of the Government.

The investments that have been planned with the aid of specialized technical organizations in each branch are calculated at

U.S. \$13,000,000,

or

-3-

or twenty-two million seven hundred fifty thousand pesos, Colombian currency, at the rate of exchange of 175 percent, and the list thereof is the following, without any order of priority having been strictly indicated:

a. Expenditures during the first year of work of the official plan on defense of the banana industry and agricultural development in the Departamento del Magdalena.....	Pesos 1,877,532.00
b. Cost of the irrigation and drainage works.	2,187,500.00
c. Resources for the development of the works of the Municipal Improvement Fund.....	1,102,000.00
d. Increase in capital of the Industrial Promotion Institute.....	2,000,000.00
e. Construction of three large hydroelectric plants.....	2,772,000.00
f. Increase in capital of the Stabilization Fund.....	2,000,000.00
g. Cost of the works included under the plans for highways, regulation of navigation and construction of public buildings	2,222,000.00
Total.....	22,770,000.00

A - DEFENSE OF THE BANANA INDUSTRY AND AGRICULTURAL DEVELOPMENT IN THE DEPARTAMENTO DEL MAGDALENA

For long years the cultivation and commerce of the banana plant was carried on in the Departamento del Magdalena

-4-

on a large scale and came to be a very notable item in Colombia's foreign trade.

Unfortunately, an epidemic on the plantations, known by the scientific name of Sigatoka, came along to affect, in the first place, the prosperity of that flourishing industry to a marked extent.

Later, the inevitable repercussions of the European conflict aggravated the situation in the Departamento del Magdalena, which saw the exports of fruit reduced to a minimum, which exports had been made, in large quantities to England and Holland in particular in former times.

The economy of the Department having been prostrated by the adverse circumstances that have just been mentioned, it is an unavoidable duty of the national Government to protect by whatever means are within its reach the interests of the inhabitants of that section, which are closely connected with the whole of the general economy of the country.

Official work in this field cannot be limited to protecting the banana industry, the future prospects of which are uncertain, but it must seek more practical aims, such as that of encouraging new crops, called upon to take the place, in part, of the plant which during many years constituted almost the sole product exploited in that fertile region of the Atlantic coast.

In Appendix No. 1, there are indicated the works of

page

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prime importance which the Government plans to push in the Departamento del Magdalena, in accordance with the foregoing remarks, and the cost of which is calculated at one million eight hundred thirty-seven thousand five hundred pesos.

B. COST OF THE IRRIGATION AND DRAINAGE WORKS
THAT CAN BE ACCOMPLISHED IN A PERIOD OF TWO YEARS

The Government has favored a policy in the matter of irrigation and drainage of lands, for the purpose of incorporating in agriculture wide areas of the territory of the country which so far have been almost entirely left out of such activities because of natural obstacles and which can easily be saved.

Annex No. 2 enumerates one by one the works planned, the cost of which is calculated at two million one hundred eighty-seven thousand five hundred pesos.

The works planned could not be pushed with the ordinary resources of the Treasury, and the delay in their execution becomes an actual loss of wealth. It is true that considerable work has already been done, but various incomplete projects still remain, which it is indispensable to terminate as soon as possible.

As it is impossible to make reference to each of the items included under the plan for drainage and irrigation, only three works are mentioned, which in themselves alone given an idea of the importance of the plan

of

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-4-

of official action in this field.

Drainage of the Fúquene Swamp

Due to the insufficiency of the Saravita River, the natural discharge from the Fúquene Lagoon in the Departamento of Boyacá, an approximate extent of 28,000 fanegadas (39,180 acres) of land of extraordinary fertility was flooded in that region in the rainy season. The construction of a large drainage canal has been planned, to replace the bed of the Saravita River, a work which is well advanced and will allow the utilization of the area formerly liable to flooding.

Drainage of the Segamoso Valley

This work is similar to the preceding, in as much as it involves the construction of a main canal running to the lower portion of the Segamoso River and returning the flood waters to the said river. The work was begun in 1936 and will benefit an area of 7,000 fanegadas (11,130 acres), likewise fertile enough for cultivation.

Bucalagrande Irrigation Canal (Cauca Valley)

These works were commenced as early as 1936, and have the purpose of providing water for irrigation and watering
over

-7-

over an area of 15,000 fanegadas (23,850 acres), for developing water power on a small scale, the land along the canal generally being lower than the canal, and for supplying drinking water to the town of Bugelagrande.

The Government is being reimbursed for the sums spent on the works of drainage and irrigation, and there is an improvement tax equivalent to thirty per cent of the net benefit obtained by the owners of the lands benefitted, that is, after deduction of the amount for the cost of execution of the works; the State may receive in land the amounts that are to be paid for one reason or another.

C. RESOURCES FOR THE DEVELOPMENT OF THE WORK
OF THE MUNICIPAL IMPROVEMENT FUND.

A custom that has been established in the political and administrative organization of the country with unfortunate consequences for its normal development caused the very life of the municipal units to depend almost exclusively, for many years, on the aid voted by the National Congress, with a standard that was not always characterized by equity and the proper selection of the real needs of each city or town.

With

-3-

With the purpose of fundamentally correcting this anomalous situation, the present Government issued Extraordinary Decree 503 of 1940, which established the Municipal Improvement Fund, an organization provided with relatively considerable income of its own, and called upon to provide methodically the municipal public works of essential importance, such as the construction of aqueducts, sewers, hospitals and buildings for primary instruction. The direct aid of the Congress to the municipalities has been suspended, with evident benefit to good order in the preparation and application of the national budget.

Colombian cities, especially the small ones, are confronted with real problems of elementary hygiene, such as the supplying of potable water and the building of sewer systems, which are aggravated by the constant menace of tropical diseases.

The accomplishment of such works with the yield from the taxes at the disposal of the Municipal Improvement Fund would require work extending over very many years, with evident injury to the public health. Hence Decree 503, mentioned above, foresaw this and authorized the procuring of loans intended for the accomplishment of the works mentioned, among which the Government would select, first of all, the most urgent ones connected with the building
of

-2-

of aqueducts and sewer systems, which would call for the immediate investment of one million one hundred two thousand pesos (\$1,102,000.00). The Municipal Improvement Fund could guarantee, from its own income, the service on the credit operations intended for the financing of the works entrusted to it.

The Bank of the Republic, in virtue of an agreement concluded with the National Government now in effect, has the character of trustee for all the credit operations which are entered into for the Improvement Fund, and for that purpose the said Bank collects directly the yield from the taxes established by Decree 503 of 1940.

Annex No. 3 contains complete data on the organization of the Municipal Improvement Fund, its financial capacity and the work it has performed up to this time.

D. INCREASE IN THE CAPITAL OF THE INDUSTRIAL PROMOTION INSTITUTE.

This corporation, created by Extraordinary Decree 1157 of 1940, is operating at present with a capital of two million pesos subscribed by the State and a small additional amount from a private credit institution. The organic Decree provides that the capital of the Institute must not be less than four million pesos,

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-10-

an amount still very slight, in view of its function as a promoter of industries in a country of incipient development. The Government, however, is merely attempting at present to complete the stated capital of four million pesos indicated by Decree 1157 of 1940.

The present administration, convinced of the imperative need for stimulating the industrial development of the country, did not hesitate last year in supplying its quota for the organization of the Institute, despite the fact that at that time many national services were also urgently demanding the financial aid of the State.

On the other hand, the founding of this organization likewise followed the Government's purpose of eliminating a practical drawback, traditional in our legislative annals, that of granting national aid to industries which individuals or certain official organizations were planning to establish. Now, such assistance can be granted only through the Institute, the management of which is in the hands of an autonomous Board composed of real experts and business men and presided over by the Minister of National Economy.

The Institute has as its main object to subscribe for shares in undertakings which private enterprise and capital have not been able to develop satisfactorily themselves,
after

-11-

after a scrupulous study (has been made) of the suitability and safety of the investment. So in no case can it be an organization competing with private industries which operate normally.

E. CONSTRUCTION OF THREE LARGE HYDRO-ELECTRIC PLANTS.

The industrial development of the country, which is being initiated chiefly by means of the official action exercised through the Promotion Institute that has been discussed above, encounters an insuperable obstacle in the lack of electric power in sufficient amounts and under reasonable conditions as to price.

Although it is true that during the last few years we have made some progress in the work of providing our municipalities with electric services indispensable for domestic use and public lighting, it is no less true that it has been possible to set up only one comparatively large plant for attending to the needs for industrial production in recent times, at Guadalupe, Departamento of Antioquia.

The reproductive usefulness of this work has been manifest and is evident at sight, if we observe the extraordinary progress of the city of Medellín, as a manufacturing center of first importance in Colombia.

Technical

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Technical studies that have been going on for a long time make it advisable that the construction of three large hydro-electric plants be undertaken without delay, distributed over the national territory so that they can be utilized by each of the principal areas which, thanks to a combination of favorable circumstances, are destined to attain a considerable industrial development in the near future.

In this way, one large electric plant has been planned for the west of the country, another in the east and the last in the Departamento of Boyacá. All of them utilize natural waterfalls which so far have represented an unproductive capital, and their estimated costs amount altogether to the sum of five million seven hundred twenty-eight thousand pesos, which are given separately and in detail in Annex No. 4.

F. INCREASE IN CAPITAL OF THE STABILIZATION FUND.

The Government of Colombia has begun to establish on sound bases the outlines of a policy of public credit and regulation of international exchange.

An instrument of this policy has been the Stabilization Fund, the work of which, although provided for by Law 7

of

-13-

of 1936 was not really begun until last year, in virtue of the provisions of Extraordinary Decrees 863 and 869 of 1940.

This organization, which protects Colombian export and import trade from sudden fluctuations of exchange, has contributed effectively toward maintaining the stability of our monetary system and consequently toward guaranteeing the interests of foreign investors in the country.

By means of a system based on the acquirement of credits for adequate periods, the Stabilization Fund has been able to advance to foreign exporters, at special rates of exchange designated reasonably, the value of the goods shipped to Colombia, the payment for which had to be postponed for a long time because of the unfavorable conditions of our export trade during the past year and due to the severe standards of control of exchange which it was necessary to order in defence of the metallic reserves of the Central Bank of Issue, by means of the classification of goods imported into the country in four priority classes. Trade with the United States of America has been greatly benefitted, in the first place, by the policy of the Stabilization Fund to which reference has been made.

The Fund has a capital of its own of three million three hundred thousand pesos and although it has credit available,

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available, in view of the solidity of its organization, it is necessary to endow it with new resources which will allow it to perform its functions better and which can in no case be less than two million pesos, a sum which the Government is planning to devote to augmenting its capital.

The management of the Fund is entrusted to an autonomous Board composed of the Ministry of the Treasury and Public Credit, the Governor of the Bank of the Republic and one member designated by the President of the Republic.

C. COST OF THE WORKS INCLUDED IN THE PLANS FOR HIGHWAYS, REGULATION OF NAVIGATION AND CONSTRUCTION OF PUBLIC BUILDINGS.

In Annex No. 5 there is described in detail the plan for public works and in a separate memorandum there can be seen the observations on the economic importance of the roads that are included in the plan for national highways, regarding the undeferable need for improving the navigation services and with respect to the urgency of accomplishing the construction of various public buildings.

The Government is developing a plan of works in the capital of the Republic which is giving employment to a considerable number of hands. As these works are bound to be suspended in case the country can not obtain resources derived

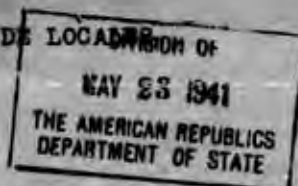
-18-

derived from the utilization of external credit, we shall be facing a truly difficult situation, since our economy would be unable to absorb the large number of workers employed on such building work. The continuation of the latter is, without any doubt, an essential factor in the maintenance and stability of social peace in the country. The works mentioned could not be kept up with the ordinary resources of the budget, for the Government will find itself forced within a short time to establish priority for public expenditures, attending preferably to the payment of interest and amortization of the public debt, interior policing and the strictly necessary services.

-MEMORANDUM-

DATO DE LAS SUMAS QUE SE PAGAN POR ARRENDAMIENTO DE LOCALIDADES DE
PARA OFICINAS NACIONALES EN BOGOTA.

Mayo de 1941.



