DIARY

Book 435

August 23 - 26, 1941

TREASURY DEPARTMENT

Washington.

ASSISTANT SECRETARY

August 23, 1941.

Dear Henry:

The week has been quiet and I have nothing of very great moment to report, although I am enclosing two memoranda, one on a conversation with Eccles and the other on the meeting on Wednesday of the Economic Defense Board. In the latter you will note a final paragraph on an inquiry by Jesse Jones as to the status of Russian bank accounts. Since he was asking for additional information on Thursday, I assume he has not yet concluded any deal with the Russians.

Stephens mentioned over the phone your desire that the waiver of collateral from the banks on defense bonds should apply only to the "E" bonds. I talked to Heffelfinger who said that a report is being made for you on your return, but the intention was to relieve the banks of collateral liability only as to the "E" bonds.

James Roosevelt came in to see me on Monday (August 18) as contact man for Colonel Donovan. He explained that Donovan's work was being set up in three divisions: (1) a general statistical organization, under Dr. James Finney Baxter, President of Williams College; (2) a Division of Spot Information, and (3) a division dealing with Axis propaganda. I told him that Harry White's section would probably be able to cooperate with Dr. Baxter and that the contact for the second division for the present would be with Mr. Klaus. He said the third division would probably occasionally ask the department to issue independently statements answering Axis propaganda and that they would see to putting out the answers on hook-up of short wave stations. I told him Schwarz would be the contact point for any statements they wished the Secretary of the Treasury to issue.

Professor Cassidy is leaving by clipper today to replace Coe in London. Merle Cochran told me he arranged that he should have the same status as Coe, although he had qualms about this in view of Cassidy's short experience with the

Treasury Department. He also arranged to send Fox's stenotype operator Hewlett to Chungking at Fox's request, since the latter had not been able to get competent secretarial help. Bernstein is sending two men from the Philippines to assist Fox's men - Taylor and Frese - at Shanghai and Hong Kong; is sending two men from Hawaii to the Philippines and two from here to Hawaii, as replacements, in addition to the two that are being sent to the Philippines under previous plan. Bernstein took to the State Department for transmission a cable of instructions for Fox, including questions about trade between occupied and unoccupied China and an inquiry as to how much silk China could make available for shipment. Merle Cochran declined to initial this cable, but suggested that Bernstein could take it up directly with the State Department. Merle thinks it a mistake to ask Fox to assume responsibility for frozen funds administration and gathering general economic information for the Treasury while he is acting as a member of the Stabilization Board. He will probably raise the point with you on your return.

General Burns and Phil Young came over yesterday afternoon to show me a new form of report of "Allocations and obligations of Land-Lease funds in relation to departmental limitations, as of July 31, 1941." In this report Treasury makes a relatively bad showing as compared to War, Navy, Maritime Commission and Agriculture, but Cliff Mack, with whom I discussed it this morning, regards the bad showing as a matter of statistical set-up rather than fact. We get requisitions from the British for such materials as steel, zinc and fertilizer, which are to be spread over as much as a year but OPM will only allocate for the immediate future. Mack is writing a comment on this report for you and intends to take up with Lend-Lease a proposed change in their methods.

I mentioned the Vimalert matter to you over the telephone. The excess of the Vimalert price over what the War Department is willing to pay, based on their "SNL" price list, is less than ten per cent on a million dollar order. The British insist the price is reasonable and that they are in desperate need of the motors. Winthrop Brown of Lend-Lease told me the British were determined to go ahead with the purchase if War Department would not make it and in these circumstances I thought it would be a mistake for us to intervene.

Cochran and Joe O'Connell agreed. I told Brown that the Treasury Department was expressing no opinion either of approval or disapproval. Today he phoned me that the British had cabled London for authority to make the purchase.

Senator Pepper called me up on Tuesday and later sent in to see me a man named Howard Bary, who is advertising manager of the Amusement Corporation of America. This man was undertaking to transport National Defense exhibits around to State Fairs on the four trains in different sections of the country which carry the amusement concessions. He was to do this without expense to the Treasury, but showed up at the Capitol with a plan to appeal to the President for an allocation of something like $100,000 out of the President's special defense fund, which he was supporting by telegrams from State Fair directors to Senators and letters from Senators to the White House. Pepper thought the whole thing cockeyed, and I agreed. I called in Gene Sloan and the scheme was dropped, but an attempt is being made to supply exhibits to the State Fairs direct without aid of the carnival companies.

I had hoped that you were going to get a full two weeks of rest. I am sorry that you seem to be cutting it short.

Sincerely,

Herbert

(Herbert Gaston)

Honorable Henry Morgenthau, Jr.,
Secretary of the Treasury,
Montreal, Canada.

TREASURY DEPARTMENT

Washington.

ASSISTANT SECRETARY

August 23, 1941.

My dear Mr. Secretary:

Public Hearings on the Revenue Act of 1941 before the Senate Finance Committee will end today and Executive Sessions will start Monday morning, August 25th. Senator George has every expectation of completing these Executive Sessions next week and introducing the bill on the floor of the Senate September 2nd. He expects that the bill will leave the Senate floor not later than Saturday, September 6th. If we adhere to this schedule I shall attempt to arrange for the appointment of House conferees so that they can meet with the Senate conferees on September 8th. If we wait until the 15th, when the House is supposed to reconvene, or until the 22nd, when it will probably convene, we will be losing valuable time at the rate of almost two and one-half million dollars a day.

I believe the following changes in the House Bill will be made:

1. The base will be broadened by reducing the personal exemptions to $750 for single persons and $1500 for married couples;

2. The tax on billboards, radio stations and on the use of automobiles will be eliminated;

3. We have almost an even chance of adding one-half a cent a gallon to the tax on gasoline and one-half a cent a pack to the tax on cigarettes.

It looks now as though the Senate Finance Committee will eliminate the special ten percent tax on those companies reporting their excess profits tax on an invested capital basis. However, I believe that the House conferees are likely to insist upon this provision.

There will be a fight in the Committee for joint returns but I believe that the Senate Finance Committee will reject the plan you recommended or any other plan including the principle of mandatory joint returns. Apropos of this, I am attaching the ticker story I referred to in my telephone conversation with you yesterday afternoon.

Wednesday evening at my house, Senator LaFollette recommended that no attempt be made to eliminate the exemption on f ture issues of state and municipal securities in this bill, but that a serious drive be made in the Administrative Amendments Bill to follow this one. Today Senator Prentiss Brown told me that he was completely in accord with Senator LaFollette's advice. Inasmuch as they are our two strongest advocates in the Senate, I think it would be well to follow their recommendation.

Sincerely yours,

John

Honorable Henry Morgenthau, Jr.,

Montreal, Canada.

Dow Jones
August 20, 1941
12:23 p.m.

President reported as cool to joint income tax return in any form.

Washn. - Congressional quarters report that President Roosevelt has stepped into the tax picture again.

The Chief Executive these quarters say has told Senate leaders that he does not think much of the mandatory joint returns for married couples even if special treatment is provided for the earned incomes of husbands and wives.

The President's position is said to have been stated at the White House Monday when he conferred with Congressional leaders on the foreign situation and his talks at sea with Winston Churchill, England's Prime Minister.

These reports said in Congressional quarters to be well founded came as a sharp surprise to Capitol Hill tax quarters inasmuch as Secretary of the Treasury Morgenthau voiced unequivocal support for the mandatory joint return provided that special treatment of earned income is granted.

Also President Roosevelt in his letter of July 31 to Chairman Doughton of the Ways and Means Committee indicated that he had no objection to the joint return if the relief proposed by the Treasury Department was granted he said.

I am sure that I make it clear that the Treasury Department does not approve of mandatory joint tax returns except on the condition of granting substantial relief to earned income of the husband and wife. In this I heartily concur. But the committee's ways and Means - draft leaves out the proviso altogether.

The Treasury now is in the process of drafting a joint return provision which would provide special treatment for earned income. It has been notified by Finance Committee Chairman George to be ready to submit this plan in detail.

August 23, 1941.

MEMORANDUM

TO: Secretary Morgenthau

FROM: Mr. Schwarz

At the request of the Treasury, all of the special weekly letters devoted to business and finance have distributed to their readers copies of our "Tax Savings Plan" pamphlet. In the case of the Chamber of Commerce of the United States of America, copies were sent to local chambers and the latter have now been asked to arrange for distribution to their members. The following numbers of pamphlets were requested by each of the organizations listed:

Kiplinger	1000
Whaley-Eaton	750
Banking (special defense letter to members of the American Banking Association)	2000
U. S. Chamber of Commerce	3000
American Banker	200
Congressional Intelligence	200
Standard Statistics	150
Commerce Clearing House	200
Goldsmith Letter	300

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE AUG 23 1941

TO Secretary Morgenthau

FROM Mr. Cairns

In accordance with the request contained in Mr. Thompson's memorandum of December 26, 1939, there is attached a summary report of studies or projects carried on in the Office of the General Counsel for the month of July, 1941.

Huntington Cairns

Attachment

SUMMARY REPORT ON STUDIES OR PROJECTS IN THE OFFICE OF THE GENERAL COUNSEL - JULY 1941

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

1. Request of Philippines for views of Treasury upon proposed tax-exemption legislation. An inquiry has been received from the Resident Commissioner of the Philippines to the United States, asking for the views of the Department on the passage of legislation to grant exemptions to citizens of the Philippines and to corporations organized in the Philippines from taxation of income derived exclusively from the operation of ships documented under the laws of the Philippines, equivalent to the exemptions provided for in Commonwealth Act No. 637, recently enacted by the National Assembly of the Philippines. That Act makes such income reciprocally exempt from the Philippines "privilege" tax on the carrying on of business, based upon gross annual sales, and from the Philippine "residence" tax imposed upon

certain Philippine residents measured by the value of the real property in the Philippines and by gross receipts or earnings.

2. Negotiations with Hawaiian sugar companies regarding social security and unemployment taxes. None of the Hawaiian sugar companies has paid social security or employment taxes on perquisites, principally housing, water, fuel, and medical services, furnished their employees engaged in covered employment. Numerous conferences have been held during the past seven or eight months by representatives of the Bureau with representatives of the companies and the Social Security Board concerning the taxability and valuation of those perquisites. Certain tentative agreements previously reached between representatives of the Bureau and the companies with respect to those matters were rescinded on May 22, 1941. Further negotiations relative to a basis for settlement of the matters in dispute have been conducted since that time. An understanding has now been reached with the sugar companies, subject to the approval of the Commissioner and

the Secretary, whereby the perquisites furnished by such companies to their covered employees have been valued for the purpose of taxation.

The above matters were handled under the supervision of Mr. G. E. Adams, Head, Legislation and Regulations Division.

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

3. Radio transmission of German war pictures to the United States. An opinion addressed to Assistant Secretary Gaston, prepared by Mr. Feidler, and signed on July 8, 1941, concludes that by virtue of section 606(c) of the Communications Act of 1934, there is adequate authority for the President to prevent such transmission.

4. State jurisdiction to escheat bribe money deposited in Federal District Court. An opinion addressed to Mr. Bartelt, prepared by Miss Goode and signed on July 18, 1941, concludes that where the Federal Court has ordered bribe money to be deposited into the Treasury of the United States, pursuant to the Act of January 7,

1925, 43 Stat. 726 (U.S.C. title 18, sec. 570), it no longer has control over the money, and section 996 of the Revised Statutes (U.S.C. title 28, sec. 851), is inapplicable to such bribe money. Accordingly, there is no res within the state on which to declare an escheat.

5. Payment of assignees of awards of Turkish Claims Commission. An opinion on this subject, addressed to Mr. Bartelt, was prepared by Messrs. Meeker and Johnston and signed on July 18, 1941. The opinion concludes that the General Accounting Office has no jurisdiction to settle and adjust this type of claim; that the Treasurer should pay assignees where assignment is clear and undisputed; in other cases, the assignee's application should be referred to the Department of State, or the parties should be left to a judicial determination of their rights.

6. Secret Service investigation of counterfeit food stamps. This opinion, addressed to Chief Wilson, was prepared by Mr. Collins and signed on July 21, 1941. It concludes that food stamps of the Surplus Marketing Administration are obligations of the United

States and, hence, Secret Service has jurisdiction to investigate.

7. Disposition of insane persons arrested for violation of Federal laws enforced by Secret Service. An opinion addressed to Chief Wilson, which was prepared by Armand DuBois and signed on July 25, 1941, concludes that insane persons who have been arrested by Federal officers, but who have not been convicted of any offense, may be admitted to St. Elizabeths Hospital if they are duly adjudged insane and are either within or lawfully transferred to the District of Columbia.

8. Emergent importation of livestock forage, duty free. At the request of the Department of Agriculture and with the cooperation of representatives of that Department and administrative officials of the Bureau of Customs, Mr. Chambers, Chief Counsel, Bureau of Customs, drafted a proposed Presidential proclamation to be issued under the authority of section 318 of the tariff act, declaring that an emergency exists due to drought conditions which have caused a serious shortage of forage for livestock in certain areas in the United States, and authorizing

the Secretary of the Treasury to permit the free importation of certain forage for use in such areas. He also prepared a covering letter addressed to the President, for the signature of the Secretary of the Treasury, explaining the reason for the proposed action. The proclamation was signed by the President on July 25, 1941, and regulations to put its provisions into effect will be issued as soon as necessary data are received from the Department of Agriculture.

The following work was handled under the supervision of Assistant General Counsel Bernard:

9. Fidelity Bond Bill (formerly identified as "Bond Survey") (for description see original report, item 10). As the Legislative Section has not yet received advice from Congressman Cochran as to whether or not he will sponsor this proposed legislation, no further action has been taken on the matter.

10. Federal Depositary System (for description see original report, item 6). After several minor changes were made in this bill by the Legislative Section, it was sent to the Bureau of the Budget on July 24, 1941, for clearance.

11. Law Committee of Defense Communications Board (for description see November report, item 23). Mr. Spingarn is continuing his work as the Treasury Representative on the Law Committee of the Defense Communications Board.

12. Administrative procedure bills (for description see April report, item 8). The Legislative Section has received comments from all branches of the Department about our proposed letter and memorandum statement on these three bills to Chairman Hatch of the Senate Judiciary Subcommittee studying them. Only the Bureau of Internal Revenue had any substantial comments to make on this material. The Bureau suggested about ten changes. Their suggested changes have been carefully gone over and many of them have been accepted. A few are believed inadvisable and a memorandum has been sent to Mr. Wenchel explaining the Section's position on each one. His reply is being awaited.

13. Proposed legislation to regulate production of opium poppies (for description see May report, item 9). The Legislative Section submitted a draft

of this bill to the Commissioner of Narcotics who suggested several changes. The proposed bill is now being revised to comply with some of the changes suggested.

14. Payment of claims against the United States (for description see original report, item 11). After clearance with the Bureau of the Budget, this bill for the orderly payment of claims against the United States, and letters of transmittal therefor to Congress have been put in final form and are now being circulated for reinitialing before submission for signature and forwarding to Congress. The Comptroller General and the Attorney General have indicated they also consider the bill meritorious and recommend its enactment. A memorandum relative to this bill and a proposed committee report thereon have been prepared.

15. Board of Legal Examiners. The General Counsel was appointed a member of the Board of Legal Examiners established by Executive Order No. 8743 of April 23, 1941. Under this order, it is the duty of the Board to promote the development of a merit system for the

recruitment, selection, appointment, promotion, and transfer of attorneys in the Classified Civil Service "in accordance with the general procedures outlined in Plan A of the Report" of the Reed Committee on Civil Service Improvement. Mr. Bernard, as the representative for the General Counsel, has attended a number of all-day meetings of the Board in Solicitor General Biddle's office, and is acting as Chairman of the Board's Committee on Transfers. Mr. Bernard and others in his section are working on a number of legal problems arising in connection with the work of the Board.

The following matters were worked on under the direction of Assistant General Counsel Bernstein:

16. Foreign Funds Control. Freezing control was extended to Japan and China. Incidental to the execution of the control it was necessary, in addition to amending the Executive Order, regulations, and instructions, to issue 16 new general licenses dealing with problems peculiar to the Japanese and Chinese picture. Several other licenses required amendment.

Two attorneys in this office (Aarons and Anderson) have been sent to the Philippines by way of Hawaii to work on the problems this extension has precipitated in that area. Similarly, another attorney (Johnston), has been sent to Hawaii. The entire staff worked on these problems.

This office assisted in the preparation and issuance of the President's Proclamation dealing with the proclaimed list of blocked nationals. It also assisted in the preparation and issuance of the black list. Instructions were sent to all the Federal Reserve Banks and all Collectors of Customs regarding the procedure to be employed and efforts were made to coordinate our activity in this field with that of Export Control. Messrs. Bernstein, Luxford, and DuBois worked on this matter.

The field of foreign trade is becoming increasingly important, particularly in view of the inclusion of China and Japan in the freezing orders. With the advent of the proclaimed list of blocked nationals this office prepared General License No. 53 which contributed to a clarification of the rights of American exporters to deal with Latin American firms. Trade with China was similarly licensed. On the other hand, Japanese trade has been subjected to a rigid control in which for the first time all trade with a foreign country has been brought under direct Customs supervision through the facilities of freezing control. General License No. 53 has now been amended so that not only is trade with the American Republics permitted but also trade with the British Commonwealth of Nations, the Dutch East and West Indies, Russia, and other friendly nations. The regulation of trade with Japan and China has precipitated a difficult problem concerning losses to American importers and banks resulting from the failure of Japanese boats to deliver goods. In an effort to alleviate certain of this pressure a Public Circular was issued regarding documentary drafts. The problem in connection with Chinese exports is still under study, although one Public Circular has been issued in connection therewith. One general study has been made of the whole trade problem from the point of view of the most effective means of bringing it under freezing control. Messrs. Bernstein, Luxford, DuBois, and Smith worked on this.

Studies on the control of patents are still in process. Work is being done along the line of issuing a general license and public circular dealing with certain phases of these matters. Messrs. Bernstein, Aarons, Murphy, DuBois, and Luxford worked on these studies.

The work incident to the preparation of the census report on Form TFR-300 and the instructions to accompany such form is nearing completion. Conferences have been held with a large number of representative groups and an educational conference for the benefit of all Federal Reserve Banks has just concluded. Messrs. Bernstein, Reeves, Arnold, and Murphy are handling this matter.

The regulation of business enterprises that are either blocked nationals or under strong ties with blocked nationals is getting under way. A great deal of work is being done on the Sterling Products case and careful consideration was given to the Silesian-American matter. Messrs. Bernstein, Lawler, and Luxford worked on this.

17. Stabilization agreements. Conferences have been held with the Colombian Ambassador regarding a stabilization agreement with Colombia. Similar conferences have taken place with a Mexican representative covering an agreement for Mexico. Additional work has been done on the Chinese and Argentina Agreements. Mr. Bernstein is handling this matter.

18. Russian Gold. This office participated in the conferences relating to the purchase of Russian gold and the preparation of the Secretary's note to the Russian Ambassador relative thereto. Messrs. Bernstein and Luxford worked on this matter.

19. Ecuadorian Trade Agreement. This office, in cooperation with the Division of Monetary Research, is working on a new Foreign Exchange stipulation for the Ecuadorian Trade Agreement which will permit this country greater flexibility in the event of any further extensions of freezing control. It is envisaged that

the stipulations on this subject will take the form of exchange notes. Messrs. Bernstein and Luxford worked on this matter.

August 23, 1941

Files

Mr. Cochran

At 2:30 p.m. on August 14 Mr. Nisiyama, Japanese Financial Attache, called on me. He told me of a payment of $5,000,000 which had been made to the Bank of Indo China by the Yokohama Specie Bank on July 25. He gave me his word that this payment had been under contemplation for some time and that it had no military or political significance.

Nisiyama referred to three applications which he had on file for licenses to pay $180,000 for oil for Japan. He stated that the withdrawals of Japanese funds from this market prior to freezing had been on the part of the Japanese Navy and that he and his Ambassador did not like to try to get these funds returned to the United States. He hoped, however, that the Treasury would see fit (1) to permit the Yokohama Specie Bank to pay for the oil from blocked funds or (2) to permit payment at Shanghai in Chinese yuan for remittance to New York in dollars or (3) payment from Batavia in Dutch florins to be remitted to the United States.

I told Mr. Nisiyama that this was a matter for consideration by Foreign Funds Control. When he told me that he had an appointment with Mr. Towson, I telephoned Mr. Towson to introduce Mr. Nisiyama.

HMC:lmp-8/25/41

August 23, 1941

Files

Mr. Cochran

At 3:25 p.m. on August 19 Mr. Jay Crane telephoned me from the offices of the Standard Oil Company in New York. He said that Vice President Harden had called on Mr. Foley the preceding week in regard to the application for a license to permit the sale by the Standard Oil Company of its properties in Hungary to German interests. Upon Mr. Harden's return from Washington the Company had decided to prepare a letter for submission to Vice President Wallace as Chairman of the new Economic Defense Committee, setting forth the Standard's position with respect to the proposition under reference. I brought this matter to the attention of the Foreign Funds Control Committee at the meeting held in Assistant Secretary of State Acheson's office the following day.

HMC:dm:8/23/41

August 23, 1941

Files

Mr. Cochran

Reference is made to Mr. Southard's memorandum of August 20 in regard to the discussion of the proposed Mexican Stabilization Agreement. Mr. Collado mentioned after the meeting with the Ecuadorians on the afternoon of Monday, August 18, the fact that Monteros had raised the question as to the Central Bank of Mexico not being required as a signatory to the agreement. I told Mr. Collado that it was my feeling that the Treasury would definitely require this. Mr. Collado wanted to know if the Treasury would raise the question with Secretary Morgenthau and Under Secretary Bell now on their holidays. I told Collado that I definitely would not do this unless Mr. Welles himself requested it. I did not think Monteros was assuming the right position. Furthermore, I pointed out that Secretary Morgenthau had been ready to proceed with the consummation of the Stabilization Agreement with Mexico before his departure on leave, but that the State Department had not been prepared with its part of the related negotiations. It had been agreed, therefore, that completion of the various arrangements with Mexico would be delayed until after Labor Day. It did not seem reasonable, therefore, to urge the Treasury to take any special steps in the interim.

After this conversation I checked up with our records and confirmed that the cablegram of instructions which the Secretary sent Mr. White at Havana last year definitely provides that there shall be separate and joint responsibility on the part of treasuries and central banks of Latin American countries which receive assistance from our Stabilization Fund. I told Mr. Southard of this point. I also mentioned it to Mr. Bernstein.

On the following day, Tuesday, August 19, I talked with Mr. Collado at the Mayflower luncheon given by the Ecuadorian Minister of Finance. Mr. Collado was convinced that in view of the Treasury's position Mr. Monteros would withdraw his objection to the Bank of Mexico being a signatory to the agreement. As a matter of fact, I felt that Mr. Collado already had this assurance from Mr. Monteros.

HMC:dm:8/23/41

August 23, 1941

Files

Mr. Cochran

On the morning of August 22 Mr. Joseph Jones of the Far Eastern Division of the Department of State telephoned me. He referred to a cablegram of August 18 from Mr. Fox. Jones gave as his personal opinion that it would be desirable to see Chinese banks generally licensed.

Later in the morning I was talking with Mr. Bernstein on China and mentioned that Mr. Jones had made this personal recommendation. I told Mr. Bernstein further that Mr. Lochhead had the preceding day told me of the observations which he had made to Mr. Bernstein upon the desirability of licensing Chinese commercial banks. In addition, Mr. Lochhead had pointed out the advantage which would accrue to the yuan through our permitting remittances from the United States to China.

HMC:lap-8/25/41

August 23, 1941

Files

Mr. Cochran

At 12 noon on August 21 Mr. Ansiaux of the National Bank of Belgium called on me. He stated that the Bank of France had appealed from the recent decision of the court in New York which held that it had jurisdiction in the case of the National Bank of Belgium versus the Bank of France. The hearing on this appeal will be on September 26. It is expected that the Bank of France may appeal the case further if the September 26 decision is unfavorable to it. Mr. Ansiaux is of the opinion that the case cannot be tried on its merits before March or April of next year. He is, therefore, returning to London now. Ambassador Theunis will follow the litigation until the real trial takes place, at which time Mr. Ansiaux will return to New York to give direct testimony.

H. M. C.

HMC:lap-8/25/41

August 25, 1941

Files

Mr. Cochran

Mr. Randolph Burgess telephoned me from New York on the afternoon of August 22. He stated that he was spending some time with the British Purchasing Commission in Washington, since the death of Mr. Purvis, assisting Sir Clive Baillieu. In this connection he asked me for certain information in regard to the official position of Mr. Opie.

In referring to TFR 300, Mr. Burgess hoped that the Treasury had not felt that he had been critical thereof. It seems that Mr. Burgess had spoken to Mr. Bell on this subject when recently in Washington. I told Mr. Burgess that I had heard no suggestion that he had been critical of the Treasury or of this form. Burgess said that the Treasury men who had worked with the bankers in New York on this form had been very serious and competent. Although execution of this form is costing the National City Bank \$40,000, that institution is willing to go along with the Treasury's requirements.

Burgess reminded me that the Brazilians have recently passed a law which would force foreign banks out of business in Brazil by 1945. There was some arrangement whereby this law could be interpreted to exempt Western Hemisphere banks therefrom. Mr. Burgess hoped, however, that our Government would not depend confidently upon this interpretation and would endeavor to have a definite removal of this danger to the United States banks operating in Brazil. He thought occasion for negotiations might arise if Brazil should seek further financial assistance from this Government.

HMC:lap-8/25/41

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August 23, 1941

Files

Mr. Cochran

Having completed arrangements for Mr. Hewlett's departure for China, I delivered to him yesterday noon four packages of documents from Mr. Bernstein and two from Mr. Timmons, all relating to Foreign Funds Control, to be taken by Mr. Hewlett to Mr. Fox in China. I sent to the Department of State a cablegram to Mr. Fox reporting that Hewlett would sail for Hong Kong on August 29 from San Francisco.

It was not until August 13 that Dr. Soong telephoned me that he had received word from Dr. Kung, Chinese Minister of Finance, approving the engagement of Mr. Hewlett. Dr. Soong had not been willing to take the responsibility for sending Mr. Hewlett to China and paying therefor, until he had Dr. Kung's approval. He had asked this by cablegram the day following my sending Mr. Hewlett to Dr. Soong. Dr. Soong told me by telephone that Dr. Kung had not understood at first why Mr. Fox had not obtained someone locally. I had explained to Dr. Soong that Mr. Fox had cabled that both he and the Embassy, as well as Dr. Chen, had agreed that someone from the United States should be sent out. It had been the Treasury's preference that someone should be engaged locally if this might be feasible, but efforts toward this end evidently had failed.

After receiving Dr. Soong's approval, Mr. Hewlett endeavored to obtain early transportation to Hong Kong, but was quite unsuccessful. When he reported this to me I took the matter up with the State Department and Mrs. Harvey there succeeded in arranging passage on the S.S. President Monroe sailing August 29.

Dr. Soong did not give Mr. Hewlett a written contract. He told Mr. Hewlett that his contract should be through Mr. Fox. The Chinese would, however, pay all transportation costs to Hong Kong, and arranged for an advance on account of salary and expenses. In my conversations with Dr. Soong and his assistant Mr. Suo, I told them that Mr. Hewlett was ready to go to China on the understanding that he would be paid a salary of $3,500 per year, $6 per diem, together with travel expenses to and from China. I had given this information to Dr. Soong when I originally referred Mr. Hewlett to him.

H.M.C.

HMC:dm:8/23/41

August 23, 1941

Files

Mr. Cochran

Mr. Gautier, the representative in New York of the Swiss National Bank, telephoned me yesterday at 2:50 p.m. He said that he had received cablegrams last week from the Swiss National Bank at Bern and Zurich instructing him to apply for a license to permit the transfer of 2,000 kilograms of gold from the Federal Reserve Bank of New York to Lisbon. Mr. Gautier had now filed this application with the Federal Reserve Bank and understood that it was being referred to the Treasury Department for consideration. Mr. Gautier stated that he had written a letter explaining the situation in full.

In summary, Mr. Gautier explained that Switzerland had agreed to pay Portugal in gold for imports from that country. Since the Swiss National Bank must maintain in Switzerland the gold cover for forty percent of its note circulation, and since gold must be used to pay for certain imports, such as wheat, cotton, etc., that Switzerland has been obtaining from Russia and other European countries, it was found urgently desirable to withdraw gold from the Swiss National Bank's earmarked supply in New York, rather than endeavor to make the difficult transfer of gold across France from Switzerland to Portugal. Mr. Gautier reminded me that the National Bank of Switzerland now has in the Federal Reserve Bank of New York $220,000,000 in gold, $270,000,000 in dollar balances and $52,000,000 in Treasury Bills, together with $120,000,000 of balances with commercial banks in New York, making a total of $562,000,000 which the Swiss National Bank has in New York. The present request is to withdraw only around $2,000,000 of this total. Mr. Gautier added that all imports from Portugal to Switzerland must be approved by the British authorities in Lisbon before they are consummated. Consequently, we would be releasing Swiss gold to pay for only transactions that are approved by the British authorities.

Mr. Gautier asked my assistance in obtaining an expeditious and favorable decision in the premises. He said that his people considered the application one involving important matters of principle. They feel that they should be able to withdraw the gold which they had placed with our Federal Reserve Bank and they remind us of the assurances which they gave us as a prior condition to the issuance of our General License.

After receiving this call, I telephoned Mr. Pehle. He said that the application had not yet come to his attention, and that when it did he would refer the matter to a Committee Meeting.

I am definitely of the opinion that this application should be unconditionally approved at the earliest possible date.

HMC

HMC:lap-8/25/41

August 23, 1941

Files

Mr. Cochran

At 5 p.m. yesterday evening Mr. Knoke telephoned me from New York. He said that he had not been able to get in touch with Mr. Pehle, so wanted to give me the following information. The Guaranty Trust had let him know confidentially that a client had sought the assistance of the Guaranty in making a remittance to German territory, including Poland. Before the Guaranty had given any answer, the client came back to report that the Guaranty's assistance was not necessary since the customer had been able to submit dollars to the German Embassy in Washington with the understanding that the latter would make reichsmarks available to the payee in Germany.

At 5:15 I reached Mr. Pehle by telephone and gave him the above information. Mr. Pehle stated that he would have Mr. May in New York get in touch with Mr. Knoke at once on this case.

HMC:lap-8/25/41

August 23, 1941

Files

Mr. Cochran

At 11:20 this morning Sir Frederick Phillips called me by telephone. He inquired whether I was familiar with the Northrop case. I told Sir Frederick that Mr. Bewley had brought this case to my attention and had provided me with a memorandum thereon. I had submitted the matter to the Secretary at a Staff meeting and had been instructed to write a letter to Mr. Jones, collaborating with Messrs. Bewley, White and Cox. Sir Frederick had before him a copy of this letter of August 13. I told Sir Frederick that on August 15 Mr. Jones had written the Treasury a letter, which I read to Sir Frederick, and that the Treasury had immediately answered on the same day, through a letter signed by Mr. Bell, which I also read to Sir Frederick. This exchange of letters on August 15 had come after the British had agreed with Mr. Jones' office that Mr. Bewley's memorandum had been in error, in that it should have referred to 140 planes instead of 100 planes. Mr. Bewley and Mr. Cox agreed with me that the Treasury position as explained in the letter of August 13 should be maintained even though the number of airplanes involved was 140 instead of 100. Mr. Bernstein helped me on the draft of the reply to Mr. Jones, and went with me to Mr. Bell to obtain his signature late on Friday evening, August 15. The letter was read to Messrs. Bewley and Cox, but Mr. White had already left and could not be consulted.

I reminded Sir Frederick Phillips that Mr. Morgenthau had decided that Lend-Lease matters should be headed up with Mr. White and that the British had been so informed. Consequently, I had taken no direct part in the Northrop case subsequent to the exchange of correspondence above described. Nevertheless, Mr. Cohu, head of the Northrop Company, had reported to me on Saturday, August 16, and again this current week, on his difficulties. I had, after consultation with Mr. Gaston, Miss Kistler and Mr. O'Connell, placed him directly in touch with Mr. Brown in Lend-Lease. From Mr. Brown I had learned that the latter had interested General Burns and other of our Armament people in the question, and that they, in turn, had been in touch with Mr. Jones' office. By Mr. Cohu I had been told yesterday over the telephone that the R.F.C. apparently was out of the picture since they were not willing to go into the deal unless the British would yield to the R.F.C. priority of claims on the Northrop Company. When Sir Frederick asked me whether he should now get in touch with Mr. Jones, I told him first to speak with Mr. Brown and find all of the latest developments. I particularly mentioned Sir Frederick that he should have Mr. Brown's opinion as to whether the Jones plan might involve any increase in the total contract price. It had been my understanding that there had been envisaged simply a stepping up of payments on the first 140 planes, to be compensated for on payments on the balance. Sir Frederick said it was his definite understanding from the documents before him that no increase in total contract price was envisaged.