<u>Servicio</u>	<u>Dirección</u>	<u>Canon mensual</u>	<u>Total</u>
<u>Mrio. de Correos y Telégrafos:</u>			
Oficinas principales del Ministerio.....	Edif. Hospicio	\$2.100.-	
Oficinas de Correos.....	Calle 16.....	800.-	
Auditoría Fiscal del Mrio.....	cra. 8 #18-26.	80.-	
Depósito de Repuestos.....	cra. 8, calle 19	100.-	
Archivo del Ministerio.....	calle 14, cra. 5	200.-	3.280.-
<u>Mrio. de Educación Nacional:</u>			
Depósitos y almacenes.....	calle 16, cra. 16	660.-	660.-
<u>Ministerio de Gobierno:</u>			
Procuraduría General.....	calle 12, #2-60	380.-	
Identificación Electoral.....	cra. 7 #8-65....	350.-	
Depósitos Imprenta Nacional...	cr. 19A #12-73..	80.-	810.-
Oficina Médico-Legal.....	Cra. 9a.....	140.-	140.-
<u>Ministerio de Guerra:</u>			
Oficinas de Intendencia, Aviación Civil, Marina, Sanidad, Dirección General de Servicios y otras.....	cr. 7, calle 7a.	1.100.-	
Talleres de la Maestranza.....	Calle 10 #2-43	180.-	1.280.-
<u>Ministerio de Hacienda:</u>			
Oficinas del Ministerio.....	Cra. 6a. entre calles 13 y 14	1.350.-	1.350.-
<u>Ministerio de la Economía:</u>			
Departamentos Agricultura, Ganadería, Comercio y Empresas de Servicio Público.....	Bco. Central H.	1.650.-	
Proveduría, Turismo, Almacenes.-	Calle 15-o-23	800.-	2.450.-
			<u>\$ 9.970.-</u>

-2-

Vienen..... \$ 9.970.

Ministerio de Minas:

Oficinas principales del Mrio.,	Calle 12 #8-74	500.-	
Interventoría de Petróleos.....	Ed. Vasquez...	40.-	
Archivo y Sec. Ingeniería.....	Cr. 8A #15-39.-	<u>160.-</u>	700.-

Ministerio de Trabajo:

Oficinas principales del Mrio..	Ed. Cardenas..	1.025.-	
Otras oficinas del Mrio.....	Ed. Camacho R..	500.-	
Oficina para desocupados.....	cra. 12 #7-93..	70.-	
Almacenes.....	Calle 19 #6-25	<u>120.-</u>	1.715.-

Contraloría Gral. de la República

Oficinas Principales.....	Ed. Sefair	1.400.-	
Depósitos.....	Cra. 7 #5-70...	50.-	
Otras dependencias.....	Ed. Solano....	125.-	
Censo Nacional.....	Calle 12 #10-43	300.-	
Estadística y Comercio Exterior	Cra. 9 #11-12-	<u>150.-</u>	2.025.-

<u>Consejo de Estado.....</u>	Cra. 7 #7-68..	<u>600.-</u>	600.-
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<u>Tesorería General de la Rep....</u>	Ed. Banco de la República.....	<u>1.000.-</u>	1.000.-
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<u>Museo Nacional.....</u>	Bco. de la Rep.	<u>360.-</u>	360.-
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<u>Sociedad de Agricultores.....</u>	Cr. 8 #11-66..	<u>300.-</u>	300.-
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Total.....		<u>\$16.670.-</u>	
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Arrendamientos pagados mensualmente.....\$ 16.670.-

Arrendamientos pagados anualmente.....\$ 200.040.-

(fdo) E. de Santamaría

Director General de Edificios Nacionales

REPÚBLICA DE COLOMBIA



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ANEXO N.º 1

Bogotá, mayo 9 de 1941

INVERSIONES NECESARIAS PARA EL PRIMER AÑO DE
LABORES, O SEA, PARA LA INICIACION DEL PLAN
OFICIAL SOBRE DEFENSA Y FOMENTO AGRICOLA EN
LA ZONA BANANERA DEL DEPARTAMENTO DEL MAGDA-
LENA.

Campaña oficial contra la infección de la Si- gatoka (Véase presupuesto discriminado anexo)	\$ 353.895.00
Nuevos cultivos (maquinaria agrícola, crédito y parcelaciones).....	500.000.00
Centrales de beneficio.....	100.000.00
Ganadería.....	50.000.00
Riegos y drenajes.....	183.605.00
Almacenes (Comisariatos).....	100.000.00
Centro Mixto.....	50.000.00
Crédito Bananero.....	500.000.00
	<u>\$1'837.500.00</u>

DETALLE DE LOS POSIBLES GASTOS DE LA CAMPAÑA
CONTRA LA SIGATOKA Y DEL CENTRO DE INVESTIGA-
CION Y FOMENTO EN UN AÑO.

Administración y dirección.....	\$ 12.120.00
Investigación y Extensión.....	23.400.00
Jornales.....	54.000.00
Transportes.....	6.900.00
Víaticos.....	4.500.00
Otros Gastos.....	20.475.00
Maquinarias y equipos de trabajo.....	105.000.00
Fungicidas y materiales sanitarios.....	105.000.00
Construcciones.....	15.000.00
Imprevistos.....	7.500.00
	<u>\$ 353.895.00</u>

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ANEXO N.º 2

Bogotá, mayo 9 de 1941

MEMORANDUM

sobre las sumas necesarias para la intensificación de las obras de irrigación y desecación realizables por el Ministerio de la Economía Nacional en un plazo de dos años, con un presupuesto de \$2'187.500.00 que son 1'250.000 dólares al cambio del 175%

A).- CONCLUSION DE LAS OBRAS QUE SE EJECUTAN ACTUALMENTE, SIN INCLUIR LAS QUE VAN A SER TERMINADAS EN UN PLAZO DE DOS O TRES MESES, COMO LA REPRESA DE SAMA CA Y LA IRRIGACION DE MARIQUITA.-

a) - Desecación de Fúquene

Para la terminación del Canal de Ubaté y el sector que falta del Saravita en doce meses..... \$90.000.00

Para la construcción de esclusas reguladoras y algunas obras accesorias... 70.000.00

Para pagar el segundo avalúo de los terrenos beneficiados..... 9.000.00

Total para Fúquene.....\$169.000.00 \$169.000.00

b) - Desecación de Sogamoso

Para la terminación de los canales proyectados.....\$180.000.00

Para la adquisición de tres equipos de dragado (aproximadamente)..... 80.000.00

Para los avalúos de los terrenos beneficiados..... 15.000.00

Para las obras complementarias de regulación..... 70.000.00

Total para Sogamoso.....\$345.000.00 \$345.000.00

P a s a n \$514.000.00



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v i e n e n \$514.000.00

c) - Irrigación de Bugalagrande.

Para la conclusión del canal princi-
pal y sus obras accesorias hasta la
región de Riopaila, en diez meses.....

\$ 80.000.00 \$ 80.000.00

Total para la conclusión de las obras
que se ejecutan.....

\$594.000.00

B).- OBRAS ESTUDIADAS Y DE LAS CUALES SE TIENEN
PRESUPUESTOS MAS O MENOS COMPLETOS.

a) - Represa del Sisga en Chocontá,
incluyendo indemnizaciones.....

\$300.000.00

b) - Represa del Ríofrío en Tabio....

300.000.00

c) - Una esclusa sobre el río Bogotá,
similar a la que se construyó en
la Ramada.....

90.000.00

d) - Exclusa del Tunjuelo, en Bosa...

30.000.00

e) - Para iniciar el plan irrigatorio
de Llanogrande y Llano de Orien-
te, a base del río Neiva, en el
Municipio de Campoalegre, inclu-
yendo la posibilidad de adquirir
los terrenos beneficiados para
parcelarlos y de establecer una
planta eléctrica para cinco mu-
nicipios.....

300.000.00

Total para las obras estudiadas

\$1'020.000.00

C).- OBRAS ESTUDIADAS POR ALGUNOS DEPARTAMENTOS,
PERO CUYOS PRESUPUESTOS REQUIEREN UNA REVI-
SION POR PARTE DEL MINISTERIO DE LA ECONO -
MIA NACIONAL.

a) - Para iniciar irrigaciones de En-
ciso, Capitanejo y Servitá, en el
Departamento de Santander.....

\$ 83.500.00

b) - Para iniciar la irrigación de los
llanos bajos del Tolima, a base
de los ríos Coello y Luisa.....

160.000.00

Total para las obras estudia-
das por los departamentos.....

\$243.500.00

\$243.500.00



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NOTA: Estas obras no podrían realizarse en un plazo de dos años.

D).- OBRAS URGENTES DE REALIZACION FACIL Y DE POCO COSTO Y PARA LAS CUALES LOS PRESUPUESTOS SON APRECIABLES CON BASTANTE EXACTITUD POR EL VALOR DE OBRAS SIMILARES.

a) - Represa del río Teatinos.....	\$ 80.000.00	
b) - Irrigación de Alvarado, en el Tolima.....	50.000.00	
Total de estas obras.....	\$130.000.00	<u>\$130.000.00</u>

E).- ESTUDIOS PARA INICIAR, CON SUS VALORES APROXIMADOS.

a) - Estudio de irrigación en el Departamento del Atlántico.....	\$ 50.000.00	
b) - Estudio de un plan irrigatorio en Valledupar y en la provincia de Padilla.....	50.000.00	
c) - Estudio del Canal del río Palo para beneficio de los Municipios de Candelaria, Miranda y Pradera	30.000.00	
d) - Para estudios en el Tolima.....	20.000.00	
e) - Para los estudios detallados sobre los ante-proyectos existentes en los Municipios de Carnicerías, la Jagua, el Agrado, Yaguará, Cabrera, Aipe y Baraya (Huila).....	30.000.00	
f) - Para estudios en algunas regiones del Norte de Santander.....	20.000.00	
Total para los estudios.....	\$200.000.00	<u>\$200.000.00</u>

R E C A P I T U L A C I O N :

A).- Conclusión de las obras que se adelantan	\$ 594.000.00
B).- Para las obras estudiadas.....	1'020.000.00
C).- Para obras estudiadas por los Departamentos.....	243.500.00
D).- Para obras de fácil realización.....	130.000.00
E).- Para iniciar los estudios más importantes	200.000.00
Suma Total	<u>\$2'187.500.00</u>

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ANEXO N.º 3

Bogotá, mayo 9 de 1941

MEMORANDUM

sobre la estructura económica del Fondo de Fomento Municipal.

ESTATUTOS QUE RIGEN SU ORGANIZACION Y FUNCIONAMIENTO.

Decretos Nos. 503 (marzo 8), 562 (marzo 27) y 575 (marzo 27) de 1940.

RECURSOS ECONOMICOS DEL FONDO.

- a) - Impuestos de la Ley 12 de 1932;
- b) - Utilidades en el Banco de la República;
- c) - Impuesto sobre consumo de grasas y lubricantes;
- d) - Impuesto sobre primas de seguros;
- e) - 20% sobre el superavit fiscal de cada vigencia;
- f) - Las sumas que se apropien en el presupuesto de gastos de cada vigencia para el Fondo;
- g) - Los intereses y reembolsos de las sumas que otorgue en préstamo el Fondo;
- h) - El producto de operaciones de crédito y las sumas que los departamentos, intendencias, comisarías y municipios consignen como aportes para obras.

Las operaciones de crédito que obtenga el Fondo pueden hacerse con dos finalidades:

- a) - Para incrementar el cupo general de los departamentos, intendencias y comisarías, y
- b) - Para incrementar el cupo de un determinado departamento, intendencia o comisaría, del Municipio de Bogotá, o de determinada obra del Fondo de Fomento.

Hasta la fecha solamente se ha efectuado una operación, consistente en la emisión de la suma de \$3'000.000.00 en "Bonos de Fomento Municipal de 1940", autorizados por el Decreto 1634 de 1940, para incrementar las obras de Fomento Municipal del Municipio de Bogotá, determinadas en el Decreto 1350 de 1940. La emisión de bonos se autorizó para amortización en 30 años y con un interés anual de 6%.

El servicio de los aludidos bonos lo cubre el Fondo de Fomento Municipal al Banco de la República en virtud del

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contrato de fideicomiso celebrado el 20 de septiembre de 1940, y se hace por cuotas trimestrales de cincuenta y cuatro mil seiscientos noventa pesos (\$54.690.00), o sean doscientos dieciocho mil setecientos sesenta pesos (\$218.760.00) anuales, con cargo al cupo del Municipio de Bogotá en la distribución de los recursos del Fondo.

PACULTAD PARA CELEBRAR OPERACIONES DE CREDITO

El Decreto 503 de 1940, Art. 52, dispone:

"El Gobierno podrá efectuar operaciones de crédito interno o externo, a corto o a largo plazo, con garantía de los recursos propios del Fondo, y el producto de dichas operaciones se aplicará a cumplir los fines previstos en este Decreto, de conformidad con lo establecido en el ordinal g) del Art. 22. Los contratos que se celebren en desarrollo de esta autorización, no requieren, para su validez, sino la aprobación del Excmo señor Presidente de la República, previo el concepto favorable del Consejo de Ministros y de la Junta Nacional de Empréstitos. Esta última formalidad no será necesaria para aquellas operaciones de Tesorería que impliquen únicamente adelantos a cuenta de las entradas ordinarias del Fondo, y que deban quedar saldadas dentro de la misma vigencia fiscal en que se otorguen."

DISTRIBUCION DE LOS RECURSOS DEL FONDO

De conformidad con lo dispuesto en el artículo 11 del Decreto 503 de 1940, del total de entradas correspondientes a los ordinales a), b), c), d), e) y f), la ciudad de Bogotá tendrá derecho a un cupo del 15% y el resto se destinará a inversiones en los departamentos, intendencias y comisarías, distribuyendo el 80% con relación a la población que para cada una de ellas arrojó el censo de 1938, y el 20% restante, por partes iguales, entre las mismas entidades, siendo entendido que las intendencias y comisarías se considerarán en conjunto como dos unidades. A su vez, la distribución de lo que del 20% citado corresponda a las intendencias y comisarías, se hará sobre la base de la población respectiva de cada una de estas entidades.

APLICACION DE LOS CUPOS Y OBRAS DE FOMENTO

El Decreto 503 de 1940 establece las siguientes obras que pueden atenderse con los fondos del fomento municipal:

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Acueductos, hasta un 60% del costo de la obra;
Alcantarillados, hasta un 60% del costo de la obra;
Locales escolares para la enseñanza primaria, hasta por el total de su costo;
Hospitales, hasta por el total de su costo, y
Plantas Eléctricas, en la proporción de aporte que establece la ley 126 de 1938

Con respecto al Municipio de Bogotá el Decreto orgánico del Fondo dispone que el Gobierno señalará por decretos especiales, las obras con destino a las cuales el Fondo puede hacer operaciones para la ciudad dentro del 15% previsto.

ARBITRIOS FISCALES DEL FONDO EN EL BIENIO 1940-1941.

En 1940 ingresaron al Fondo de Fomento Municipal las siguientes cantidades:

Por rentas de la ley 12 de 1932.....	\$1'717.666.42
Por participación en Superavit fiscal de 1939..	208.773.62
Por apropiaciones presupuestales.....	452.000.00
T o t a l	<u>\$2'378.440.04</u>

Para 1941 se hallan presupuestadas a favor del Fondo las siguientes cantidades:

Rentas de la ley 12 de 1932.....	\$2'347.863.45
Impuestos sobre grasas y lubricantes.....	298.224.93
Impuesto sobre primas de seguros.....	88.648.35
Utilidades en el Banco de la República.....	456.666.66
Participación Superavit fiscal 1940.....	340.000.00
T o t a l	<u>\$3'531.403.39</u>

R E S U M E N :

Total para el bienio:

1940.....	\$2'378.440.04
1941.....	<u>3'531.403.39</u>
	<u>\$5'909.843.43</u>

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Los productos de las rentas del Fondo de Fomento en el primer trimestre del presente año, se han presentado así:

Rentas de la ley 12 de 1932.....	4.	\$	661.826.59
Impuesto sobre primas seguros.....			443.87
Impuesto sobre consumo de grasas y lubricantes.....			92.913.14
Utilidades en el Banco de la República.....			250.000.00
Total en el trimestre.....			<u>\$1'005.183.60</u>

PROGRAMA DE INVERSIONES EN EL BIENIO 1940-1941

La Junta Directiva, al iniciarse el funcionamiento del Fondo, señaló la suma de \$7'300.000.00 como monto total de los recursos del Fondo que debían distribuirse en el cupo de los departamentos, intendencias y comisarías, y el Municipio de Bogotá, distribución que dio el siguiente resultado:

Municipio de Bogotá.....	\$1'095.000.00
Departamento de Antioquia.....	782.351.22
" del Atlántico.....	236.717.83
" de Bolívar.....	531.296.92
" de Boyacá.....	514.796.73
" de Caldas.....	534.126.40
" del Cauca.....	288.681.42
" de Cundinamarca.....	578.196.50
" del Huila.....	206.045.42
" del Magdalena.....	280.545.57
" de Nariño.....	353.803.99
" de Santander del Norte.....	282.834.12
" de Santander.....	442.654.48
" del Tolima.....	402.386.95
" del Valle.....	441.186.45
Intendencias.....	197.083.94
Comisarías.....	132.292.06
Total	<u>\$7'300.000.00</u>

La Junta Directiva del Fondo, hasta la fecha, ha aprobado contratos por un monto total de \$5'493.554.43, distribuidos así:

Para acueductos.....	\$1'712.566.16
Para alcantarillados.....	451.162.60
Para plantas eléctricas.....	402.072.14
Para hospitales.....	385.390.09
Para locales escolares.....	847.637.86
p a s a n	<u>\$3'798.828.85</u>

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v i e n e n	\$3'798.828.85
Contrato global Departamento de Caldas.....	384.126.40
" " " de Antioquia.....	447.772.62
Municipio de Bogotá.....	<u>862.826.56</u>
T o t a l	<u>\$5'493.554.43</u>

Por cuenta de los contratos anteriores se han efectuado pagos, por valor de \$1'875.318.52.

El manejo financiero del Fondo corresponde exclusivamente al Ministerio de Hacienda y Crédito Público, de conformidad con el artículo 7º del Decreto 503 de 1940.

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ANEXO No. 4

Bogotá, mayo 9 de 1941

PRESUPUESTO PARA LA CENTRAL HIDROELECTRICA
DEL RIO PALO.-

Características:

Caída: 170 metros netos

Caudal: 10 m³/seg.

Potencia: 10.900 kilowatios en los bornes del generador

Poblaciones que se benefician: Cali, Caloto, Puerto Tejada,
Santander, Corinto y Miranda.

Obras de captación.....	\$ 50.000.00
<u>Canal de conducción:</u> Longitud 12 Km. revestido en concreto reforzado a \$124.25 metro.....	1'491.000.00
<u>Desarenadores:</u> 900 metros cúbicos de concreto armado a \$85.00 cada uno.....	76.500.00
<u>Obras de arte:</u> túneles, viaductos, etc.....	160.000.00
<u>Cámara de carga:</u> 250 metros cúbicos de concreto armado a \$85.00 cada uno.....	30.000.00
<u>Anclajes:</u> para tubería de presión 585 metros cú bicos a \$30.00 cada uno.....	17.500.00
<u>Tubería de presión:</u> Diámetro 84" Longitud 600 metros. Peso 830 toneladas a \$400.00 cada una..	332.000.00
<u>Casa de máquinas:</u> incluyendo montaje.....	45.000.00
<u>Maquinaria:</u> 2 grupos de 5500 KW cada uno.....	190.000.00
<u>Sub-estaciones:</u>	110.000.00
<u>Línea de alta tensión:</u> 60 Km a \$4.000.00 Km....	240.000.00
t o t a l	<u>\$2'742.000.00</u>

Precio del kilowatio generado y transmitido \$249.27.

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PRESUPUESTO PARA LA CENTRAL HIDROELECTRICA DEL RIO SUAREZ

Características:

Caída: 100 metros netos

Caudal: 10 m³/seg.

Potencia: 6700 kilowattios en los bornes del generador

Poblaciones que se benefician: Socorro, Contratación, Simacota, Chima, Guane, Galán, Palmar, El Hato, El Páramo.

Obras de captación.....	\$ 80.000.00
Canal de conducción: 5 Km a \$125.00 metro.....	625.000.00
Desarenador: 800 metros cúbicos de concreto a \$85.00 cada uno.....	68.000.00
Cámara de carga: 250 metros cúbicos de concreto armado a \$85.00 cada uno.....	30.000.00
Obras de arte: túneles, viaductos, etc.....	100.000.00
Anclajes para la tubería: 300 metros cúbicos de concreto ciclópico a \$30.00 cada uno.....	9.000.00
Tubería de presión: 700 toneladas a \$400.00 c/u	280.000.00
Casa de máquinas: incluyendo montaje.....	40.000.00
Maquinaria: 2 grupos de 3350 KW cada uno.....	130.000.00
Sub-estaciones:.....	120.000.00
Red de alta tensión: 40 Km a \$4.000.00 cada uno	160.000.00
t o t a l	<u>\$1'642.000.00</u>

Precio del kilowatio generado y transmitido: \$245.07.

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PRESUPUESTO PARA LA CENTRAL HIDROELECTRICA DEL LAGO DE
TOTA

Características:

Caída: 400 metros netos

Caudal: 2 m³/seg.

Potencia: 5.500 kilowatios en los bornes del generador.

Poblaciones que se benefician: Tunja, Sogamoso, Duitama, Paipa, Corrales, Santa Rosa, Sotaquirá y alrededor de unos 20 municipios pequeños por donde pasarán las líneas de transmisión.

Obras de captación:.....	\$ 50.000.00
<u>Túnel:</u> 300 metros de longitud para un gasto de 2 metros cúbicos/seg. a \$150.00 metro.....	45.000.00
<u>Cámara de compensación:</u> para una altura de 30 metros y en concreto armado.....	85.000.00
<u>Tubería de presión:</u> Longitud 3.000 metros. Diámetro 42" incluyendo aparatos de seguridad, válvulas, etc.....	550.000.00
<u>Anclajes para tubería de presión:</u> 300 metros cúbicos a \$30.00 cada uno.....	9.000.00
<u>Casa de máquinas:</u> incluyendo montaje.....	35.000.00
<u>Maquinaria:</u> 2 grupos de 2750 KW cada uno.....	100.000.00
<u>Sub-estaciones</u>	150.000.00
<u>Línea de alta tensión:</u> 80 Km. a \$4.000.00 Km...	320.000.00
T o t a l	<u>\$1'344.000.00</u>

Precio del kilowatio generado y transmitido: \$244.36

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R E S U M E N :

Central Hidroeléctrica de Río Palo..	\$2'742.000.00
" " " Río Suárez	1'642.000.00
" " " Lago de	
Tota.....	1'344.000.00
Suma	<u>\$5'728.000.00</u>

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ANEXO No 5

Bogotá, mayo 9 de 1941

COSTO DE LAS OBRAS QUE COMPRENDEN LOS PLANES
DE CARRETERAS, DE REGULARIZACION DE LA NAVE-
GACION Y DE CONSTRUCCION DE EDIFICIOS PUBLI-
COS.

Carreteras

Sonsón-Dorada (para dar paso en toda su longitud e iniciar algunas obras de arte definitivas)....\$	650.000.00
Pauna-Río Magdalena (para llevar la obra hasta el Río Minero).....	180.000.00
Sogamoso-Casanare (para adelantar las obras hasta cerca de la entrada de los llanos).....	210.000.00
Villeta-Guaduas-Honda (para terminar la obra)...	360.000.00
Neiva-Palermo-Palmira (para dejar terminada más de la tercera parte de la vía).....	500.000.00
Ciénaga-Fundación (para dejar terminada la obra)	100.000.00
La Paz-Chiriguana (para terminarla).....	100.000.00
Pasto-Puerto Asís (para terminar la carretera hasta Urcusique y hacer un camino de herradura de Urcusique a Puerto Asís).....	100.000.00
Gamarra-Ocaña (para terminarla).....	160.000.00
La Ceiba-Abrego (para ejecutar la mitad de la obra).....	600.000.00
Pandi-Colombia (para llevar la carretera hasta la Colonia).....	200.000.00
Cali al mar (para dar paso con obras de arte provisionales).....	400.000.00
Bolívar-Quibdó (para dar paso con obras de arte provisionales).....	390.000.00
Istmina-Quibdó (para terminarla).....	360.000.00
Guestecita-Carraipia (para hacer la totalidad de la obra).....	90.000.00
Venecia-Tres Esquinas (para hacer todos los estudios).....	100.000.00
S u m a	\$4'500.000.00

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Navegación

Para compra de accesorios y repuestos de dragas y equipo adicional para las mismas.....	\$ 415.000.00
Para dotación de equipos mecánicos en los puertos del río Magdalena y accesorios que permitan su instalación.....	230.000.00
Para la adquisición de un equipo adicional para manejo de carga en el Terminal Marítimo de Barranquilla.....	60.000.00
Para montaje de talleres centrales en Barranquilla (suma indispensable para su iniciación)....	400.000.00
Suma	<u>\$1'105.000.00</u>

Construcciones

Para terminar el edificio de correos nacionales \$	800.000.00
Para la terminación del edificio nacional de Pasto.....	290.000.00
Para terminar la construcción del edificio de los ministerios.....	600.000.00
Para terminar las obras de la Ciudad Universitaria.....	600.000.00
Suma	<u>\$2'290.000.00</u>

R E S U M E N :

Inversión en Carreteras.....	\$4'500.000.00
Inversión en Navegación.....	1'105.000.00
Inversión en Construcciones.....	<u>2'290.000.00</u>
Suma	<u>\$7'895.000.00</u>

TREASURY DEPARTMENT

INTER-OFFICE COMMUNICATION

DATE June 7, 1941

TO Secretary Morgenthau
FROM Mr. Cochran

At 3 o'clock yesterday afternoon I received Mr. Coyne, Financial Attache of the Canadian Legation. He told me that he is leaving shortly for Canada to obtain information there with respect to the working of the plan enunciated at Hyde Park on the occasion of Prime Minister Mackenzie King's recent visit with the President. Furthermore, Mr. Coyne hoped to obtain data sufficient to revise his report to the Treasury on the Canadian financial position. He will give us something on this subject as soon as possible. He is going to look particularly into the subject of re-registration of Canadian holdings of dollar securities and other investments.