HMC

HMC:lap-8/25/41

August 26, 1941

Files

Mr. Cochran

Mr. Quayle of the Northrop Aircraft, Inc., (National 7082) telephoned me this afternoon. He stated that Messrs. Gahn and Coleman are up in New York but that they all wanted to let me know that their financial arrangements appeared on the point of being concluded satisfactorily. The final arrangement does not include any participation by the R.F.C. The British have stepped up their payments, and will receive 4 percent interest on advances, obviating any necessity for a loan from the R.F.C. The New York banks will participate in the loan as originally anticipated. Mr. Beddie signed the subordination agreement on behalf of the British this afternoon.

I told Mr. Quayle that I had had nothing to do with this matter the last few days except to bring Sir Frederick Phillips to date last Saturday, and to talk with him about the necessity of the British accepting the subordination arrangement. Quayle thought my conversation with Phillips had been of some assistance in leading to the final arrangement, and thanked me warmly.

HMC:lap-8/26/41

FOR DEFENSE BUY UNITED STATES SAVINGS BONDS AND STAMPS

FIELD ORGANIZATION *News Letter*

DEFENSE SAVINGS STAFF

TREASURY DEPARTMENT, WASHINGTON, D. C.

August 23, 1941. Number 14.

TO THE FIELD STAFF:

It is well to take stock of that phase of our progress in which we are so interested; namely, the sales record of Defense Bonds and Stamps. The principal goal of our efforts is the largest possible list of owners of these securities.

The Series E Bond is, of course, the most popular. The number sold during May, June, and July indicates an increasing acceptance of this security as a prime investment. The methods of marketing--Payroll Allotment, Bank Depositors Draft Plan, Stamp Banks, Buy-A-Bond-A-Month and Thrift Clubs, Direct and Mail Purchases, and others—are accumulating funds for future purchases on a systematic and regular basis, and the particular emphasis is on the Series E Bond.

The number of bonds purchased each month will be of interest and the record is very encouraging. Following are the figures, which are approximate:

1. Number of Bond Units

	Series E	Series F	Series G	Total
May	883,000	20,000	91,000	994,000
June	1,030,000	21,000	96,000	1,147,000
July	1,493,000	22,000	93,000	1,608,000
Total	3,406,000	63,000	280,000	3,749,000

2. Dollar Volume (Issue Price)

	Series E	Series F	Series G	Total
May	$100,581,000	$37,617,000	$211,420,000	$ 349,818,000
June	102,517,000	28,876,000	183,134,000	314,527,000
July	145,274,000	27,359,000	169,498,000	342,132,000
Total	$348,373,000	$94,052,000	$564,053,000	$1,006,477,000

The number of individual stamps sold is slightly under thirty millions.

Sincerely yours,

GALE F. JOHNSTON
Field Director, Defense Savings Staff

NEW STATE CHAIRMEN

In Georgia, Virginia, and West Virginia, Secretary Morgenthau has recently appointed State Chairmen of the Defense Savings Committees being organized there.

The Georgia Chairman is Arthur Lucas, Atlanta banker and theatre executive. In Virginia, Frank Pendleton Gaines, President of Washington and Lee University, has accepted the post. And in West Virginia, Albert Snedeker of the Wheeling Steel Corporation has assumed the responsibility of chairmanship for his state for Defense Savings.

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IN THIS ISSUE

U.S. GOVERNMENT PRINTING OFFICE

M O N T A N A

Many Significant Developments Reported

ACTIVE COMMITTEES in each of Montana's 56 counties by September 1 is the objective of the State Committee, reports Administrator William H. Bartley.

A GENERAL COMMITTEE is being set up to supplement the State Committee. The presidents of all state farm, labor, patriotic, women's, civic, business and professional groups are being asked to serve on this body.

STATE EMPLOYEES are responding enthusiastically to the recently installed salary allotment plan developed by Governor Sam C. Ford, State Auditor John, J Holmes, State Treasurer Thomas E. Carey, and State Accountant William Hosking.

BUTTE MINERS, one of the largest groups of organized labor in the state, have given assurances of their cooperation and support. Sylvester Graham, President of the Montana Industrial Council, CIO, recently stated:

> "The Montana State Industrial Union Council wholeheartedly endorses the program of Defense Savings Bonds and Stamps and pledges assistance in every possible way."

AMERICAN LEGIONNAIRES, meeting in state convention, adopted a resolution calling upon all Legion posts and every individual Legionnaire "to take part in this important program by generous purchase of Defense Bonds."

EAGLES, ELKS AND MOOSE are rallying to support the Program following the adoption of resolutions of endorsement by their state governing bodies.

The Montana State Aerie of the Fraternal Order of Eagles has resolved that

> "we deem it the civic duty of every member to buy Defense Stamps and Bonds to the limit of his ability . . . . You can't lose, betting on the U. S. A."

The state Elks organization has invested the major portion of its reserve in Defense Bonds.

MONTANA FARMERS—more than 44,000 of them—are receiving Defense Savings folders through the AAA organization. This distribution is being well timed in relation to the marketing of Montana's bumper wheat crop.

IN GREAT FALLS AND CASCADE COUNTY, every organized group of any kind was invited to send representatives to the general meeting held August 20 by the Cascade County Committee, Leo Graybill chairman. These representatives will learn of their part in the Defense Savings Program and carry back the message to their various associations and clubs.

M I N N E S O T A
Spot News From The Larger Cities

LOCAL COMMITTEES are now functioning in Austin, Duluth, Minneapolis, St. Paul, and Winona:

In Austin, the organization meeting of the Mower County Defense Savings Committee was addressed by G. A. (Jay) Hormel, President of the Hormel Packing Company and member of the State Committee for Minnesota. Sixty people were invited to this meeting and all but one, who was out of the city, attended! The success of the program in Austin and Mower County is assured.

In Duluth, Mayor E. H. Hatch, has indicated that city employees there will be able to buy Defense Bonds through salary allotments.

In Minneapolis, a special sub-committee composed of representatives of business and labor — both A. F. of L. and C. I. O. — is encouraging installation of allotment plans. Thos. E. Hastings is the chairman of this group. . . . . Banks in Minneapolis have announced their readiness to provide free safekeeping for Defense Bonds and to cooperate with employers in operating payroll allotment plans.

In St. Paul, the Industrial Sub-Committee, which is headed by John Connolly, Secretary of the Minnesota Mining & Manufacturing Company, and Harry F. Fairchild, Vice-Chairman of the St. Paul Committee, is placing emphasis upon the installation of payroll allotment plans. Its first move was to send supplies of folders, etc., to all major St. Paul firms.

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T E N N E S S E E
Program Gathers Momentum

EACH OF TENNESSEE'S 95 COUNTIES is to have a Defense Savings Committee. City committees are already functioning in Nashville, Memphis, Chattanooga, and several other localities.

BANKERS, through the Tennessee State Bankers Association, have pledged their full cooperation as issuing agents, volunteer speakers, and in other capacities.

IN CHATTANOOGA, Defense Bond Week was celebrated from August 10 to 16. Mayor E. D. Bass issued a special proclamation. . . . . Ten-minute speakers were specially recruited to carry the message of Defense Savings to civic organizations and other audiences. . . . . And motion picture theatres, radio stations, and newspapers cooperated in focusing attention upon the Program. . . . . These activities were planned and carried out by a committee headed by Cecil Woods, President of the Volunteer Life Insurance Company and Chairman of the Defense Savings Committee for Hamilton County.

ELKS FAIR FEATURES DEFENSE SAVINGS

Defense savings booth at the Elks Charity Fair in Norwich, Conn. Paul W. Franklin, chairman of the Defense Savings Committee for Norwich (on right), explains some of the finer points to a prospective investor.

Lieut. J. A. Pierson of the Ship's Service Club of the U. S. Submarine Base at New London, Conn., receives a $2,000 Defense Bond recently purchased by the Club from Paul W. Franklin, Chairman of the Defense Savings Committee for Norwich, Conn. The presentation ceremonies took place at the Elks Charity Fair in Norwich.

Will H. Smith, Indiana State Administrator, inspects the recently erected sign now dominating Monument Circle facing North Meridian Street in Indianapolis, Ind. The sign was made possible through the generosity of Joseph L. Hanna, General Manager of the General Outdoor Advertising Co., and is lighted at night through the courtesy of the Indianapolis Power and Light Co.

U. S. GOVERNMENT PRINTING OFFICE: 1941

BONUSES IN DEFENSE BONDS AND STAMPS

A few of the many companies which have recently given their employees bonuses in Defense Securities:

McDonald Machinery Company in St. Louis - each of its employees received a $25 Defense Savings Bond and was promised a second bond as soon as he purchased two with his own money. Next year, the Company will continue this plan, but to be entitled to two bonds "on the house" the employee will not only have to purchase two bonds from his own funds but also hold the four bonds acquired this year.

Richards and Conover Hardware Company of Kansas City, Mo. - gave each of their employees a $25 bond with a personal letter, urging regular purchase.

Cownie Furs of Des Moines, Iowa - distributed bonuses totaling $3,500 in Defense Bonds and Stamps to its 70 employees at a picnic dinner. Charles T. Cownie, president of the firm, in making the presentations, said:

> "It is the first time employees have been given a bonus at this time of year." They were presented the bonuses in Defense Stamps and Bonds primarily to call attention to this part of the Defense Program.

Several large concerns in North Carolina, including Carolina Mills, Inc., are paying employee bonuses in Defense Savings Bonds, according to reports from the Farmers and Merchants Bank of Newton, N. C. and the Wachovia Bank & Trust Company of Winston-Salem.

F. B. Connelly Company of Seattle, appliance distributors - presented each of their 28 employees with a $25 Defense Savings Bond at a dinner at the Washington Athletic Club.

Merck and Company of Rahway, N. J. - started its 3,000 employees on the road toward bond ownership by giving each a $1 Defense Savings Stamp in Defense Savings Bond albums.

George Washington Hotel of Jacksonville, Fla. - started each of its 100 employees with a 25¢ Defense Savings Stamp and album.

Kellogg Switchboard & Supply Company in Chicago - installed payroll allotment plan and then announced that it would contribute $1 toward the cost price of each $25 Defense Savings Bond purchased by its employees.

* * * *

Frank G. Rathje, president of the Chicago City Bank and Trust Company - one of the first Chicago concerns to install a Defense Savings Salary Allotment Plan - has proposed that employers be urged to distribute bonus payments in the form of Defense Bonds. The details of his proposal and reasons therefore were featured by Royal F. Munger, financial editor for the Chicago Daily News, in his daily column on the financial page of that paper.

PAY ROLL ALLOTMENT
Explaining a Plan: Highlights

"A DEMONSTRATION OF EFFICIENCY." This is the report of one observer on the presentation of the Defense Savings pay roll allotment plan to employees of the Metropolitan Edison Company of Reading, Pa.. At a meeting of branch managers and key men from various branch offices, held recently in the main office of the Company, Mr. E. J. Ingram, New Business Manager of Metropolitan Edison, gave a "model" talk on the Defense Savings Program, the opportunity it affords company officials and employees, and the plan for participation through pay roll allotments.

A SERIES OF FIFTEEN LARGE CHARTS, especially prepared by Mr. Ingram, were used to illustrate every phase of the plan, and to explain why everyone should enlist now in the Defense Savings Program.

THE SONG "Any Bonds Today" opened and closed the meeting.

AN ATTRACTIVELY PRINTED PAMPHLET, describing the company's allotment plan and presenting full information about Defense Savings Bonds, was distributed to those present.

A SERIES OF SIMILAR MEETINGS at each of the company's plants and branch offices will be held in the near future. Key men, who will be asked to contact their fellow employees and tell them about Defense Savings and the voluntary pay roll allotment plan, will be invited to attend. Mr. Ingram will present the details, assisted by his charts and phonograph records. He confidently expects that a large majority of the employees will volunteer to enroll as regular Defense Savers in the near future.

* * * *

NEW YORK—Bristol-Myers Company, with factory and laboratories at Hillside, N. J., and offices in New York, Chicago, Dallas and San Francisco, reports that its Defense Savings allotment plan has been accepted by every employee—from the night watchman to the president.

NEWARK—The Feigenspan Brewing Company is the first brewery in the state to install a voluntary salary allotment plan. William Rose, Jr., vice president of the company, in announcing the plan, said that employees voluntarily undertook the canvassing of their fellow workers, and added:

> "The response has been most gratifying. The men in the plant who are over draft age are most anxious to play their part in helping along the national defense program. The results obtained are due to the very excellent work of the foreman and other union men in the organization."

ST. LOUIS—The first two industries in Missouri to report 100% participation in an allotment plan are the E. J. Wallace Company and the O. E. Linson Company, both of St. Louis.

SEATTLE—In a letter to officers of affiliated local unions in Washington, Richard Francis, Regional Director of the CIO, urges that employees ask employers to install Defense Savings pay roll allotment plans.

UNITED AUTO WORKERS, INTERNATIONAL UNION,
ENDORSES ALLOTMENT FOR DEFENSE SAVINGS

The Sixth Annual Convention of the International Union, United Automobile, Aircraft and Agricultural Implement Workers, meeting in Buffalo, N. Y. on August 13, enthusiastically and unanimously adopted the following resolution:

WHEREAS: The UAW has by action of this Convention given renewed evidence of unreserved support of National Defense, and

WHEREAS: The Treasury of the United States has suggested several plans of systematic saving through purchase of Defense securities, therefore be it

RESOLVED: That this Convention encourage and support the purchase of Defense securities as a patriotic duty and as a means of protecting the future of the wage earners and their families in any post-emergency readjustment, and be it further

RESOLVED: That the principle of payroll allotments for the purpose of purchasing Defense securities is hereby endorsed and encouraged, with the strict reservation that such payroll allotments shall be voluntary and as sanctioned by action of the local unions.

In presenting this resolution to the 1,000 delegates to the Convention, Gordon Carpenter, chairman of the Resolutions Committee, made a strong plea for its adoption, as did President R. J. Thomas and Secretary George Addes, speaking from the platform.

Many delegates who arose to speak in behalf of the resolution stated that their local unions had already endorsed Defense Savings and had purchased substantial blocks of Series F or G bonds.

Investment of Union funds in Defense Bonds to the legal limit was pledged by Secretary Addes, on behalf of the Union's executive board.

Before the convention adjourned, Secretary Morgenthau wired this message to President R. J. Thomas:

"Your resolution proves again that American labor understands the urgent needs of national defense and can be counted on to support the defense effort to the limit.

"Everything that American labor has won through years of struggle is at stake in the present world crisis. The rights of collective bargaining and the continual betterment of our standard of living can only be assured in a free society.

"Your resolution demonstrates that you are resolved to keep our free institutions safe and strong. I congratulate you for the pledge you have made and wish you would convey to all your members my very good wishes."

DEFENSE SAVINGS ON THE AIR
Leading Programs for the Coming Week

Tuesday, August 26 — FOR AMERICA WE SING — 7:30-8:00 P.M. (EST) NBC Blue Network

Musical program featuring Dr. Frank Black's 44-piece NBC symphony orchestra conducted by Victor Arden and the NBC chorus.

GUEST STAR: John Charles Thomas.

* * * * *

Wednesday, August 27 — MILLIONS FOR DEFENSE (The Treasury Hour) — 8:00-9:00 P. M. (EST) CBS Network

GUEST STARS: Eddie Cantor, David Rubinoff, James Melton, Priscilla Lane, with Al Goodman and his band, Barry Wood and Ray Block's choir.

* * * * *

Sunday, August 31 — WINGS OVER JORDAN — 9:30-10:00 A.M. (EST) CBS Network

GUEST SPEAKER: William Pickens, National Negro leader and member of the Defense Savings Staff.

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"KEEP YOUR LIGHTS ALWAYS BURNING, AMERICA!"

Theme song of Boston's own Defense Savings radio program "Defense Varieties" is "Keep Your Lights Always Burning, America!" written by Ed Cronin, Pat La Selva and Al Starita. Messrs. Cronin and La Selva are members of the Internal Revenue Service in Boston and produce and direct the radio show which is heard every Sunday evening over station WMEX. Here are some lines from the chorus of their song:

"Buy your Stamps and Bonds to aid defense,
Back our President - It's common sense!
"And speed up! America!
Keep the torch of freedom burning in the world!"

Copies of the words and music of this song have been printed by the authors and they have indicated they would be glad to make them available to Defense Savings Committees in other parts of the country.

* * * * *

Many officers of savings-building and loan associations are making radio talks on Defense Savings. Deputy Governor William F. Penniman has sent specially prepared speech materials to members of the Federal Home Loan Bank System.

U. S. GOVERNMENT PRINTING OFFICE

A M E R I C A N S A L L
Organizational Investments Demonstrate Patriotism

SCOTTISH CLANS—
Purchase of $40,000 worth of U. S. Defense Savings Bonds by the Royal Clan, Order of Scottish Clans, with headquarters in Boston, and the adoption of a resolution urging all Scottish Clans to follow this example and thus help "in strengthening our defenses" has recently been reported in the organization's official journal.

SONS OF POLAND—
Association of the Sons of Poland in Jersey City, N. J., has invested $25,000 in Series G Bonds and will invest $25,000 more during the month of August. . . . . . Polish National Alliance, Chicago, Illinois, has invested $50,000 in Defense Savings Bonds. . . . . . Polish Women's Alliance of America, Chicago, Illinois, has invested $50,000 and will invest a like amount early in January, 1942. . . . . . Polish Union of the United States of North America, Wilkes-Barre, Pa., chapter bought Defense Bonds to the limit on May 5, 1941.

FRENCH-CANADIANS—
L'Union Saint-Jean-Baptiste D'Amerique in Woonsocket, Rhode Island, purchased Series G Bonds to the limit.

SONS OF ITALY—
Loggia Italia Progressive, Sons of Italy in Waterbury, Connecticut, invested in a $100 Defense Bond, Venerable Louis Lerz announced at a recent meeting of the organization in Liberty Hall. . . . . . . Italo American National Union, Chicago, Illinois, has invested $20,000 in Series G Bonds.

COLORADO YUGOSLAVS—
Members of the Western Slavonic Association have endorsed the Defense Savings Program by authorizing the purchase of $5,000 worth of Defense Bonds. Anthony Jersin, secretary of the Association, with headquarters in Denver, was quoted as saying that the money was taken from the Association treasury "in the hope that it will help the government of the United States lick Hitler."

LITHUANIANS—
Lithuanian R. C. Alliance of America, Wilkes-Barre, Pa., has invested $50,000 in Series G Bonds for this calendar year.

SLOVENES—
The Grand Carniolian Slovenian Catholic Union of Joliet, Illinois, has invested $50,000 in Series G Bonds.

SLOVAKIANS—
The First Catholic Slovak Ladies Union has purchased $50,000 worth of Defense Bonds and have requested 50,000 pamphlets on Defense Savings for distribution to its members.

HUNGARIANS—
The First Hungarian Luthern Church of Pittsburgh, Pa., purchased a $100 Defense Savings Bond.

D E F E N S E   S A V I N G S   S T A M P S

Many Ways to Encourage Regular Purchase

SPECIALLY STAFFED BOOTHS are proving their value in many parts of the country, not only as outlets for Defense Savings Stamps but also as information centers on all phases of the Defense Savings Program. "Treasury Houses" (in Washington, New York, Boston, and other cities) and stamp booths manned by volunteers in large department stores have both proved highly effective.

In Jackson, Miss., the stamp booth in the R. E. Kennington department store, as well as selling a large volume of stamps, helps sell Bonds, as this story illustrates:

> A gentleman approached the booth one day and asked for $75 in Defense Savings Stamps. When the young lady at the desk recovered from her shock, the sale was completed. Then another gentleman, attracted to the booth by the excitement, announced that he wanted to buy $10,000 worth of Defense Savings Bonds—$5,000 for himself and $5,000 for his son! Amid much excitement, the young ladies escorted the gentleman to the bank.

TIPS, PREMIUMS, AND PRIZES in Defense Savings Stamps are telling many people about the program and enrolling them as regular Defense Savers. A few recent reports:—

In Lynn, Mass., Angus R. Gillis has established some sort of record by personally starting 350 people on the road towards Bond ownership. Gillis passes out bond albums as tips. He dropped one book in the collection box of the church to which he belongs and now on each successive Sabbath adds another stamp neatly sealed in a cellophane envelope.

In Bakersfield, Calif., Postmaster Jerry Shields reports salesman buying Defense Savings Stamps for use as tips.

In Atlanta, Ga., Stamps are prizes on the "I Am An American" program sponsored by Grean's and heard over radio station WGST.

In Rock Hill, S. C., the annual election and picnic of the Junior Chamber of Commerce was enlivened by a quiz contest with Defense Stamps for the winners.

In Florida, quiz programs conducted by Florida State Theatres, Inc., throughout Florida are using Defense Savings Stamps as prizes. In addition, the Rotary, Kiwanis, Civitan, Exchange, or other service club which provides the contestants for the quiz contest receives $10 in Defense Stamps for its favorite welfare project.

In Tulsa, Okla., a D. X. filling station, George Reynolds, manager, gives a ten cent stamp with every dollar's worth of car servicing.

In Wilmington, Del., the Dr. Pepper Bottling Company gives a ten cent stamp for 12 of its bottle caps.

PENNIES SAVED

Little Beverly Paulsen of Portland, Oreg., brings her pennies to the First National Bank to buy Defense Savings Stamps from A. Emmons of the bank staff.

FIRST BIRTHDAY—FIRST STAMPS

They think the country is worth saving—George William and Robert Wesley Leake, of Greensboro, N. C., who got a break themselves, give their country a break by buying Defense Savings Stamps. The birthday celebrants are the twin sons of Mr. and Mrs. E. W. Leake, who adopted them 6 months ago. Taken from a children's home just at the cooing age, the twins were given a good home and have matured to be these happy, healthy youngsters.

VOLUNTEERS STAFF STAMP BOOTH

Pictured above is the Defense Savings Stamp booth in the R. E. Kennington department store in Jackson, Miss., which is staffed by the women volunteers affiliated with the Woman's Committee of the Defense Savings Committee for Jackson and Hinds County; Mrs. John Walsh, chairman.

BONDS FEATURED IN WINDOW DISPLAY

$1,500 worth of Defense Savings Bonds were used by the M. L. Parker Co., of Davenport, Iowa, in the window display pictured above which attracted wide attention and comment. The ticker tape in the foreground repeats the message: "They will be worth more later."

U. S. GOVERNMENT PRINTING OFFICE : [illegible]

STATE EMPLOYEES ORGANIZE FOR DEFENSE SAVINGS

Organization of a committee of Connecticut state government employees to map out plans for enlisting the 13,000 state employees as regular Defense Savers was recently announced. Robert J. Smith of the State Welfare Commission is the chairman of this special committee. Other members are Hubert W. Stone of the Department of Education, Tax Commissioner Charles J. McLaughlin, and Police Commissioner Edward J. Hickey.

PERIODIC BANK DRAFTS TO PURCHASE DEFENSE SAVINGS BONDS

The 100,000 depositors of the Washington Mutual Savings Bank in Seattle have been notified that they can invest in Defense Bonds regularly by simply authorizing the bank to draw on their accounts and issue Defense Bonds. Cards to be signed by depositors and returned to the bank were enclosed. (Some of the other banks which have made it possible for their depositors to invest in Defense Bonds in this convenient way are listed in NEWS LETTER, July 19.)

ADVERTISING CLUB DEVELOPS THREE-POINT PROGRAM

The ADVERTISING CLUB in Spokane, Washington, is doing three things to boost Defense Savings:

1. Educating sales people in Spokane stores, in order that they can do more to encourage the purchase of Defense Savings Stamps.
2. Sponsoring a series of five-minute radio talks over local stations. (Three of the Club's programs are on the air each week at the present time.)
3. Sponsoring an essay contest on Defense Savings in cooperation with local newspapers (1st prize will be a $100 Defense Bond).

THE 15 LARGEST DOWNTOWN STORES in Spokane featured window displays promoting Defense Savings during the week of July 30-August 6.

* * * * * * *

"Where is the man who takes money for the government?"

asked Malissa Dean, elderly colored widow and mother of eight children, when she called at a bank in Tyler, Texas, recently.

"I want to give $100 to Mr. Roosevelt and the government to help them win the war." Upon the suggestion of the cashier, she agreed to accept a $100 Defense Savings Bond, having to make it official by her mark, as she neither reads nor writes. She said that $100 was all she could afford "just now" and started back to her children and her farm, 12 miles from Tyler.

—From The Houston (Texas) Post.

NO CHAIN LETTERS NEEDED

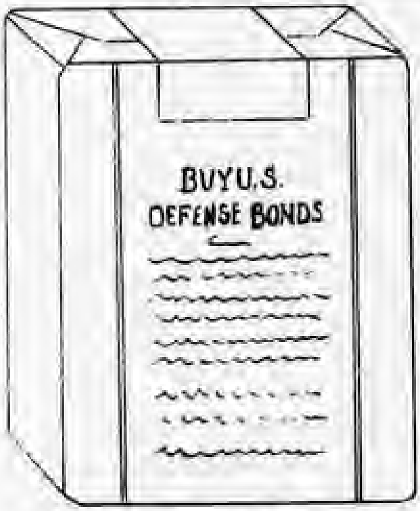
The Post Office Department, through the Office of the Solicitor, recently sent the following notice to all postmasters with reference to chain letter schemes:

"The mails in all parts of the country are being flooded at the present time with letters relating to so-called endless chain schemes soliciting defense savings stamps.

"Patrons of the various post offices depositing in the mails matter relating to schemes of this nature should be warned that the sending of such matter through the mails is a violation of the postal fraud and lottery statutes. Notices are served upon persons participating in such schemes whose names come to the attention of the Post Office Department requiring them to show cause why fraud orders should not be issued against them. Such orders forbid the delivery of any mail to the persons named therein.

"It is suggested that this notice be called to the attention of local newspapers so that it may be brought to the attention of the public."

CIGARETTE PACKAGES NOW ADVERTISE DEFENSE BONDS



Domino Cigarettes--product of Larus & Bro. Co., Inc.--carry the message:

BUY U. S.
DEFENSE BONDS

$18.75 invested now brings you $25.00 in ten years.
Here's your chance to do your part for the U. S. A.
Train your children to save with Defense Savings Stamps.
On sale at all U. S. Post Offices -- and at banks.

ALL STATIONERY of the insurance companies which are members of the "Loyalty Group" now carries a broad band of red, white and blue on which appear the words "Buy Defense Savings Bonds and Stamps."

* * * *

A WINDSHIELD STICKER called "Certificate of Participation in the National Defense Program" is included in the special passbook issued by the Arlington Five Cents Savings Bank of Arlington, Mass. in connection with its "Defense Bond Participation Plan."

THE CHALLENGE TO AMERICAN EXECUTIVE LEADERSHIP

"The Bill Must Be Paid"
"Start Saving Now"
"Mutual Trust and Sacrifice"
"Learning To Do Without"
"What Price Security?"

THESE ARE THE CAPTIONS of the first five advertisements in a series of 13, now appearing in newspapers throughout the Southeast. With these advertisements, the Citizens & Southern National Bank of Atlanta endeavors to meet what it calls a "challenge to American executive leadership."

"The sooner we all face stern realities," the first advertisement in this series begins, "the sooner will we begin shaping our living and our finances to meet the inevitable cost. Too many people live only in the present, leaving the future to take care of itself. To do so in the present situation would be a tragic error.

"Begin your saving now. Begin the best way possible - by buying Defense Bonds, which will help defray the cost of building and maintaining our army and navy and our armament program. Adjust your living gradually to meet the inevitable taxes. War always means sacrifice."

"MINNEAPOLIS ROLLS UP ITS SLEEVES!"

This line keynotes the advertisement of the Farmers & Mechanics Savings Bank of Minneapolis, which pictures workers in Minneapolis defense plants, army aviators, and selective service men in training, and then makes the points:

"You, too, can pitch in on national defense by saving some of your income for U. S. Defense Bonds"

"To help the Government pay for guns and planes, many Minneapolis citizens are buying U. S. Defense Bonds"

"Employees! Ask your company to get the facts about our special payroll deduction plan to help you buy U. S. Defense Bonds."

BANKS IN HARTFORD COOPERATE

Thirteen leading banks of Hartford, Conn., recently advertised:

"ENLIST IN THE SERVICE OF AMERICA! Buy Defense Bonds regularly. . . DO SOMETHING FOR AMERICA...NOW!"

The banks stated that they had all established allotment plans for their employees and urged adoption of such plans by all business organizations.

EDITORIAL COMMENT:

"Defense Savings Bonds that are on sale at every post office and bank. Have you bought any of them yet?

"There are a lot of reasons why you ought to invest some of your weekly earnings in these bonds. One, of course, is simply to help finance our re-armament effort as a patriotic duty. Another is that there's no better way to lay up a nice little safe nest egg for whatever hard times may follow.

"One good reason which might not occur to most people is that every citizen who buys Defense Stamps or Bonds is doing his bit to stop inflation."

--Chicago Times.

"Those who go without luxuries to buy Defense Bonds can reflect truly that it is cheaper to buy bonds than to bear those that foreign aggressors might like to impose here."

--Dallas News

"United States bonds are the safest investment in the world. If those with moderate incomes buy them, they will not only be making a wise move from the standpoint of their own interest, but will be helping to steady the whole economy of the nation. Insofar as the buyers of defense bonds do without something to make this investment, they contribute to stabilizing prices and help to direct the nation's resources to the great task of preserving the ideals of freedom."

--Philadelphia Bulletin

"It is inspiring to note the response of Seattle to the United States Defense Bond and Stamp Campaign. Labor unions are investing their surplus funds in larger bonds and are promoting plans under which members will save regularly under the payroll deduction method. Banks . . . stores . . . It is a type of campaign from which everyone can gain . . . In Seattle . . the bond and stamp campaign has seen labor, industrial management, banks, stores and thousands of individuals joining their efforts for the common good."

--Seattle Post-Intelligencer

"Defense Savings Bonds that are being sold at your post office or bank offer an investment program suitable for people of all income groups. By buying defense savings stamps, or one of the three types of savings bonds, each citizen of the country can do his bit in the biggest effort this nation ever made for the national security."

--Great Falls Tribune

By John C. Atherton, Ridgefield, Conn.
$500 first prize winner.

By Joseph Binder, New York, N. Y.
$250 second prize winner

By Hugh Donnell, West Reading, Conn.
$50 prize winner.

By Clara Fargo Thomas, New York, N. Y.
$50 prize winner.

PHOTOGRAPHS COURTESY MUSEUM OF MODERN ART

U. S. GOVERNMENT PRINTING OFFICE : [illegible]

DEFENSE SAVINGS STAFF

ADVANCE SCHEDULE OF RADIO PROGRAMS

SATURDAY - AUGUST 23, 1941.

* * * * * *

Time: 6:30 - 7:00 P. M.

Program: Wayne King

Station: WJSV and CBS Network

Time: 7:30 - 8:00 P. M.

Program: Truth or Consequences

Station: WRC and NCB Red Network

Time: 8:00 - 9:00 P. M.

Program: National Barn Dance

Station: WRC and NBC Red Network

Time: 11:15 P. M. - 12:00 M.

Program: Music You Want, When You Want It.

Station: WMAL - Local

THESE PROGRAMS PROMOTE THE SALE OF DEFENSE BONDS AND STAMPS.

1743-A

MEMORANDUM

August 23, 1941

To: PRICE ADMINISTRATION COMMITTEE

From: R. K. Thompson, Secretary

Attached are the following:

1. Civilian allocation program for formaldehyde
2. Admendments to price schedule No. 4
3. Civilian allocation program for steel used in automobile license tags
4. Amendment to price schedule No. 11
5. Price schedule No. 15
6. Price schedule No. 16
7. Price schedule No. 17
8. Civilian allocation program for motor fuel in the Atlantic Coast area
9. Civilian allocation program for rayon yarn
10. Price schedule No. 18
11. Price schedule No. 19
12. Amendment to price schedule No. 2
13. Price schedule No. 20
14. Amendment to civilian allocation program for rayon yarn
15. Civilian allocation program for chlorinated hydrocarbon refrigerants
16. Price schedule No. 21

1743-- CONFIDENTIAL

SUMMARY OF STENOGRAPHIC TRANSCRIPT OF MEETING OF
PRICE ADMINISTRATION COMMITTEE
August 19, 1941
11:15 a.m.