B. M. J.

No. 1581

Ottawa, June 7, 1941.

Subject: Periodical report on general conditions in Canada.

The Honorable

The Secretary of State,

Washington, D. C.

Sir:

I have the honor to transmit a report on general conditions in Canada for the period from May 30 to June 6, 1941, inclusive.

Respectfully yours,

Pierrepont Moffat.

True copy of the original
signed by

In quintuplicate to Department.
800
JGP/ems

5) Plans to implement Hyde Park declaration - Reports of monetary measures.

A series of news reports from the United States has given publicity in Canada to a type of economic collaboration which is scarcely welcome in Ottawa, especially among those directing Canada's financial policies. A correspondent of the North American Newspaper Alliance wrote that a "stabilization agreement" was likely, that the American dollar might become legal currency in Canada and that monetary measures under consideration might lead to a complete economic union. The author of this report based the foregoing predictions on allegations that the President and the Prime Minister were planning far in advance of public opinion or knowledge measures to link the American and Canadian economies more closely together. Other reports under American datelines have favored loans to Canada under the lease-lend formula, and Senator Mead of New York has been reported as specifically referring to the desirability of closer collaboration on monetary matters.

IV. INTERNAL POLITICAL AFFAIRS.

1) Current political and other factors as related to Canada's war effort.

There are at present three major subjects of interest in connection with Canada's war effort, the recurrence of Dominion-Provincial friction, the lagging drive for recruits, and the Victory Loan campaign.

a) Dominion-Provincial relations: Ontario.

Wasting his fight to retain control over the lucrative income and corporation tax fields, Mr. Hepburn of Ontario last week based an implied refusal to vacate these fields on what he termed the unjust increase in the federal withholding tax on provincial bonds - a relatively trivial matter. In so doing he placed himself in the position of defending the American bondholder, of threatening his electors with double taxation, and of prejudicing the success in Ontario at least of the Victory Loan campaign. Nevertheless, the Dominion Government decided that it could not wait for time to make Mr. Hepburn's position indefensible and, with the success of the loan campaign and the importance of preserving Canadian unity in mind, abandoned on June 5 the proposal to increase the withholding tax on provincial bonds. This decision, an admission of Mr. Hepburn's nuisance value, had the effect of removing his given reason for retaining the income and corporation tax fields and left the next move up to Mr. Hepburn.

The move was not long delayed. On the evening of the same day, although he had been the arch-wrecker of the abortive Girdle conference in January, Mr. Hepburn proposed that Prime Minister King call a Dominion-Provincial conference to discuss "a solution of

present taxation issues, provincial autonomy, industrial harmony and a spirit of wholesome good-will between the Dominion and Provincial Governments of Canada". Such honeyed language from Mr. Hepburn is an indication that he is in retreat and in effect the position now seems to be that he prefers to continue his fight for provincial autonomy at a full conference table rather than in a straight two way exchange with the Dominion Government. It is believed that at such a conference he would be prepared to agree at most to a wartime settlement of Dominion-Provincial financial relations and that he would insist on post-war restoration of the income and corporation tax fields. In this, to judge from a recent speech, he would have the support of Premier Aberneth at least, and could as well remind the Government that in his budget speech of April 29, Mr. Ilsley had stated that the Government did not intend to get the provinces out of these tax fields permanently.

On June 6 the Prime Minister, who, it will be recalled, left the door open for a second Dominion-Provincial conference at the time the first one failed, replied to Mr. Hepburn that if all the Provinces "should unite in a request" for another conference, the Government would consider it at once. In other words Mr. King will not assume the responsibility for a second conference until it is safe to do so. It is evident, however, that an advantage has been gained by removing Ontario's alleged - if absurd - grievance and there is now ground for optimism that the teeth have been drawn from Mr. Hepburn's wilful threat to Canadian unity.

b) Recruiting Campaign - Army program.

Confirming the unfavorable impression which the public had gained, the Minister of National Defence told Parliament on June 5 that only 7,655 out of the 32,000 required had thus far been recruited for the active Army during the present intensive campaign. The Minister professed optimism but nonetheless there are two reasons for concern over the lack of enthusiasm of Canada's youth for voluntary service overseas.

In the first place the pressure in favor of conscription both from the public in Ontario and certain of the other English speaking Provinces has been immensely increased and conscription sentiment is of course very strong among most Army officers. This issue has been much confused by special pleading in Canada and it has never been squarely and publicly stated by the Government. In effect and in simplified terms, if the campaign for recruits fails Canada will have to choose first between conscription and unity, and second between a major industrial contribution and a major contribution of fighting manpower.

In the second place there is concern for Canada's war effort by reason of the lagging recruiting because Canada is pledged to send overseas this year the 3rd and 4th division, the armored division and the tank brigade. No important fraction of any of these units has yet left Canada. Aside from the military effect of any failure to carry out the selfimposed

schedule for the overseas despatch of troops, the ultimate political effects in Canada would be most serious.

c) Victory Loan.

In contrast to the foregoing aspects of Canada's wartime activity the Victory Loan, at the present early stage in the campaign, appears to be an unqualified success. It is demonstrating how generously the people will respond, financially at least, to a well planned and well organized drive. It is even said that the initial subscriptions were so large that the Government had to resort to the device of deferring announcement of a part of the subscriptions for fear of the impression gaining ground that there was no longer need for everyone to participate. The easy success of this loan would be a source of immense satisfaction to a government which, critics to the contrary notwithstanding, has since June 1940 placed the primary emphasis on production and acted up to the present at least on the rather bold thesis that anything that could be produced by Canada could be financed.

2) Parliament - Minister of Finance.

Parliament was unable to conclude its business by Friday night June 6, as hoped although sitting from 11 a.m. to 11 p.m. daily. Third readings have been given, however, to all of the budget bills and aside from the main estimates for the current year, little business of importance remains.

It is perhaps worth noting that the handling of the budget by the Finance Minister, Mr. Ilesley, has through more than a

month of sometimes tedious, sometimes searching debate been characterized by patience, openness of mind, clarity of thought and expression, and a tenacity and adherence to important principles which have marked Mr. Halsey as an exceptionally able man. His prestige has increased enormously.

eh: copy
6-25-41

TO THE DEPARTMENT
TECHNICAL VICE PRES
OFFICE OF THE

NOV 17 1941

RECEIVED
NOV 17 1941

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, (Paris) Vichy

DATE: June 7, 1941, 3 p.m.

NO.: 649

A Foreign Office source informed us recently that the setting up of three German Commissioners, one for foreign trade, one for the Bank of France, and one for foreign exchange, formed a part of the latest Franco-German collaboration. A private source has now given us, in the strictest confidence, pertinent paragraphs of what is said to be Official Report no. 57 of the French Delegation to Wiesbaden, for the week May 11-18. The Embassy believes that this information is authentic, it appears that a rather full summary by telegraph is worth sending to the Department:

As for the Commissioner of Foreign Trade: The French Government agrees to the setting up of a Commissioner for Foreign Trade, who shall receive prior notification of any modification in policy concerning the foreign trade of France and trade between the Colonies and France itself, as well as between continental France and its territories under protectorate and mandate. All facilities for controlling the carrying out of import and export schedules shall be received by the Commissioner, and such schedules shall not be drawn up without the Commissioner's approval. If the interests of Germany are involved, the Commissioner may veto the delivery of imports and exports. The Finance Ministry may be requested by the Commissioner to furnish

- 2 -

furnish all information he considers necessary with regard to foreign trade, and to furnish all documents he thinks necessary. Any economic negotiations with a third power which the French Government proposes to undertake shall be made known to the Commissioner, and the progress of the negotiations shall be made known to him. A special agreement between the French and German Governments will be necessary for the entry into office of the German Foreign Trade Commissioner.

As for the Commissioner for the Bank of France:
It is agreed by the French Government that a German Commissioner shall be established at the Bank of France. The Bank of France shall keep the Commissioner permanently informed of all measures taken by the Bank. The Commissioner may inquire into all the Bank's operations and decide what actions and operations must receive his prior approval before being carried out. On credit operations to be granted or requested abroad, the Commissioner must give his prior opinion. The Commissioner will take cognizance of any balances, statements or other documents sent to the organization which is charged with control of banking, and through the Bank of France he may demand any and all supplementary documents and information from other banks. The authority of this Commissioner became effective on the twentieth of May. (Note: Reference is made to telegram of July 30, 6 p.m., 1940, no. 215 from the Embassy and subsequent reporting that under their own regulations, last summer the German occupying authorities installed a

- 5 -

Commissioner, Schaeffer. Apparently the present agreement was for the purpose of putting the stamp of full approval on his authority by the French.)

As for the Foreign Exchange Commissioner: It is agreed by the French Government that a German Foreign Exchange Commissioner shall be set up. Prior notification of any modification or addition to the French regulations having to do with gold and foreign exchange shall be made to this Commissioner. Likewise, he shall be notified regarding any measure for carrying out such regulations, being given a period of ten days within which his objections may be filed. The Commissioner is empowered to make suggestions for the modification, supplementation and execution of existing provisions which, when they correspond to the interests of Germany and France, shall be carried out. Whenever German interests are involved, the Commissioner may veto French foreign exchange legislation. The Commissioner shall be given prior notification of any modification of legal provisions having to do with the exchange stabilization fund, and a ten day period for filing objections is stipulated. All transactions of the exchange stabilization fund shall be permanently made known to him. Through the Finance Ministry, the Commissioner may request all information and documents he considers necessary with regard to French control of exchange. The Commissioner took office on the twentieth of May.

- 4 -

There are also interesting paragraphs on French control of the frontiers in the report, which are given below:

(in paraphrase)

It is agreed and declared by the French Government that the Commissioner of Foreign Exchange and the Commissioner of Foreign Trade may employ German customs agents not to exceed 200 in number in the unoccupied zone in order to carry out their mission. By means of an international control it shall be the duty of these agents to supervise French customs operations regarding merchandise and monetary traffic at foreign frontiers and at airports where there is customs authority. The supervisory organizations may, through the French liaison agent who accompanies them, suspend suspected operations or proceed to measures of specified control when danger of fraud is feared.

The French Government shall be charged with taking all measures tending to facilitate the installation and work of these control organizations.

It is agreed by the French Government that the number of open frontier ports shall be reduced to a minimum. The control services on the part of Germany shall be effective the thirtieth of May.

This telegram has been repeated to the Berlin Embassy.

LEAHY.

C
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Y

AUSTRALIAN LEGATION,
WASHINGTON, D. C.

June 7th, 1941

Dear Mr. Cochran,

We thought that perhaps informally you would like to have a summary of a recent telegram we have received regarding a change in the Australian National Security Exchange Regulations.

The Regulations have been amended to provide that all persons in Australia who own United States or Canadian dollar funds or currency in any shape or form, either overseas or in Australia, must sell these funds to the Australian Government. The amendment provides, in addition, for the control of sales, loans, transfer or mortgages of any lands or securities owned by persons outside the sterling area to another person outside the sterling area. Unless permission is first obtained from the Commonwealth Bank transfers will in future be illegal.

We thought that conceivably the information would be of use to you.

Yours sincerely,

(Signed) P. R. Heydon

r. H. Merle Cochran,
Technical Assistant to the Secretary
of the Treasury,
Treasury Department,
Washington, D. C.

OPY - dm - 6/10/41

C
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YPARAPHRASE OF TELEGRAM RECEIVED

FROM: American Consul, Berlin, Germany
TO: Secretary of State, Washington
DATED: June 7, 1941, 12:15 p.m.
NUMBER: 2244

Athens reports have been received to the effect that it has been agreed by the German-occupying authorities to pay a 20 percent premium on all purchases in Greece for the German armed forces because of the price rise since the conquest. Credit in the clearing account will constitute the form of payment. A certain percentage of all types of products exported to Germany will be left for the use of domestic industries in Greece.

As in other conquered countries there have been substantial increases in prices and heavy purchases by Germany for export to Germany as well as supplies for the occupying forces. The inevitable result of paying through a clearing account will be to build up a large clearing debt which Germany will owe. Significance may be attached to the fact that it has been found expedient by Germany to promise not to take all raw materials, which are available in Greece in quantity and which Germany greatly needs, such as hides and skins, magnesite and iron ore, tobacco and resin.

Copy:alm 6-11-41

U. S. TANK VESSELS IN PORTS OF THE UNITED STATES

IMO	NAME	CARGO CAPACITY	PRESENT LOCATION	DATE OF ARRIVAL	VOYAGE PER WHICH LOADING OR UNLOADING TO BE MADE	REMARKS
55	AMERICAN	70,000 bbls.	Battle	6/5/41	Victoria, B.C. (no cargo)	Active
55	CAMBER	70,000 bbls.	Tacoma, Wash.	6/5/41	San Pedro, Cal. (no cargo)	do
55	R. J. HANNA	70,000 bbls.	Portland, Oregon	6/5/41	Redwood, Cal. (no cargo)	"
55	LA FORTINHO	62,000 bbls.	Portland, Oregon	6/6/41	California (no cargo)	"
55	DELITO	60,000 bbls.	Portland, Oregon	6/6/41	San Pedro (no cargo)	"
55	CHERRY PARK	51,000 bbls.	Charleston	6/5/41	Beverly	"
55	C.B. VETSON	50,000 bbls.	Charleston	6/5/41	Jacksonville	"
55	GULFARD	50,000 bbls.	Charleston	6/6/41	Unreported	"
55	R.V. BUDGE	51,446 bbls.	Baltimore	6/6/41	Lake Charles, La.	"
55	TRICKLEVALE	50,000 bbls.	Baltimore	6/6/41	Washington, D.C.	"
55	F. M. CLARK	119,410 bbls.	Baltimore	6/5/41	Baytown, Texas	"
55	ESBO DOWER	105,790 bbls.	Baltimore	6/22/41	probably Texas port	Active - unloading alternatives active
55	CANABVILLE	53,350 bbls.	Baltimore	6/4/41	Dominican Republic	do
55	BEAUMONT PARKS	45,000 bbls.	Duluth	6/5/41	Chicago	"
55	ICEBERG KILBY	10,800 bbls.	Tuloso, Calo	5/29/41	Buffalo	"
55	MERCOT	16,800 bbls.	Tuloso	6/6/41	Lackawanna, N.Y.	"
55	CARDOLL	15,600 bbls.	Buffalo	6/6/41	Cleveland or Bay City	"
55	KIRK JONES	72,000 bbls.	Philadelphia	6/5/41	Baytown, N. J.	"
55	AMERBAS	72,000 bbls.	Philadelphia	6/6/41	New York	"
55	GENCO	72,000 bbls.	Philadelphia	6/6/41	Unreported	"
55	PAPORSE	72,000 bbls.	Philadelphia	6/6/41	Port Arthur	"
55	J. F. VAN DUSE	151,000 bbls.	Philadelphia	6/6/41	Texas	"
55	ALBERT HILL	10,350 tons	Philadelphia	6/6/41	Texas	"
55	TYGREN	10,065 tons	Philadelphia	6/6/41	Jersey City	"
55	GOLF COAST	80,000 bbls.	Philadelphia	6/6/41	New York	"
55	SWITSDURE	81,300 bbls.	Philadelphia	6/5/41	Newman	"
55	DILLINGO	45,000 bbls.	Philadelphia	6/5/41	Cuba	"
55	WINTYLAH	941 tons	Philadelphia	6/6/41	Atlantic City	"
55	ROBERT H. COLLEY	17,525 tons	Philadelphia	6/6/41	Charter, P.O. - 10 days regular	"
55	L. H. KIM	12,740 tons	Philadelphia	6/6/41	Texas	"

RIO	NAME	CARGO CAPACITY	PRESENT LOCATION	DATE OF ARRIVAL	VOYAGE FOR WHICH LOADING OR INTENDING TO LOAD	REMARKS
SS	E. G. SEUBERT	102,062 bbls.	New York	5/31/41	Caripito	Active
SS	ESSO ARUBA	115,860 bbls.	New York	5/30/41	Caripito	do
SS	ESSO ANNAPOLIS	145,000 bbls.	New York	6/2/41	Corpus Christi	"
SS	ESSO HOUSTON	105,415 bbls.	New York	6/3/41	New Orleans	"
MS	FLORIDA	101,180 bbls.	New York	6/6/41	Port Arthur	"
SS	FUEL OIL	18,666 bbls.	New York	6/6/41	Marcus Hook	"
SS	GAROCYLE	80,440 bbls.	New York	6/6/41	Beaumont	"
MS	GULFRANK	128,786 bbls.	New York	6/6/41	Las Piedras	"
SS	MAGNOLIA	124,207 bbls.	New York	5/28/41	Beaumont	"
SS	MOBILGAS	122,568 bbls.	New York	6/5/41	Beaumont	"
SS	O. M. BERNUM	108,965 bbls.	New York	6/6/41	Texas City	"
SS	PAUL H. HARWOOD	79,810 bbls.	New York	12/9/40	-	Inactive - repairs
SS	R. G. STEWART	102,062 bbls.	New York	4/12/41	-	Inactive - repairs
SS	S. B. HUNT	128,566 bbls.	New York	6/4/41	Galveston	Active
SS	STANDARD ARROW	97,780 bbls.	New York	5/22/41	Lockport, Miss.	do
SS	ULYSSES	112,976 bbls.	New York	5/20/41	-	Inactive - labeled
SS	VIRGINIA	75,033 bbls.	New York	6/5/41	Port Arthur	Active
MS	VISTULA	103,078 bbls.	New York	5/14/41	Corpus Christi	do
SS	VICTOR H. KELLY	13,081 tons (Est.)	Los Angeles	6/6/41	Seattle	"
SS	PAT DORNEY	82,000 bbls.	Los Angeles	6/6/41	Portland, Oregon	"
SS	SAMUEL Q. BROWN	9,392 tons	New Orleans	6/5/41	New York	"
MS	NORTHERN SUN	12,938 tons	New Orleans	6/5/41	Marcus Hook	"
SS	MYTON	9,778 tons	New Orleans	6/5/41	Houston	"
SS	SPENCER KELLOGG	7,965 tons	New Orleans	6/1/41	Havana	"
SS	WILLIAM F. HUMPHREY	12,078 tons	New Orleans	6/5/41	New York	"
SS	A. S. HANSEN	7,080 tons	Beaumont, Texas	6/5/41	Wilmington, Del.	"
SS	MOBILOIL	14,222 tons	Beaumont, Texas	6/6/41	New York	"
SS	W. E. HUTTON	8,166 tons	Beaumont, Texas	6/6/41	Carteret, N. J.	"
SS	ESSO BOSTON	12,475 tons	Beaumont, Texas	6/6/41	Carteret, N. J.	"
SS	M. F. ELLIOT	9,240 tons	Galveston, Texas	5/28/41	Carteret, N. J.	"
SS	OLNEY	9,747 tons	Galveston, Texas	5/27/41	Carteret, N. J.	"

RTS	NAME	CARGO CAPACITY	PRESENT LOCATION	DATE OF ARRIVAL	VOYAGE FOR WHICH LOADING OR INTENDING TO LOAD	REMARKS
26	AMERICAN TRADER	12,845 tons	Houston, Texas	6/6/41	<i>Clayport</i> Carteret, N. J.	Active
26	MANKEY	17,900 tons (Ext.)	Houston, Texas	6/6/41	Carteret, N. J. <i>new york</i>	"
26	DOLPHIN 2	3,400 tons (Ext.)	Houston, Texas	6/6/41	Carteret, N. J.	"
26	CITIES SERVICE	12,600 tons	Mobile, Alabama	4/24/41	-	Immobilized
TOLEDO						
26	GULF OF VERMONT	2,990 tons	Mobile, Alabama	5/16/41	Port Arthur	Active
26	HENRY M. DAVIS	2,207 tons (Ext.)	Mobile, Alabama	6/5/41	Smiths Bluff, Texas	"
26	PAN CAROLINA	11,695 tons	Mobile, Alabama	6/2/41	Houston, Texas	"
26	L. P. SMITH	10,104 tons	Mobile, Alabama	5/31/41	Smiths Bluff, Texas	"
26	V. W. MILLS	2,624 tons	Mobile, Alabama	6/3/41	Smiths Bluff, Texas	"
26	L. J. SAHLER	14,225 tons	Baytown, Texas	5/21/41	Unreported <i>new york</i>	"
26	ALPHA	9,324 tons (Ext.)	Port Arthur, Texas	6/5/41	do	"
26	GULFPORT	13,622 tons	Port Arthur, Texas	6/3/41	New York	"
26	MISSISSIPPI	10,407 tons	Port Arthur, Texas	5/25/41	Unreported	"
26	BENEMIAN CLUB	10,642 tons	Port Arthur, Texas	6/6/41	Philadelphia	"
26	PAN AMERICAN	14,170 tons	Texas City, Texas	6/6/41	Unreported <i>Baltimore</i>	"
26	PAN GEORGIA	11,692 tons	Texas City, Texas	6/6/41	Unreported	"
26	TRAVERSE CITY	24,000 bbls.	Chicago	6/5/41	Cleveland	"
SOONBY						
26	SEPIA	10,000 bbls.	Chicago	6/6/41	Bay City	"
26	MAINE	42,800 bbls.	Chicago	6/5/41	Detroit	"
Unknown	WINGCOAST	44,000 bbls.	Chicago	6/5/41	Superior, Wisconsin	"
Unknown	RED CROWN	66,000 bbls.	Chicago	6/5/41	Superior, Wisconsin	"
Unknown	GENERAL HANDEAN	25,000 bbls.	Chicago	6/6/41	Bay City	"
Unknown	WILLIAM T. COWAN	65,000 bbls.	Chicago	6/6/41	Detroit	"
Unknown	EDWARD S. SUBERT	22,000 bbls.	Chicago	6/5/41	Green Bay	"
M3	ALASKA STANDARD	19,500 bbls.	<i>Ketchikan, Alaska</i>	6/6/41	<i>Various Alaskan Ports</i>	"
55	HARRY F. SILLAR	63,000 bbls.	<i>Halveston</i>	6/6/41	<i>Baytown, N. J.</i>	"
55	ESLA BALTIMORE	73,000 bbls.	<i>Halveston</i>	6/6/41	<i>New York</i>	"
55	VACUUM	40,000 bbls.	<i>Halveston</i>	6/6/41	<i>Panama</i>	"

JUN 7 1941

RIG	NAME	CARGO CAPACITY	PRESENT LOCATION	DATE OF ARRIVAL	VOYAGE FOR WHICH LOADING OR INTENDING TO LOAD	REMARKS
MS	ANDREA BROVIG	15,300 tons	New York	5/18/41	Aruba, N.W.I.	Active
MS	ARISTOPHANES	15,400 tons	New York	6/4/41	Aruba, N.W.I.	Active
MS	ASTRELL	89,508 bbls.	New York	6/1/41	United Kingdom	Active
MS	BELLO	8,557 tons	New York	4/11/41	United Kingdom	Active
MS	BETH	9,065 tons	New York	6/3/41	United Kingdom	Active
MS	DAGHILD	15,513 tons	New York	5/26/41	Venezuela	Active
MS	EVITA	8,543 tons	New York	2/11/41	- - -	Inactive - repairs
MS	FENRIS	12,603 tons	New York	6/4/41	United Kingdom	Active
MS	GENION	15,576 tons	New York	5/22/41	- - -	Inactive - repairs
MS	OLIVRE	9,500 tons	New York	6/3/41	United Kingdom	Active
MS	HAAKON HAAV	80,390 bbls.	New York	5/9/41	Halifax	Active
MS	HAVPRINS	11,595 tons	New York	5/3/41	United Kingdom	Active
MS	HORNH SCOUT	12,499 tons	New York	5/26/41	United Kingdom	Active
MS	INNERBY	11,460 tons	New York	5/5/41	United Kingdom	Active
MS	JERRY	8,042 tons	New York	4/9/41	- - -	Inactive - repairs
MS	KATA KNUDSEN	15,064 tons	New York	5/24/41	Halifax	Active
MS	KONGSAAARD	15,144 tons	New York	6/3/41	United Kingdom	Active
SS	MELINE	80,148 bbls.	New York	6/6/41	Aruba	Active
SS	MIRLO	9,311 tons	New York	5/17/41	Aruba	Active
MS	SIR JAMES CLARK ROSS	121,800 bbls.	New York	6/6/41	Aruba	Active
MS	SANDAR	11,180 tons	New York	5/10/41	United Kingdom	Active
MS	SOLSTAD	7,065 tons	New York	4/11/41	United Kingdom	Inactive
MS	SPERANGER	9,562 tons	New York	5/15/41	United Kingdom	Active - repairs
MS	THORSHOV	12,036 tons	New York	6/4/41	United Kingdom	Active
MS	VARANGER	12,760 tons	New York	3/6/41	United Kingdom	Active - repairs
MS	GALLIA	12,772 tons	Galveston	5/27/41	Port Arthur <i>England</i>	Active
MS	BRALANTA	15,891 tons	Los Angeles	3/16/41	- - -	Inactive
MS	THORHILD	15,625 tons	Los Angeles	4/17/41	- - -	Inactive
MS	SALAMIS	15,187 tons	Philadelphia	6/5/41	United Kingdom	Active

CONFIDENTIAL

23

SHIP	NAME	CARGO CAPACITY	PRESENT LOCATION	DATE OF ARRIVAL	VOYAGE FOR WHICH LOADING OR INTENDING TO LOAD	REMARKS
MS	HORON GIANT	115,000 bbls.	Philadelphia	6/6/41	Mexico	Active
MS	IRRELIN	92,000 bbls.	Los Angeles	6/8/41	Tecapilla	Active
MS	SCOTIA	80,000 bbls.	Los Angeles	6/8/41	- - -	Active - to undergo repairs
MS	PETER II	9,115 tons	Departed San Juan, P.R., 6/6/41, for Mayaguez, P. R.			