Present: Mr. Henderson, Chairman; Miss Elliott, Messrs. Wickard, March, Ayres, Nelson, Pike, O'Connell, Whitcomb, England, Bean, Harris, Keir, Hamm, Ginsburg, Galbraith, Hoover, Plummer, Thompson

1. Price legislation

Mr. Henderson reported on the hearings thus far held on the price control bill and indicated that there seemed to be a general feeling when the Committee recessed that a great deal of misunderstanding and distrust had been cleared up and that the members of the Committee are proceeding under the assumption that a bill of some kind will be passed. Though it was felt the seriousness of the emergency would have warranted the exerting of pressure for a continuance of the hearings while Congress is in recess, the ranking Republican and several other members expressed the belief that OPACS was getting along fairly well with the current ceilings since they were receiving a high degree of acceptability and that probably no great harm would be done in having a short interval.

Mr. Henderson said that if members of the Price Administration Committee desire the unrevised Committee prints of the hearings to date, his office would arrange to lend sets. Arrangements are being made to abstract the testimony on various subjects and make such abstracts available to members of the Price Administration Committee.

A general discussion followed of the agricultural provision in the bill and of the pressure from various groups for inclusion of a labor control provision. Secretary Wickard reported that both the Farm Bureau and the Grange are insistent upon a labor control provision but that the Cooperative Council and the Farmers' Union have not indicated that they would insist upon its inclusion.

2. Priorities and civilian allocation

Mr. Henderson referred to the discussions which Judge Rosenman is having concerning the resolving of the difficulty between OPM and OPACS, particularly on the matter of civilian allocations. Three or four proposals will be made to the President but pretty generally they call for dividing OPACS into two parts, Price Administration and Civilian Supply, and the placing of Civilian Supply under an enlarged OPM which would include all the groups of claimants for production: the military, the Lend-Lease, the Economic Warfare, and the civilian.

There followed a general discussion of the problems involved in the equitable allocation of available supplies during which Mr. Nelson pointed to the necessity of having a single body to determine how division is to be made among military, civilian and indirect defense needs. He also expressed his belief that there should be a reversal of the policy which heretofore has allocated to defense production all it needs of a given material, even though there be no residue left for civilian use. He cited copper as an example where the whole supply is going to defense but where the civilian economy cannot be run without it. For this reason Mr. Nelson believes that a determination should be made of the minimum necessary of various materials to keep the civilian economy going with defense and indirect defense sharing the balance.

Mr. Henderson pointed out that the whole shift in emphasis on priorities and the administration of civilian allocation is due to the lack of far-sightedness in expanding capacity and production several years ago so that adequate raw materials and supplies would now be available.

3. Recent price schedules

Mr. Galbraith reported on some of the important price schedules recently issued. He pointed out that about six weeks ago the Price Divisions's organization reached a basis of reasonably general coverage of the whole price structure and that since then more careful research and more complete discussions with industry groups have preceded the issuance of price schedules.

Mr. Galbraith cited the raw sugar schedule as probably the most important one in terms of the cost of living and as representing the closest collaboration between the Department of Agriculture and OPACS. He also cited the recent schedules on burlap, Southern Pine, tin and copper.

4. Contemplated price schedules

Mr. Galbraith reported that schedules are in contemplation for Douglas fir, anthracite coal, and Pennsylvania grade crudes. The ceiling for the anthracite coal industry will probably be set at the present level of prices since preliminary figures indicate that prices have already been increased sufficiently to cover advanced costs in the industry.

5. Price and allocation procedures

Mr. Galbraith asked the members of the committee for suggestions or recommendations concerning price and allocation procedures. He pointed out that so long as we are unwilling to use the ration card the job of keeping prices in line will be very difficult since there is a free area where there is a shortage of supply and no practical possibility of price control.

6. Requisition bill

Secretary Wickard raised a question as to the status of the requisition bill and Mr. Ginsburg replied that the House rejected the conference report and the bill was returned to conference. Secretary Wickard raised the question whether agricultural products could be taken under the bill and noted that during the House debate objection was raised because the bill did permit the requisitioning of such products, and then the bill was carried.

7. Priorities on cheese and other food products

Secretary Wickard raised a question concerning the possibility of procuring cheese and other food products via the priority procedure under the Lend-Lease program or for defense. It was the consensus that such procedure would be feasible but it was agreed to have representatives of OPM, OPACS and the Department of Agriculture survey the whole field.

8. Cotton-wheat bill

Mr. Henderson reported that he had sent a note to the President expressing a hope that he would veto the bill which would prevent the sale of cotton and wheat stocks held by the Government. Mr. O'Connell added that the Treasury Department has taken the same stand.

9. Automobile curtailment

Mr. Nelson reported that several friends of his who are automobile dealers in Chicago have advised him that the automobile companies are telling the dealers to go ahead and sell cars as fast as they can since there will be no curtailment. Mr. Henderson replied that his guess is there will be curtailment and that he and Messrs. Knudsen and Hillman are meeting with the industry on August 21. Secretary Wickard referred to newspaper stories that there had been a 21 percent increase in price but Mr. Henderson called attention to the fact that the announcement was of an 11 percent increase and added that the negotiations of the Price Division could undoubtedly claim credit for that.

The committee adjourned at 12:40 p.m. to meet on Tuesday, August 26, 1941 at 11:00 a.m.

OFFICE FOR EMERGENCY MANAGEMENT

Office of Price Administration and Civilian Supply

For A. M. Release
August 5, 1941

PM 866

Sharply restricted civilian use of synthetic resins and plastics made directly or indirectly from formaldehyde is provided for in a civilian allocation program promulgated today by the Office of Price Administration and Civilian Supply. The program will go into effect on August 23, 1941.

Simultaneously it was disclosed that a study of the price situation in the formaldehyde branch of the chemical industry is under way by OPACS in view of numerous reports that the less scrupulous distributors are exacting excessive prices.

A shortage of plastics, synthetic resins and the components of such resins has developed within recent weeks because of the great demands made by defense industries and the constantly increasing requirements of civilian industries for plastics to use in substitution for other materials no longer available.

A large percentage of plastics and synthetic resins contains formaldehyde — also used extensively in other fields.

Present prospects are that supplies of formaldehyde will be sufficient for requirements of the defense program and essential civilian needs, but that its use in the production of plastics going into such non-essential items as advertising premiums, "juke boxes", novelties, toys, amateur cameras, etc., must be curtailed.

With this objective, the allocation program segregates into three classifications the non-defense uses of molding compounds, plastics, adhesives and miscellaneous binders, made from synthetic resins.

Senior preference for supplies of resins made directly or indirectly from formaldehyde for civilian use is directed for a wide range of industries and activities essential to the public welfare in classification "A". Included in this category are public and industrial light, heat, power and water equipment; transportation equipment, including assessories to commercial airplanes; trucks, buses, tractors, fire fighting implements and farm equipment; technical instruments; material and equipment for scientific research; chemical protective uses; applications in the communications industry; oil well equipment; industrial equipment; hose, other than protective coatings; mining; industrial, food and medicinal containers and protective coverings for them; closures, except decorative; marine applications, and grinding wheels and other abrasive products.

Secondary preference is assigned to such less essential civilian uses as passenger automobiles, cases for radio receivers, furniture, commercial cameras, textile finishing and household appliances.

No preference whatsoever is provided for supplies of synthetic resins made directly or indirectly from formaldehyde in classification "C". Into this bracket are placed items considered non-essential to the civilian welfare during the present emergency. A provision is contained in the program to shift into classification "B" from classification "C" certain products using only a small percentage of formaldehyde and in which formaldehyde resins are essential.

The preferences accorded in classifications "A" and "B" are refined further in a separate section of the program. This section stipulates that preference shall be granted only to those uses of resins which are essential to the functioning of the classified part or material and that preference shall not be granted to such uses if satisfactory substitutes are available.

Special limited exceptions may be sought in cases where classification in the lowest bracket works any undue or unreasonable hardship or causes unemployment disproportionate to the conservation of raw materials.

Formaldehyde, para-formaldehyde and hexamethylinetetramine, the latter a medicinal derivative of formaldehyde, for all non-plastic uses will receive the same preference as is assigned for uses under classification "A".

The allocation program will be administered and enforced by the Office of Production Management.

Text of the program is attached.

TITLE 32 - NATIONAL DEFENSE

CHAPTER XI OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY

Part 1335 - Chemicals

For Formaldehyde, Para-Formaldehyde, Hexamethylinetetramine, and Synthetic Resins Produced Therefrom Civilian Allocation Program

The increasing requirements of the defense effort and the use of plastics as substitutes for other materials have combined to create a shortage of plastics, synthetic resins, and the components of such resins. The diminished amount of such materials, as well as the essential functions such materials serve, makes it necessary that available supplies be utilized in such a way as best to promote the national well-being.

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

1335.21 Allocation of Materials for Plastics. Non-defense uses of molding compounds, plastics, adhesives, and miscellaneous binders, made from synthetic resins shall be divided into three classifications, as set forth in 1335.23 of this program. To the extent that supplies of resins made directly or indirectly from formaldehyde are available for allocation among competing civilian demands, supplies for civilian uses enumerated under Classification A shall be given primary preference, and supplies for civilian uses enumerated under Classification B shall be given secondary preference. Supplies of such resins for civilian uses enumerated under Classification C shall be given no preference whatever, and no person shall produce, sell, or use resins made directly or indirectly from formaldehyde for the making of molding compounds, plastics, adhesives, and miscellaneous binders for such Classification C uses, nor shall any person produce, sell, or use formaldehyde, para-formaldehyde, or hexamethylinetetramine for the making of resins from which molding compounds, plastics, adhesives, and miscellaneous binders for such Classification C uses are to be made. Provided however, that products that would otherwise be classified under Classification C, which are composed to the extent of 90% or over, by value, of raw materials other than formaldehyde, para-formaldehyde, or hexamethylinetetramine resins, and in which the formaldehyde resins are essential, shall be classified under Classification B.*

* 1335.21 to 1335.23, inclusive, issued pursuant to the authority contained in

Executive Order No. 8734.

1335.22 Nature of Uses Granted Preferences. In Classifications A and B, preference shall be granted only to those uses of resins which are essential to the functioning of the classified part or material, and preference shall not be granted to such uses if satisfactory substitutes are available. The quantities allocated for the production of articles in Classification B may be limited in amount, in which event such limited amount shall be equitably distributed among producers. In the event that classification of any article under Classification C works any undue or unreasonable hardhsip or causes unemployment disproportionate to the conservation of raw materials, special exceptions for such lengths of time as may be deemed necessary may be made by the Director of Priorities of the Office of Production Management, with the concurrence of the Director of Civilian Allocation of the Office of Price Administration and Civilian Supply.*

1335.23 Classification by Uses. Subject to the provisions of 1335.22, classification by uses shall be as follows:

A. Public and industrial heat, light, power and water equipment
Transportation equipment - including accessories to commercial airplanes
Trucks, buses, tractors, firefighting and farm implements

Technical instruments
Material and equipment for scientific research

Chemical protective uses
Applications in the communications industry (telephone and telegraph)

Industrial equipment
Oil well equipment
Housing, other than protective coatings
Mining
Industrial, food, and medicinal containers, and protective coverings therefor
Closures, except decorative
Marine applications
Grinding wheels and other abrasive products.

B. Tables and kitchenware, save as expressly classified under C
Protective coatings not otherwise specified
Radios
Household appliances
Textile finishing
Domestic wiring devices
Passenger automobiles
Buttons
Brushes
Furniture
Pipe stems
Commercial cameras and other commercial photographic equipment
Articles fashioned from standard casts by hand operations

C. Amateur cameras and other photographic equipment
Hardware
Smokers' articles, except pipe stems
Decorative articles, vases, bric-a-brac, not otherwise specified
Tumblers, cups, and plates
Premium and advertising items
Novelties, not otherwise specified
Buckles and findings, not otherwise specified
Displays
Escutcheon plates
Picture frames
Toys
Games
Phonographs
Minor utilitarian items easily substitutable - bookends, stationers' articles, mechanical pencils, and the like
Articles or uses excluded from Classification A and Classification B by 1325.3*

1335.24 Allocation of Formaldehyde for Non-Plastic Uses. Formaldehyde, para-formaldehyde, and hexamethylinetetramine for all non-plastic uses shall receive the same preference as such materials receive for uses classified under Classification A of Section 1335.23.*

1335.25 Avoidance of Excessive Inventories. Preferences granted under this program shall not be used to accumulate excessive inventories.*

1335.26 Definitions. For the purpose of this order, "person" means and includes any individual, partnership, association, corporation, or other form of enterprise.*

1335.27 Enforcement. The foregoing program is to be administered and enforced by the Office of Production Management.*

1335.28 Effective Date. This order shall take effect on the 23rd day of August, 1941.*

Issued this 31st day of July, 1941

Leon Henderson
Administrator

Certified to be a true copy of the original.

John E. Hamm
Deputy Administrator

OFFICE FOR EMERGENCY MANAGEMENT

Office of Price Administration and Civilian Supply

For release AM Friday
August 8, 1941

PM 887

Amendments to Price Schedule No. 4, fixing ceiling prices on iron and steel scrap, were announced today by the Office of Price Administration and Civilian Supply.

The changes establish for Gulf ports the same export ceiling price as that previously arrived at for the Eastern seaboard; add more basing points in Appendix A, and modify the existing shipping point price for dealers' yards located within basing points.

Summarized, the three important amendments follow:

(1) The $15 per ton maximum export price for No. 1 heavy melting scrap and the $16 maximum export price for No. 1 railroad grade heavy melting scrap (with customary differentials for other grades in each classification), f.a.s. at all ports on the Gulf of Mexico are eliminated. Instead, the maximum export price f.a.s. at all United States ports for heavy melting scrap (other than railroad) is made the domestic shipping point price, plus the lowest necessary charge for transporting scrap from the shipping point to the point of export. In the case of railroad grade heavy melting scrap, the ceiling price, f.a.s. at all United States ports, is made the maximum price for a consumer located on the line of the originating railroad, plus actual transportation charges from the line to the point of export. No such transportation charges, however, are allowed to be added in computing the ceiling export price for scrap originating from a railroad not operating at a basing point. Actual costs incident to shipment for export and a maximum broker's commission of 50 cents per ton may be added if shown as a separate charge on the invoice.

(2) Conshohocken, Pa.; Minneapolis and St. Paul, Minn.; Atlanta, Ga.; Alabama City, Ala.; and Portland, Ore., are added as basing points. Minnequa, Colo. is eliminated as a basing point for scrap of railroad origin.

Basing point prices at Pittsburgh, Pa.; Ashland, Ky.; Toledo, O.; Duluth, Minn.; Worcester, Mass.; Bridgeport, Conn.; Phillipsdale, R.I.; Birmingham, Ala.; Minnequa, Colo.; Los Angeles, San Francisco and Seattle are changed in the amended schedule.

(3) Paragraph II of the schedule, establishing maximum prices at a shipping point, has been divided into two sections: Shipping point prices (a) at shipping points located within basing points and (b) at shipping points located outside basing points.

In the case of shipping points within basing points, the price is the basing point price, minus actual transportation costs from the shipping point to the nearest consumer's plant within the basing point. For shipping points located outside basing points, the computation of the shipping point price remains unchanged, except that such price at all shipping points in New York City, Brooklyn, and New Jersey which, by reason of barge rates, are nearest in terms of transportation charges to the Buffalo, N.Y., basing point, shall hereafter be computed from the Bethlehem, Pa., basing point.

Text of the schedule revised to incorporate the latest amendments is attached.

CHAPTER XI — OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY

Part 1304 - Iron and Steel Scrap

Price Schedule No. 4 amended

WHEREAS, the Office of Price Administration and Civilian Supply is charged with functions related to the maintenance of price stability and the prevention of undue price rises and price dislocations; and

WHEREAS, the increased demand for iron and steel scrap has exerted inflationary pressure upon the prices thereof, and has already caused, and threatens still further to cause, speculative activity, and the withholding of iron and steel scrap from the market; and

WHEREAS, prices of iron and steel scrap have risen to a degree that has caused price instability and dislocations injurious to the national defense; and

WHEREAS, under the foregoing circumstances, the absence of any maximum price standards has militated against and in some cases rendered it impossible for the Government to obtain voluntary cooperation in maintaining price stability and in preventing excessive and speculative price increases; and

WHEREAS, it appears that the establishment of maximum price standards is necessary to facilitate cooperation with the Government and prevention of a price policy tending to weaken the defense effort through disastrous inflation, undue burdens upon the Government, economic dislocations, price spiraling, and profiteering, and the establishment of such standards is otherwise necessary in the public interest and in the interest of national defense; and

WHEREAS, on the basis of information secured by independent investigation by this Office and through cooperation of the trade, I find that the maximum prices as prescribed herein and set forth in Section 1304.16, Appendix A, Section 1304.17 Appendix B, and Section 1304.18, Appendix C, annexed hereto, constitute reasonable limitations on prices for iron and steel scrap:

NOW, THEREFORE, IN ORDER TO FACILITATE COOPERATION WITH THE GOVERNMENT IN MAINTAINING PRICE STABILITY AND IN PREVENTING EXCESSIVE AND SPECULATIVE PRICE INCREASES INJURIOUS TO THE DEFENSE PROGRAM AND TO THE PUBLIC INTEREST AND WELFARE, IT IS HEREBY ORDERED: that Price Schedule No. 4. be amended to read as follows:

1304.1 Maximum Prices on Sales of Iron and Steel Scrap Other than Railroad Scrap. On and after April 3, 1941, regardless of the terms of any commitment theretofore entered into, no person shall sell, offer to sell, deliver, or transfer at a price, iron and steel scrap other than railroad scrap to the consumer of such scrap, at prices higher than the prices set forth in Section

1304.16, Appendix A annexed hereto, and no consumer shall buy, offer to buy, or accept delivery of, iron and steel scrap other than railroad scrap at prices higher than the prices set forth in Section 1304.16, Appendix A, except as provided in Sections 1304.5 and 1304.6 hereof. Lower prices may, however, be charged, demanded, paid or offered.*

* Sections 1304.1 to 1304.19 inclusive issued pursuant to the authority contained in Executive Order No. 8734.

1304.2 Maximum Prices on Sales of Iron and Steel Railroad Scrap. On and after April 3, 1941, regardless of the terms of any commitment theretofore entered into, no person shall sell, offer to sell, deliver, of transfer at a price, iron and steel railroad scrap to the consumer of such scrap, at prices higher than the prices set forth in Section 1304.17, Appendix B annexed hereto, and no consumer shall buy, offer to buy, or accept delivery of, iron and steel railroad scrap at prices higher than the prices established in Section 1304.17, Appendix B annexed hereto, except as provided in Sections 1304.5 and 1304.6 hereof. Lower prices may, however, be charged, demanded, paid or offered.*

1304.3 Maximum Prices on Sales of Iron and Steel Scrap for Export. On and after April 3, 1941, regardless of the terms of any commitment theretofore entered into, no person shall sell or offer to sell for export, or deliver for export, iron and steel scrap, to any person at prices higher than the prices set forth in Section 1304.18, Appendix C annexed hereto and no consumer or agent or other person shall buy or offer to buy for export, or accept delivery of for export, iron and steel scrap at higher prices than the prices set forth in Section 1304.18, Appendix C annexed hereto, except as provided in Sections 1304.5 and 1304.6 hereof. Lower prices may, however, be charged, demanded, paid or offered.*

1304.4 Method of Securing Information Governing Maximum Prices on Sales of Iron and Steel Railroad Scrap.

On and after April 3, 1941, a sale of any grade of iron and steel railroad scrap for which no maximum price is published in Section 1304.17, Appendix B shall be made only after opportunity has been given any buyer of such scrap to learn the maximum price, if any, applicable to such sale by addressing an inquiry to the Office of Price Administration and Civilian Supply in Washington, D. C. In order to provide such opportunity, no sale of any such grade of iron or steel railroad scrap, concerning which a maximum price is applicable hereunder, shall be made, except as provided under Section 1304.5 below, until after the railroad maker thereof or other person has filed with the Office of Price Administration and Civilian Supply at Washington, D. C. the information required to determine with Section 1304.17, Appendix B annexed hereto, the maximum price thereby established for such grade, and until the Office of Price Administration and Civilian Supply has thereupon released a maximum price therefor.*

1304.5 Extension to May 10, 1941 for Uncompleted Contracts.

(a) In the event that any person has, prior to April 3, 1941, acquired possession of, and ownership in, iron and steel scrap at a price in excess of the maximum price established in this Price Schedule for the purpose of carrying out a contract for the sale of such scrap entered into prior to such date, such sale may be made and completed at the price contracted for, even though such price is in excess of the maximum price established herein, provided that deliveries are completed on or before May 10, 1941.

(b) Any person, who prior to April 3, 1941, entered into a contract at prices higher than the maximum prices established under this Price Schedule for the sale of iron and steel scrap:

(1) originating from a demolition operation commenced prior to April 3, 1941; or

(2) acquired prior to April 3, 1941, and accumulated at a point of shipment, for export or otherwise, and impossible, due to lack of transportation facilities, to deliver to the purchaser of such scrap,

may make and complete such sale at the prices contracted for provided that deliveries of such scrap are completed on or before May 10, 1941, or on a later date fixed by the Office of Price Administration and Civilian Supply upon application, supported by affidavit establishing a reasonable ground for extension beyond May 10, 1941.*

1304.6 Commissions. In the event that a consumer of iron and steel scrap shall employ an agent or broker to purchase iron and steel scrap for its use, such consumer may pay such agent or broker for such scrap a sum not exceeding the maximum prices established under this Schedule plus a commission of not more than 50¢ per gross ton. Such commission shall be payable only if (a) the agent or broker guarantees the quality and delivery of an agreed tonnage of the scrap; (b) the commission is shown as a separate charge in billing; (c) the scrap is invoiced at a price not higher than the maximum applicable herein; and (d) no dealer or broker splits or divides the commission allowed him by a consumer with the seller or sellers of the scrap, with another broker or a subbroker, or with the consumer. A dealer who has never acted as a broker prior to June 18, 1941, shall in no case be allowed a brokerage commission.*

1304.7 Shipment - Limitation on Use of Certain Kinds of Iron and Steel Scrap.

(a) The shipment of iron and steel scrap shall, insofar as practicable, be routed through the channels customarily utilized by the maker, dealer, broker or consumer in order to minimize the necessity for cross-hauling and to prevent dislocation of the machinery of collection and preparation for consumption.

(b) Consumers, brokers and dealers shall, to the greatest possible extent, refrain from the purchase, and steel mills (open hearths) from the use of the kinds and grades of iron and steel railroad scrap not essential to their production; i.e., rerolling rails scrap must be diverted to rerolling mills and not cut for melting purposes.

(c) A railroad maker of iron and steel scrap shall not sell such scrap off the line of his railroad, irrespective of price, until he has supplied consumers located on the line of the railroad as they have been in the past customarily supplied with the iron and steel scrap originating on the railroad.*

1304.8 Evasion. The price limitations set forth in this Schedule shall not be evaded whether by direct or indirect methods in connection with a purchase or sale of iron and steel scrap, or of any other materials, or by way of any service or other charge, including transportation charges, or discount, premium or other privilege, or by any tying agreement or trade understanding, or otherwise.*

1304.9 Record-keeping Requirements. Every dealer in, and every maker, smelter, processor, broker, or consumer of, and every other person purchasing or selling iron and steel scrap shall, until such time as further information is deemed necessary or appropriate hereunder, keep for inspection by the Office of Price Administration and Civilian Supply and preserve for a period of not less than one year, complete and accurate records of:

(a) All purchases and sales of iron and steel scrap, recording therein the person from or to whom each such purchase or sale was made, the date thereof, the price paid, or received, and the quantity in pounds and quality by grades in iron and steel scrap, or both, involved; and

(b) As of the close of each month, the amount in pounds of iron and steel scrap, (i) on hand and (ii) on order.*

1304.10 Reports of Consumers' Inventories and Purchases of Iron and Steel Scrap. Every consumer of iron and steel scrap, on or before May 1, 1941, shall file a report with the Office of Price Administration and Civilian Supply, Washington, D. C., setting forth its total inventories of iron and steel scrap on hand on April 1, 1941. In addition every consumer who purchases iron and steel scrap shall, on or before the fifteenth day of the month following the month in which one or more purchases are made, file a report with the Office of its purchases, consumption and inventory of iron and steel scrap for the month in the manner prescribed in Section 1304.19, Appendix D hereof. Consumers of iron and steel scrap shall submit such further reports as the Office of Price Administration and Civilian Supply may, from time to time require.*

1304.11 Enforcement. In the event of refusal or failure to abide by the price limitations, record requirements, and other provisions contained in this Schedule, or in the event of any evasion or attempt to evade the price limitations or other provisions contained in this Schedule, this Division will make every effort to assure (a) that the Congress and the public are fully informed of any failure to abide by the provisions of this Schedule; and (b) that the powers of the Government are fully exerted in order to protect the public interest and the interests of those persons who conform with this Schedule in the maintenance of ceiling prices set forth herein. Persons who have evidence of the demand or receipt of prices above the limitations set forth, or of any evasion or effort to evade such requirements, or of speculation, or manipulation of prices of iron and steel scrap, or of the hoarding or accumulating of unnecessary inventories thereof, are urged to communicate with the Office of Price Administration and Civilian Supply.*

1304.12 Supplemental Schedule and Reporting Requirements. In order to insure compliance with this Schedule supplements further stating its scope and, if necessary, requiring further reports to the Government, will be issued from time to time when found appropriate.*

1304.13 Modification of the Price Schedule. Persons complaining of hardship or inequity in the operation of this Schedule may apply to the Office of Price Administration and Civilian Supply, Washington, D. C., for approval of any modification thereof or exception therefrom, and the Office of Price Administration and Civilian Supply may, upon its own initiative, and as and when it seems appropriate, modify or enlarge this Price Schedule and the maximum prices established hereunder.*

1304.14 Definitions. When used in this Schedule:

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

(b) the term "iron and steel scrap other than railroad scrap" means the kinds and grades of imported and domestic iron and steel scrap referred to in Section 1304.16, Appendix A;

(c) the term "iron and steel railroad scrap" means iron and steel scrap having a railroad origin and includes the kinds and grades of imported and domestic iron and steel scrap referred to in, and determined under, Section 1304.17, Appendix B;

(d) the term "railroad" includes steam and electric railroads, and street, suburban, and interurban electric railways and local trolleys;

(e) the term "iron and steel scrap" means all kinds and grades of imported and domestic iron and steel scrap including iron and steel railroad scrap;

(f) the term "consumer" means a purchaser, for its own consumption, of iron or steel scrap, i.e. smelter, foundry, steel mill, etc.;*

1304.15 This Schedule shall become effective immediately, except as otherwise specifically provided herein.*

Issued this 6th day of August, 1941.

Leon Henderson
Administrator

CERTIFIED TO BE A TRUE COPY OF THE ORIGINAL

John E. Hamm, Deputy Administrator

1304.16 Appendix A

MAXIMUM PRICES FOR IRON AND STEEL SCRAP OTHER THAN RAILROAD SCRAP

All the prices given below are per gross ton.

I.

BASING POINT a/ PRICES FROM WHICH SHIPPING POINT PRICES AND CONSUMERS' DELIVERED PRICES ARE TO BE COMPUTED.

GRADES b/ c/ — BASING POINTS	Pittsburgh, Pa.	Johnstown, Pa.	Conshohocken, Pa.	Wierton, W. Va.	Steubenville, Ohio	Youngstown, Ohio	Warren, Ohio
No. 1 Heavy Melting Steel	20.00	20.00	18.75	20.00	20.00	20.00	20.00
No. 1 Hydraulic Compressed Black Sheet Scrap	20.00	20.00	18.75	20.00	20.00	20.00	20.00
No. 2 Heavy Melting Steel	19.00	19.00	17.75	19.00	19.00	19.00	19.00
Dealers' No. 1 Bundles	19.00	19.00	17.75	19.00	19.00	19.00	19.00
Dealers' No. 2 Bundles	18.00	18.00	16.75	16.00	18.00	18.00	18.00
Mixed Borings and Turnings	15.25	15.25	14.00	15.25	15.25	15.25	15.25
Machine Shop Turnings	15.50	15.50	14.25	15.50	15.50	15.50	15.50
Shovelling Turnings	16.50	16.50	15.25	16.50	16.50	16.50	16.50
No. 1 Bushelling	19.50	19.50	18.25	19.50	19.50	19.50	19.50
No. 2 Bushelling	15.50	15.50	14.25	15.50	15.50	15.50	15.50
Cast Iron Borings	15.75	15.75	14.50	15.73	15.75	15.75	15.75
Uncut Structural & Plate Scrap	19.00	19.00	17.75	19.00	19.00	19.00	19.00
No. 1 Cupola	21.00	21.00	23.00	21.00	21.00	21.00	21.00
Heavy Breakable Cast	19.50	19.50	21.50	19.50	19.50	19.50	19.50
Stove Plate	19.00	19.00	16.50	19.00	19.00	-	-
Low Phos Billet & Bloom Crops	25.00	25.00	23.75	25.00	25.00	25.00	25.00
Low Phos Bar Crops & Smaller	23.00	23.00	21.75	23.00	23.00	23.00	23.00
Low Phos Punchings & Plate Scrap*	24.75	23.00	21.75	23.00	23.00	23.00	23.00
Machinery Cast, Cupola Size**	22.00	22.00	24.00	22.00	22.00	22.00	22.00
No. 1 Mach. Cast, drop-broken, 150 lbs. & under	22.50	22.50	24.50	22.50	22.50	22.50	22.50
Clean Auto Cast	22.50	22.50	24.50	22.50	22.50	22.50	22.50
Punchings & Plate Scrap***	23.75	22.00	20.75	22.00	22.00	22.00	22.00
Punchings & Plate Scrap****	22.75	21.00	19.75	21.00	21.00	21.00	21.00
Heavy Axle & Forge Turnings	21.25	19.50	18.25	19.50	19.50	19.50	19.50
Medium Heavy Electric Furnace Turnings	19.75	18.00	16.75	18.00	18.00	18.00	18.00

GRADES / BASING POINTS	Sharon, Pa.	Canton, Ohio	Chicago, Ill.	Kokomo, Ind.	Bethlehem, Pa.	Claymont, Del.	Coatesville, Pa.
No. 1 Heavy Melting Steel	20.00	20.00	18.75	18.25	18.25	18.75	18.75
No. 1 Hydraulic Compressed Black Sheet Scrap	20.00	20.00	18.75	18.25	18.25	18.75	18.75
No. 2 Heavy Melting Steel	19.00	19.00	17.75	17.25	17.25	17.75	17.75
Dealers' No. 1 Bundles	19.00	19.00	17.75	17.25	17.25	17.75	17.75
Dealers' No. 2 Bundles	18.00	18.00	16.75	16.25	16.25	16.75	16.75
Mixed Borings and Turnings	15.25	15.25	14.00	14.25	13.50	14.00	14.00
Machine Shop Turnings	15.50	15.50	14.25	14.50	13.75	14.25	14.25
Shovelling Turnings	16.50	16.50	15.25	15.50	14.75	15.25	15.25
No. 1 Busheling	19.50	19.50	18.25	17.75	17.75	18.25	18.25
No. 2 Busheling	15.50	15.50	14.25	13.75	13.75	14.25	14.25
Cast Iron Borings	15.75	15.75	14.50	14.00	14.00	14.50	14.50
Uncut Structural & Plate Scrap	19.00	19.00	17.75	17.25	17.25	17.75	17.75
No. 1 Cupola	21.00	21.00	20.00	20.00	22.50	23.00	23.00
Heavy Breakable Cast	19.50	19.50	18.50	18.50	21.00	21.50	21.50
Stove Plate	-	-	17.00	16.00	18.00	18.50	18.50
Low Phos Billet & Bloom Crops	25.00	25.00	23.75	23.75	23.25	23.75	23.75
Low Phos Bar Crops & Smaller	23.00	23.00	21.75	21.75	21.25	21.75	21.75
Low Phos Punchings & Plate Scrap*	23.00	23.00	21.75	21.75	21.25	21.75	21.75
Machinery Cast, Cupola Size**	22.00	22.00	21.00	21.00	23.50	24.00	24.00
No. 1 Mach. Cast, drop-broken, 150 lbs. & under	22.50	22.50	21.50	21.50	24.00	24.50	24.50
Clean Auto Cast	22.50	22.50	21.50	21.50	24.00	24.50	24.50
Punchings & Plate Scrap***	22.00	22.00	20.75	20.75	20.25	20.75	20.75
Punchings & Plate Scrap****	21.00	21.00	19.75	19.75	19.25	19.75	19.75
Heavy Axle & Forge Turnings	19.50	19.50	18.25	18.25	17.75	18.25	18.25
Medium Heavy Electric Furnace Turnings	18.00	18.00	16.75	16.75	16.25	16.75	16.75

GRADES / BASING POINTS	Phoenixville, Pa.	Harrisburg, Pa.	Sparrows Point, Md.	Cleveland, Ohio	Buffalo, N.Y.	Portsmouth, Ohio	Middletown, Ohio
No. 1 Heavy Melting Steel	18.75	18.75	18.75	19.50	19.25	19.50	19.50
No. 1 Hydraulic Compressed Black Sheet Scrap	18.75	18.75	18.75	19.50	19.25	19.50	19.50
No. 2 Heavy Melting Steel	17.75	17.75	17.75	18.50	18.25	18.50	18.50
Dealers' No. 1 Bundles	17.75	17.75	17.75	18.50	18.25	18.50	18.50
Dealers' No. 2 Bundles	16.75	16.75	16.75	17.50	17.25	17.50	17.50
Mixed Borings and Turnings	14.00	14.00	14.00	14.75	14.50	14.75	14.75
Machine Shop Turnings	14.25	14.25	14.25	15.00	14.75	15.00	15.00
Shovelling Turnings	15.25	15.25	15.25	16.00	15.75	16.00	16.00
No. 1 Busheling	18.25	18.25	18.25	19.00	18.75	19.00	19.00
No. 2 Busheling	14.25	14.25	14.25	15.00	14.75	15.00	15.00
Cast Iron Borings	14.50	14.50	14.50	15.25	15.00	15.25	15.00
Uncut Structural & Plate Scrap	17.75	17.75	17.75	18.50	18.25	18.50	18.50
No. 1 Cupola	23.00	23.00	22.00	22.00	20.00	21.00	21.00
Heavy Breakable Cast	21.50	21.50	21.00	20.50	18.50	19.50	19.50
Stove Plate	18.50	18.50	18.00	18.00	19.00	17.50	17.50
Low Phos Billet & Bloom Crops	23.75	23.75	23.75	24.50	24.25	23.50	23.50
Low Phos Bar Crops & Smaller	21.75	21.75	21.75	22.50	22.25	21.50	21.50
Low Phos Punchings & Plate Scrap*	21.75	21.75	21.75	22.50	22.25	21.50	21.50
Machinery Cast, Cupola Size**	24.00	24.00	23.50	23.00	21.00	22.00	22.00
No. 1 Mach. Cast, drop-broken, 150 lbs. & under	24.50	24.50	24.00	23.50	21.50	22.50	22.50
Clean Auto Cast	24.50	24.50	24.00	23.50	21.50	22.50	22.50
Punchings & Plate Scrap***	20.75	20.75	20.75	21.50	21.25	20.50	20.50
Punchings & Plate Scrap****	19.75	19.75	19.75	20.50	20.25	19.50	19.50
Heavy Axle & Forge Turnings	18.25	18.25	18.25	19.00	18.75	18.00	18.00
Medium Heavy Electric Furnace Turnings	16.75	16.75	16.75	17.50	17.25	16.50	16.50

GRADES / BASING POINTS	Ashland, Ky.	St. Louis, Mo. d/	Detroit, Mich.	Minneapolis-St. Paul, Minn.	Duluth, Minn.	Birmingham, Ala.	Chattanooga, Tenn.
No. 1 Heavy Melting Steel	19.50	17.50	17.85	-	18.00	17.00	-
No. 1 Hydraulic Compressed Black Sheet Scrap	19.50	17.50	17.85	-	18.00	17.00	-
No. 2 Heavy Melting Steel	18.50	16.50	16.85	-	17.00	16.00	-
Dealers' No. 1 Bundles	18.50	16.50	16.85	-	17.00	16.00	-
Dealers' No. 2 Bundles	17.50	15.50	15.85	-	16.00	15.00	-
Mixed Borings and Turnings	14.75	12.75	13.10	-	-	12.25	-
Machine Shop Turnings	15.00	13.00	13.35	-	15.50	15.00	-
Shovelling Turnings	16.00	14.00	14.35	-	16.50	16.00	-
No. 1 Busheling	19.00	17.00	17.35	-	17.50	16.50	-
No. 2 Busheling	15.00	13.00	13.35	-	13.50	12.50	-
Cast Iron Borings	15.35	13.25	13.60	-	13.75	12.75	-
Uncut Structural & Plate Scrap	18.50	18.50	16.85	-	17.00	16.00	-
No. 1 Cupola	21.00	20.00	20.35	19.00	19.00	20.00	20.50
Heavy Breakable Cast	19.50	18.50	18.85	17.50	17.50	18.50	-
Stove Plate	17.50	17.00	14.10	16.00	16.00	17.00	17.50
Low Phos Billet & Bloom Crops	23.50	22.50	22.85	-	23.00	22.00	-
Low Phos Bar Crops & Smaller	21.50	20.50	20.85	-	21.00	20.00	-
Low Phos Punchings & Plate Scrap*	21.50	20.50	20.85	-	21.00	20.00	-
Machinery Cast, Cupola Size**	22.00	21.00	21.35	20.00	20.00	21.00	21.50
No. 1 Mach. Cast, drop-broken, 150 lbs. & under	22.50	21.50	21.85	20.50	20.50	21.50	22.00
Clean Auto Cast	22.50	21.50	21.85	20.50	20.50	21.50	22.00
Punchings & Plate Scrap***	20.50	19.50	19.85	-	20.00	19.00	-
Punchings & Plate Scrap****	19.50	18.50	18.85	-	19.00	18.00	-
Heavy Axle & Forge Turnings	18.00	17.00	17.35	-	17.50	16.50	-
Medium Heavy Electric Furnace Turnings	16.50	15.50	15.85	-	16.00	15.00	-

GRADES / BASING POINTS	Radford, Va.	Worcester, Mass.	Bridgeport, Conn.	Phillipsdale, R. I.	Alloy, W.Va.	Los Angeles, Calif.	San Francisco, Calif.
No. 1 Heavy Melting Steel	-	-	-	-	-	14.50	14.50
No. 1 Hydraulic Compressed Black Sheet Scrap	-	-	-	-	-	14.50	14.50
No. 2 Heavy Melting Steel	-	-	-	-	-	13.50	13.50
Dealers' No. 1 Bundles	-	-	-	-	-	13.50	13.50
Dealers' No. 2 Bundles	-	-	-	-	-	12.50	12.50
Mixed Borings and Turnings	-	-	-	-	-	9.75	9.75
Machine Shop Turnings	-	-	-	-	17.50	10.00	10.00
Shovelling Turnings	-	-	-	-	-	11.00	11.00
No. 1 Busheling	-	-	-	-	-	14.00	14.00
No. 2 Busheling	-	-	-	-	-	10.00	10.00
Cast Iron Borings	-	-	-	-	-	10.25	10.25
Uncut Structural & Plate Scrap	-	-	-	-	-	13.50	13.50
No. 1 Cupola	21.00	22.00	22.00	22.00	-	18.00	18.00
Heavy Breakable Cast	-	20.50	20.50	20.50	-	17.00	17.00
Stove Plate	18.00	17.50	17.50	17.50	-	14.00	14.00
Low Phos Billet & Bloom Crops	-	-	-	-	-	19.50	19.50
Low Phos Bar Crops & Smaller	-	-	-	-	-	19.50	19.50
Low Phos Punchings ' Plate Scrap*	-	-	-	-	-	17.50	17.50
Machinery Cast, Cupola Size**	22.00	23.00	23.00	23.00	-	19.00	19.00
No. Mach. Cast, drop-broken, 150 lbs. & under	22.50	23.50	23.50	23.50	-	19.50	19.50
Clean Auto Cast	22.50	23.50	23.50	23.50	-	19.50	19.50
Punchings & Plate Scrap***	-	-	-	-	-	16.50	16.50
Punchings & Plate Scrap****	-	-	-	-	-	15.50	15.50
Heavy Axle & Forge Turnings	-	-	-	-	-	14.00	14.00
Medium Heavy Electric Furnace Turnings	-	-	-	-	-	12.50	12.50

GRADES / BASING POINTS	Portland, Ore.	Seattle, Wash.	Minnequa, Colo.	Toledo, Ohio	Alabama City, Ala.	Atlanta, Ga.
No. 1 Heavy Melting Steel	14.50	14.50	16.50		17.00	17.00
No. 1 Hydraulic Compressed Black Sheet Scrap	14.50	14.50	16.50	-	17.00	17.00
No. 2 Heavy Melting Steel	13.50	13.50	15.50	-	16.00	16.00
Dealers' No. 1 Bundles	13.50	13.50	15.50	-	16.00	16.00
Dealers' No. 2 Bundles	12.50	12.50	14.50	-	15.00	15.00
Mixed Borings and Turnings	9.75	9.75	11.75	12.10	12.25	-
Machine Shop Turnings	10.00	10.00	12.00	13.35	15.00	-
Shovelling Turnings	11.00	11.00	13.00	14.35	16.00	-
No. 1 Busheling	14.00	14.00	16.00	-	16.50	-
No. 2 Busheling	10.00	10.00	12.00	-	12.50	-
Cast Iron Borings	10.25	10.25	12.25	13.60	12.75	-
Uncut Structural & Plate Scrap	13.50	13.50	15.50	-	16.00	-
No. 1 Cupola	18.00	18.00	-	-	-	-
Heavy Breakable Cast	17.00	17.00	-	-	-	-
Stove Plate	14.00	14.00	-	15.60	-	-
Low Phos Billet & Bloom Crops	19.50	19.50	-	-	-	-
Low Phos Bar Crops & Smaller	19.50	19.50	-	-	-	-
Low Phos Punchings & Plate Scrap*	17.50	17.50	-	-	-	-
Machinery Cast, Cupola Size**	19.00	19.00	-	-	-	-
No. Mach. Cast, drop-broken, 150 lbs. & under	19.50	19.50	-	-	-	-
Clean Auto Cast	19.50	19.50	-	-	-	-
Punchings & Plate Scrap***	16.50	16.50	-	-	-	-
Punchings & Plate Scrap****	15.50	15.50	-	-	-	-
Heavy Axle & Forge Turnings	14.00	14.00	-	-	-	-
Medium Heavy Electric Furnace Turnings	12.50	12.50	-	-	-	-

* This grade is 3/8-inch and heavier, cut 12 inches and under.

** This grade also may include clean agricultural cast.

*** This grade is under 3/8-inch to 1/4-inch, cut 12 inches and under.

**** This grade is under 1/4-inch to No. 12 gage, cut 12 inches and under.

a/ A Basing Point includes its switching district.

b/ The grade specified are, except Dealers' No. 1 and No. 2 Bundles and Uncut Structural and Plate Scrap, as named and defined in the simplified practice recommendations R-58-36 of the Department of Commerce which shall be the governing specifications for iron and steel scrap hereunder. Dealers' No. 1 Bundles shall consist of new, clean black sheet scrap, hydraulically compressed in a dealer's yard. Dealers' No. 2 Bundles shall consist of old fender and body scrap, and shall in no case command a premium.

c/ These grades represent the major classifications of iron and steel scrap. The maximum prices of superior or inferior grades shall continue to bear the same comparable relationship to those major grade classifications as heretofore existed between the prices of such superior or inferior grades and the prices of the major grades.

d/ The St. Louis Basing Point includes the switching districts of Granite City, East St. Louis, and Madison, Illinois.

II.

MAXIMUM PRICE AT SHIPPING POINT

A Shipping Point is the point from which the scrap is to be shipped to a consumer.

The maximum price at which a grade of scrap may be sold f.o.b. its point of shipment is the Shipping Point Price of such scrap.

A Shipping Point Price is computed as follows:

(a) For Shipping Points located within a Basing Point.

The price established above for the Basing Point in which the Shipping Point is located, is determined. There are then deducted from this price the actual costs involved in transporting scrap from the Shipping Point to the consumer's plant within the Basing Point which is nearest, in terms of transportation costs, to the Shipping Point.

(b) For Shipping Points located outside a Basing Point.

The price established above for the Basing Point nearest, in terms of transportation charges, to the Shipping Point is determined. There is then deducted from this price the lowest established charge for transporting scrap from the Shipping Point to such Basing Point. The figure thus obtained is the Shipping Point Price, with the following exceptions:

1. The Shipping Point Price at any Shipping Point in New England, of those grades of scrap for which no prices are listed at the Basing Points established for New England in Paragraph I, hereof, shall be the Johnstown Basing Point Price as set forth in Paragraph I, hereof, minus the all-rail transportation costs from the New England Shipping Point to Johnstown. However, the Shipping Point Price at any

Shipping Point in New England of those grades of scrap for which prices are listed at the Basing Points in New England established in Paragraph I, hereof, shall be computed from those New England Basing Point Prices.

2. Shipping Point Prices for any Shipping Point in New York City, Brooklyn, New York, and New Jersey, which, by reason of barge rates, are nearest in terms of transportation charges to the Buffalo Basing Point, shall not be computed from the Buffalo Basing Point, but shall be computed from the Bethlehem, Pennsylvania, Basing Point.

III.

MAXIMUM PRICES DELIVERED TO A CONSUMER WHEREVER LOCATED

The maximum price at which any grade of scrap may be delivered to the plant of a consumer wherever located is the Shipping Point Price as determined in Paragraph II above, plus actual transportation charges from the Shipping Point to the consumer's plant. Where shipment is by water, actual handling charges at the dock of not more than 75 cents per gross ton may be included as a part of transportation charges, but must be shown as separate charges on all invoices. In no case, however, shall this maximum price exceed by more than one dollar the prices set forth in Paragraph I above, for the Basing Point nearest, in terms of established transportation charges, to the consumer's plant.

IV.

BILLET AND BLOOM CROPS ORIGINATING IN PITTSBURGH, PA.

Where the grade of scrap classified as billet and bloom crops originates in the Pittsburgh Basing Point, it may be sold delivered to a consumer, located within or without the Pittsburgh Basing Point, at the price established in Paragraph I, hereof, for Pittsburgh, Pa. plus not more than $2.50 in transportation charges from the point of origin to the consumer's plant. In no case shall the consumer pay a sum in excess of the price established under Paragraph I, hereof, for the Pittsburgh Basing Point plus the lowest established charge for transporting the scrap from the point of origin to the consumer's plant.

V.

UNPREPARED SCRAP

The maximum prices established hereinabove are maximum prices for prepared scrap.

For unprepared scrap, irrespective of source, maximum prices shall be $2.50 less than the maximum prices for the corresponding grade or grades of prepared scrap.

VI.

REMOTE SCRAP

Scrap located beyond the zone from which the railroad freight rate to Pittsburgh is $11.20, shall be considered remote scrap. The Shipping Point Price of such scrap shall be determined as in Paragraph II hereinabove. In order to facilitate the flow of remote scrap, consumers who can establish a need for such scrap but who, because of the transportation charges involved, cannot deliver such scrap to their plants under the ceiling delivered prices established in Paragraph III, (ii), above, may apply to the Office of Price Administration and Civilian Supply, Washington, D. C., for permission to absorb the additional transportation charges necessary to secure such scrap. Application by consumers must be fully detailed, including an affidavit setting forth the point of shipment of the scrap, the grade, quantity, price and shipping point, proposed delivery prices, the transportation charges from the shipping point to the nearest Basing Point, and the transportation charges from the shipping point to the consumer's plant. The application should be accompanied by an affidavit from the consumer establishing its need for remote scrap and stating its willingness to accept such scrap at the price quoted.

Only applications for purchases which would involve actual delivery of 500 tons of scrap per month from one Shipping Point to one consumer destination will be considered.

The approval of the Office of Price Administration and Civilian Supply shall be obtained before consumers may absorb the additional transportation charges necessary to secure remote scrap.

MAXIMUM PRICES FOR IRON AND STEEL SCRAP ORIGINATING FROM RAILROADS

All the maximum prices given below are per gross ton

I.

SCRAP ORIGINATING FROM RAILROADS OPERATING IN A BASING POINT a/ NAMED BELOW

A. Delivered to a Consumer's Plant Located on the Line of the Railroad From Which the Scrap Originated.

1. LISTED GRADES

GRADES / BASING POINTS	No. 1 Railroad Grade Heavy Melting Steel	Scrap Rails	Rails for Rerolling*	Scrap Rails Three Feet and Under	Scrap Rails Two Feet and Under	Scrap Rails Eighteen Inches and Under
Pittsburgh, Pa.	21.00	22.00	23.50	24.00	24.25	24.50
Wheeling, W. Va.	21.00	22.00	23.50	24.00	24.25	24.50
Steubenville, Ohio	21.00	22.00	23.50	24.00	24.25	24.50
Youngstown, Ohio	21.00	22.00	23.50	24.00	24.25	24.50
Sharon, Pa.	21.00	22.00	23.50	24.00	24.25	24.50
Canton, Ohio	21.00	22.00	23.50	24.00	24.25	24.50
Chicago, Ill.	19.75	20.75	22.25	22.75	23.00	23.25
Kokomo, Ind.	19.25	20.25	21.75	22.25	22.50	22.75
Philadelphia, Pa.	19.75	20.75	22.25	22.75	23.00	23.25
Wilmington, Del.	19.75	20.75	22.25	22.75	23.00	23.25
Sparrows Point, Md.	19.75	20.75	22.25	22.75	23.00	23.25
Cleveland, Ohio	20.50	21.50	23.00	23.50	23.75	24.00
Buffalo, N. Y.	20.25	21.25	22.75	23.25	23.50	23.75
Portsmouth, Ohio	20.50	21.50	23.00	23.50	22.75	24.00
Middletown, Ohio	20.50	21.50	23.00	23.50	23.75	24.00
Ashland, Ky.	20.50	21.50	23.00	23.50	23.75	24.00
St. Louis, Mo.	18.50	19.50	21.00	21.50	21.75	22.00
Kansas City, Mo.	17.00	18.00	19.50	20.00	20.25	20.50
Detroit, Mich.	18.85	19.85	21.35	21.85	22.10	22.35
Duluth, Minn.	19.00	20.00	21.50	22.00	22.25	22.50
Birmingham, Ala.	18.00	19.00	20.50	21.00	21.25	21.50
Los Angeles, Calif.	15.50	16.50	18.00	18.50	18.75	19.00
San Francisco, Calif.	15.50	16.50	18.00	18.50	18.75	19.00
Seattle, Wash.	15.50	16.50	18.00	18.50	18.75	19.00

* Re-laying quality $5.00 higher.

a/ Where the railroad originator of the scrap operates in two or more of the Basing Points named above, the highest of the maximum prices established above for such Basing Points shall be the maximum price of the scrap delivered to a consumer's plant at any point on the railroad's line, except that switching charges of 84 cents per gross ton shall be subtracted from the maximum prices of scrap originating from railroads operating in Chicago, Ill, and sold for consumption outside Chicago, Ill. This exception is applicable to maximum prices of grades not listed as determined below

2. GRADES NOT LISTED

(a) The price at which a consumer located on the line of the railroad from which the scrap originated may purchase any grade of scrap not listed above shall not exceed the average price per gross ton at which such railroad sold such grade delivered to the plant of a consumer, whether located on or off the line of the railroad, during the period commencing September 1, 1940, and ending January 31, 1941, or, in case no sale was made during the period, the price at which the grade was last sold by the railroad prior thereto, and, in either event, adjusted to allow for the average grade differentials of the railroad in a manner indicated in Sub-paragraph (b) below.

(b) For purposes of Subparagraph (a) above, the maximum prices for any grade not listed in Paragraph A, 1, above shall be adjusted to allow for the average grade differentials of the railroad by:

First, computing the amount of the base grade differential for the railroad which shall be the difference between the average price per gross ton at which the railroad from which the scrap originated sold No. 1 Railroad Grade Heavy Melting Steel Scrap delivered to the plant of the consumer, whether located on or off the line of the railroad, during the period commencing September 1, 1940, and ending January 31, 1941, and the railroad's maximum price established for such grade under Paragraph A, 1., above; and

Second, by applying this base grade differential to the price to be adjusted by either (i) subtracting the amount of such differential from such prices in case the railroad's average price of No. 1 Railroad Grade Heavy Melting Steel Scrap exceeds the railroad's maximum price established for such grade under Paragraph A., 1., above, or (ii) adding the same in case the railroad's average price is less than such maximum.

B. Delivered to a Consumer's Plant Located Off the Line of the Railroad from Which the Scrap Originated.

The maximum price is either of the following, whichever is greater:

(1) The maximum price established in Paragraph A above, for scrap delivered to a consumer on the line of the railroad from which the scrap originated, or, if the consumer can establish that he has been served by the same source of scrap in the past, this maximum price plus transportation charges, (including off-the-line switching charges), from the railroad's line to the consumer's plant, of not more than two dollars per gross ton for Rails for Rerolling, Scrap Axles and other scrap for rerolling, and of not more than one dollar per gross ton for all other grades of scrap; or

(2) The prices set forth in Paragraph A, 1., above, for the Basing Point nearest the consumer's plant.

II.

SCRAP ORIGINATING FROM RAILROADS NOT OPERATING IN ANY OF THE BASING POINTS NAMED ABOVE.

The maximum price of any grade of such scrap delivered to consumers located on and off the line of the railroad shall not exceed:

(1) For the grades listed above, either of the following, whichever is less:

(a) The average price per gross ton at which the railroad originator of the scrap sold any such grade to consumers located on and off the line of the railroad during the period commencing Sept. 1, 1940 and ending Jan. 31, 1941; or

(b) The price at the Basing Point nearest, in terms of transportation costs, to the consumer's plant; and

(2) For the grades not listed above, either of the following, whichever is less:

(a) The average price per gross ton at which the railroad originator of the scrap sold any such grade to consumers located on and off the line of the railroad during the period commencing Sept. 1, 1940 and ending Jan. 31, 1941; or

(b) The average price per gross ton as determined in subparagraph (a) hereof, minus the amount by which the average price of No. 1 Railroad Grade Heavy Melting Steel scrap, as determined in (a), exceeds the price of No. 1 Railroad Grade Heavy Melting Steel scrap at the Basing Point nearest, in terms of transportation costs, to the consumer's plant.

III

SCRAP WHICH CANNOT BE IDENTIFIED AS TO ORIGIN

The maximum price per gross ton at which a consumer may purchase, delivered at his plant, any grade of railroad scrap which cannot be identified as to origin, shall not exceed the maximum price established under Appendix A of this Schedule for the grade in which such scrap may be classified.

IV

GENERAL PROVISIONS

A. Unprepared Scrap.*

* The maximum prices established hereinabove are maximum prices for prepared scrap.

(1) Identifiable as to Grade. The maximum prices for unprepared scrap identifiable as to grade shall be $2.50 less than the maximum prices for the corresponding grade or grades of prepared scrap.

(2) Unidentifiable as to Grade. Unprepared scrap which cannot be identified as to grade (for example, a box car, a locomotive, or the like) is not subject to the maximum prices established herein until such scrap has been prepared for consumption.

Scrap Prepared by a Person Other Than a Railroad

Where scrap originates from a railroad but is broken down and prepared by a person other than the railroad and the railroad origin of such scrap is known, the maximum price at which a consumer may purchase such scrap shall be the price established above for purchases of scrap prepared by the railroad.

1304.18 Appendix C

MAXIMUM PRICES FOR IRON AND STEEL SCRAP FOR EXPORT FROM THE UNITED STATES

Per Gross Ton, F.A.S. and F.O.B. Point of Export

1. Other Than Railroad Scrap

The maximum export price of any grade of iron and steel scrap other than railroad scrap shall be the maximum Shipping Point Price derived under Paragraph II of Appendix A, plus the actual charge for transporting the scrap from the Shipping Point to the place of export. For scrap exported by ship this maximum export price shall be F.A.S. the place of export and actual costs incident to shipment for export may be added if shown as a separate charge on the invoice. For scrap exported by means other than by ship, this maximum export price shall be F.O.B. the place of export. Commission of the domestic broker may be added as provided in Section 1304.6 of this Schedule and must be shown as a separate charge on the invoice.

2. Scrap Originating From Railroads

The maximum export price of any grade of iron and steel scrap of railroad origin shall be the maximum price established and determined under Appendix B for a consumer located on the line of the railroad originator of the scrap plus actual transportation charges from the line to the place of export. For scrap originating from a railroad not operating at a Basing Point, no transportation charges shall be added to the maximum prices of such scrap as determined under Appendix B. For scrap exported by ship these maximum export prices shall be F.A.S. the place of export and actual costs incident to shipment for export may be added if shown as a separate charge on the invoice. For scrap exported by means other than by ship, this maximum export price shall be F.O.B. the place of export. Commission of the domestic broker may be added as provided in Section 1304.6 of this Schedule and must be shown as a separate charge on the invoice.

OFFICE FOR EMERGENCY MANAGEMENT
OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY
WASHINGTON, D. C.

1304.19. APPENDIX D - REPORT OF PURCHASES, CONSUMPTION AND INVENTORY OF IRON AND STEEL SCRAP

For the month of__________1941.

This form, which you are requested to fill in, is made up of questions which will elicit the information required by Section 1304.10 of the Iron and Steel Scrap Price Schedule. That section requires every consumer to keep the Office of Price Administration and Civilian Supply advised of its scrap purchases and receipts for the month, including scrap which is a by-product of its own operations, its disposition of scrap for the month, whether by melt, sale, exchange, or otherwise, and its inventory of scrap on hand as of the first and last day of each month. This information is necessary to the protection of an even flow of scrap to all consumers.

Gross Tons

1. Total Scrap on hand first day of month (purchased, home origin, exchange, etc.)...________

2. Total Scrap receipts during the month from all sources (purchased, home origin, exchange, etc.)............................________

3. Sum of items 1 and 2 ....________

4. Total scrap melted during the month............________

5. Total scrap rerolled during the month...........________

6. Total scrap inventory last day of the month.....________ (See note)

7. Total ingot or other production during the month (include production from scrap and all other sources)....................________

8. Type of operation constituting the major part of your business
(Check one): Foundry Smelter Steel Mill

9. Report orders placed during the month for the purchase or exchange of scrap on the reverse side of this form.

Note: If item 3 minus items 4 and 5 does not equal item 6, explain the discrepancy (e.g. sales of scrap during the month, etc.)

(Name of Company)	(Officer making report)
(Street Address)	(Title)
(Post Office)	(Date)

PM 687

(Reverse side of Form 104:8, Revised)

9. Orders placed during ______________ for the purchase or exchange of scrap.
(month)

Grade (Report each grade separately)	Quantity ordered (Gross tons)	Purchase Price (Net per gross ton)	Origin (Check one) R.R.	Origin (Check one) Other	Person or firm from whom purchased

OFFICE FOR EMERGENCY MANAGEMENT

Office of Price Administration And Civilian Supply

For PM Release
August 8, 1941

PM 892

A request that State vehicular authorities throughout the country require motorists to surrender their 1941 license plates upon receipt of new 1942 tags was made today by the Office of Price Administration and Civilian Supply in announcing a program providing for preferential allocation of the minimum tonnage of sheet steel required to produce the 1942 license plates

The program is issued, according to OPACS, only because time is too short to enable the States to find substitutes for steel for license tags and since many States already have procured their steel requirements.

Conservation of steel for civilian use is likely to become even more essential in 1942 if the emergency continues and the States are warned that in all probability no sheet steel will be made available for the manufacture of 1943 license tags.

Attention was called to Connecticut's five-year type of automobile license plate, with provision for annual change in date, as one method of conserving steel.

By requiring the surrender of old license plates, the States will add a sizeable tonnage of scrap to the national supplies.

The limited allocation program will be administered by the Office of Production Management.

Text of program is attached.

TITLE 32 - NATIONAL DEFENSE

PM 892

CHAPTER XI - OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY

Part 1306 - Iron and Steel Products

Civilian Allocation Program for Steel Used in Automobile License Tags

Because of the difficulty which some of the states have experienced in securing steel to be used in the making of automobile license tags for the license year 1942, it is necessary that an allocation program be formulated.

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

1306.71 Allocation of Materials. Adequate supplies of steel for the manufacture of automobile license tags for the license year 1942 shall be allocated to the state or other manufacturer of such tags.*

*1306.71 to 1306.73, inclusive, issued pursuant to the authority contained in Executive Order No. 8734.

1306.72 Restriction in Amount. The allocation provided for by 1306.71 shall be effective only for the procuring of the absolute minimum quantities of steel necessary for the manufacturing of automobile license tags for the license year 1942.*

1306.73 Enforcement. The foregoing program is to be administered and enforced by the Office of Production Management.*

Issued this 7th day of August, 1941.

Leon Henderson
Administrator

Certified to be a true copy of the original.

John E. Hamm
Deputy Administrator

OFFICE FOR EMERGENCY MANAGEMENT

Office of Price Administration and Civilian Supply

For AM release
August 9, 1941

PM 904

Wholesalers, jobbers and retailers are given restricted exemption from the ceiling prices heretofore established for six leading types of cotton grey goods in an amendment announced today by the Office of Price Administration and Civilian Supply.

The change enables wholesalers, jobbers and retailers to sell at higher than ceiling prices grey goods used in an unfinished state by industry for a variety of purposes and by private consumers for muslin sheeting, tobacco culture, etc.

Specifically prohibited by the amendment, however, are all sales of grey goods at higher than the maximum prices, even for industrial or private use, by producers or their agents. Sales of grey goods by wholesalers, jobbers and retailers to any converter or finisher similarly must conform to the ceiling prices.

A statement directed to the trade in connection with the amendment says OPACS has been assured by a number of wholesalers and jobbers that their selling margins on sales of grey goods to users of such unfinished cloth, as permitted by the amendment, would be limited to amounts commensurate with the service rendered by them and that there would be no tendency to exact excessive prices.

"In the event that margins charged by middlemen become excessive," the OPACS statement concludes, "we will be compelled to take appropriate remedial measures."

Text of the statement and of the amendment to the price schedule follows:

OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY
Statement to Wholesalers, Jobbers and Retailers of Cotton Grey Goods

We are today issuing an amendment to Price Schedule No. 11. This amendment exempts from the ceiling prices the normal grey goods sales transactions of wholesalers, jobbers, and retailers. You will note, however, that sales and deliveries by such concerns are not exempted unless made in the performance of a recognized distributive function, and that under no circumstances may grey goods be sold or delivered to a converter or finisher at any price in excess of the ceiling. Also this exemption does not apply, of course, to sales or deliveries made by the manufacturer of the grey goods or the manufacturer's agent.

We have been assured by a number of wholesalers and jobbers that we could expect their selling margin to be limited to an amount commensurate with the services rendered by them and that there would be no tendency, as a result of this amendment, to exact excessive prices. We trust that we will have your cooperation in this regard. In the event that margins charged by middlemen become excessive we will be compelled to take appropriate remedial measures to limit these margins.

PM 904

TITLE 32 - NATIONAL DEFENSE

CHAPTER XI - OFFICE OF PRICE ADMINISTRATION
AND CIVILIAN SUPPLY

Part 1316 - Cotton Textiles

Amendment to Price Schedule No. 11 --
Cotton Grey Goods

Section 1316.2 is hereby amended by inserting after subsection (a) (2) thereof the following subsection:

(3) The prices established herein are not applicable to sales or deliveries of Cotton Grey Goods made by any wholesaler, jobber or retailer in the performance of a recognized distributive function, provided, however, that sales and deliveries of Cotton Grey Goods (i) by the manufacturer thereof or by any agent of such manufacturer, or (ii) to a converter or finisher, shall in no case be made at any price in excess of the maxima established in Section 1316.7.

Issued this 8th day of August, 1941.

/s/ Leon Henderson
Leon Henderson
Administrator

Certified to be a true
copy of the original
/s/ John E. Hamm
John E. Hamm, Deputy Administrator

OFFICE FOR EMERGENCY MANAGEMENT PM 912

Office of Price Administration and Civilian Supply

Release AM Tuesday
August 12, 1941

A ceiling price of 12 cents a pound for copper is established by Price Schedule No. 15, announced today by the Office of Price Administration and Civilian Supply.

As stated previously, the schedule has as its objective the equalization of copper prices to all consumers. This is considered essential in view of the general preference order of the Office of Production Management, effective as of August 6, 1941.

Because the 12-cent ceiling might act to jeopardize a small part of current output of domestic copper costing more than 12 cents to produce, Leon Henderson, OPACS Administrator, is recommending that the Metals Reserve Company, an agency of the Reconstruction Finance Corporation, purchase such high-cost copper at prices in excess of 12 cents a pound. For this reason, the schedule exempts sales to the Metals Reserve Company from conformance with the ceiling price.

The plan recommended by Mr. Henderson is designed to maintain the current output of high-cost companies now operating. OPACS and OPM experts, as heretofore announced, are speeding plans to increase the domestic production of copper.