BRITISH TANK VESSELS IN PORTS OF THE UNITED STATES

JUN 7 1941

RID	NAME	CARGO CAPACITY IN TONS EXCLUD- ING BUNKERS	PRESNT LOCATION	DATE OF ARRIVAL	VOYAGE FOR WHICH LOADING OR INTENDING TO LOAD	REMARKS
SS	ANGLO BORSE	79,333 bbls.	New York, N. Y.	4/21/41	United Kingdom	Active
SS	BRITISH CONSUL	82,266 bbls.	New York, N. Y.	5/17/41	United Kingdom	Active
SS	BRITISH WORKMAN	82,266 bbls.	New York, N. Y.	5/17/41	United Kingdom	Active
MS	BULLMOUTH	82,696 bbls.	New York, N. Y.	5/1/41	United Kingdom	Active
MS	CHARLES F MEYER	128,894 bbls.	New York, N. Y.	4/8/41	United Kingdom	Active
MS	DARINA	9,800 tons	New York, N. Y.	5/30/41	United Kingdom	Active
MS	DAVILA	11,000 tons	New York, N. Y.	5/24/41	United Kingdom	Active
MS	DOLABELLA	10,800 tons	New York, N. Y.	6/4/41	United Kingdom	Active
SS	HECTORIA (whale oil factory)	78,900 bbls.	New York, N. Y.	6/6/41	United Kingdom	Active
MS	HOSE SHELL	104,819 bbls.	New York, N. Y.	6/2/41	United Kingdom	Active
MS	INVERILLEN	92,790 bbls.	New York, N. Y.	5/29/41	United Kingdom	Active
MS	MIRALDA	11,000 tons	New York, N. Y.	5/22/41	United Kingdom	Active
MS	PATELLA	90,906 bbls.	New York, N. Y.	5/17/41	United Kingdom	Active
SS	PEDER BOGEN	71,403 bbls.	New York, N. Y.	6/1/41	United Kingdom	Active
SS	POLAR CHIEF (Carrying whale oil)	45,366 bbls.	New York, N. Y.	4/17/41	United Kingdom	Active-Labeled
SS	SHIRVAN	67,479 bbls.	New York, N. Y.	4/9/41	United Kingdom	Active
SS	SOHRABAYA	8,005 tons	New York, N. Y.	6/6/41	United Kingdom	Active
MS	TRIGULA	9,000 bbls.	New York, N. Y.	4/30/41	United Kingdom	Active-Labeled
MS	VANCOOLITE	132,238 bbls.	New York, N. Y.	5/18/41	Caripito	Active
SS	VOOO	6,142 tons	Peasbore, N. J.	6/4/41	United Kingdom	Active
MS	ATHELVIKING	13,709 tons	Port Everglades	6/4/41	Georgetown, B.G.	Active
SS	BRITISH PROGRESS	6,113 tons	Baltimore, Md.	4/11/41	United Kingdom	Active
SS	LANSING	7,454 tons	San Francisco	10/26/38		Immobilized
MS	ATHEL CROWN	141,000 bbls. molasses	Philadelphia	6/6/41	Cuba	Active

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RIG	NAME	CARGO CAPACITY IN TONS EXCLUD- ING BUNKERS	PRESENT LOCATION	DATE OF ARRIVAL	VOYAGE FOR WHICH LOADING OR INTENDING TO LOAD	REMARKS
MS	NORVIK	13,374 tons	Boston, Mass.	3/15/41	Liverpool	Active
SS	ALCONQUIN	74,751 bbls.	New York, N. Y.	12/2/40		Inactive
MS	PENELOPE	12,915 tons	New York, N. Y.	5/29/41	Caripito	Active
MS	PHOEBUS	13,360 tons	New York, N. Y.	6/3/41	Aruba	Active
SS	YONBA LINDA	11,150 tons*	New York, N. Y.	3/31/41	Texas City	Active
MS	J. H. SENIOR	17,620 tons	Baltimore, Md.	5/28/41	South America. Now in drydock.	Active
SS	BEACONOIL	9,540 tons	Baltimore, Md.	6/3/41	Venezuela	Inactivated
MS	GOOD GULF	9,928 tons	Port Arthur, Tex.	11/7/40		Immobilized
MS	BELGIAN GULF	10,003 tons	Port Arthur, Tex.	11/7/40		Immobilized
MS	LUBRAFOL	9,877 tons	Port Arthur, Tex.	11/7/40		Immobilized
MS	SANTA HELENA	7,470 tons*	Port Arthur, Tex.	5/21/41	Ferrol, Spain	Active
MS	SPIDOLEINE	7,200 tons	Port Arthur, Tex.	11/9/40		Immobilized
SS	POLARINE	5,675 tons	San Francisco	1/25/37		Immobilized
MS	THALIA	13,100 tons	Los Angeles	3/14/41	Tecapilla	Active
SS	GEORGE C. HENRY	10,102 tons	Honolulu	6/6/41	Manila	Active-Due Honolulu on date indicated

*Estimated

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REG	NAME	CARGO CAPACITY IN TONS EXCLUD- ING BUNKERS	PRESENT LOCATION	DATE OF ARRIVAL	VOYAGE FOR WHICH LOADING OR INTENDING TO LOAD	REMARKS
<u>DANISH</u>						
MS	EMMA MAERSK	12,599	Boston, Mass.	4/9/40		In custody of U.S.
MS	GARCLINE MAERSK	11,825	Jacksonville	4/15/40		In custody of U.S.
<u>GERMAN</u>						
SS	PAULINE FRIEDRICH	6,195	Boston	9/3/49		In custody of U.S.
<u>ITALIAN</u>						
SS	BRUNERO	7,750	New York	5/30/40		In custody of U.S.
SS	COLORADO	6,900	Galveston	5/24/41		In custody of U.S.
<u>SPANISH</u>						
MS	CAMPECHE	7,453	Port Arthur, Tex.	5/24/41	Unreported	Active
MS	CAMPENO	7,453	Port Arthur, Tex.	6/5/41	Barcelona, Spain	Active
MS	CAMPOMARES	10,024 (Net.)	Port Arthur, Tex.	6/5/41	Bilbao, Spain	Active
<u>BELOIAN</u>						
MS	ESCO BELOIAN	14,600	Boston	6/4/41	Las Piedras, Ven.	Active
MS	PRESIDENT FRANQUI	7,000	New York	5/31/41	United Kingdom	Active
<u>ARGENTINE</u>						
SS	LOS POZOS	7,358	Albany, N.Y.	6/2/41	Aruba, N.W.I.	Active
<u>NETHERLANDS</u>						
MS	OGANA	8,472	New York	4/24/41	United Kingdom	Active
MS	MANURA	12,645	New York	4/8/41	United Kingdom	Active

CONFIDENTIAL

RYO	NAME	CARGO CAPACITY IN TONS INCLUD- ING BUNKERS	PRESENT LOCATION	DATE OF ARRIVAL	VOYAGE FOR WHICH LOADING OR INTENDING TO LOAD	REMARKS
MEXICAN						
SS	JUAN CASTANO	Unlisted	Galveston	3/24/41	Mexico	Immobilized
MS	TAMPICO	9,667 (Est.)	Houston	2/28/41	Tampico, Mex.	Immobilized
unknown	SAJA DE ORO	63,978 bbls.	Galveston	4/6/41	unreported	active
SWEDISH						
MS	BERA	111,890 bbls.	Philadelphia	6/6/41	Unknown	Active
FRENCH						
SS	MEROPH	9,541	New York	5/23/41		Inactive; U.S. guards on board
SS	G.I.F.	10,228 (Est.)	St. Thomas, V.I.	6/4/41		Inactive; U.S. guards on board
MS	TOURNAINE	7,377	New Orleans	7/6/40		Inactive; U.S. guards on board
PHILIPPINE						
SS	MINDANAO	51,000 bbls.	Los Angeles	5/30/41	Manila	Active
JAPANESE						
SS	TOMAN HARY NO. 2	122,000 bbls.	Los Angeles	6/5/41	Osaka	Active

CONFIDENTIAL

June 9, 1941

Memorandum for Mr. Kuhn:

The Secretary would like to have you send *future copies* of Mr. Barth's memo to Ambassador Winant at the Embassy in London. I understand the Ambassador received the current one.

N.M. Chauncey

6/17/41 -
Mrs. Brown reported
this memo was being
sent to Amb. Winant.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 7, 1941

TO Ferdinand Kuhn, Jr.

FROM Helen Dallas

DEFENSE SAVINGS: A UNITED FRONT APPEARS

Whatever the conflicts between capital and capital, labor and labor, and capital and labor, there seems to be complete agreement about the Defense Savings program. Sections of the public which are still at odds over the Administration's economic policies make common cause in their advocacy of Defense Bonds and Stamps.

Thus the non-controversial course steered by the Treasury in its Defense Savings program has succeeded in winning and spreading good will. Divergent groups now back the bond campaign as a public demonstration of their patriotism, no matter what their other quarrels with the Government may be. In this matter they are rivals only in the sense that each seems to try to outdo the other in cooperating with the program.

As organized labor seeks to maintain its position with the public, its leaders have issued statements and turned over union funds for the purchase of Defense Savings Bonds. President William Green was the first to say publicly that he thought the

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bonds were a good thing, and he has been followed by many of his subordinates. This week President Murray of the C. I. O. urged men receiving \$170,000 in back pay for discriminatory discharges to buy as many United States bonds as they could with the money "as a token of faith in the American democracy which has made that back pay possible."

At the same time, bankers have continued to support the program through paid advertisements, resolutions at banking conventions, and statements by leading bankers. Recently they have won much editorial praise for this activity. They have been praised for helping in a cause which, incidentally, benefits them by halting the flow of deposits into savings accounts already bulging with interest-bearing money. President W. Elbridge Brown of the Pennsylvania Bankers Association this week advised his fellow bankers to counsel prospective depositors not to put their money into banks but to buy defense bonds instead. He then declared that "should the deposits be taken by the banks instead of being used for bonds, it would only increase the amount of excessive idle cash and reserves." With the banks as with labor, the Defense Bond campaign has helped groups which are poles apart on most other issues to get together on a national program of importance.

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Progress in the Field

Even before Secretary Morgenthau's speech announcing the sale of more than \$400,000,000 in bonds during May, there had been a spreading over the country of the more optimistic editorial and financial comment that was reported last week in the New York papers. Big-circulation newspapers such as the Boston Post and the Philadelphia Bulletin have editorialized that the Defense Bond program has been misunderstood by papers that attempted to criticize it earlier, and that sales are good and steady. First editorial reactions to the Secretary's speech agree with him that the first month's results are a "wonderful start."

The only critical note was again sounded by Congressman Crawford, who followed the Secretary's statement with another warning that defense sales are lagging and that the Treasury is misrepresenting the true state of affairs to the people of the nation.

Financial papers warn that the public must not expect too much from the Defense Bond sales in June, because some subscribers undoubtedly purchased their full yearly quota in May. New bond-selling ideas appearing in the press suggest, however, that at least the sales of Series E bonds may be increased by new devices. Typical newspaper stories of the week are concerned with

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"Dividends in Defense Bonds," "\$1,000 a week in Prizes Given in Defense Savings Bonds," "Defense Stamps to be Given Employees of Oil Company," and "Mail Carriers Now Will Sell Defense Stamps." Certainly there is no sign in the newspapers or magazines that public interest is slackening.

FIELD ORGANIZATION NEWS LETTER

DEFENSE SAVINGS STAFF

U. S. TREASURY DEPARTMENT

WASHINGTON, D. C.

JUNE 7, 1941

NO. 3

TO THE FIELD STAFF:

A resume of the initial month for Defense Savings securities is very encouraging. Total sales were far more than reasonable expectations indicated.

Primarily, we are interested in the numbers of buyers. Our task is to so well educate every man, woman, and child, that there will be millions of systematic purchasers of Defense Savings securities. This work is just beginning.