The ceiling price of 12 cents a pound established in the present schedule applies to copper of electrolytic grade in the shape of wire bars or ingot bars delivered in carload lots at Connecticut Valley points. A top price of 11-3/4 cents a pound is set for casting copper made by fire refining to a standard of 99.5% pure, including silver as copper.

A carload lot is defined in the schedule as the minimum amount required to command railroad carload rates from the point of shipment to the destination point. Premiums, ranging from 3/4-cent to 2 cents a pound are allowed for less-than-carload lots sold by others than refiners or producers.

Prevailing premiums or discounts for other kinds, shapes, grades or forms of copper and differentials for deliveries to other than Connecticut Valley points shall be added to or subtracted from the Connecticut Valley base price.

The schedule provides that on and after August 12, 1941, regardless of any prior contract or commitment, no sales of copper (except to Metals Reserve Co.) shall be completed at more than the ceiling price. However, a person who bought copper in carload lots between July 1 and August 12, 1941, for resale in less-than-carload lots at prices not more than ½-cent a pound above the ceiling price may be permitted by OPACS, upon application, to complete such sales at prices not more than ½-cent a pound over the maximum l-c-l prices established by the schedule

Permission also may be sought from OPACS to carry out contracts entered into prior to August 12, 1941, and calling for delivery after that date of copper at prices higher than the maximum prices.

In such cases, however, permission will be granted only (a) where a firm commitment is involved at a price not more than ½-cent over the maximum prices and where such commitment is carried out prior to December 31, 1941; or (b) if necessary to protect a dealer against loss where the contract or commitment was entered into prior to August 12, 1941, and where the copper, or purchase contract for copper to fulfill such a contract, was acquired prior to April 25, 1941.

A price schedule for copper scrap is about to be issued.

Text of the copper price schedule is attached.

TITLE 32 - NATIONAL DEFENSE

CHAPTER XI - OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY

Part 1309 - Copper and Copper Alloys

Price Schedule No. 15 - Copper

The Office of Price Administration and Civilian Supply is charged with the maintenance of price stability and the prevention of undue price rises and price dislocation. Copper is a basic material for the production of many defense products and as such has been subjected to a method of complete control of its distribution by a General Preference Order of the Office of Production Management, No. M-9-a, effective August 6, 1941. In order to equalize the price to all consumers under that preference order and in the interest of national defense and of the public, the establishment of maximum prices for copper is necessary. On the basis of information secured by independent investigation by this Office and upon information furnished by the Trade, I find that the maximum prices set forth below constitute reasonable limitations on the price of copper.

Therefore, under the authority vested in me by Executive Order 8734, it is hereby directed that:

1309.51 Maximum Prices for Copper

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

(b) Except as otherwise provided in section 1309.60, the prices established by this schedule are delivered prices at the buyer's place of business and are gross prices before the deduction of any discounts and include all commission.*

*1309.51 to 1309.60, inclusive issued pursuant to the authority contained in Executive Order No. 8734

1309.52 Evasion

The price limitations set forth in this Schedule shall not be evaded whether by direct or indirect methods in connection with a purchase, sale, delivery, or transfer at a price of copper, alone or in conjunction with any other material, or by way of any commission, service, transportation, or other charge or discount, premium, or other privilege, or by tying agreement or other trade understanding or otherwise.*

1309.53 Permission to Carry Out Contracts Entered into Prior to August 12, 1941

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

1309.54 <u>Records</u>

Every person making purchases or sales of copper after August 12, 1941 shall keep for inspection by the Office of Price Administration and Civilian Supply for a period of not less than five years complete and accurate records of: (a) each such purchase or sale, showing the date thereof, the name and address of the buyer or the seller, the price paid or received, and the quantity in pounds or tons of each kind or grade purchased or sold; and (b) the quantity, in pounds or tons, of copper (i) on hand, and (ii) on order, as of the close of each calendar month.*

1309.55 <u>Enforcement</u>

In the event of refusal or failure to comply with the price limitations, record requirements, or other provisions contained in this Schedule, or in the event of any evasion or attempt to evade the price regulations or other provisions contained in this Schedule, this Office will make every attempt to assure: (a) That the Congress and the public are fully informed of any failure to abide by the provisions of this Schedule, and (b) that the powers of the Government are fully exerted in order to protect the public interest and the interests of those persons who conform with this Schedule in the maintenance of the maximum prices herein set forth. Persons who have evidence of the demand or receipt of prices above the limitation set forth or of any evasion of or attempt to evade such requirements or of speculation or manipulation of the price of copper or of the hoarding or accumulation of unnecessary inventory thereof, are urged to communicate with the Office of Price Administration and Civilian Supply.*

1309.56 <u>Supplements to the Schedule</u>

In order to insure compliance with this Schedule, supplements further defining its scope, and, if necessary, requiring reports to the Government will be issued from time to time when found appropriate.*

1309.57 <u>Modification of the Price Schedule</u>

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

1309.58 <u>Definitions</u>

When used in this Schedule, the term

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

(b) "Copper" includes all copper metal refined by any process of electrolysis or fire refining to a grade and in a form suitable for fabrication, and shall include all such metal produced from domestic or imported ores, concentrates, or other copper bearing material, or scrap.

(c) "Carload lot" means the minimum quantity of copper required to obtain railroad carload rates from the point of shipment to the point of destination.

(d) "Dealer" means a person who receives physical delivery of copper and sells or holds the same for resale without change in form."

1309.59 Effective Date of the Schedule

This Schedule shall become effective on August 12, 1941."

1309.60 Appendix A - Maximum Prices

(a) Maximum Connecticut Valley Base Prices

Grade	Price Per Lb.
Electrolytic, Lake or other fire refined copper made to meet the American Society of Testing Materials Standard, B5-27, for electrolytic copper	12¢
Casting copper made by fire re-fining to a standard of 99.5% pure including silver as copper	11-3/4¢

The maximum prices fixed above are for copper in the shape of wire bars or ingot bars delivered in carload lots at Connecticut Valley points.

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

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

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

For deliveries at any point other than a Connecticut Valley point there shall be added to or subtracted from the Connecticut Valley base price the customary differential which the seller would, on August 11, 1941, have added to or subtracted from the Connecticut Valley base price adjusted for the kind, grade, shape or form differential.

(d) Differentials for less than carload lot shipments.

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

Quantity	Price per lb.
0 - 499 pounds	2¢
500 - 999 pounds	1½¢
1,000 - 4,999 pounds	1¢
5,000 - pounds to carload	3/4¢

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

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

Issued this 12th day of August, 1941.

Certified to be a true
copy of the original

LEON HENDERSON
ADMINISTRATOR

JOHN E. HAMM
DEPUTY ADMINISTRATOR

OFFICE FOR EMERGENCY MANAGEMENT

Office of Price Administration and Civilian Supply

For immediate release
Wednesday, August 13, 1941

PM 931

Attached is the text of Price Schedule No. 16 - Raw Cane Sugars - pursuant to the announcement made by Leon Henderson, Administrator, Office of Price Administration and Civilian Supply, on August 12, 1941.

TITLE 32 - NATIONAL DEFENSE

CHAPTER XI - OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY

Part 1334 - Sugar

Price Schedule No. 16 - Raw Cane Sugars

The Office of Price Administration and Civilian Supply is charged with the maintenance of price stability and the prevention of undue price rises and price dislocations. I find that the supplies of sugar are ample; in fact, they exceed those supplies which were required to satisfy consumption last year and are sufficient this year to provide consumers with the highest per capita consumption on record. The current sharp upswing of sugar prices is detrimental to the public interest and national defense, and will, if not stopped, cause serious dislocations.

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

1334.1 Maximum Prices for Raw Cane Sugars. On and after August 14, 1941, regardless of the terms of any contract of sale or purchase, or other commitment, except as may be provided in a supplement or supplements to this Schedule, no person shall sell, offer to sell, deliver or transfer raw cane sugars to any person, and no person shall buy, offer to buy, or accept delivery of raw cane sugars from any perso[n] at prices higher than the maximum prices set forth in Appendix A, incorporated herei[n] as § 1334.9. These prices are gross prices before discounts of any nature are deducted and they include all commissions.*

*1334.1 to 1334.9, inclusive issued pursuant to the authority contained in Executive Order No. 8734

1334.2 Less than Maximum Prices. Lower prices than those set forth in Appendix A may be charged, demanded, paid, or offered.*

1334.3 Records. Every person making purchases or sales of raw cane sugars after August 14, 1941, shall keep for inspection by the Office of Price Administration and Civilian Supply for a period of not less than one year complete and accurate records of:

(a) Each such purchase or sale, showing the date thereof, the name and address of the buyer or the seller, the price paid or received, the quantity of each kind or grade purchased or sold; and

(b) The quantity of raw cane sugars (1) On hand, and (2) On order, as of the close of each calendar month.*

1334.4 Enforcement. In the event of refusal or failure to comply with the price limitations, record requirements, or other provisions contained in this Schedule, or in the event of any evasion or attempt to evade the price regulations or other provisions contained in this Schedule, this Office will make every attempt to assure: (a) That the Congress and the public are fully informed of any failure to abide by the provisions of this Schedule, and (b) that the powers of the Government are fully exerted in order to protect the public interest and the interests of those persons who conform with this Schedule in the maintenance of the maximum prices herein set forth. Persons who have evidence of the demand or receipt of prices above the limitation set forth or of any evasion of or attempt to evade such requirements or of speculation or manipulation of the prices of sugar or of the hoarding or accumulation of unnecessary inventory thereof, are urged to communicate with the Office of Price Administration and Civilian Supply.*

1334.5 Supplements to the Schedule. In order to insure compliance with this Schedule, supplements further defining its scope, and, if necessary, requiring reports to the Government will be issued from time to time when found appropriate.*

1334.6 Modification of the Schedule. Persons complaining of hardship or inequity in the operation of this Schedule may apply to the Office of Price Administration and Civilian Supply for approval of any modification thereof or exception therefrom.*

1334.7 Definitions. When used in this Schedule, the term

(a) "Person" includes an individual, corporation, association, partnership, or other business entity;

(b) "Raw cane sugars" means any sugars which are principally of crystalline structure and which are to be further refined or improved in quality, and any sugars which are principally not of crystalline structure but which are to be further refined or otherwise improved in quality to produce any sugars principally of crystalline structure.*

1334.8 Effective Date of Schedule. This Schedule shall become effective on August 14, 1941.*

1334.9 Appendix A - Maximum Prices for Raw Cane Sugars.

(a) Maximum price raw cane sugars of 96 degrees polarization, New York City duty paid basis cost and freight, 3.50¢ per pound.

(b) Differentials for deliveries from off-shore producing areas to ports other than New York City:

For deliveries at any port other than New York City, there shall be added to or subtracted from (whichever is required to compensate freight differences), the New York City price, adjusted for the various degrees of polarizations as below set forth, the difference, if any, between the cost of freight from the port of shipment to New York City and the cost of freight from the port of shipment to the port of arrival.

(c) Differentials for various polarizations.

Allowances per pound on raw cane sugars shall be as follows:
For the degree from 96 degrees to 97 degrees, add 1.50% of the above price; for the degree from 97 degrees to 98 degrees, add an additional 1.25% of the above price. For the degree from 96 degrees to 95 degrees, deduct 1.60% of the above price; for the degree from 95 degrees to 94 degrees, deduct an additional 2.00% of the above price; for the degree from 94 degrees to 93 degrees, deduct an addi-

tional 2.50% of the above price. Fractions of a degree in proportion."

Issued this 13th day of August, 1941.

Leon Henderson
Administrator

Certified to be a true copy of the original

John E. Hamm
Deputy Administrator

OFFICE FOR EMERGENCY MANAGEMENT

Office of Price Administration and Civilian Supply

For Release A.M.
August 15, 1941

PM 939

Moving to meet the inflationary situation in tin prices created by concern over shipments from the Far East, Leon Henderson, Administrator, Office of Price Administration and Civilian Supply, today issued a price schedule establishing a ceiling price of 52 cents a pound on "Grade A" pig tin.

Tin is widely used as a plating and alloying material in production of both armaments and civilian goods. The price, therefore, has an important bearing on cost of both the defense program to the Government and of consumer goods to the public generally.

Establishment of a maximum price is in line with the warning issued by Mr. Henderson on July 28 to the effect that a price ceiling might be set in the near future. At that time tin prices had moved up from around 53 cents to 55 cents a pound after rising gradually from the buying level of 50 cents established by the Metals Reserve Co., an RFC subsidiary.

The price schedule, which was prepared after discussions with trade representatives, establishes differentials for various grades of pig tin, for freight rates from various points of shipment, and for sales in lots of less than five gross tons. The latter differentials are intended to facilitate continued distribution of tin through jobbers to small consumers.

The schedule also provides for exemptions, under various restrictions, for firm commitments entered into prior to August 16, 1941, for sale of pig tin at prices higher than the maximums.

The schedule does not establish maximum prices for special shapes, such as small tin bars and tin anodes, but makers are expected to continue to sell them at not more than their customary and normal premiums over pig tin.

TITLE 32 - NATIONAL DEFENSE

CHAPTER XI - OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY

Part 1333 —— Tin

PRICE SCHEDULE NO. 17. PIG TIN

The Office of Price Administration and Civilian Supply, being charged with the maintenance of price stability and the prevention of undue price rises and economic dislocations, has determined, after full investigation and after conference with representatives of the trade, that the establishment of maximum prices for pig tin is essential in order to accomplish these purposes and is in interest of national defense and national welfare and that the maximum prices set forth herein are fair and reasonable.

This action is necessary because the current situation in the Far East, from which the United States imports almost all metallic tin used in this country, makes uncertain the continuance of an adequate supply of this strategic metal. An increased demand, accompanied by a fear of a decrease in supply, has already had an inflationary effect upon the price of tin and threatens to exert even greater inflationary pressure in the future.

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

1333.1 Maximum Prices for Pig Tin. On and after August 16, 1941, regardless of the terms of any contract of sale or purchase, or other commitment, except as provided in 1333.4 hereof, no person shall sell, offer to sell, deliver or transfer, pig tin, and no person shall buy, offer to buy, or accept delivery of pig tin at prices higher than the maximum prices set forth in Appendix A hereof, incorporated herein as Section 1333.10.*

* Sections 1333.1 to 1333.10, inclusive, issued pursuant to authority contained in Executive Order No. 8734.

1333.2. Less than Maximum Prices. Lower prices than those set forth in Appendix A may be charged, demanded, paid or offered.*

1333.3. Evasion. The price limitations set forth in this Schedule shall not be evaded either by direct or indirect methods in connection with a purchase, sale, delivery, or transfer, of pig tin alone or in conjunction with any other material, or by way of any commission, service, transportation, or other charge, or discount, premium, or other privilege, or by tying-agreement or other trade understanding, or otherwise.*

1333.4. Exemption from the Schedule of Firm Commitments Entered Into Prior to August 16, 1941. Firm commitments entered into prior to August 16, 1941, for the sale of pig tin at prices higher than the maximum prices established in this Schedule, may be completed at contract prices provided that

(a) full details of each such commitment, and such other pertinent information as may be requested, be reported by the seller to the Office of Price Administration and Civilian Supply on or before August 30, 1941, on forms which may be obtained from said Office, and

(b) all deliveries at prices higher than the maximum prices established by this Schedule be completed on or before December 31, 1941, or such later date as may be permitted upon application made in each such case to the Office of Price Administration and Civilian Supply.*

1333.5. Records. Every person making purchases or sales of pig tin on or after August 16, 1941, shall keep for inspection by the Office of Price Administration and Civilian Supply for a period of not less than five years, complete and accurate records of (a) every such purchase and sale, showing the date thereof, the name and address of the buyer or the seller, the price paid or received, and the quantity, in pounds or tons, of each kind or grade purchased or sold, and (b) the quantity, in pounds or tons, of pig tin (i) on hand, and (ii) on order, as of the close of each calendar month.*

1333.6. Enforcement. In the event of refusal or failure to abide by the price limitations, record requirements, or other provisions contained in this Schedule, or in the event of any evasion or attempt to evade the price limitations or other provisions contained in this Schedule, this Office will make every effort to assure (a) that the Congress and the public are fully informed thereof, and (b) that the powers of the Government are fully exerted in order to protect the public interest and the interests of those persons who conform with this Schedule. Persons who have evidence of the offer, receipt, demand or payment of prices above those herein set forth, or of any evasion of or effort to evade the provisions hereof, or of speculation, or manipulation of prices of pig tin for which maximum prices are herein established, or of the hoarding or accumulating of unnecessary inventories thereof, are urged to communicate with the Office of Price Administration and Civilian Supply.*

1333.7. Modification of the Schedule. Persons complaining of hardship or inequity in the operation of this Schedule may apply to the Office of Price Administration and Civilian Supply for approval of any modification thereof or exception therefrom.*

1333.8 Definitions. When used in this Schedule, the term (a) "persons" includes an individual, partnership, association, corporation or other business entity.

(b) "pig tin" means pig tin of the kinds and grades set forth in Appendix A of this Schedule.*

1333.9. Effective Date of the Schedule. This Schedule shall become effective August 16, 1941.*

1333.10. Appendix A. Maximum Prices for Pig Tin.

I. Maximum Prices for Standard Grades of Pig Tin.

GRADE	MAXIMUM PRICE (Per Pound)
A. 99.80% or higher percentage of purity, meeting specifications set forth in "Specifications and Proposals for Supplies, No. S-14", issued December 15, 1939, by the U. S. Treasury Department, Procurement Division, except that pig tin of this grade need not be free of scrap and remelted metal.....	$0.52
B. 99.75% to 99.79% pure, inclusive.....................	0.51625
C. Cornish Refined.....................................	0.51625
D. 99.00% to 99.74% pure, inclusive....................	0.51125
E. Below 99% pure......................................	0.51 for tin content

II. Differentials for Freight Rates.

The above maximum prices are, in the case of foreign pig tin, ex dock or store, Port of New York, and, in the case of domestic pig tin, ex producer's plant. The maximum prices of foreign pig tin which is imported through ports of entry other than the Port of New York shall be ex dock or store at the actual port of entry and shall be as much more or as much less than the above prices as the ocean freight from the point of shipment to the actual port of entry exceeds or is less than the ocean freight from such point of shipment to the Port of New York. Foreign pig tin which is physically present at or is sold for shipment from a point other than the port at which it was entered, and domestic pig tin which is physically present at or is sold for shipment from a point other than the producer's plant, may be sold at prices, f. o. b. such point of physical presence or of shipment, which exceed the above maximum prices by no more than the domestic shipping charges which have actually been paid or must be paid in order to transport such pig tin to such point of physical presence or of shipment.

III. Differentials for Sales in Lots of Less than Five Gross Tons.

For sales of pig tin in lots of:	There may be added to the maximum price:
2,240 to 11,199 pounds, inclusive	1¢ per pound
1,000 to 2,239 pounds, inclusive	1½¢ per pound
500 to 999 pounds, inclusive	2½¢ per pound
Under 500 pounds	3¢ per pound

Issued this 15th day of August, 1941.

Leon Henderson
Administrator

CERTIFIED TO BE A TRUE COPY OF THE ORIGINAL:

John E. Hamm
Deputy Administrator

OFFICE FOR EMERGENCY MANAGEMENT

Office of Price Administration and Civilian Supply

For Release AM Papers
Saturday, August 16, 1941

PM 948

Because of the shortage of transportation facilities available for moving gasoline to the Atlantic Coast area, deliveries of gasoline from suppliers were yesterday limited to 90% of the July level through a Civilian Allocation Program issued by Leon Henderson, Administrator, Office of Price Administration and Civilian Supply

The action was taken in response to a recommendation from Harold L. Ickes, Petroleum Coordinator for National Defense.

It means that beginning immediately the amount of gasoline available to consumers in the Atlantic Coast Area will be 10% smaller than during the like period of July. The allocation program provides, however, that deliveries to certain users whose needs are essential shall not be reduced beyond "minimum necessary requirements," thus increasing somewhat the severity of the curtailment for ordinary civilian users.

The program is intended as an interim measure to be followed pending the development of a further plan for allocating the distribution and consumption of motor fuel. It is expected that more severe curtailments will be necessary in the future.

In asking that OPACS take this action Mr. Ickes stated:

"During the week ending August 5 deliveries of gasoline by 17 major suppliers in the Atlantic Coast area increased by 8 percent despite the intensive efforts of this office to obtain voluntary public cooperation in reducing gasoline consumption. This alarming continued increase in deliveries of gasoline, in view of the shortage of oil transportation facilities, threatens to leave the Atlantic Coast area without sufficient petroleum products for essential transportation, power and heat. It is imperative, therefore, that immediate steps be taken which will conserve effectively the supplies of petroleum products in this area in order that national defense and essential civilian requirements may be met."

Because of the need to assure continuance of essential public services and the production of foodstuffs the program names four groups of users who are to receive "not in excess of the minimum necessary requirements." They include:

(1) The operation of commercial vehicles so classified by law.

(2) The operation of vehicles necessary for the public health or safety, including ambulances and vehicles operated by physicians.

(3) The operation of farm machinery and motor trucks used for farm purposes.

(4) The operation of vehicles owned or operated by Federal, State or local governments.

Such consumers will presumably not be cut very much in reducing consumption from the present level to their "minimum necessary requirements". Therefore most of the burden will be borne by ordinary civilian users of gasoline. Supplies available for their use will necessarily be curtailed by somewhat more than 10%.

With the exception of the four groups of users receiving special treatment, the program provides that service station operators shall not discriminate between different consumers or classes of trade in making deliveries. Furthermore, it is required that deliveries shall be made in a manner which will spread necessary curtailment proportionately among different consumers and different classes of trade. Deliveries to service stations must also be made proportionately throughout each month and service station operators must distribute their deliveries proportionately throughout each day.

In announcing the program Mr. Henderson made it clear that action was taken only because of the acute situation which is developing due to transportation shortages. This has been due largely to diversion of tankers ordinarily used in moving gasoline from the Gulf Coast to the Atlantic seaboard. A number of such tankers are now being used to transport gasoline and other oil products destined for England.

Following is text of the letter from Harold L. Ickes, Petroleum Coordinator for National Defense, to Leon Henderson, Administrator, Office of Price Administration and Civilian Supply:

August 14, 1941

My dear Mr. Henderson:

During the week ending August 5 deliveries of gasoline by 17 major suppliers in the Atlantic Coast area increased by 8 percent despite the intensive efforts of this office to obtain voluntary public cooperation in reducing gasoline consumption. This alarming continued increase in deliveries of gasoline, in view of the shortage of oil transportation facilities, threatens to leave the Atlantic Coast area without sufficient petroleum products for essential transportation, power and heat. It is imperative, therefore, that immediate steps be taken which will conserve effectively the supplies of petroleum products in this area in order that national defense and essential civilian requirements may be met.

In his letter of May 28, 1941, establishing the Office of Petroleum Coordinator for National Defense, the President of the United States made it the duty of this office

> *****to make specific recommendations to any appropriate department, office, corporation or other agency of the Federal Government, particularly the Office of Production Management and the Office of Price Administration and Civilian Supply, *** as to action which is necessary or desirable, on the basis of (my) determinations, to insure the maintenance of a ready and adequate supply of petroleum and petroleum products."

Accordingly, pursuant to the direction of the President of the United States, and based upon determination which I have made, I recommend to you that immediate steps be taken to curtail total monthly deliveries of motor fuels by suppliers, resellers, service stations and all other persons engaged in the sale or resale of motor fuels for use in motor vehicles to not more than 90 percent of the amount so delivered by him during the month of July 1941. For the remaining one-half of the month of August such deliveries should be curtailed similarly to 45 percent of the July 1941 deliveries. The recommended curtailment should be affected thereby but should not be applied so as to restrict sales and deliveries of motor fuels needed for the operation of commercial vehicles so classified pursuant to law, vehicles employed in services necessary for the public health and safety, vehicles employed in agricultural pursuits and vehicles owned or operated by Federal, State or local governments. Because of the lack of resulting hardship, it is suggested that all other deliveries of motor fuel be given preference to those for use in the operation of pleasure boats.

Since such a curtailment of deliveries will result in a shortage of motor fuel at service stations and other places of business where motor fuel is sold and delivered into the fuel tanks of motor vehicles, I further recommend, in order to assure all drivers of private automobiles their fair share of the limited supply, that individual deliveries of motor fuel to private automobiles be limited to such maximum number of gallons as in each place of business may be necessary to accomplish the purposes of this recommendation and that all subject to this recommendation conduct their business so as to avoid discrimination with respect to any of their customers. It will also be necessary, of course, that deliveries be reduced proportionately, insofar as practicable, to assure the continued availability of motor fuels throughout the affected periods.

It is contemplated that the steps recommended herein, although necessary immediately, will be provisional only and will be kept in effect only until a further and more comprehensive recommendation for allocation of petroleum products can be perfected.

Sincerely yours,

Harold L. Ickes

Petroleum Coordinator
for National Defense.

Hon. Leon Henderson
Administrator, Office of Price
Administration and Civilian Supply.

CIVILIAN ALLOCATION PROGRAM
FOR MOTOR FUEL IN THE ATLANTIC
COAST

Shortages in the availability of transportation facilities for the distribution of petroleum and petroleum products have cause shortages in the supply of motor fuel in the Atlantic Coast Area. Further shortages of motor fuel and shortages of petroleum products for essential transportation, power and heating purposes are threatened unless immediate steps are taken to curtail consumption of motor fuel. The Petroleum Coordinator for National Defense, pursuant to the responsibility vested in him by the President in a letter dated May 28, 1941, has recommended to the Office of Price Administration and Civilian Supply in a letter dated August 14, 1941, that curtailment of the use of motor fuel be effected.

The following program is intended as an interim measure pending the development of a further plan for allocating the distribution and consumption of motor fuel.

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

1340.1 Allocation of Motor Fuel. No supplier of motor fuel shall, directly or indirectly, deliver or cause to be delivered in any month to resellers and consumers of such motor fuel more than 90% of the amount delivered by him to resellers and consumers during the month of July 1941; provided that during the remainder of the month of August 1941 subsequent to the effective date of this program no such supplier shall so deliver or cause to be so delivered more than 45% of the amount of motor fuel delivered by him during the month of July 1941.*

* 1340.1 to 1340.8, inclusive, issued pursuant to the authority contained in Executive Order No. 8734

1340.2 Methods of Distribution. Subject to the provisions of

1340.3, no supplier in making deliveries of motor fuel shall discriminate between resellers (including service stations owned or controlled, directly or indirectly, by him) or consumers supplied by him, and every supplier shall curtail deliveries to all resellers and consumers supplied by him on a proportionate basis. Subject to the provisions of 1340.3, no person maintaining or operating any service station, shall, in making deliveries of motor fuel, discriminate or permit others to discriminate between different consumers of motor fuel or different classes of trade, and every such person shall so make deliveries as to spread necessary curtailment of motor fuel proportionately among different consumers and different classes of trade. All suppliers shall make deliveries in such manner as to distribute such deliveries proportionately throughout each month; and all persons maintaining or operating service stations shall make deliveries in such manner as to distribute such deliveries proportionately throughout each day.*

1340.3 Preferences for Certain Uses. In making deliveries of motor fuel all suppliers and persons maintaining or operating service stations shall give preference to deliveries of motor fuel to be used, not in excess of the minimum necessary requrements, for the following purposes:

1. The operation of commercial vehicles so classified by law.
2. The operation of vehicles necessary for the public health or safety, including ambulances and vehicles operated by physicians.
3. The operation of farm machinery and motor trucks used for farm purposes.
4. The operation of vehicles owned or operated by Federal, State, or local governments.

In making deliveries of motor fuel, all suppliers and persons maintaining or operating service stations shall give preference to all other uses of such fuel over deliveries to be used in the operation of pleasure boats.*

1340.4 Reports. Each supplier of motor fuel shall keep for inspection for a period of not less than one year complete and accurate records of all deliveries of motor fuel, showing the date thereof, the name and address of the consignee, the price received, the use for which such motor fuel was delivered, and the quantity of each type of motor fuel delivered.*

1340.5 Application to Atlantic Coast Area. This program shall be applicable to deliveries of motor fuel in Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, New York, Pennsylvania, New Jersey, Delaware, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida east of the Apalachicola River, and in the District of Columbia.*

1340.6 Definitions. The term "person", as used in this program, includes any individual, partnership, association, corporation, or other form of enterprise.

The term "supplier", as used in this program, means any person, including a reseller, selling or delivering motor fuel to any reseller or consumer of such motor fuel; but the term shall not include any person all of whose deliveries are made at service stations and shall not include that part, if any, of a supplier's business included in the definition of a "service station".

The term "reseller", as used in this program, means any person who receives motor fuel for resale.

The term "service station", as used in this program, means any place of business where motor fuel is sold and delivered into the fuel tanks of motor vehicles or motor boats.

The term "motor fuel", as used in this program, means liquid fuel used for the propulsion of motor vehicles or motor boats, and shall include any liquid fuel as to which Federal gasolene taxes apply except liquid fuel used for the propulsion of aircraft.

The terms "deliver" and "deliveries", as used in this program, except as used in 1340.4, shall not include deliveries of motor fuel loaned, exchanged, purchased, or sold between suppliers or persons maintaining or operating service stations made for the purpose and with the effect of enabling such suppliers or persons maintaining or operating service stations to equalize as between themselves the percentage of curtailment required of different classes of trade.*

1340.7 Enforcement. This program shall be administered and enforced by the Office of Production Management.*

1340.8 Effective Date. This program shall become effective August 15, 1941.*

Issued this 15th day of August, 1941.

Leon Henderson
Administrator

OFFICE FOR EMERGENCY MANAGEMENT

Office of Price Administration and Civilian Supply

For Release AM
August 16, 1941

PM 949

Rayon yarn producers are permitted to release immediately to former silk users, other than hosiery manufacturers, a substantial amount of the rayon yarn accumulated under the recent allocation order of the Office of Price Administration and Civilian Supply.

Through this interim arrangement, effected by an amendment announced today, OPACS aims to make available for these former users of silk sufficient supplies of rayon yarn to permit of reasonably adequate operations until a longer-range plan can be developed.

The OPACS allocation program required rayon yarn producers to set aside one-tenth of their daily output and stocks on hand. Of this, 70% was ear-marked for hosiery manufacturers and 30% for other users of silk and for rayon weavers upon whom the program might impose undue hardship. The amendment, which is only effective until midnight of August 31, 1941, allows rayon yarn producers to sell at once one half of the 30% thus pooled to manufacturers, jobbers or converters other than hosiery manufacturers whose products had been made largely or wholly of silk.

The amended program does not contemplate any further governmental action as a prerequisite to the sale of such rayon yarn to these purchasers. If orders received as result of the amendment exceeds the amount of yarn so set aside, producers of rayon yarn are to use their own judgment in deciding what orders to fill, until such time as further programs are announced.

Text of the amendment is attached.

TITLE 32 - NATIONAL DEFENSE

CHAPTER XI - OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY

PART 1337 - Civilian Allocation Program for Rayon Yarn

Section 1337.1 is hereby amended by adding at the end thereof the following:

Provided, however, that during the period from the date of this program to midnight August 31, 1941, one-half of the above remaining 30 percent, and only said one-half, shall be made available immediately to manufacturers, jobbers and converters, other than manufacturers of hosiery, whose products had heretofore been made largely or wholly of silk, and the dispositions of such amounts among said manufacturers, jobbers, and converters shall be made by each producer of rayon yarn according to his own judgement.

Issued this 15th day of August, 1941.

Leon Henderson
Administrator

Certified to be a true copy of the original

John E. Hamm
Deputy Administrator

OFFICE FOR EMERGENCY MANAGEMENT

Office of Price Administration and Civilian Supply

For AM Release
Saturday, August 16, 1941

PM 950

Prices farmers and industrial users pay for burlap bags and other types of burlap are expected to be reduced substantially from present inflated levels as result of a price ceiling on burlap approximately 20% below recent quotations on the New York spot market announced today by Leon Henderson, Administrator, Office of Price Administration and Civilian Supply.

Burlap used in this country is virtually all imported from India. The material is widely used in packaging feed, fertilizer, and agricultural and industiral products, and in the manufacture of floor coverings, automobiles, furniture, and other goods. During the past 12 months the price of burlap in New York or enroute to this country has more than doubled. Prices of burlap bags have likewise shown a very sharp increase.

The price increase in this country has been due in part to higher prices in Calcutta, in part to higher shipping and insurance costs, and in part to a wholly unjustified increase in the margin between what importers pay for burlap and what they sell it for.

The schedule of ceiling prices is in two parts, the first establishing maximums for deliveries made on or before December 31, 1941, of 17 different constructions of burlap and the second establishing maximum prices on the same constructions delivered on or after January 1, 1942. The maximum prices which will go into effect January 1 are 5% lower than those which will prevail in the earlier period.

The maximum prices for the period ending December 31, 1941, are approximately 15% above the Calcutta prices of July 29. This markup of 15% is adequate to cover increased shipping and insurance costs and to maintain importers' margins at their normal level.

No ceiling action is being taken at present in regard to the price which importers may pay to Calcutta suppliers. This is in line with advice of a trade advisory group, including both importers and bag manufacturers, who were consulted by OPACS officials in preparing the price schedule. It is believed, however, that imposition of the ceiling will have a salutary effect on prices charged for burlap in Calcutta. Should this result fail to eventuate further steps will be taken promptly.

Imposition of the ceiling is also expected to produce a downward movement in the price of second hand bags to their normal price relationship of 30 to 40% under the prices of new bags of similar kind and quality.

CHAPTER XI - OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY

Part 1339 - Burlap and Burlap Products

Price Schedule No. 18 - Burlap

Burlap, virtually all of which is imported from India, is widely used for packaging feed, fertilizer, and agricultural and industrial products. It is also extensively employed in the manufacture of floor covering, furniture, and other goods.

During the past twelve months prices of spot burlap in New York have risen more than one hundred percent. These increases, which have raised the price of burlap considerably above the highest prices in recent years, have added unjustifiable costs to American agriculture as well as to industry and the ultimate consumer.

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

§ 1339.1 Maximum Prices for Burlap. On and after August 16, 1941, regardless of the terms of any contract of sale or purchase, or other commitment, except as provided in § 1339.4 hereof, no person shall sell, offer to sell, deliver, or transfer burlap, and no person shall buy, offer to buy, or accept delivery of burlap at prices higher than the maximum prices set forth in Appendix A hereof, incorporated herein as § 1339.11. *

§ 1339.2 Less than Maximum Prices. Lower prices than those set forth in Appendix A may be charged, demanded, paid, or offered. *

§ 1339.3 Evasion. The price limitations set forth in this Schedule shall not be evaded whether by direct or indirect methods in connection with a purchase, sale, delivery, or transfer of burlap, alone or in conjunction with any other material, or by way of any commission, service, transportation, or other charge, or discount, premium, or other privilege, or by tying-agreement or other trade understanding, or otherwise. *

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* §§ 1339.1 to 1339.11, inclusive, issued pursuant to authority contained in Executive Order No. 8734.

§ 1339.4 Permission to Carry Out Contracts Entered into Prior to August 16, 1941. Any person who, prior to August 16, 1941, has entered into a contract of sale or other firm commitment calling for the delivery or transfer after that date of burlap at prices higher than the established maximum prices, may make application to the Office of Price Administration and Civilian Supply, on Form 118:1 provided for that purpose, for permission to carry out such contract or commitment at the contract price. Such permission will be granted only to the extent necessary to protect the applicant against loss in the disposition of inventory acquired prior to August 16, 1941, at prices higher than the established maximum prices and held by the applicant on that date. Such application shall be filed with the Office of Price Administration and Civilian Supply on or before October 1, 1941. *

§ 1339.5 Records. Every person making purchases or sales of burlap after August 16, 1941, shall keep for inspection by the Office of Price Administration and Civilian Supply for a period of not less than one year, complete and accurate records of each such purchase or sale, showing the date thereof, the name and address of the buyer or the seller, the price paid or received, the quantity of each kind or construction, and the type of transaction (i.e., spot or afloat). *

§ 1339.6 Affirmations of Compliance. On or before September 10, 1941, and on or before the 10th day of each month thereafter, every person who, during the preceding calendar month, has sold, or delivered, or purchased, or accepted delivery of burlap, shall submit to the Office of Price Administration and Civilian Supply an affirmation of compliance on Form 118:2 containing a sworn statement that during the month of all such sales, purchases, or deliveries were made at prices in conformity with this Schedule or with any exception or modification thereof. Copies of Form 118:2 can be procured from the Office of Price Administration and Civilian Supply, or, provided that no change is made in the style or content of the form and that it is reproduced on 8x10½" paper, they may be prepared by persons required to submit affirmations of compliance hereunder. *

§ 1339.7 Enforcement. In the event of refusal or failure to abide by the price limitations, record requirements, or other provisions contained in this Schedule, or in the event of any evasion or attempt to evade the price limitations or other provisions contained in this Schedule, this Office will make every effort to assure (a) that the Congress and the public are fully informed thereof, and (b) that the powers of the Government are fully exerted in order to protect the public interest and the interests of those persons who confrom with this Schedule. Persons who have evidence of the offer, receipt, demand, or payment of prices higher than the maximum prices, or of any evasion or effort to evade the provisions hereof, or of speculation or manipulation of prices of burlap for which maximum prices are herein established, or of the hoarding or accumulating of unnecessary inventories thereof, are urged to communicate with the Office of Price Administration and Civilian Supply. *

§ 1339.8 Modification of the Schedule. Persons complaining of hardship or inequity in the operation of this Schedule may apply to the Office of Price Administration and Civilian Supply for approval of any modification thereof or exception therefrom. *

§ 1339.9 Definitions. When used in this Schedule, the term (a) "person" includes an individual, partnership, association, corporation, or other business entity;

(b) "burlap" means jute burlap of the constructions listed in Appendix A when either (i) in the United States available for immediate delivery or (ii) aboard vessels en route to the United States. *

§ 1339.10 Effective Date of this Schedule. This Schedule shall become effective August 16, 1941. *

§ 1339.11 Appendix A - Maximum Prices for Burlap. There are two maximum prices for the enumerated constructions or burlap established by this Schedule, depending upon the date of actual delivery of the burlap to the purchaser. For burlap actually delivered on or before December 31, 1941, the maximum prices which may be paid are the prices set forth in

Column I. For burlap delivered after that date, the maximum prices are the prices set forth in Column II.

Construction	I Maximum Prices for Deliveries made on or before December 31, 1941	II Maximum Prices for Deliveries made on and after January 1, 1942
	Prices per yard, ex dock Port of Discharge, Duty Paid	
40" 7-1/2 oz.	8.40¢	8.00¢
40" 8 oz.	8.90¢	8.50¢
40" 10 oz.	11.10¢	10.60¢
40" 10-1/2 oz.	11.50¢	11.00¢
36" 7-1/2 oz.	7.85¢	7.40¢
36" 8 oz.	8.15¢	7.70¢
36" 10 oz.	10.15¢	9.70¢
40" 9 oz.	10.10¢	9.65¢
36" 9 oz.	9.15¢	8.75¢
40" 12 oz.	13.35¢	12.70¢
36" 12 oz.	12.15¢	11.55¢
45" 7-1/2 oz.	9.55¢	9.10¢
45" 8 oz.	10.00¢	9.50¢
45" 10 oz.	12.50¢	11.95¢
32" 7-1/2 oz.	6.95¢	6.60¢
32" 10 oz.	9.15¢	8.70¢
32" 8 oz.	7.25¢	6.90¢

The maximum prices set forth above are for burlap sold or delivered in quantities of 25 bales or more. For burlap sold in quantities of less than 25 bales the customary premiums may be charged, but in no case shall the prices f.o.b. shipping point exceed the maximum prices set forth above plus ten percent.

The maximum prices established by this Schedule do not apply to burlap sold in quantities of less than one bale."

Issued this 15th day of August, 1941.

/s/ Leon Henderson
Leon Henderson
Administrator.

Certified to be a true
copy of the original

John E. Hamm, Deputy Administrator

OFFICE FOR EMERGENCY MANAGEMENT
Office of Price Administration and Civilian Supply

For Immediate Release
Saturday, August 16, 1941

PM 961

Prices of Southern pine lumber, which stands with Douglas fir at the top of the list of primary construction materials, are reduced roughly $3.00 per thousand board feet from recent high levels by Price Schedule No. 19 announced today by Leon Henderson, administrator, Office of Price Administration and Civilian Supply.

Simultaneously, Mr. Henderson disclosed that ceiling prices for Douglas fir lumber, which is generally competitive with Southern pine, will be established in the near future. A meeting to discuss such a schedule with representatives of the Douglas fir lumber industry has been called by OPACS for August 20 in Portland, Ore.

The Southern pine lumber schedule will go into effect as of September 5, 1941.

Preliminary to its determination of ceiling prices, OPACS consulted with representatives of the Southern pine lumber industry at a conference on August 6 and subsequently met with numerous individual members of the trade. Discussions similarly were had with Government agencies concerned, including the Procurement Services of the War and Navy Departments; Forest Service of the Department of Agriculture; Federal Works Administration; Department of Commerce; Division of Purchases of the Office of Production Management; Department of Justice, and the Procurement Division of the Treasury Department.

Mr. Henderson stated that lumber prices have been a matter of serious concern to him for almost a year and have occasioned several warnings against unjustified increases. Such stability as these warnings achieved was dissipated in June of the current year, when a new succession of price increases began. Prices of No. 2 common boards advanced from $22.00 per thousand board feet in July, 1940, to $30.00 per thousand, f.o.b. mill, in July, 1941. Today the cost of this and other types of lumber to the general public and to the defense program is exorbitant.

OPACS ceiling action, applied to the present annual scale of lumber buying, means a saving to civilian consumers and to the Government of more than $20,000,000 a year. At the same time the Southern pine lumber industry is accorded a schedule of prices adequate to permit continued profitable operations.

The price schedule applies only to sales from mills or concentration yards. Wholesale or retail yard prices, currently inflated, are expected to fall into line promptly.

"If this does not occur," Mr. Henderson said, "the ceiling will be extended to cover all wholesale and retail sales."

Costs of finishing and dressing, as well as expenses of distribution, are reflected in the schedule. Because of this latter factor, it is expected that mills will continue wholesalers' margins and other discounts now prevailing. Thus, present industry practices need not be disturbed.

Southern pine, sometimes called yellow pine, includes longleaf, slash, shortleaf, loblolly and several other species of less importance. Southern pine lumber is employed in all kinds of building construction and has an important use in the defense program, particularly for cantonments and defense housing in the South and East.

About 95% of Southern pine is cut in ten States: Alabama, Texas, North Carolina, Mississippi, Arkansas, Louisiana, Georgia, Florida, South Carolina and Virginia, ranking in importance in that order.

The price schedule recognizes no difference between longleaf and shortleaf pine in the grades and types covered. Long and large timbers, which are usually made of the longleaf variety, are excluded, as are certain other sizes. It is expected that the prices of these sizes will fall into line with the prices for the kinds and grades of lumber included in the schedule. Should this not follow, Mr. Henderson stated, the schedule will be extended to take them in.

Maximum prices are established for siding, ceiling, flooring, finish, boards, shiplap, fencing, dimension, and small timbers.

Top prices that may be charged for siding range from $20.00 for 4" drop, plain end, to $47.00 for Grade B and better bevel-siding. Ceiling and flooring lumber vertical grain, has a maximum price of $60.00 for Grade B and better, plain end, with range downward on lower grades. End-matched ceiling and flooring, vertical grain, is given a top price of $52.50 for Grade B or better with similar differentials on lower grades. Flat grain ceiling and flooring goes down from a top price of $43.00 on Grade B or better.

"Finish", a high grade of Southern pine generally stocked by lumber yards for clear shelving, panelling, etc., has a price range for standard lengths in the schedule of $51.00 to $70.00 for Grade B and better and $47.00 to $58.00 for Grade C, all in widths of 3" to 12".

Boards, shiplap and fencing come in three base grades, known as 1, 2 and 3 common. Maximum prices in 1" x 6", 14' lengths, are $31.00 for No. 1 grade and $26.50 for No. 2 grade. The No. 3 grade, random lengths, has a price range of $16.(to $21.00 based on width.

Ceiling prices on "dimension" lumber, using 2" x 4"s as the most representative type, range from $28.50 for No. 1 grade down to $26.00 for No. 2 grade in 10', 12' and 14' lengths. Random lengths in No. 3 grade have top prices of from $18.50 to $20.00.

Small and utility timbers are priced from $26.50 for 3" x 4" No. 2 grade in 12' to 14' foot lengths up to $42.50 on No. 1 grade 8" x 8"s in 18' to 20' lengths.

All prices quoted are for 1,000 board feet and are f.o.b. mill. In the case of direct mill shipments, delivered prices must not exceed the ceiling price f.o.b. mill, plus actual transportation charges to the point of delivery. In estimating such transportation charges, it is permitted to use the standard weights adopted by the Southern Pine Inspection Bureau.

The ceiling prices established in the schedule apply on all sales and deliveries on and after the effective date, September 5, 1941, notwithstanding any then existing contracts or commitments.

Text of Price Schedule No. 19 is attached.

* * * *

TITLE 32 - NATIONAL DEFENSE

PM 961

CHAPTER XI - OFFICE OF PRICE ADMINISTRATION
AND CIVILIAN SUPPLY

Part 1312 - Lumber and Lumber Products

PRICE SCHEDULE NO. 19 - Southern Pine Lumber

Southern pine lumber is widely used in the construction industry for exterior and interior finish, framing, millwork, sheathings, floorings, and sub-floorings, and in the manufacture of motor vehicles, low grade furniture, and household and farm appliances. In the defense program it has been extensively employed in the construction of cantonments, defense housing projects, and factories. The increased use of southern pine lumber stemming from the defense program and the accompanying expended economic activity has caused demand to exceed supply. As a consequence, inflationary pressure has caused prices to rise greatly in excess of previously existing industry levels. Such price increases have markedly outstripped cost advances. Warnings to industry members to reduce prices to reasonable levels have failed to secure more than temporary price reductions. Those producers who have manifested a willingness to cooperate with the Government have been unable effectively to keep prices down because of the large number of operators who have consistently maintained high prices. Under these circumstances, voluntary cooperation with the request of the Office of Price Administration and Civilian Supply to maintain reasonable prices would subject those complying with the request to unjust discrimination.

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

1312.26 Maximum Prices for Southern Pine Lumber. On and after September 5, 1941, regardless of the terms of any contract of sale or purchase, or other commitment, no person shall sell, offer to sell, deliver, or transfer, for domestic or export use, any southern pine lumber for shipment originating at the mill (rather than at a distribution yard), at prices higher than the maximum prices set forth in Appendix A, incorporated herein as § 1312.34.*

* 1312.28 to 1312.34, inclusive issued pursuant to the authority contained in Executive Order No. 8734

1312.27 Less than Maximum Prices. Lower prices than those set forth in Appendix A may be charged, demanded, paid, or offered.*

1312.28 Evasion. The price limitations set forth in this Schedule shall not be evaded by unusual charges for extending credit or for early delivery, by charges for delivery which exceed the actual cost of such delivery, by unnecessarily routing lumber through a distribution yard, or by other direct or indirect methods. The seller shall in all cases give the purchaser the option of making his own transportation arrangements.*

1312.29 Records and Reports. Every person who, during any calendar month, shall sell 34,000 pounds or more of southern pine lumber for shipment originating at the mill shall keep for inspection by the Office of Price Administration and Civilian Supply, for a period of not less than one year, a complete and accurate record of every such sale made during such month, showing the date thereof, the name of the buyer, the prices, and the quantities and grades sold. Persons affected by this Schedule shall submit such reports to this Office as it may from time to time require.*

1312.30 Enforcement. In the event of refusal or failure to abide by the price limitations and other provisions contained in this Schedule, or in the event of any evasion or attempt to evade the price limitations or other provisions contained in this Schedule, the Office of Price Administration and Civilian Supply will make every effort to assure (a) that the Congress and the public are fully informed thereof, (b) that the powers of the Government are fully exerted in order to protect the public interest and the interests of those persons who conform to this Schedule, and (c) that the procurement services of the Government are requested to refrain from purchasing southern pine lumber from those persons who fail to conform to this Schedule. Persons who have evidence of the demand of prices above the limitations set forth, of any evasion or effort to evade the provisions hereof, or of speculation, or manipulation of prices of southern pine lumber, or the hoarding or accumulation of unnecessary inventories thereof, are urged to communicate with the Office of Price Administration and Civilian Supply.*

1312.31 Modification of the Schedule. Persons complaining of hardship or inequity in the operation of this Schedule may apply to the Office of Price Administration and Civilian Supply for approval of any modification thereof or exception therefrom.*

1312.32 Definitions. When used in this Schedule, the term

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

(b) "southern pine" means the botanical species of short leaf pine (Pinus echinata), loblolly pine (Pinus taeda), slash pine (Pinus caribaea), longleaf pine (Pinus palustris), or any other Pinus species known commercially as "southern pine".

(c) "mill" means a manufacturing plant, concentration yard, or other establishment which processes southern pine logs into lumber, or which processes, by sawing, or by planing or other comparable method, at least 25 per cent of the southern pine lumber purchased or received by it within the 30 days immediately prior to the transaction subject to this Schedule.

(d) "distribution yard" means a wholesale or retail lumber yard which purchases or receives southern pine lumber from a mill or from another distribution yard for purposes of unloading, sorting, and resale or redistribution, which regularly maintains a stock of such lumber, and which processes, by sawing, or by planing or other comparable method, less than 25 per cent of such lumber so purchased or received by it within the 30 days immediately prior to the transaction subject to this Schedule.*

1312.33 Effective Date of the Schedule. This Schedule shall become effective September 5, 1941.*

1312.34

APPENDIX A

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

Boards, Shiplap, and Fencing

Grade	Random Length	Standard Length 1/	8' Length	10' Length	12' Length	14' Length	16' Length	18' and 20' Length
No. 1								
1 x 3)	$31.00	$33.00	$31.00	$33.00	$33.00	$33.00	$34.50	$36.00
1 x 4)								
1 x 6	31.00	31.00	31.00	31.00	31.00	31.00	32.50	36.00
1 x 8	31.00	34.00	34.00	34.00	34.00	34.00	35.50	37.00
1 x 10	33.00	35.00	35.00	38.00	35.00	36.00	36.50	38.00
1 x 12	41.00	43.00	43.00	43.00	43.00	43.00	44.50	46.00
No. 2								
1 x 3)	24.00	23.00	24.50	24.50	25.00	25.00	25.50	27.00
1 x 4)								
1 x 6	25.00	24.00	25.50	25.50	26.00	26.50	27.00	29.00
1 x 8	25.00	24.00	25.50	25.50	26.00	26.50	27.00	29.00
1 x 10	25.50	24.50	27.00	27.50	27.50	28.00	28.50	30.00
1 x 12	26.50	25.50	28.50	25.50	29.00	29.50	30.00	33.00
No. 3								
1 x 3)								
1 x 4)	16.00							
1 x 6	19.00							
1 x 8	20.00							
1 x 10	26.00							
1 x 12	31.00							

For Kiln Dried, add $1.50
For Novelty Siding, all patterns, add $2.00
For Odd Lengths, use the price of next highest even length.

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

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

Grade	Random Length	8' Length	9' Length	10' Length	12' Length	14' Length	16' Length	18' and 20' Length
No. 1								
2 x 3) 2 x 4)	$28.50	$27.50	$28.50	$28.50	$28.50	$28.50	$31.00	$34.00
2 x 6	28.00	26.50	27.50	27.50	28.00	28.00	28.50	32.50
2 x 8	29.50	28.00	29.00	29.00	29.50	29.50	32.00	35.50
2 x 10	33.50	31.00	32.50	32.50	33.50	33.50	35.50	39.50
2 x 12	36.50	33.50	35.00	35.00	36.50	36.50	39.00	43.50
No. 2								
2 x 3) 2 x 4)	26.00	26.00	26.00	26.00	26.00	26.00	27.50	29.50
2 x 6	25.00	25.00	25.00	25.00	25.00	25.00	26.50	28.50
2 x 8	27.00	27.00	27.00	27.00	27.00	27.00	28.50	31.50
2 x 10	28.50	28.50	29.50	28.50	28.50	28.50	30.50	33.50
2 x 12	29.50	29.50	29.50	29.50	29.50	29.50	31.50	35.00
No. 3								
2 x 3) 2 x 4)	18.50							
2 x 6	18.00							
2 x 8	19.00							
2 x 10	19.50							
2 x 12	20.00							

For working to Shiplap, Center Match, or Dressed and Matched, add $1.00
For Kiln Dried, add $1.50

Timbers

	12' to 14' Length		18' to 20' Length	
Small Timbers:	No. 1	No. 2	No. 1	No. 2
3 x 4	$30.50	$26.50	$34.50	$28.50
3 x 6	31.50	27.50	35.50	29.50
4 x 4	30.50	26.50	35.00	29.00
4 x 6	31.00	27.00	35.50	29.50
Utility Timbers and Heavy Joists:				
3 x 8	35.00	28.00	39.00	31.00
3 x 10	35.50	28.50	40.00	32.00
3 x 12	37.00	30.00	41.00	33.00
4 x 8	36.00	29.00	40.50	32.50
4 x 10	36.50	29.50	41.00	33.00
6 x 6	37.00	30.00	41.00	33.00
6 x 8	37.00	30.00	41.00	33.00
6 x 10	38.50	31.50	42.50	34.50
8 x 8	38.50	31.50	42.50	34.50

Ceiling and Flooring, Plain End (no heart specification)
Standard Lengths 2/

	Grade B & Better	Grade C	Grade D	Grade No. 2	Grade No. 3
Edge Grain:					
1 x 3	$60.00	$50.00	$35.00		
1 x 4	58.00	48.50	34.00		
Near Edge Grain:					
1 x 3	51.00	44.00	34.00		
1 x 4	49.00	42.50	33.00		
Flat Grain:					
1 x 3	43.00	40.00	31.00	$25.00	$18.00
1 x 4	42.00	39.00	30.00	24.50	17.50

Ceiling and Flooring, End Matched (no heart specification)
Standard Lengths 3/

	Grade B & Better	Grade C	Grade D
Edge Grain:			
1 x 3	$52.50	$45.50	$32.00
1 x 4	48.50	43.00	30.00
Near Edge Grain:			
1 x 3	45.00	40.00	31.00
1 x 4	43.00	38.50	29.50
Flat Grain:			
1 x 3	35.50	33.00	25.00
1 x 4	34.00	32.00	24.00

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

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

3/ Standard lengths of End-Matched Flooring shall be 2' to 16', inclusive, nested in bundles 8' and longer in multiple of 1 foot. The nominal length of End-Matched Flooring shall be averaged to the nearest foot, except that 19" shall be the minimum length in A, B and C, and 12" shall be the minimum in D. (Example: The 7-foot lengths are above 6'6" to and including 7'6".)

FINISH

Grade B & Better	Under 8'	Standard Lengths 4/
1 x 3'' & 4''	$49.00	$51.00
1 x 6''	49.50	51.50
1 x 8''	51.50	53.50
1 x 5'' & 10''	57.00	59.00
1 x 12''	68.00	70.00
Grade C		
1 x 3'' & 4''	$45.00	$47.00
1 x 6''	45.50	47.50
1 x 8''	47.50	49.50
1 x 5'' & 10''	51.00	53.00
1 x 12''	56.00	58.00

For specified lengths, add $2.00

SIDING
Standard Lengths 5/

	Grade B & Better	Grade C	Grade D	Grade No. 2	Grade No. 3
Drop Siding:*					
Plain End 4''	$45.00	$42.00	$33.00	$28.50	$20.00
" " 6''	45.00	42.00	33.00	28.50	20.00
" " 8''	46.50	43.50	34.50	30.00	23.00
End Matched: 4''	37.50	35.00	27.00		
" " 6''	37.50	35.00	27.00		
" " 8''	40.00	37.00	29.00		

*All patterns

Bevel Siding	47.00	44.00	35.00	30.50	22.00

4/ Standard lengths are 8' to 20', inclusive, and in shipments of standard lengths, 5% of 8-foot in "C" and better grades shall be permitted.

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

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

(b) For mixed car shipments, $2.00 additional per 1,000 feet board measure may be charged. A mixed car shipment consists of three or more of the following items of at least 4,000 feet board measure per item, or two or more of the following items of at least 8,000 feet board measure per item: finish, timbers, ceiling, flooring, or siding, or any width of boards, shiplap, fencing, or dimension.

(c) A delivered price in excess of the maximum f.o.b. mill prices set forth in (a) hereof may be charged, consisting of such maximum prices plus actual transportation costs to the extent that such costs are paid by the seller. In computing such actual transportation costs, the parties may adopt the practice of charging a sum equivalent to the one-quarter of a dollar nearest to such actual transportation costs. In addition, they may adopt the estimated average weights of southern pine per thousand feet board measure(worked to standard sizes unless otherwise indicated) as follows: 6/

	Longleaf	Shortleaf
Flooring (Ceiling and Flooring, Plain End and End Matched)		
1 x 3" (For Hollow Back deduct 100 lbs.)	2000	1800
1 x 4" " " " " " "	2100	1900
Drop Siding (Siding)		
1 x 6" (Pat. 116)	2000	2000
1 x 8" and 10" (Pat. 116)	2100	2100
1 x 6" (Pat. 117)	1700	1700
1 x 8" and 10" (Pat. 117)	1800	1800
1 x 6" (other patterns)	1800	1800
1 x 8" and 10" (other patterns)	1900	1900
Bevel and SE Siding from 1"	1100	1000
Bevel and SE Siding from 1-1/4"	1400	1300

6/The average weights shown are based upon test weights made upon large quantities of each item of southern pine lumber manufactured by the subscribers to the Southern Pine Association, as set forth in 1939 Standard Specifications for Southern Pine Lumber, of the Southern Pine Association, New Orleans, Louisiana, and adopted by the Board of Governors of the Southern Pine Inspection Bureau of the Southern Pine Association on May 28, 1940, as the official grading rules of the Bureau.

Strips and Boards (1 inch)
(Boards, Shiplap, Fencing, and Finish)

	Longleaf	Shortleaf
1 x 2" to 1 x 10" S1S or S2S 25/32"	2700	2500
1 x 12 S1S or S2S 25/32"	2[illegible]00	2600
1 x 2" to 1 x 10" S3S or S4S 25/32"	2600	2400
1 x 12" S3S or S4S 25/32"	2700	2500
1 x 2" to 1 x 4" D&M	2100	1900
1 x 6" D&M or Shiplap	2400	2[illegible]00
1 x 8" to 1 x 10" D&M or Shiplap	2500	2700
1 x 12" D&M or Shiplap	2600	2[illegible]00
1 x 2" to 1 x 10" Rough	3400	[illegible]
1 x 12" Rough	3500	3300
For 3/4" dressed boards deduct	100	100
For 5/8" boards, all workings, deduct	500	500
For 11/16" boards, all workings, deduct	300	300
For 13/16" boards, all workings, add	100	100
For resawing, deduct for each cut	200	200
For Ripping, no deduction		
For 1-1/4" and 1-1/2", add	300	300

2" Dimension, Factory Flooring, and Roof Decking
(Dimension)

2 x 2" to 2 x 8" Rough	3400	3300
2 x 10" & 2 x 12" Rough	3500	3400
2 x 2" to 2 x 8" Dressed to 1-5/8"	2700	2500
2 x 10" & 2 x 12" Dressed to 1-5/8"	2800	2600
For 1-3/4" add	400	400
For D&M, SL & Gr. for Splines, deduct	200	200
2 x 4" to 2 x 12" Rough green	4500	4500
2 x 4" to 2 x 12" green, dressed 1-5/8"	3800	3800

Heavy Joists, Timbers, etc. (over 2" thick)
(Timbers)

Rough, green	4500	4500
S4S 1/4" scant, green	4200	4200
S4S 3/8" scant, green	4000	4000
S4S 1/2" scant, green	3800	3800
T&G, SL & Gr. for splines, deduct	300	300

Issued this 16th day of August, 1941.

Leon Henderson
Administrator

CERTIFIED TO BE A TRUE COPY OF THE ORIGINAL

John E. Hamm, Deputy Administrator

OFFICE FOR EMERGENCY MANAGEMENT

Office of Price Administration and Civilian Supply

For Immediate Release
August 16, 1941

PM 962

Manufacturers using certain forms of wrought aluminum will be able to make more uniform arrangements for reconversion of their scrap into finished material under a provisional amendment to Price Schedule No. 2, Aluminum Scrap and Secondary Aluminum Ingot, announced today by the Office of Price Administration and Civilian Supply.

The amendment, which broadens the exemption of toll fabrication from the schedule, was decided upon after consultation with the Division of Priorities, Office of Production Management. It is not expected to alter the present flow of scrap.

Heretofore, the price schedule operated to oblige converters to charge a higher conversion fee for some forms of wrought aluminum plant scrap, especially sheet scrap, than for others. As result of the amendment, the same low fee can be charged for all types of wrought scrap, other than forging scrap, thus permitting the converter to reflect his lower costs of handling this type of scrap as compared with the ordinary run of unsegregated material. Provision is made to prevent toll charges from rising out of proportion to the existing prices for scrap and ingot.

To obtain the benefit of the amendment, wrought aluminum scrap, excluding forgings, must be segregated as to alloy and delivered by the make of the scrap to a processor for reconversion into material similar to that from which the scrap was derived and pursuant to a written agreement for the return of an equivalent amount of refabricated material. Further, the toll agreement must be approved by the Director of Priorities.

The policy of encouraging return of high-grade segregated scrap to the original source so as to avoid degrading the metal and its diversion to non-essential uses is thus fostered.

Scrap from aluminum castings is not included in the amendment.

Text of the amendment follows:

TITLE 32 - NATIONAL DEFENSE

CHAPTER XI - OFFICE OF PRICE ADMINISTRATION
AND CIVILIAN SUPPLY

Part 1302 — Aluminum Scrap and Secondary Aluminum Ingot

AMENDMENT OF PRICE SCHEDULE NO. 2

Price Schedule No. 2, establishing maximum prices for aluminum scrap and secondary aluminum ingot, is hereby amended, effective August 13, 1941, by striking Section 1302.5 therefrom and substituting in its place the following:

1302.5. Conversion of Scrap of Behalf of a Maker.

The Maximum prices herein established shall have no application to the sale, delivery, or transfer of plant scrap, made from wrought aluminum (except forgings) as distinguished from cast aluminum, which is segregated as to alloy and is delivered, in accordance with permission or requirement of the Director of Priorities, Office of Production Management, by the maker of the scrap to a producer of the type of processed material from which the scrap was made, for conversion into material of such type, and pursuant to a written agreement that an equivalent amount of similar processed material will be returned to the maker of the scrap; provided, however, that the total charge for such conversion and such returned processed material shall not exceed the sum of (a) the amount by which the current price of primary aluminum ingot exceeds the maximum price for the scrap as set forth in Column II of Appendix A of this Schedule plus (b) the amount by which the current price of the returned processed material exceeds the current price of primary aluminum ingot plus (c) the amount paid for the scrap in any case in which the transaction takes the form of a purchase of scrap and a sale of processed material.*

* Section 1302.5 issued pursuant to authority contained in Executive Order No. 8734.

Issued this 14th day of August, 1941.

Leon Henderson
Administrator

CERTIFIED TO BE A TRUE COPY OF THE ORIGINAL:

John E. Hamm
Deputy Administrator

OFFICE FOR EMERGENCY MANAGEMENT

OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY

For Tuesday AM Papers
August 19, 1941

PM 969

Copper scrap, which has been selling at levels completely out of line with the price of copper, is restored to a fair relationship in Price Schedule No. 20, announced today by Leon Henderson, Administrator, Office of Price Administration and Civilian Supply.

The scrap ceiling establishes price differentials of from 2 cents to 4 cents a pound below 12-cent copper for the leading kinds and grades of scrap. A uniform dealers' margin of 3/4-cent a pound for collecting, sorting, storing and shipping is also allowed.

Scrap copper is a basic material in the production of electrolytic copper and copper and copper-alloy ingot, which are essential to the defense program and civilian industry. Scrap prices in recent months have been bid up to a point where the usual spread between scrap and copper has been greatly altered and custom smelters and brass ingot makers have been largely deprived of their usual supplies. This situation, if allowed to continue, would have forced defense users of copper, which is subject to priority control, to draw more heavily on supplies of new metal. Thus, allocation problems would have multiplied to the detriment of the defense effort and industry at large.

Top prices are fixed in the schedule at 10 cents per pound for No. 1 copper wire and No. 1 heavy copper; 9 cents a pound for No. 2 copper wire and mixed heavy copper (each containing 96% of copper), and 8 cents a pound for light copper (containing 92% copper). These maximums apply to sales by "makers" of scrap, delivered to the buyer's plant or warehouse.

As heretofore stated, dealers are allowed a 3/4-cent per pound margin above the foregoing prices for collecting, sorting, storing and shipping the types of scrap covered in the schedule.

A premium of one-half cent a pound may be charged by makers only, on shipments aggregating 40,000 pounds or more and made at one time. This premium recognizes the practice of certain large makers of returning their scrap directly to a user.