The month of May was marked by a fine start, as the following figures will demonstrate:

<u>TOTAL NUMBER OF BONDS SOLD</u>	<u>1,134,000</u>
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These bonds were divided:

Series E	991,000
Series F	24,000
Series G	119,000

<u>TOTAL NUMBER OF STAMPS SOLD</u>	<u>10,172,000</u>
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The denominations of these stamps:

10¢	2,598,000
25¢	5,501,000
50¢	1,240,000
\$1.00	717,000
\$5.00	116,000

<u>TOTAL VOLUME OF ALL SALES</u>	<u>\$423,539,485.25</u>
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The above figures show that Americans invested in more than eleven million Defense Savings securities. It is impossible to give the number of individual purchasers at this time. It is reasonable to assume that the number is a substantial one. We can feel assured that we are presenting a most attractive set of securities; that thus far a portion of the public has approved our merchandise and that millions of potential buyers are available to our efforts.

Sincerely yours,

GALE F. JOHNSTON
Field Director, Defense Savings Staff

Regreded Uclassified

NEW STATE ADMINISTRATORS

Designation of 11 State Administrators, announced by Secretary Morgenthau on June 3, brings to 22 the number of states in which divisions of the Defense Savings Staff are being set up. The first eleven State Administrators were presented to readers of this NEWS LETTER in issue Number 1. The following men have just accepted this important responsibility in their respective states:

ARKANSAS

Roy G. Paschal
Collector of Internal Revenue
Little Rock

MAINE

Clinton A. Clauson
Collector of Internal Revenue
Augusta

FLORIDA

John L. Fahs
Collector of Internal Revenue
Jacksonville

NEW JERSEY

John E. Manning
Collector of Internal Revenue
Newark

GEORGIA

Marion H. Allen
Collector of Internal Revenue
Atlanta

OKLAHOMA

H. Clifford Jones
Collector of Internal Revenue
Oklahoma City

HAWAII

Fred H. Kanne
Collector of Internal Revenue
Honolulu

TENNESSEE

Lipe Henslee
Collector of Internal Revenue
Nashville

INDIANA

Will H. Smith
Collector of Internal Revenue
Indianapolis

VERMONT

Fred C. Martin
Collector of Internal Revenue
Burlington

WEST VIRGINIA

F. Roy Yoke
Collector of Internal Revenue
Parkersburg

—FROM OUR SENTINEL IN THE CARIBBEAN—

Cabo Rojo, Puerto Rico—Defense Savings Program was launched here by Postmaster Irizarry, Mayor Colberg, and Selective Service Board Chairman Delgado with stirring proclamations calling upon all citizens of Cabo Rojo (population 5,303) to "demonstrate our loyalty and patriotism."

Senor Delgado called for:

".....the unanimous cooperation of all Sons of the Western Continent."

Mayor Colberg, urging all to buy Defense Savings Bonds, said:

"Our great President, Franklin D. Roosevelt, has assumed the leadership in the defense of our hemisphere.... He issues a call to every citizen cherishing his liberties and traditional rights to cooperate actively in the great work which must be realized in all haste."

MISSOURI

Campaign Gets Underway

In 131 Missouri cities local committees for Defense Savings are now functioning.

Each city committee member is to serve as the chairman of a subcommittee to carry the Defense Savings message to a particular group.

More than 200 prominent citizens are serving on the Defense Savings Committee for Metropolitan St. Louis. Honorary Chairman is Mayor William Dee Becker. Thomas N. Dysart is the General Chairman; Dr. Homer W. Anderson, Vice Chairman; and E. W. Montel, Secretary. The Committee includes the Mayors of all municipalities in St. Louis County.

Civic Service Luncheon Clubs in the state have been asked to devote attention to the Defense Savings Program and a suggested five minute address has been sent to their presidents from the state headquarters of the Defense Savings Staff.

The Missouri State Federation of Labor at its 50th annual convention, May 21st, pledged unanimous support of the Defense Savings Program.

The Ninth District of the American Legion, in convention, adopted a resolution endorsing the Defense Savings Program.

One hundred of the largest industries of the state are displaying Defense Savings Posters in their plants.

State Administrator Dan Nee and Deputy State Administrator Earl H. Shackelford are traveling more than 1800 miles a week in connection with the Defense Savings Program. Last week, they attended five patriotic rallies.

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MISSOURI CONCERNS REPORT SYSTEMATIC SAVINGS PLANS

The following large business organizations in Missouri report that their employees will be able to purchase Defense Savings Bonds through payroll allotments:

Southwestern Bell Telephone Company
All member banks of the St. Louis
Clearing House Association
Sheffield Steel Company
Scullin Steel Company
Terminal Railroad Association of St. Louis

St. Louis, Mo.--A business concern here has awarded a Defense Savings Bond to each of its employees. The bonds were delivered with a letter stressing the need for patriotism and national unity and urging that all employees undertake to purchase Defense Savings Bonds regularly by buying Defense Savings Stamps. To make this method of saving entirely clear, the company presented each employee with an album in which an initial Defense Savings Stamp had been attached.

TEXAS
Riding Hard!

State Administrator Frank Scofield plans to meet with every county and Congressional District Defense Savings Committee in Texas as fast as time and the size of the state permit.

The 15th Congressional District Defense Savings Committee met May 20 in Laredo. W. R. Montgomery of Edinburg, District Committee Chairman, presided, and John Shary of Mission, member of the State Committee, and Frank Scofield, State Administrator, were present.

On May 21, Administrator Scofield met in Fort Worth with the Tarrant County Committee of which Lewell Lafferty is the chairman. He also addressed a special luncheon meeting of the Fort Worth Chamber of Commerce. Anon G. Carter, Fort Worth publisher and member of the State Defense Savings Committee, and Judge B. B. Stone, chairman of the Committee for the 12th Congressional District, also addressed this large gathering.

TEXAS FAVORS SALARY SAVINGS PLANS

In a letter to the more than 10,000 employees of the Texas and Pacific Railway Company and affiliated companies, J. L. Lancaster, President, announced that his organization will provide facilities for regular and convenient purchase of Defense Savings Bonds:

"Every employee desiring to set aside from salary or wages a regular monthly amount for the purchase of Defense Savings Bonds may do so..... The Company will deposit the monthly deduction in a special account and each time the deducted funds of a particular employee reach an amount sufficient to purchase a bond, one will be bought in his name and sent to him by registered mail."

Here are a few of the other concerns in Texas which are making it possible for their employees to purchase Defense Savings Bonds through salary allotment plans:

MISSION

Southwestern Land Company	Citizens State Bank of Donna
Mission Times	Granjeno Development Company
United Land Company	Texas Citrus Fruit Growers
United Irrigation Company	Exchange
South Texas Mortgage Loan Company	Shary Products Company
First State Bank & Trust Company	Southwestern Drug Corporation

FORT WORTH

Leonard Brothers	First National Bank
Fort Worth National Bank	Chamber of Commerce
Woolworth	W. C. Stripling & Sons
Southwestern Bell Telephone	

WACO

Universal Atlas Cement Company	Texas Life Insurance Company
Service Mutual Insurance Company	Frank L. Wilcox, C.P.A.
Wm. Cameron and Company	J. S. Barnett and Company
L. M. Kizer Claim Service	Stratton Stricker Furniture Co.

PROGRAM GETS UNDER WAY IN NORTHWEST

Miss Marie Young, President of the Washington State Federation of Business and Professional Women and a member of the State Defense Savings Committee, and Mrs. Pearl A. Wanamaker, Washington State Superintendent of Public Instruction, participated in a special tri-state radio broadcast on June 4.

On June 11 Governor Arthur B. Langlie, Honorary Chairman of the Washington Defense Savings Committee, will deliver a radio address on the Program.

200 of the leading retailers in Seattle met recently with State Administrator Saul Haas and Deputy State Administrator William C. H. Lewis to work out plans for placing Defense Savings Stamps on sale in all stores throughout the State.

Dividends Paid in Defense Savings Bonds. Louis K. Lear, President of the Queen City Broadcasting Company of Seattle, has announced that future dividends would be paid in Defense Savings Bonds (Series F) and Stamps. Several other companies are considering taking the same action.

Stamps for Home Runs. Charles E. Sullivan, Seattle florist who for some time has been rewarding Seattle baseball players with a \$10 bill for each home run, is now making the reward in Defense Savings Stamps.

Gifts for Graduates. Defense Savings Bonds and Stamps make most appropriate gifts, Mrs. Pearl Wanamaker, State Superintendent of Public Instruction, has reminded parents and friends of graduating students.

Newspaper Fill Ins. More than 30,000,000 reminders to "Buy Defense Savings Bonds," "Buy Defense Savings Stamps" will appear each week in Seattle and Tacoma newspapers. Newspapers in many other Washington cities are completing their columns by running these lines.

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Monrovia, Calif.—City Council instructed City Treasurer J. K. Petrie to purchase \$2500 worth of Defense Savings Bonds for the city's emergency fund.

Hawaii—The United Cane Planters Association of Hawaii reports to Secretary Morgenthau that it is urging its 300 members to "Buy Defense Savings Bonds."

—EXPENDITURES FOR NATIONAL DEFENSE—

"More than five billion dollars was spent (for national defense) from June 1, 1940 to May 1 of this year," reports Robert W. Horton, Director of Information, Office for Emergency Management.

"That seems for a moment like a lot of money," continues Mr. Horton. "It is, but it is nothing when compared to the total effort required if our defense organization is to be carried out even on the schedule now laid down.

"The second year's cash disbursements must be close to five times 5 billion dollars."

 ACTIVITIES IN NEW ENGLAND

GOVERNOR SALTONSTALL HEADS MASSACHUSETTS COMMITTEE

Governor Leverett Saltonstall is the Honorary Chairman of the Defense Savings Committee for the Commonwealth of Massachusetts.

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Women of the Legion Auxiliary in Massachusetts are informed of their role in the Defense Savings Program in an article by State Administrator Daniel J. Doherty in the current issue of the Massachusetts Auxiliary.

The more than 150 councils of the Knights of Columbus in Massachusetts have been urged to cooperate with the Defense Savings Program by their State Deputy, who suggests that each Grand Knight appoint a committee to stimulate active interest in the Defense Savings Program and that the chairmen of these committees cooperate with the Defense Savings Committees of their respective towns.

* * *

CONNECTICUT

The Hartford Defense Savings Committee is arranging a big dinner meeting which will be attended by representatives of all local business concerns in which employees are purchasing Defense Savings Bonds by the salary allotment method.

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Bridgeport--The City of Bridgeport is buying \$10,000 worth of Defense Savings Bonds for its Insurance Sinking Fund, City Clerk Fred Schwarzkopf has announced.

Bridgeport--The United Young Men's Hebrew Assn. here purchased 25 \$100 Defense Savings Bonds.

Hartford--1,000 Boy Scouts carried Defense Savings Bond posters in the Memorial Day parade.

New Britain--A large department store will distribute Defense Savings Bond leaflets with the monthly statements to its 5,000 customers.

New Haven--The Harry R. Bartlett Post of the American Legion has invested its entire savings in Defense Savings Bonds.

Stratford--Trustees of the Police and Fire Pension Fund have voted to purchase \$15,000 worth of Defense Savings Bonds.

* * *

Pewtucket, R. I.--A group of 14 boys and 3 girls who deliver the local newspaper are undertaking to buy a 25 cent Defense Savings Stamp each week. The dealer from whom they get their papers has agreed to stock a supply of these stamps.

Program Develops; School Children Active

Public and parochial schools in more than 100 Michigan communities celebrated Monday, June 2 as Defense Savings Stamp Day.

"School children carry the Defense Savings message into their homes," Frank N. Isbey, Chairman of the Michigan Committee points out, "Through their enthusiasm they arouse an interest in their older brothers, sisters and parents."

SCHOOL CHILDREN have taken to the Defense Savings Program in a big way:

More than two hundred thousand Detroit school children purchased stamps the first day they went on sale in the schools.

Many schools have established "Stamp Banks" built and decorated by the school children, where Defense Savings Stamps can be purchased.

Thomas Jefferson School of Ferndale, Michigan was the first school in the state to report that every pupil had invested in Defense Savings Stamps. Pupils who could not afford to buy stamps have been given regular "chores" by their teachers in order that they can earn the price of at least one 10-cent stamp each week.

Many schools will feature Defense Savings in parades, etc. on Flag Day, June 14.

Arithmetic teachers are using facts about Defense Savings Bonds in teaching about interest, thrift and savings.

TO HOLD THE INTEREST of school children during the summer, the Michigan Committee is encouraging the organization of essay, slogan and poster contests in every community, these contests to be open only to students who purchase Defense Savings Stamps throughout the vacation period.

DETROIT RETAILERS PLEDGE SUPPORT

The Retail Merchants Association of Detroit has unanimously adopted a resolution endorsing the Defense Savings Program and calling upon retailers to make it possible for their employees to purchase Defense Savings Bonds through salary allotments.

FARM COMMITTEE FORMED

Ruben V. Gunn, head of horticultural extension work in Michigan, Art Jorrett, Secretary of the Michigan Bean Growers Association and Victor Bielinski of the Michigan Farm Bureau Federation, make up a committee of three to help Leo Card, Agriculture's representative on the Michigan Defense Savings Committee, carry the message of Defense Savings to farmers throughout the state.

The following comments and suggestions on salary allotment plans will be of vital interest to all State Administrators, Deputy Administrators and the members of State Defense Savings Committees:

- A. The adoption of salary allotment plans for the purchase of Defense Savings Bonds is greatly to be desired, because they
1. Afford workers a convenient, regular, automatic method of saving money and purchasing bonds on the installment or budget plan.
 2. Furnish a person with experience to purchase and register the bonds for the worker.
 3. Save the time of both employee and employer.
 4. Only one sale has to be made -- the initial one.
 5. Make for continuous buying and saving.
- B. Bear in mind that:
1. The plan can be applied and adopted by any reputable business concern or industry employing people.
 2. A concern does not have to qualify as an issuing agency or receive permission from the Treasury Department.
 3. All that is necessary is to have the head of the business concern or industry agree to install the plan for those employees who desire to use it.
- C. Here are the steps to be taken:
1. Get out suitable announcement and salary allotment order.
 2. Put money while accumulating, in a separate bank account to be held in trust for the employees to be used only to purchase bonds as directed.
 3. As soon as sufficient money has accumulated to the credit of any particular employee to buy a bond of the denomination he has requested, send a check to a Federal Reserve Bank, qualified fiscal agent, post office, or U. S. Treasury with necessary information for registering and mailing bond, and bond will be mailed directly to ~~buyer~~ by registered mail.

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In explaining these plans to labor, in working out the details of particular plans in cooperation with employees and in getting employees to request employers to install allotment systems, the representatives of labor on state and local Defense Savings Committees will be of great assistance to the program.

Descriptions of plans now in use by national concerns, copies of letters announcing the plan to employees, and samples of salary allotment order cards are available through the Salary Allotment Division, Defense Savings Staff, Washington, D. C. and through the offices of the State Administrators.

SYSTEMATIC SAVINGS PLANS

U. S. Treasury Provides Plan for Own Employees

A plan for facilitating the purchase by Treasury employees of Defense Savings Bonds has been put into operation. Under this plan "group agents" present Defense Savings information to their fellow employees, secure pledges, and act as their agents in purchasing Defense Savings Bonds or Stamps at regular intervals.

The able and popular Charles Schoeneman, Special Staff Assistant, was placed in charge of this program by Secretary Morgenthau. He has selected key men in every department, who are naming the "group agents" and enthusiastically backing their good efforts.

All employees in the Treasury are being given an opportunity to sign a purchase pledge card which reads in part as follows:

"I hereby agree to pay \$_____ each pay period..... for the purchase of Defense Savings Bonds (or Defense Savings Stamps) through the Defense Savings Agent, designated for my group, or through other available facilities (post office or bank)".

A complete description of this purchase plan will be made available upon request.

* * * * *

Bank Depositors Authorize Periodic Drafts

The Riverside Trust Company of Hartford, Conn., has sent a letter to all of its depositors calling attention to its depositor purchase plan for Defense Savings Bonds.

Here is the full text of the authorization used by the Riverside Trust Company in connection with this plan:

Riverside Trust Company
Hartford, Connecticut

_____, 1941

Until further notice, I authorize you to charge my account on the _____ day of _____ and on the _____ day of each month thereafter, the sum of \$_____ and to purchase for me a Defense Savings Bond having a maturity value of \$_____. Please have the bonds registered as follows:

Hold for my account
until called for.

Name _____
Address _____

Signature of Purchaser

* * * * *

BANK BLOTTER

The National City Bank of New York is distributing an attractive red, white and blue blotter advertising Defense Savings Bonds. The bank and all of its 70 New York City branches are now selling these blotters.

BANKS AND SAVINGS INSTITUTIONS
PLAY IMPORTANT ROLE

Savings and Loan Associations Cooperate

More than 1200 savings and loan and building and loan associations have qualified as issuing agencies for Defense Savings Bonds. Several thousand other associations are expected to apply for certification as issuing agents now that it is possible for non-members as well as members of the Federal Home Loan Bank System to sell Series E bonds directly.

Mutuals Collect Sales Data

The National Association of Mutual Savings Banks has asked member banks to report regularly to the Association headquarters their sales of Defense Savings Bonds. These reports will enable the Association to know the volume of sales effected by mutual savings banks throughout the country.

—Virginia Bank Sponsors Defense Savings Stamp Day—

Schools dismissed classes a half-hour early and 2,023 school children from Danville and Pittsylvania, Virginia, brought their pennies, dimes and dollars to the American National Bank and Trust Company and invested in \$3,377.75 worth of Defense Savings Bonds and Stamps.

This was the reception which school children of Danville gave to the bank-sponsored Stamp Day. The bank made a gala occasion of this visit of the school children, served ice cream and soft drinks, and gave all its visitors pencils in patriotic colors and tickets to a moving picture.

The bank is also awarding prizes to the classes which have the highest percentage of representation among the bond and stamp buyers.

American Bankers Association Buys Defense Savings Bonds

When ordinary people buy bonds, it is evidence that there is a good investment.

When bankers advise people to buy Defense Savings Bonds, it is still stronger evidence that it is a good investment.

But when bankers invest their own funds in Defense Savings Bonds, that's something.

W. Espey Albright, deputy manager of the American Bankers Association, writes:

"So that you may know we are cooperating, may I say that the Investment Committee of our Foundation yesterday ordered \$50,000 invested. A philanthropic organization of which I am treasurer recommended a similar purchase a few days ago."

—Advice From Banker Bradshaw of Oklahoma—

Buy less and invest in Government bonds. That is the advice of Banker A. E. Bradshaw of Tulsa on how to finance the defense program. Mr. Bradshaw thus endorsed the Defense Savings Program before a recent meeting of the Oklahoma Bankers Association.

CONFIDENTIAL NATIONAL ORGANIZATIONS BACK PROGRAM

General Federation of Women's Clubs The newsreels this past week carried the talk given by Mrs. John L. Whitehurst, newly-elected National President, at the General Federation's Golden Jubilee Convention in Atlantic City, in which she urges all the 2,000,000 members of the Federation's 15,600 clubs to buy Defense Savings Bonds and Stamps.

Harford Powell, Information Director, Defense Savings Staff, addressing the General Federation's convention on behalf of the Defense Savings Program, urged the club women to familiarize themselves with Defense Savings Bonds and Stamps and to assume leadership in explaining the program to other women, to men, and to children.

"We shall not be satisfied until every man, woman, boy, and girl in America is adding at least one bond or stamp a month to the Nation's wealth and to their own," said Mr. Powell. "That is the goal of this crusade."

Support of the program by Chamber of Commerce executives throughout the country has been pledged by the Board of Directors of the National Association of Commercial Organization Secretaries.

Members of the International Ladies Garment Workers Union have pledged themselves to purchase at least \$500,000 worth of Defense Savings Bonds according to David Dubinsky, President. The union has 265,000 members.

The Jewish Welfare Board with more than 300 local affiliates has endorsed the Defense Savings Program and urged Y M H A's and other member agencies to promote the sale of Defense Savings Bonds and Stamps.

200 delegates from 17 states to national quadrennial convention of the Ukrainian Workmen's Association voted to purchase \$50,000 of Defense Savings Bonds.

Addressing the National Retail Dry Goods Association in Chicago, Harford Powell, Information Director, Defense Savings Staff, thanked department stores for the cooperation which they have extended to the Defense Savings Program.

"We are pleased, of course to have stores sell Defense Savings Stamps," Mr. Powell said. "These, with the albums given away with them, are stepping stones to the ownership of Defense Savings Bonds. We would like to see you introducing them to children, now that the schools have closed..."

"Perhaps in the long off-season for Santa Claus in your toy departments, you might introduce the equally symbolic figure of Uncle Sam...."

"Perhaps an important National Defense window, displaying not only Defense Savings Bonds and Stamps but also some of the hundreds of thousands of interesting items they are buying for the Army, Navy and Marine Corps, would add to the traffic in your store...."

"Perhaps you could pay prizes in Defense Savings Bonds...."

"Perhaps, as a matter of good public relations, you could investigate ways of letting your customers buy their bonds from you."

RADIO

Famous movie stars are plugging Defense Savings Bonds and Stamps in one-minute recordings now in use throughout the country.

Fred Waring and his Pennsylvanians have introduced and featured the new song, "Dollars for Defense."

" in these times, invest your dollars and your dimes"

General Foods has set up a schedule for the rotation of announcements about Defense Savings Bonds and Stamps on eleven of its programs.

Makers of Bayer Aspirin, Anacin, Kolynos Toothpaste, Dr. Lyons Tooth Powder, Phillips Milk of Magnesia, Louis Phillips "Angelus" Cosmetics and Old English Wax will make regular announcements on the popular serial programs which they sponsor, according to their agency, Blackett, Sample and Hummert, Inc.

The patriotic cooperation of these large concerns is deeply appreciated by the Defense Savings Staff.

Business Firms Help Employees to Begin Saving

Tide Water Associated Oil Company has purchased \$1 Defense Savings Stamps for each of its 10,019 employees. The stamps were presented in the albums which hold 75 of these stamps for the purchase of the \$100 Defense Savings Bond. The Company announced that this is the first step in its campaign to raise one million dollars for National Defense among company employees.

A suggestion that employees put their increased earnings in Defense Savings Bonds and Stamps was made by General Time Instruments Corporation of La Salle, Illinois, when it announced increases of 7% in rates of pay. To give employees an added incentive to hold bonds to maturity, the corporation has promised to pay employees who hold them for the full ten year term a bonus of 10% of the cost of the bond.

The Ever Ready Label Corporation told its employees the company would pay 20 per cent toward the purchase price of a Defense Savings Bond and would finance the balance on a 30-payment plan. Thus, an employee subscribing to a \$25 bond would start off with \$3.75 (20% of the 18.75 purchase price) and pay the balance at the rate of 50 cents a week. All of the firm's 170 employees accepted the offer and subscribed for \$6,000 worth of Defense Savings Bonds.

Standard Brands, Inc., food manufacturers and distributors with more than 10,000 employees, have placed Defense Savings Stamps on sale at its home office and in all of its division offices and plants throughout the country. Managers have been authorized to purchase and keep on hand a supply of stamps of all denominations and to encourage these sales in every possible way.

The New York City Housing Authority notified its 10,783 tenant families that their security deposits would be invested in Defense Savings Bonds. Chairman Gerard Swope declared that this action would aid National Defense and in addition, obtain interest for the tenants.

UNITED STATES SAVINGS BONDS AND SAVINGS STAMPS

Daily Sales - June 1941
On Basis of Issue Price

(In thousands of dollars)

Date	All Bond Sales				Post Office Bond Sales	Bank Bond Sales				Savings Stamps
	Total	Series E	Series F	Series G	Series E	Total	Series E	Series F	Series G	
June 1941										
2	\$ 12,844	\$ 5,771	\$ 1,097	\$ 5,976	\$ 2,333	\$ 10,511	\$ 3,437	\$ 1,097	\$ 5,976	\$ 148
3	11,788	4,113	1,541	6,133	971	10,817	3,143	1,541	6,133	149
4	18,998	4,817	1,265	12,916	1,707	17,291	3,110	1,265	12,916	119
5	14,487	4,614	1,193	8,681	1,813	12,674	2,800	1,193	8,681	111
6	11,252	4,736	1,090	5,425	2,283	8,969	2,453	1,090	5,425	130
Total	\$69,369	\$24,051	\$6,186	\$39,132	\$9,108	\$60,261	\$14,944	\$6,186	\$39,132	657

Treasury Department, Division of Research and Statistics.

June 7, 1941.

Source: Division of Savings Bonds. Figures shown as post office sales of Series E bonds are deposits by postmasters with the Treasurer of the United States. The bank figures are taken from Federal Reserve Bank reports and include their own sales. Stamp figures are estimated by the Post Office Department.

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

TREASURY DEPARTMENT

INTER-OFFICE COMMUNICATION

DATE June 7, 1941

TO Secretary Morgenthau
FROM Mr. Cochran

CONFIDENTIAL

Registered sterling transactions of the reporting banks were as follows:

Sold to commercial concerns	£31,000
Purchased from commercial concerns	£ 8,000

Of the £31,000 sold to commercial concerns, £10,000 was bought by a Mexican firm.

Open market sterling was quoted at 4.03-1/2, and there were no reported transactions.

The Cuban peso, after opening at the current high of 5/8% discount, moved off to a closing discount of 13/16%.

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

Canadian dollar	11-5/8% discount
Swiss franc	.2321-1/2
Swedish krona	.2385
Reichsmark	.4005
Lira	.0526-1/4
Argentine peso (free)	.2366
Brazilian milreis (free)	.0505
Mexican peso	.2070

In Shanghai, the yuan was again unchanged at 5-3/8¢, and sterling remained at 1.89-1/2.

There were no gold transactions consummated by us today.

No new gold engagements were reported.