If quantity deliveries are made by truck, a shipment of 40,000 pounds will be considered to have been made "at one time" if such an amount is delivered to the buyer within two days after the first part of the shipment is picked up by truck.

A differential of 0.11775 cent per pound may be added to or subtracted from the ceiling prices for each 1% variation above or below the copper content of 96% in the case of No. 2 copper wire and mixed heavy copper, and 92% in the case of light copper, with proportionate adjustments for variations of less than 1%.

The schedule prices will apply on and after August 19, 1941, irrespective of existing contracts. However, application may be made to OPACS for permission to carry out prior arrangements in cases where losses may result in the disposition of inventory acquired prior to August 19, 1941, at higher than the maximum prices. A time limit of October 19, 1941, is fixed for the filing of such applications.

Text of the schedule is attached.

TITLE 32 - NATIONAL DEFENSE PM 969

CHAPTER XI - OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY

PART 1309 - COPPER AND COPPER ALLOYS

Price Schedule No. 20 - COPPER SCRAP

The Office of Price Administration and Civilian Supply is charged with the maintenance of price stability and the prevention of undue price rises and price dislocation. Copper scrap is a basic material for the production of electrolytic copper, copper ingot and copper alloy ingot, all of which are important in the manufacture of many defense products. Requirements of the defense program have increased the demand for copper scrap causing its price to rise above levels which are in proper relation to the price level of primary materials. Price instability and dislocations injurious to the national defense and civilian economy have resulted. As a consequence, it has become difficult and in some cases impossible for the trade to cooperate with the Government in preventing inflationary price movements. On the basis of information secured by independent investigation by this Office, and after consultation with the trade, I find that the maximum prices set forth below constitute reasonable limitations on the price of copper scrap.

Therefore, under the authority vested in me by Executive Order 8734, it is hereby directed that:

1309.61. Maximum Prices for Copper Scrap Sold by the Maker Thereof. On and after August 19, 1941, regardless of the terms of any contract of sale or purchase or other commitment, except as provided in Section 1309.64 below, no maker of copper scrap shall sell, offer to sell, deliver, or transfer copper scrap made by him and no person shall buy, offer to buy, or accept delivery from the maker of such copper scrap at prices higher than the prices set forth in Column I of Appendix A hereof, incorporated herein as Section 1309.70.

TITLE 32 - NATIONAL DEFENSE

PM 969

CHAPTER XI - OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY

PART 1309 - COPPER AND COPPER ALLOYS

Price Schedule No. 20 - COPPER SCRAP

The Office of Price Administration and Civilian Supply is charged with the maintenance of price stability and the prevention of undue price rises and price dislocation. Copper scrap is a basic material for the production of electrolytic copper, copper ingot and copper alloy ingot, all of which are important in the manufacture of many defense products. Requirements of the defense program have increased the demand for copper scrap causing its price to rise above levels which are in proper relation to the price level of primary materials. Price instability and dislocations injurious to the national defense and civilian economy have resulted. As a consequence, it has become difficult and in some cases impossible for the trade to cooperate with the Government in preventing inflationary price movements. On the basis of information secured by independent investigation by this Office, and after consultation with the trade, I find that the maximum prices set forth below constitute reasonable limitations on the price of copper scrap.

Therefore, under the authority vested in me by Executive Order 8734, it is hereby directed that:

1309.61. Maximum Prices for Copper Scrap Sold by the Maker Thereof. On and after August 19, 1941, regardless of the terms of any contract of sale or purchase or other commitment, except as provided in Section 1309.64 below, no maker of copper scrap shall sell, offer to sell, deliver, or transfer copper scrap made by him and no person shall buy, offer to buy, or accept delivery from the maker of such copper scrap at prices higher than the prices set forth in Column I of Appendix A hereof, incorporated herein as Section 1309.70.

[lower] prices than those set forth in Column I of Appendix A may, however, be charged, demanded, paid or offered. *

* 1309.61 to 1309.70, inclusive issued pursuant to the authority contained in Executive Order No. 8734.

1309.62. Maximum Prices for Copper Scrap Sold by Persons Other Than the Maker. On and after August 19, 1941, regardless of the terms of any contract of sale or purchase or other commitment, except as provided in Section 1309.64 below, no person other than the maker of the copper scrap sold, offered for sale, delivered, or transferred, shall sell, offer to sell, deliver or transfer copper scrap and no person shall buy, offer to buy, or accept delivery of copper scrap from any person other than the maker of such copper scrap, at prices higher than the prices set forth in Column II of Appendix A. Lower prices than those set forth in Column II of Appendix A may, however, be charged, demanded, paid or offered.*

1309.63. Evasion. The price limitations set forth in this Schedule shall not be evaded whether by direct or indirect means in connection with a purchase, sale, delivery or transfer of copper scrap, alone or in conjunction with any other material, or by way of any commission, service, transportation or other charge or discount premium, or other privilege or by tying agreement or other trade understanding or otherwise.*

1309.64 Permission to Carry out Contracts Entered into Prior to August 19, 1941. Any person who has, prior to August 19, 1941, entered into a contract of sale or other firm commitment calling for the delivery or transfer, after that date, of copper scrap at prices higher than the maximum prices established by this Schedule may make application to the Office of Price Administration and Civilian Supply on forms which will be furnished upon request, for permission to carry out such contract or commitment at the contract price. Such permission will be granted only to [the] extent necessary to protect the applicant against loss in the disposition of inventory acquired prior to August 19, 1941 at prices higher than the maximum prices established by this Schedule and held on that date by (a) the applicant, or (b) any other person for delivery to the applicant under a firm commitment entered into with the applicant prior to August 19, 1941. Such application shall be filed with the Office of Price Administration and Civilian Supply on or before October 19, 1941.*

1309.65. Records. Every person making purchases or sales of copper scrap after August 19, 1941, shall keep for inspection by the Office of Price Administration and Civilian Supply, for a period of not less than one year, complete and accurate records of (a) each such purchase or sale showing the date thereof, the name and address of the buyer or seller, price paid or received, and the quantity in pounds or tons of each kind or grade purchased or sold; and (b) the quantity in pounds or tons of copper scrap (i) on hand, and (ii) on order as of the close of each calendar month. *

1309.66. Enforcement. In the event of refusal or failure to comply with the price limitations, record requirements or other provisions contained in this Schedule or in the event of any evasion or attempt to evade price regulations or other provisions contained in this Schedule this Office will make every attempt to assure: (a) that the Congress and the public are fully informed of any failure to abide by the provisions of this Schedule and (b) that the powers of the Government are fully exerted in order to protect the public interest and the interests of those persons who conform to this Schedule. Persons who have evidence of the offer, receipt, demand or payment of prices higher than the maximum prices established by this Schedule, or of any evasion or effort to evade the provisions hereof or of speculation, or manipulation of the prices of copper scrap or of the hoarding or accumulation of unnecessary inventory thereof are urged to communicate with the Office of Price Administration and Civilian Supply. *

1309.67. Modification of the Schedule. Persons complaining of hardship or inequity in the operation of this Schedule may apply to the Office of Price Administration and Civilian Supply for approval of any modification thereof or exception therefrom."

1309.68. Definitions. When used in this Schedule the term

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

(b) "Copper scrap" means the kinds and grades of scrap set forth in Section 1309.70 of this Schedule.

(c) "Make of copper scrap" means the person who first sells, offers for sale or delivers copper scrap such as (i) any manufacturer, fabricator, or other industrial user of copper who, as an incident to his manufacturing process, fabricating or other industrial uses, produces copper scrap or (ii) any person who, in his business or as an incident to his business, demolishes or dismantles structures, machinery, vehicles, equipment, or power, telegraph and telephone lines, and removes copper scrap therefrom for the purpose of sale."

1309.69. Effective Date of the Schedule. This schedule shall be effective August 19, 1941."

1309.70. Appendix A - Maximum Prices for Copper Scrap. For the purposes of this Schedule, each kind or grade of scrap herein set forth shall include all types and qualities of scrap falling within the broad category named. However, the maximum prices herein set forth are applicable to the principal kinds or grades of copper scrap which meet generally accepted maximum standards in the trade as, for instance, the classifications in the Standard Classification for Old Metals, Circular "O", of the National Association of Waste Material Dealers, Inc., effective as of June 1, 1940. Scrap which fails to meet such standards should be sold at normal differentials below the established maximum prices.

Kind or Grade of Scrap	Maximum Prices per Pound of Material Delivered Buyer's Plant or Warehouse — Column I Sale by Maker	Column II Sale by Other than Maker
No. 1 copper wire	10¢	10 3/4¢
No. 1 heavy copper	10¢	10 3/4¢
No. 2 copper wire (containing 96% copper)	9¢	9 3/4¢
Mixed heavy copper (containing 96% copper)	9¢	9 3/4¢
Light copper (containing 92% copper)	8¢	8 3/4¢

If the copper content of No. 2 copper wire or mixed heavy copper is more or less than 96%, the maximum price per pound of material set forth above shall be increased or decreased at the rate of 0.11775 cents for each 1% vaiation in the copper content with proportionate adjustments for variations of less than 1%.

If the copper content of light copper is more or less than 92% the maximum price per pound of material set forth above shall be increased or decreased at the rate of 0.11775 cents for each 1% variation in the copper content with proportionate adjustments for variations of less than 1%.

QUANTITY DIFFERENTIAL ON SALE BY MAKER

Premium on shipment of 40,000 pounds or more at one time	1/2¢ per pound

The shipment necessary to obtain the quantity differential may be made up of one or more of the kinds of copper scrap listed in this section. If delivery is made by truck, a shipment of 40,000 pounds will be considered to have been made "at one time" for the purposes of this Schedule, if such amount is delivered to the buyer within two days after the first portion of the shipment is picked up by truck.

The quantity differential applies only to sales by makers and not to sales by other than maker.*

Issued this 18 th day of August, 1941.

Leon Henderson
Administrator

CERTIFIED TO BE A TRUE COPY OF THE ORIGINAL

John E. Hamm, Deputy Administrator

OFFICE FOR EMERGENCY MANAGEMENT

Office of Price Administration and Civilian Supply

For Wednesday AM release
August 20, 1941

PM 975

Because only a slight hosiery mill demand for acetate rayon yarn has developed, the Office of Price Administration and Civilian Supply today amended its rayon yarn allocation program to release virtually all of the acetate yarn thus far accumulated by rayon yarn producers for sale to manufacturers of hosiery.

Rayon filaments fall into three general categories; viscose, cuprammonium and acetate, depending on the process used in their production. The OPACS allocation program, which was designed to provide hosiery mills and other former users of silk with sufficient supplies of rayon yarn to enable them to continue operations, made no distinction among the three types.

Hosiery manufacturers have found the viscose and cuprammonium yarn to be more satisfactory for the knitting of hosiery and, hence, have not drawn upon the stocks of acetate yarn thus far set aside for their benefits.

Rather than require the retention of this acetate yarn until the end of the current month, when re-distribution would be permitted automatically under terms of the original program, OPACS has decided to release for immediate sale 95% of the acetate yarn accumulated for use by hosiery manufacturers.

That part of the program which dealt with the setting aside of rayon yarn for former users of silk, other than hosiery manufacturers, is not affected by the new amendment, and accumulation of such yarn, whether acetate, viscose, or cuprammonium, is still required.

Text of the amendment is attached.

PM 975

TITLE 32 - NATIONAL DEFENSE

CHAPTER XI - OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY

PART 1337 - Rayon

Civilian Allocation Program for Rayon Yarn

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

Provided, further, that during the period from the date of this program to midnight August 31, 1941, 95% of that portion of the above 70% that consists of acetate rayon yarn may be disposed of immediately and without restriction, but nothing herein shall be deemed in any way to alter the requirements of 1337.3 hereof.

Issued this 19th day of August, 1941.

/s/
Leon Henderson
Administrator

Certified to be a true copy of the original

/s/
John E. Hamm
Deputy Administrator

OFFICE FOR EMERGENCY MANAGEMENT

Office of Price Administration and Civilian Supply

For immediate Release
August 19, 1941

PM 977

Allocation of available supplies of Freon refrigerant gases to users and manufacturers of civilian refrigeration and air-conditioning equipment in the order of relative importance to the public welfare is directed in a program announced today by the Office of Price Administration and Civilian Supply.

Freon is the proprietary name for several types of chlorinated hydrocarbon refrigerants produced only by Kinetic Chemicals, Inc., a du Pont subsidiary. These are used in several types of domestic refrigerators, as well as in commercial and industrial equipment and in all types of air-conditioning equipment, including railroad cars. Freon is manufactured from carbon tetrachloride, which in turn is made from chlorine. Heavy defense needs for this basic chemical have caused a shortage in many of its derivatives.

A senior classification is assigned in the program to maintenance of all types of refrigerating equipment now operating and existing air-conditioning equipment in hospitals, clinics, and sanitoria requiring Freon refrigerants.

Maintenance of industrial air-conditioning equipment already installed ranks next in preference, followed by maintenance of other air-conditioning equipment, then by manufacture of new refrigeration and air-conditioning equipment.

Current supplies of Freon are expected to be adequate for the maintenance of all installed refrigeration and air-conditioning equipment, but some deliveries for new units may have to be deferred until the summer ice cream and air-conditioning season is passed.

Cooperation of Freon consumers is essential if equitable allotment of available supplies is to be achieved. OPACS suggests that (1) reasonable requirements should be anticipated, but shipment of more than a 30 days' supply should not be requested; (2) empty cylinders should be returned promptly, and (3) "pooling" of orders by separate units of one establishment should be undertaken where feasible to reduce the number of cylinders required and to keep inventories from becoming excessive.

The program, which will expire December 31, 1941, unless sooner terminated, will be administered by the Division of Priorities, Office of Production Management.

Text of the program is attached.

TITLE 32 - NATIONAL DEFENSE

CHAPTER XI - OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY

PART 1335 - CHEMICALS

Civilian Allocation Program for Chlorinated Hydrocarbon Refrigerants

The total defense and civilian demand for certain chlorinated hydrocarbon refrigerants is in excess of the available supply. It is necessary, therefore, after military defense needs are satisfied, to provided for the equitable allocation of the residual supply among competing civilian demands.

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

1335.31 Allocation of Materials. Civilian uses of those chlorinated hydrocarbon refrigerants enumerated in 1335.32 hereof shall be divided into four classifications as set forth in 1335.33 hereof. To the extent that supplies of these refrigerants are available for allocation among competing civilian demands, supplies for civilian uses enumerated under Classification A shall be given primary preference. If it appears, in any month, that the available supply for that month will exceed the amount estimated to be required for the uses enumerated under Classification A, supplies for civilian uses enumerated under Classification B shall be given secondary preference. If it appears, in any month, that the available supply for that month will exceed the amount estimated to be required for the uses enumerated under Classifications A and B, supplies for civilian uses enumerated under Classification C shall be given tertiary preference. If it appears, in any month, that the available supply for that month will exceed the amount estimated to be required for the uses enumerated under Classifications A, B, and C, the residual supply shall be divided among users enumerated under Classification D. If it appears, in any month, that the available supply for any Classification is less than the existing demand in that Classification, producers of such refrigerants shall allocate the available supply ratably among the users in accordance with the

1335.35 Enforcement. The foregoing program is to be administered and enforced by the Office of Production Management.*

1335.36 Effective Date and Expiration. This program shall take effect on August 15, 1941 and shall, unless sooner terminated by the Administrator, expire on December 31, 1941.*

Issued this 15th day of August, 1941.

Leon Henderson
Administrator

Certified to be a true
copy of the original.

John E. Hamm
Deputy Administrator

OFFICE FOR EMERGENCY MANAGEMENT

Office of Price Administration and Civilian Supply

For Immediate Release
Thursday, August 21, 1941

PM 981

Action to curb the exploitation of civilian users of formaldehyde by certain dealers who have been charging as much as 47 cents a pound, against manufacturers' prices of 6 cents a pound for comparable quantities, was taken yesterday by Leon Henderson, Administrator of the Office of Price Administration and Civilian Supply, through the imposition of ceiling prices.

Maximum prices established by the schedule range from 4.25 cents to 9.5 cents a pound, f.o.b. the five major shipping points, with freight equalization, and are based upon the highest list prices now being charged by the leading manufacturers. The schedule does not apply to sales of formaldehyde in containers below 45 pounds.

A shortage in supplies of formaldehyde, previously recognized by OPACS in its allocation program designed to reduce non-essential uses of the chemical, has resulted from the heavy demands of defense and civilian industry for synthetic resins. Despite the shortage, manufacturers have maintained their prices at reasonable levels, as have most jobbers and dealers. Unfortunately, however, there are in the trade some concerns which have successfully profiteered in formaldehyde.

While this speculation at present involves only a small percentage of formaldehyde sales, it is spreading rapidly and, if unchecked, will extend over a substantial part of the total supplies. Price stability under such circumstances would be endangered.

The schedule allows a premium of one cent a pound over the ceiling prices for dealers and suppliers selling formaldehyde from local stocks. Any charges in excess of this margin, Mr. Henderson stated, will result in prompt action by OPACS directed at the profiteers.

Formaldehyde is essential to the manufacture of synthetic resins for plastics and molding compounds, widely used in defense activities and civilian industry. In addition, it is important to agriculture, and to such industrial processes as the manufacture of textiles and wallpaper.

In determining the maximum prices, OPACS consulted with the leading producers of the chemical, as well as some of the larger wholesalers.

Text of the price schedule is attached.

TITLE 32 - NATIONAL DEFENSE PM 981

CHAPTER XI - OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY

Part 1335 - Chemicals

Price Schedule No. 21 - Formaldehyde

Increasing demands for formaldehyde in the manufacture of synthetic resins for military and civilian needs have created a shortage of supply. Speculators have taken advantage of this situation to raise the resale price of appreciable quantities of formaldehyde to as high as 47¢ per pound, contrasted with the manufacturers' price of 6¢ per pound for comparable quantities. These speculative prices are threatening to rise to even higher levels. It is necessary to curb such speculation in order to protect consumers, to eliminate the danger of price rises in other industries that use formaldehyde, and to promote stable contractual relationships.

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

1335.51. Maximum prices for formaldehyde. On and after August 20, 1941, regardless of the terms of any contract of sale or purchase, or other commitment, no person shall sell, offer to sell, deliver or transfer, formaldehyde in containers of 45 lbs. or more, and no person shall buy, offer to buy, or accept delivery of, formaldehyde in containers of 45 lbs. or more, at prices higher than the maximum prices set forth in Appendix A, incorporated herein as Section 1335.60.*

1335.52. Less than Maximum Prices. Lower prices than those set forth in Appendix A may be charged, demanded, paid or offered.*

1335.53. Evasion. The price limitations set forth in this Schedule shall not be evaded whether by direct or indirect methods in

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* Sections 1335.51 to 1335.60, inclusive, issued pursuant to authority contained in Executive Order No. 8734.

connection with a purchase, sale, delivery, or transfer, of formaldehyde, or in connection with a purchase, sale, delivery or transfer of any other material, or by way of any commission, service, transportation, or other charge, or discount, premium, or other privilege, or by tying-agreement or other trade understanding, or otherwise."

1335.54. Records. Every person making purchases or sales of formaldehyde in containers of 45 lbs. or more shall keep for inspection by the Office of Price Administration and Civilian Supply for a period of not less than one year complete and accurate records of each such purchase or sale, showing the date thereof, the name and address of the buyer or the seller, the prices paid or received, and the specifications and quantity, including the size of the containers, of the formaldehyde purchased or sold."

1335.55. Affirmations of Compliance. On or before September 10, 1941, and on or before the 10th day of each month thereafter, every person who, during the preceding calendar month, has sold formaldehyde in containers of 45 lbs. or more, whether for immediate or future delivery, shall submit to the Office of Price Administration and Civilian Supply, an affirmation of compliance on Form 121:1, containing a sworn statement that during such month all such sales were made at prices in compliance with this Schedule or with any exception or modification thereof. Copies of Form 121:1 can be procured from the Office of Price Administration and Civilian Supply, or, provided that no change is made in the style and content of the Form and that it is reporduced on 8 x 10½" paper, they may be prepared by persons required to submit affirmations of compliance hereunder."

1335.56. Enforcement. In the event of refusal or failure to abide by the price limitations, report requirements, or other provisions contained in this Schedule, or in the event of any evasion or attempt to evade the price limitations or other provisions contained in this

Schedule, the Office of Price Administration and Civilian Supply will make every effort to assure (a) that the Congress and the public are fully informed thereof, and (b) that the powers of the Government are fully exerted in order to protect the public interest and the interests of those persons who comply with this Schedule. Persons who have evidence of the offer, receipt, demand or payment of prices higher than the maximum prices, or of any evasion or effort to evade the provisions hereof, or of speculation, or manipulation of prices of formaldehyde, or of the hoarding or accumulating of unnecessary inventories thereof, are urged to communicate with the Office of Price Administration and Civilian Supply.*

1335.57. Modification of the Schedule. Persons complaining of hardship or inequity in the operation of this Schedule may apply to the Office of Price Administration and Civilian Supply for approval of any modification thereof or exception therefrom.*

1335.58. Definitions. When used in this Schedule, the term

(a) "person" means an individual, partnership, association, corporation, or other business entity;

(b) "formaldehyde" means (1) U.S.P. solution of formaldehyde (37% formaldehyde by weight) or (2) any other solution of formaldehyde except lots or quantities sold for commercial use as embalming fluids;

(c) "producer's shipping point" means any of the following points: Garfield, N. J., Perth Amboy, N. J., West Haverstraw, N. Y., or Tallant, Oklahoma.*

1335.59. Effective Date of the Schedule. This Schedule shall become effective August 20, 1941.*

1335.60, Appendix A

Maximum Prices for Formaldehyde Shipped from Producers' Shipping Points.

Quantity in pounds and Containers	Price per lb. FOB New York, N.Y. or West Haverstraw, N. Y. or Garfield, N.J. or Perth Amboy, N.J. or Tallant, Oklahoma, freight equalized.	
	carload lots	less-than-carload lots
Tanks cars (70,000-72,000 lbs.)........	$.0425	—
Tank truck or wagon....................	—	$.0450
Drums (475 lbs.).......................	$.0540	$.0590
Barrels (450 lbs.).....................	$.0575	$.0625
Kegs (225 lbs.)........................	$.0675	$.0725
Half Barrel (225 lbs.).................	$.0675	$.0725
Barrels (200 lbs.).....................	—	$.0725
Keg (125 lbs.).........................	$.0700	$.0750
Carboys (100 lbs.).....................	$.0600	$.0650
Kegs (90 lbs.).........................	$.0750	$.0800
Kegs (60 lbs.).........................	$.0800	$.0850
Carboys (45 lbs.)......................	$.0700	$.0750
Drums (45 lbs.)........................	—	$.0850
Kegs (45 lbs.).........................	$.0900	$.0950

The maximum price which a purchaser may pay under this Schedule for formaldehyde shipped to him from a producer's shipping point shall not exceed the maximum price set forth above plus freight to destination from New York, N. Y., West Haverstraw, N. Y., Garfield, N. J., Perth Amboy, N. J., or Tallant, Oklahoma, whichever is less.

In no case shall the price of any quantity of formaldehyde sold in containers holding 45 lbs. or more, but not listed above, exceed the maximum price set forth above for a container holding the next greater quantity.

Maximum Prices for Formaldehyde Delivered from Local Stocks.

The maximum price for formaldehyde delivered from local stocks maintained at points other than producers' shipping points shall not exceed a price ex-seller's warehouse greater than the maximum prices set forth above plus freight to seller's warehouse from New York, N. Y., West Haverstraw, N. Y., Garfield, N. J., Perth Amboy, N. J., or Tallant, Oklahoma, whichever is less, plus one cent per pound.

Issued this 20th day of August, 1941.

Certified to be a true copy of the original

John E. Hamm,
Deputy Administrator

Leon Henderson,
Administrator

CHINA CURRENCY BOARD IN ACTION

Following the recent appointment of Mr. E. L. Hall-Patch as the British representative, the new Chinese Currency Stabilisation Fund to administer the sterling and dollar credits has at last started operations. Its initial intervention was particularly well-timed, having served not only to restore some reality to the Shanghai foreign exchange market, but also to bring about a recovery in the Shanghai dollar. Before the Fund intervened, the market rate for sterling had fallen as low as 2-7/8d. The official rate has been fixed as high as 3-5/16d., though the merchant rate in the market remains in the neighbourhood of 3d. Under present conditions, the fixing of rates above the market level would be calculated to cause a severe drain on the Fund's capital resources in anything like a free exchange market. It goes without saying, therefore, that exchange will not be available at these rates to all comers, but only for certain permitted transactions, which include payment for bona fide imports into China from the United States and the sterling area, personal expenditure, and genuine (as distinct from speculative) contractual obligations. In discriminating between applicants for exchange, the control will be assisted by the recent freezing orders, since each applicant is required to make a separate application. Quite apart from the need for discrimination on political grounds and to conserve resources, a selective policy would have been imposed by the conditions under which the sterling credit was originally granted. It will be recalled that support of the Chinese currency was to be made dependent on suitable arrangements to ensure that the sterling released does not find its way to the free market for conversion into dollars, thus involving the British Treasury in a loss of gold. For the time being, decisions as to the granting of exchange will be made on behalf of the Stabilisation Board by the various British and American banks in the Far East. The fact that the Hongkong and Shanghai Banking Corporation is prominent among these banks is sufficient refutation in itself of the Japanese report that this bank is closing its Far Eastern branches, which has been emphatically denied by the chief manager.

* * *

Copy:wmc(9-13-41

For Miss Chauncey

August 23, 1941.

CONFIDENTIAL

Dear Mr. Knoke:

Permit me to acknowledge for the Secretary the receipt of your letter of August 21, 1941, enclosing your compilation for the week ended August 13, 1941, showing dollar disbursements out of the British Empire and French accounts at the Federal Reserve Bank of New York and the means by which these expenditures were financed.

Faithfully yours,

(Signed) H. Merle Cochran

H. Merle Cochran,
Technical Assistant to the Secretary.

L. W. Knoke, Esquire,
Vice President,
Federal Reserve Bank of New York,
New York, New York.

HMC:dm:8/23/41

For Miss Chauncey

C
O
P
Y

FEDERAL RESERVE BANK
OF NEW YORK

August 21, 1941.

CONFIDENTIAL

Dear Mr. Secretary: Attention: Mr. H. Merle Cochran

I am enclosing our compilation for the week ended August 13, 1941, showing dollar disbursements out of the British Empire and French accounts at this bank and the means by which these expenditures were financed.

Faithfully yours.

(Signed) L. W. Knoke

L. W. Knoke,
Vice President.

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

Enclosure

Copy:lg 8/23/41

ANALYSIS OF BRITISH AND FRENCH ACCOUNTS
(In Millions of Dollars)

Week Ended Aug. 13, 1941.

Strictly Confidential

PERIOD	BANK OF ENGLAND (BRITISH GOVERNMENT): Total Debits	Gov't Expenditures (a)	Other Debits	Total Credits	Proceeds of Sales of: Gold	Proceeds of Sales of: [illegible] (b)	Other Credits	Net Incr. (+) or Decr. (-) in Balance	BANK OF FRANCE: Total Debits	Gov't Expenditures	Other Debits	Total Credits	[illegible] of Gold	Other Credits	Net Incr. (+) or Decr. (-) in Balance
First year of war (8/29/39-8/28/40)*	1,783.2	605.8	1,187.5	828.2	1,356.1	52.0	420.1	+ 35.0	366.3(e)	416.6(e)	442.3	1,093.3(e)	900.2	193.1(e)	+228.0
1940															
Aug. 29 - Oct. 2	316.8	244.8	72.5	308.9	271.5	6.0	31.4	- 7.9	6.6	4.3	2.3	1.3	-	1.3	- 7.3
Oct. 3 - 30	196.7	167.8	28.9	198.5	160.5	6.0	32.0	+ 1.8	0.5	0.3	0.2	0.3	-	0.3	-
Oct. 31 - Nov. 27	241.0	201.1	39.9	259.5	210.0	18.0	31.5	+ 18.5	0.8	0.1	0.7	0.7	-	0.7	- 0.1
Nov. 28 - Dec. 31	254.0	206.8	47.2	198.0	111.4	26.0	60.6	- 56.0	2.1	-	2.1	0.6	-	0.6	- 1.5
War period through Dec.	2,785.3	1,485.6	1,286.8	2,793.1	2,109.5	108.0	575.6	+ 10.8	876.3	421.4	456.9	1,098.4	900.2	198.2	+220.1
1941															
Jan. 2 - 29	197.4	162.7	34.7	259.9	176.2	52.0	31.7	+ 62.5	1.7	-	1.7	0.3	-	0.3	- 1.4
Jan. 30 - Feb. 26	164.6	137.8	26.8	101.4	26.6	25.0	49.8	- 63.2	0.2	-	0.2	0.2	-	0.2	-
Feb. 27 - Apr. 2	229.7	157.6	72.1	237.9	103.7	72.0	62.2	+ 8.2	0.7	-	0.7	1.6	-	1.6	+ 0.9
Apr. 3 - Apr. 30	126.0	101.9	24.1	218.9	125.6	15.0	78.3	+ 92.9	0.9	-	0.9	0.9	-	0.9	-
May 1 - May 28	122.6	90.6	32.0	91.0	6.3	32.0	52.7	- 31.6	0.4	-	0.4	0.8	-	0.8	+ 0.4
May 29 - July 2	140.5	113.8	26.7	105.1	1.9	11.0	92.2	- 35.4	21.5	-	21.5	0.9	-	0.9	- 20.6
July 3 - July 30	101.4	75.6	25.8	61.5	-	6.0	55.5	- 39.9	0.5	-	0.5	0.3	-	0.3	- 0.2
July 31 - Aug. 27															
Second year of war (8/29/40-8/27/41)															
Aug. 28 - Oct. 1															
Oct. 2 - Oct. 29															
Oct. 30 - Dec. 3															
Dec. 4 - 31															
WEEK ENDED:															
July 23	25.0	20.7	4.3	18.2	-	3.0	15.2	- 6.8	0.4	-	0.4	0.1	-	0.1	- 0.3
30	30.4	22.1	8.3	11.9	-	-	11.9	-18.5	0.1	-	0.1	0.1	-	0.1	-
Aug. 6	33.0	31.4	1.6	116.6	-	2.0	114.6	+87.6	0.7	-	0.6	0.2	-	0.2	- 0.5
13	36.2	21.8	14.4(g)	15.3	-	-	15.3(f)	-20.9	0.2	-	0.2	0.2	-	0.2	-

(See footnotes on reverse side)

Average Weekly Expenditures Since Outbreak of War
France (through June 19, 1940) $19.6 million
England (through June 19, 1940) 27.6 million
England (since June 19, 1940) 46.2 million

* For monthly breakdown see tabulations prior to April 23, 1941.

Transfers from British Purchasing Commission to Bank of Canada for French Account

Week ended Aug. 13, 1941 $ - million
Cumulation from July 6, 1940 $162.7 million

(a) Includes payments for account of British Purchasing Commission, British Air Ministry, British Supply Board, Ministry of Supply Timber Control, and Ministry of Shipping.

(b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those effected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this Bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through December, 1940 amounted to $334 million.

(c) Includes about $65 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably reflecting the requisitioning of private dollar balances. Other large transfers from such accounts since October, 1939 apparently represent the acquisition of proceeds of exports from the sterling area and other currently accruing dollar receipts.

(d) Includes payments for account of French Air Commission and French Purchasing Commission.

(e) Adjusted to eliminate the effect of $20 million paid out on June 26, 1940 and returned the following day.

(f) Includes $5.5 million transferred from accounts of British authorized banks and $1.5 million received by the British Purchasing Commission, presumably representing refunds.

(g) $3.4 million transferred to Government of Canada account.

ANALYSIS OF CANADIAN AND AUSTRALIAN ACCOUNTS
(In Millions of Dollars)

Week Ended Aug. 13, 1941.

Strictly Confidential

PERIOD	[illegible] OF CANADA: DEBITS: Total Debits	Transfers to Official British A/C	Other Debits	CREDITS: Total Credits	Proceeds of Gold Sales	Transfers from Official British A/C: For Own A/C	Transfers from Official British A/C: For French A/C	Other Credits	Net Incr. (+) or Decr. (-) in Balance	COMMONWEALTH BANK OF AUSTRALIA: DEBITS: Total Debits	Transfers to Official British A/C	Other Debits	CREDITS: Total Credits	Proceeds of Gold Sales	Other Credits	Net Incr. (+) or Decr. (-) in Balance
First year of war (8/29/39-8/28/40)*	323.0	16.6	306.4	504.7	412.7	20.9	38.7	32.4	+181.7	31.2	3.9	27.3	36.1	30.0	6.1	+ 4.9
1940																
Aug. 29 - Oct. 2	44.3	-	44.3	43.9	16.4	-	27.3	0.2	- 0.4	8.7	2.5	6.2	8.0	6.7	1.3	- 0.7
Oct. 3 - 30	26.7	-	26.7	28.6	14.0	-	14.3	0.3	+ 1.9	10.1	7.5	2.6	7.9	6.5	1.4	- 2.2
Oct. 31 - Nov. 27	35.2	-	35.2	69.6	49.2	-	16.7	3.7	+ 34.4	3.1	0.6	2.5	3.6	2.1	1.5	+ 0.5
Nov. 28 - Dec. 31	48.0	-	48.0	60.6	42.5	-	13.7	4.4	+ 12.6	4.8	-	4.8	6.8	4.8	2.0	+ 2.0
War period through Dec.	477.2	16.6	460.6	707.4	534.8	20.9	110.7	41.0	+230.2	57.9	14.5	43.4	62.4	50.1	12.3	+ 4.5
1941																
Jan. 2 - 29	33.7	-	33.7	33.9	16.9	-	15.0	2.0	+ 0.2	4.8	-	4.8	6.8	5.1	1.7	+ 2.0
Jan. 30 - Feb. 26	31.1	-	31.1	24.3	14.3	-	6.8	3.2	- 6.8	5.0	1.7	3.3	3.2	0.6	2.6	- 1.8
Feb. 27 - Apr. 2	60.9	-	60.9	46.0	23.1	-	19.1	3.8	- 14.9	5.8	0.8	5.0	13.7	12.5	1.2	+ 7.9
Apr. 3 - Apr. 30	34.9	-	38.9	38.9	12.5	-	10.5	12.9	+ 1.0	2.8	-	2.8	5.9	4.6	2.3	+ 3.1
May 1 - May 28	39.2	-	39.2	25.6	15.8	-	0.5	9.3	- 13.7	5.4	-	5.4	4.9	4.1	0.8	- 0.5
May 29 - July 2	43.2	-	43.2	48.2	16.3	-	-	31.9	+ 5.0	10.1	-	10.1	5.8	4.5	1.3	- 4.3
July 3 - July 30	30.6	-	30.6	21.8	15.2	-	-	6.6	- 8.8	6.4	-	6.4	6.3	4.8	1.5	- 0.1
July 31 - Aug. 27																
Second year of war (8/29/40-8/27/41)																
Aug. 28 - Oct. 1																
Oct. 2 - Oct. 29																
Oct. 30 - Dec. 3																
Dec. 4 - 31																
WEEK ENDED:																
July 23	7.5	-	7.5	3.5	3.3	-	-	0.2	- 4.0	2.4	-	2.4	0.5	-	0.5	- 1.9
30	12.1	-	12.1	6.3	4.7	-	-	1.6	- 5.8	0.4	-	0.4	0.3	-	0.3	- 0.1
Aug. 6	3.4	-	3.4	3.9	2.6	-	-	1.3	+ 0.5	2.6	-	2.6	0.2	-	0.2	- 2.4
13	10.4	-	10.4	6.9	2.9	3.4	-	0.6	- 3.5	0.3	-	0.3	0.4	-	0.4	+ 0.1

Weekly Average of Total Debits Since Outbreak of War
Through Aug. 13, 1941 $ 7.5 million

* For monthly breakdown see tabulations prior to April 23, 1941.

ANALYSIS OF CANADIAN AND AUSTRALIAN ACCOUNTS
(In Millions of Dollars)

Week Ended Aug. 13, 1941.

Strictly Confidential

PERIOD	[illegible]								COMMONWEALTH BANK OF AUSTRALIA						
	DEBITS			CREDITS					DEBITS			CREDITS			
	Total Debits	Transfers to Official British A/C	Other Debits	Total Credits	Proceeds of Gold Sales	Transfers from Official British A/C: For Own A/C	Transfers from Official British A/C: For French A/C	Other Credits	Net Incr. (+) or Decr. (-) in Balance	Total Debits	Transfers to Official British A/C	Other Debits	Total Credits	Proceeds of Gold Sales	Other Credits	Net Incr. (+) or Decr. (-) in Balance
First year of war (8/29/39-8/28/40)*	323.0	16.6	306.4	504.7	412.7	20.9	38.7	32.4	+181.7	31.2	3.9	27.3	36.1	30.0	6.1	+ 4.9
1940																
Aug. 29 - Oct. 2	44.3	-	44.3	43.9	16.4	-	27.3	0.2	- 0.4	8.7	2.5	6.2	8.0	6.7	1.3	- 0.7
Oct. 3 - 30	26.7	-	26.7	28.6	14.0	-	14.3	0.3	+ 1.9	10.1	7.5	2.6	7.9	6.5	1.4	- 2.2
Oct. 31 - Nov. 27	35.2	-	35.2	69.6	49.2	-	16.7	3.7	+ 34.4	3.1	0.6	2.5	3.6	2.1	1.5	+ 0.5
Nov. 28 - Dec. 31	48.0	-	48.0	60.6	42.5	-	13.7	4.4	+ 12.6	4.8	-	4.8	6.8	4.8	2.0	+ 2.0
War period through Dec.	477.2	16.6	460.6	707.4	534.8	20.9	110.7	41.0	+230.2	57.9	14.5	43.4	62.4	50.1	12.3	+ 4.5
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Jan. 2 - 29	33.7	-	33.7	33.9	16.9	-	15.0	2.0	+ 0.2	4.8	-	4.8	6.8	5.1	1.7	+ 2.0
Jan. 30 - Feb. 26	31.1	-	31.1	24.3	14.3	-	6.8	3.2	- 6.8	5.0	1.7	3.3	3.2	0.6	2.6	- 1.8
Feb. 27 - Apr. 2	60.9	-	60.9	46.0	23.1	-	19.1	3.8	- 14.9	5.8	0.8	5.0	13.7	12.5	1.2	+ 7.9
Apr. 3 - Apr. 30	34.9	-	34.9	35.9	12.5	-	10.5	12.9	+ 1.0	2.8	-	2.8	5.9	4.6	2.3	+ 3.1
May 1 - May 28	39.2	-	39.2	25.6	15.8	-	0.5	9.3	- 13.7	5.4	-	5.4	4.9	4.1	0.8	- 0.5
May 29 - July 2	43.2	-	43.2	48.2	16.3	-	-	31.9	+ 5.0	10.1	-	10.1	5.8	4.5	1.3	- 4.3
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WEEK ENDED:																
July 23	7.5	-	7.5	3.5	3.3	-	-	0.2	- 4.0	2.4	-	2.4	0.5	-	0.5	- 1.9
30	12.1	-	12.1	6.3	4.7	-	-	1.6	- 5.8	0.4	-	0.4	0.3	-	0.3	- 0.1
Aug. 6	3.4	-	3.4	3.9	2.6	-	-	1.3	+ 0.5	2.6	-	2.6	0.2	-	0.2	- 2.4
13	10.4	-	10.4	6.9	2.9	3.4	-	0.6	- 3.5	0.3	-	0.3	0.4	-	0.4	+ 0.1

Weekly Average of Total Debits Since Outbreak of War
Through Aug. 13, 1941 $ 7.5 million

* For monthly breakdown see tabulations prior to April 25, 1941.

139

SHANGHAI

AUGUST 23, 1941

C
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P
Y

FROM: M. R. NICHOLSON, U. S. TREASURY ATTACHE

TO: DIVISION OF INVESTIGATIONS AND PATROL (FOR ALDER)

FOLLOWING ANONYMOUS LETTER QUOTED BELOW AS IS WAS PLACED ON COUNTER OF NORTH CHINA DAILY NEWS LOCAL BRITISH NEWS PAPER BY UNKNOWN PERSON QUOTE SIR COLONEWARE LEARNED FROM A PATRIOT WHO IS EMPLOYED BY PUPPET GOVERNMENT HAS REPORTED TO US THAT REBEL CHOW ZUBAN THE MINISTER OF FINANCE IN PUPPET GOVERNMENT AT TWELFTH AUGUST ORDERED HIS SPECIAL SERVICE MEN ADVANCE A SHAN FULL ACTION THAT THEY WILL MURDER MR. E. L. HALL PATCH THE MEMBER OF CHINESE CURRENCY STABILIZATION BOARD BRITISH MR. MANVEL FOX AMERICAN AND HIS ASSISTANT MR. TAYLOR IN IMMEDIATELY IN REASON OF MR. L. E. HALL PATCH MR. A. MANVEL FOX AND HIS ASSISTANT THEIR ARE ENDEAVOR DEMOCRACY STOP SO WE INFORM YOU AND BEG YOU DECLARE SUCH A FACT SIGNED THE BLUE SHIRT ORGANIZATION SEVENTEENTH AUGUST UNQUOTE OUR OPINION OF FOREGOING CONTAINED IN FOLLOWING MESSAGE

Copy: hbr: 8-27-41.

BS

GRAY

Hong Kong via N. R.

Dated August 23, 1941

Rec'd. 1:38 p.m., 24th.

Secretary of State,

Washington.

323, August 23, 2 p.m.

FOR TREASURY FROM FRESE

"Will appreciate clarification on the following questions (?) to application of general licenses under Executive Order 8389.

One. Would a purchase of United States dollars from Stabilization Board of China made by a non-licensed bank in China for the purpose of covering sales of United States dollars for import transactions authorized by general license no. 58 be construed as a transaction documented general license number 58.

Two. Could United States dollars thus purchased by such non-licensed bank be credited to its account in a United States bank and be subsequently used for purpose of financing import transactions licensed by general license no. 58".

Sent to the Department, repeated to Chungking, Shanghai.

SOUTHARD

NPL

TEM

PLAIN

Peiping via N.R.

Dated August 23, 1941

Rec'd 3:20 a.m. 24th

Secretary of State,

Washington.

226, August 23, 1 p.m.

Peiping's 194, July thirty-first.

Despite oral assurances given to this Embassy by the Japanese Embassy at Peiping on July thirty-first and August first that the restrictions in North China on the checking of baggage by American citizens would be lifted, Americans are still unable to check baggage at many places outside of Peiping. Special instances of refusal to check baggage at the station at Peitaiho Beach on August twenty-first and August twenty-second have been reported to this Embassy.

Written representations on this subject were again made to the Japanese Embassy here on August twenty-second.

Sent to the Department, repeated to Chungking, Tientsin. Air mail to Tokyo.

BUTRICK

NPL

eh:copy

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Consulate, Dairen, Manchuria

DATE: August 23, 1941, 10 a.m.

NO.: 21

Instructions have been received by the manager of the Dairen branch of the National City Bank of New York to close the branch of that bank. The process of closing, however, will take some time. Such procedure cannot be undertaken under the drastic freezing restrictions which are still in force. (For description of freezing restrictions, see telegram No. 13, dated August 9, 4 p.m. from the Consulate.)

This message was sent to Tokyo and repleated to Peiping for the information of the Department. It was sent by mail to Harbin and Mukden.

CHASE

EA:PAK

811.51693 MANCHURIA/62

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Consulate, Fort de France (Martinique)
French West Indies.

DATE: August 25, 1941, 1 p.m.

NO.: --

It is requested that the Department telegraph the Consulate as to whether or not the Treasury Department has approved the French-American Banking Corporation as the American correspondent of the Martinique branch of the Banque Nationale pour le Commerce et l'Industrie. Also include information as to whether the Banque Nationale pour le Commerce et l'Industrie may handle funds which originate from the French West Indies monthly license.

MALIGE

EA:PAK

840.51 Frozen Credits/3186

PARAPHRASE OF TELEGRAM SENT

TO: American Legation, San José, Costa Rica

DATE: August 23, 1941, 8 p.m.

NO.: 194

Reference is made to the Legation's telegrams of August 12, 3 p.m., No. 219 and of August 18, 9 p.m., No. 222.

The Legation is requested to express to the Foreign Minister the sincere appreciation of the United States Government for the spirit of cooperation which motivated the Government of Costa Rica to present the plan that was described in the Legation's despatch of August 1, 1941, No. 3485.

The U.S. Government's view is that the plan, as outlined, is an initial step toward the accomplishment of the purpose which underlies the Proclaimed List's issuance. For the time being, the Treasury Department is prepared to issue appropriate licenses for the importation of commodities which are covered by the plan and for the exportation of certain articles which are necessary for the operation of the industries and firms which are included in the plan, should such articles be released under the Export Control Act, provided that no undeserved benefit is derived from the issuance of such license by any firm or person on the Proclaimed List and, further, provided that the representatives of the U.S. Government, or persons satisfactory to them, are allowed to obtain current information in regard to the operation of the plan and make such observations and representations in regard to its operation as may be considered pertinent by them. The Legation is requested to advise the Department by telegraph whether the second proviso is acceptable to the Government of Costa Rica.

The following is for the information of the Legation. It is noted that persons whose names appear on the Proclaimed List may receive salaries, commissions, or other prequisites under the plan which might not be frozen. Should the plan work in this manner, one of the objectives of the Proclamation of the President --that is, to prevent persons whose names appear on the List from receiving financial and economic benefits, directly or indirectly from trade with this country--would be defeated by such.

The following is for your guidance in the future. As the basis for the continued issuance of licenses, this Government would like to see the Government of Costa Rica to take up the following steps within a reasonable time:

1. Prevent the use of the assets, for other than living expenses, within Costa Rica of individuals and firms on the Proclaimed List.

2. Curtail to a minimum the funds that are available for such living expenses.

3. The replacement ~~of~~ by persons who are not deemed by the Legation to be unsatisfactory of those individuals

who are considered to be undesirable and who occupy important or key positions in the firms involved.

4. The consideration of additional means and ways, in conjunction with representatives of the U.S. Government, for effectuating the Proclaimed List's purposes.

The following is for your own information. The four steps which were suggested above should all lead in the direction of carrying out the ultimate purpose of the Proclaimed List; i.e., the elimination or great restriction of all phases of activity and influence in the countries in Latin America of the firms and individuals whose names appear on the Proclaimed List.

HULL
(DA)

A-A:DH:GMH EA RA DGA

EA:PAK

TREASURY DEPARTMENT

INTER-OFFICE COMMUNICATION

For files Cochran

DATE August 23, 1941

TO Secretary Morgenthau

FROM Mr. Cochran

CONFIDENTIAL

Registered sterling transactions of the reporting banks were as follows:

Sold to commercial concerns	£ 8,000
Purchased from commercial concerns	£35,000

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

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

Canadian dollar	10-7/8% discount
Argentine peso (free)	.2385
Brazilian milreis (free)	.0505
Colombian peso	.5800
Mexican peso	.2070
Uruguayan peso (free)	.4375
Venezuelan bolivar	.2755
Cuban peso	1-1/16% discount

In the unofficial exchange market in Shanghai, the yuan remained at 4-11/16¢. The sterling-dollar cross-rate worked out to 4.04-1/2.

There were no gold transactions consummated by us today.

No new gold engagements were reported.

The Federal Reserve Bank's report of August 20, listing deposits of banks in Asia with the New York agencies of Japanese banks, showed that such deposits totaled $56,212,000, an increase of $115,000 since August 13. Also reported were selected items from the statement of the Yokohama Specie Bank's New York Agency. The latter's principal dollar liabilities to and dollar claims on Japanese banks in Asia stood as follows on August 20:

		August 20	Change from August 13
Liabilities:	Deposits for Japan and Manchuria.........	$41,271,000	+ $ 71,000
	Deposits for China......................	9,785,000	+ 10,000
"	: U.S. Treas. Bills, comm. paper, etc......	25,840,000	- 294,000
Claims	: Loans..................................	$18,625,000	- $170,000
"	: Other - mainly Jap. import bills.........	7,583,000	- 2,000

RESTRICTED

G-2/2657-220; No. 474 M.I.D., W.D. 11:00 A.M., August 23, 1941

SITUATION REPORT

I. Eastern Theater.

Ground: Powerful German and Finnish forces continue to attack Leningrad from the north, west and southwest. The Leningrad-Moscow railroad has been cut at Chudovo, 75 miles S. E. of Leningrad.

Strong Russian counter attacks continue against the German held areas of Staraya Russa, Kholm and east of Smolensk.

Pushing southeast the Germans have crossed the Gomel-Bryansk railroad and advanced as far as Staradvb.

In the Ukraine there is no official confirmation that German forces have crossed the Dnieper River.

Air: According to the Berlin communique Odessa harbor was severely bombed on Wednesday resulting in the sinking of two ships. Soviet radio announced a successful attack on German transports carrying reinforcements to the Ukraine front.

II. Western Theater.

Air: British bombing operations during the night of the twenty-second were concentrated on Mannheim. Docks and other shipping facilities at LeHavre, Ostend and Dunkirk were also bombed.

Both communiques reported action against airports in enemy territory.

III. Middle Eastern Theater.

Air: Two British cruisers were reported as hit by German bombs northeast of Sidi Barrani on August 21 according to the Italian communique.

Ground: Continued lull.

RESTRICTED

C
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LET

GRAY

BERLIN

NOT FOR PUBLICATION

Dated August 24, 1941

Rec'd. 3:32 p.m.

Secretary of State,

Washington.

3273, August 24, 11 a.m.

A new tax law provides for a 25 percent war time surtax on corporation taxes; a decrease in taxes paid by individuals and partnerships on income earned from a trade or profession (in the form of exemption from taxes on 50 percent of the income left in the business); abolishment of the document tax; and abolishment of the one half percent securities tax (the one percent securities tax being continued). According to estimates the increase in revenues from the war surtax on corporation taxes will exceed by a considerable extent the reduction in other forms of taxes.

MORRIS

GW

Copy:bj:8-28-41

DEFENSE SAVINGS STAFF

ADVANCE SCHEDULE OF RADIO PROGRAMS

SUNDAY - AUGUST 24, 1941.

Time: 4:15 - 4:30 P.M.
Program: Olivio Santoro
Station: WMAL and NBC Blue Network

Time: 5:30 - 6:00 P.M.
Program: Melody Ranch
Station: WJSV and CBS Network

Time: 5:30 - 6:00 P.M.
Program: Dr. I. Q. Junior
Station: WRC and NBC Red Network

Time: 7:00 - 7:30 P.M.
Program: Pause That Refreshes
Station: WJSV and CBS Network

Time: 7:30 - 7:55 P.M.
Program: Crime Doctor
Station: WJSV and CBS Network

Time: 8:00 - 8:30 P.M.
Program: Manhattan Merry Go Round
Station: WRC and NBC Red Network

Time: 9:00 - 9:30 P.M.
Program: Take It Or Leave It
Station: WJSV and CBS Network

Time: 11:15 P.M. - 12:00 M
Program: Music You Want, When You Want It
Station: WMAL - Washington, D. C.

THESE PROGRAMS PROMOTE THE SALE OF DEFENSE BONDS AND STAMPS.

August 25, 1941
9:30 a.m.

GROUP MEETING
(Conference held in Mr. Gaston's office)

Present: Mr. Cochran
Mr. Charles Bell
Mr. Cairns
Mr. Schwarz
Mr. Odegard
Mr. Southard

Gaston: I thought I would find out who was here today. I haven't anything to tell anybody, but I thought I would find out if there was anything troubling any of us.

C. Bell: We are going ahead this morning with the New York space. We have accepted, subject to the approval of the War and Navy Departments, the 253 Broadway space. That is the old Postal Telegraph Building.

Gaston: How much space are we getting there?

C. Bell: We are getting sufficient. We are going up to about seventy thousand square feet.

Gaston: Is it adjacent?

C. Bell: It is adjacent all together. They got the Postal Telegraph to move out of another half of a floor.

Gaston: It is all together?

C. Bell: That gave us the five thousand feet we needed.

Gaston: How much is it going to be, Charlie?

C. Bell: We are paying a dollar sixty-nine next year. This year the War Department will pay two dollars and twelve cents.

Gaston: That doesn't seem so bad, and it is a good location.

C. Bell: We had a buzz from Al Smith along the line that if we are interested in the Empire State he would come down somewhat on his price. He was four dollars and something. Bernie called him up and he came down to three dollars a square foot.

Gaston: He was better than that.

C. Bell: Two dollars and twenty-five cents on the technical staff two months ago.

Gaston: But even that is too high for the enforcement agencies, and that isn't any location for the enforcement agency.

C. Bell: This is only about three blocks from their present location.

Gaston: This is excellent. You are within two blocks of every subway.

C. Bell: Alcohol Tax objects to this space because they are going to have to take some dark space that will be illuminated by this fluorescent lighting.

Gaston: If there isn't some squawking I would say it isn't no good.

C. Bell: Your friend Lewis in Customs likewise is squawking.

Gaston: Because of dark corners?

C. Bell: Generally that is his squawk. He doesn't want to move. But the rest of them are pretty well satisfied. But I think it is the best we can do in New York. It have looked it over myself and Elmer Irey spent Friday and Saturday up there, and they have made arrangements for air conditioning, fluorescent lighting, partitioning, and additional footage, which gives us really the best proposition in New York.

Cochran: Where is it, Herbert?

Gaston: It is on Broadway and Rector, isn't it, Charlie?

C. Bell: Broadway and Rector. I prepared a wire to Watkins, the agent. "Your bid on space in 253 Broadway as amended by your letter of August 23 is acceptable to the Treasury Department subject to final approval of War and Navy Departments." Because we haven't settled that question of who pays.

Gaston: O.K.

C. Bell: "Final arrangements respecting office lay-out to be concluded by the representatives of the Treasury Department and you." I thought I would get that off this morning, so he can start right in on it.

Gaston: Good. I think it is all right. If they are not unanimous against it, that is very encouraging.

C. Bell: They are three to two.

Gaston: The next best thing we found they were unanimous against, weren't they?

C. Bell: 120 Wall, they were all against it.

Gaston: That was excellent space.

C. Bell: There was only one they were unanimously for, and that was the Empire State.

Gaston: Yes. Three dollars a foot. They liked 40 Wall Street on the corner of Broadway and Wall.

C. Bell: Yes, sir, but that was inadequate.

Gaston: What did Ted Wilson do, if anything, in Richmond? Did he come to a decision?

C. Bell: We sent him down Friday and he came to a decision Friday night in favor of the Revenue Agent, but he hadn't talked with the girl so I told him to stay over Saturday morning and talk with the girl, which he did, and now he is in favor of the girl. (Laughter) It was a definite injustice to put her out. I told him to give us a report on it and we will probably have to disapprove Helvering's recommendation.

Gaston: It is always a bad proposition where you get - where you can't do anything, make any compromise, you have to support an employee where the boss claims she won't take orders and so on. He does claim that, doesn't he?

C. Bell: Not until recently. She has had an efficiency rating for twenty-one years of excellent, and this is something very new.

Gaston: Well, we will take a look at what he says.

C. Bell: He wouldn't have to live with her any longer than next May. She goes out on retirement. (Laughter)

Gaston: Charlie, have you got anything else?

C. Bell: That is all, sir.

Gaston: Merle, do you want to enlighten us?

Cochran: I haven't much, except we may have to take some decision this week about publicity for the Mexican Stabilization agreement. On Saturday Collado called. They are ready to go ahead with the petroleum end of it, you see. They were trying to tie several different negotiations in together. We have practically finished that Stabilization arrangement except that they have to agree to certain details. They haven't come back with that yet.

Gaston: What is the arrangement, Merle?

Cochran: Well, we will let them have forty million dollars which this thing - we go in and purchase Mexican pesos to the extent of forty million dollars.

Gaston: Yes. Any collateral?

Cochran: No, no collateral at all. They have a more liberal re-purchase arrangement than we have given any of these other countries so far.

Gaston: It is an effort to peg the present situation.

Cochran: They don't say they will peg it definitely. They are going to try to avoid any undue fluctuations. This is supposed to be our contribution to the general arrangement which takes in water rights and agrarian claims, petroleum claims, and so on. So the State Department was behind with their negotiations. We were practically ready before the Secretary went away. He wanted it hurried up so he could sign them and have the Financial Minister up, but the State Department couldn't finish by that time. Collado called me on Saturday and said they were practically completed and wanted to know if we could get the Secretary to fix a date or to agree to the Mexican Minister of Finance, Flores, coming up between the second and the tenth of September, and also would we agree to a press release which they wanted to get out very shortly, and which the Mexican Government could use before Congress on the opening of their Parliament on the first or second of September.

I told him to send over both the contemplated press release and the statement which the Mexican Government would make, so we ought to have that today and I will talk it over with Mr. Southard and Mr. Bernstein if you don't mind, and then I will get your advice on it.

Gaston: Well, now, the Secretary arrives at Montreal tomorrow morning, you know.

Cochran: Is that so?

Gaston: Yes. Wasn't it mentioned to you about the plane going up today?

Cochran: No. Is he coming back then?

Gaston: As I understand it, he is not coming back here to the office until next Tuesday, but the plane is going up there today, and the reason he cut short his stay on the Saguinay was to attend the funeral service in Montreal tomorrow for Arthur Purvis, and I believe that after the funeral service tomorrow he is coming back to the farm.

Cochran: I see, so we could be in touch with him there.

Gaston: So he would be in touch. He has - he knows the details of this Stabilization Agreement, does he?

Cochran: He knows the general details, yes, sir.

Gaston: Forty million?

Cochran: That is right.

Gaston: And we are going to take pesos at the present market, are we?

Cochran: Well, we arrive at the rate - yes, it is really at the present market rates. It is just a question of whether the quotations --

Southard: Whatever the rate is on the day of purchase.

Gaston: It is going to be a blocked purchase, is it, Merle?

Cochran: Not necessarily. Quite the contrary. They think they will not need to do it all at once.

Gaston: But they are going to use forty million to buy pesos when, as, and if necessary to maintain a desirable rate?

Cochran: That is right.

Gaston: And that rate will be probably around the present rate?

Cochran: That is the idea.

Gaston: What is the present rate?

Southard: Twenty point six or seven cents per peso.

Cochran: Twenty point seventy, yes.

Gaston: It is a little under five to one.

Cochran: That is right.

Southard: I think it might be said that the original idea was thirty million dollars, and that our understanding is that ten million will be immobilized under their reserve requirements, that to give them an effective thirty million dollar credit we would have to call it forty million because their Central Bank requirement is twenty-five per cent reserve, which is the only reason why it would be forty million.

Cochran: That is right. The original plan was for thirty, and we raised it to forty when they insisted on holding this ten million reserve so that we ought to be able to get back any time. That wouldn't have to be brought back.

Gaston: Is this a loan to the Government or the Bank of Mexico?

Cochran: It is to be signed by both. They raised the question last week as to whether the Bank could not be excused from signing, and we pointed out to them that the Secretary's original plan with respect to Latin America envisaged - required the signature and guarantee, individually and collectively, of the Bank and Treasury of any country, and so they may have to get some legislation through and that is the idea of our giving something to them to announce in their Congress when they convene the second of September.

Gaston: Who has been negotiating this?

Cochran: Monteros has been here for Mexico. He is from a bank in Mexico and has been their representative on this international - inter-American Economic and Financial Committee.

Southard: General manager of the Mexican RFC.

Gaston: Monteros?

Cochran: Yes. And they are getting an arrangement with the RFC and the Export-Import Bank at the same time, so that will be thirty million. Ten million a year over three years.

Gaston: What are they doing on the oil thing?

Cochran: Can you give the details of that?

Southard: It hasn't been changed. Our understanding is that Mexico is to make an immediate cash payment of nine million dollars. They were haggling between five and nine the last time Mr. Collado spoke to us. They had gotten to the upper limit. As an evidence of their recognition of the claim, that to be held by the United States Government, pending final agreement on the total amount by a mixed commission of the experts representing the United States and Mexico. We don't know how that commission is to be set up. Then the nine million is in no sense to be regarded as an evidence of what may ultimately be paid.

Gaston: Of the amount. This is a --

Southard: Token payment.

Gaston: Earnest money.

Southard: That is right. Is that your recollection?

Cochran: Yes. That is the last thing they were trying to get straightened up.

Gaston: The thing contemplates that they will go on operating with their Governmental corporations, does it? They are not contemplating operating contracts with any of the American oil companies?

Southard: Not that we know of, although they keep talking about being perfectly willing to have operating contracts. Of course, this petroleum settlement is in addition to the Sinclair settlement which is finished.

Gaston: Yes.

Southard: And there is also, as Mr. Cochran says, an agreement on agrarian claims and general claims and revolutionary claims involving about three million a year.

Gaston: Yes.

Southard: The first payment of which has been made.

Gaston: Are the oil companies stringing along with this plan for a mixed commission?

Southard: Do we know the state of their cooperation?

Cochran: They haven't even told us.

Southard: I think the last time I heard, they were still - it was hoped that they would go along.

Gaston: Standard of New Jersey has been the most active on their propaganda, haven't they?

Southard: Yes.

Gaston: Did you have anything - well, about this - Merle, I think that the Secretary will be in reach and I think we will want to check with the Secretary.

Southard: Did Mr. Monteros mention to you, Mr. Cochran, that he had the hope of possibly the Secretary might also invite the Financial Minister and carry out Monteros' idea that so far as possible we ought to emphasize the relation between the two Treasuries?

Cochran: Oh, yes. They wanted to know whether it would be all right for them to go ahead and fix up a schedule for Flores to come up.

Gaston: Let's get it all in one bundle --

Cochran: I am waiting for this from Collado. He said he would get it over to me today.

Gaston: It is possible that the Secretary may call up today from Montreal. He will probably call up tomorrow from Montreal.

Cochran: I am sure we can get this today.

Gaston: Right.

Cochran: Then the Colombian Ambassador is just returning and he has a draft arrangement that we don't have to do anything on before the Secretary comes back. It is another Stabilization Agreement.

Gaston: He has a draft of a Stabilization Agreement.

Cochran: That is right, and he has been down in his country now having them look it over. He is coming back and I suppose he will want to go ahead and consummate it after he gets here.

Schwarz: He has been pushing that hard, because we get queries every day.

Gaston: Do you?

Cochran: He talks to the press pretty freely about it.

Schwarz: He is running for the Presidency of Colombia.

Gaston: What is his name.

Schwarz: Turbay.

Gaston: Well, have you anything else in mind, Merle?

Cochran: I was just saying we would have to keep this absolutely quiet until we get out the announcement. I think it would be a State Department announcement, either State or the White House, telling the whole thing.

Gaston: Oh, I should suppose so. This is major league. I would say it was White House rather than State.

Cochran: It is just our little part --

Schwarz: It will include the other parts.

Gaston: I assume we can rely on the State Department clearing so far as our end is concerned.

Cochran: In the one they had drafted in the State Department they had something on silver which I didn't like. I would like to get Southard to check that with me.

Gaston: What is there on silver in this thing?

Cochran: They wanted us to purchase silver at seventy-one cents over quite a period.

Gaston: They just include them in the domestic purchase arrangements.

Southard: Yes, that is exactly what they asked for.

Gaston: Of course what it will be, if anything, will be a minimum amount at the world market.

Cochran: We would give them an arrangement such as we gave Canada if they want it.

Gaston: Yes, five million ounces or something like that at thirty-five.

Cochran: At the price of the day, whatever it may be.

We don't even guarantee the price for a month or a week or anything. But they have some great plans to start with. They wanted to repay these obligations - the Stabilization as well as the other through twenty year bonds or payment in silver at a fixed price, you see. So we have done quite a bit of talking before we have gotten as far as I have told you this morning.

Gaston: They were only asking for two or three million dollars a year.

Cochran: And we have had negotiations with the Ecuadorians in the last two weeks also, but the Financial Minister has gone back to Ecuador now.

Southard: He is still Finance Minister though.

Cochran: Yes. The Cabinet went out while he was here and he didn't know whether he had a job or not.

Gaston: That is one of these monetary Stabilization loans, is it?

Cochran: That is right. That is all I have.

Gaston: Have you anything additional, Mr. Southard?

Southard: No, I think not.

Gaston: Mr. Southard, I wrote a report on this meeting of last Wednesday just from memory, but I think it is fairly accurate as to what occurred, and I would like to give you a copy before you go out. I am sending the Secretary a copy, and let me know if you have - I assume there is to be another meeting Wednesday of this week at nine thirty and you might let me know if you have anything --

Southard: Is there anything you want for this next meeting?

Gaston: Yes, anything you have to suggest. It seems that on this vegetable oil thing from Africa the interest was not in the thing that Ullman wrote about, which is the olive oil from the North African Coast, but it was in that palm and nut oil situation around Nigeria, principally out of Dakar. Dean Acheson made a report, the substance of which was that he didn't think there was anything we could do about it at the present time. The French are using that peanut oil from Dakar as fuel for their submarines. They thin it out, I believe, with alcohol, and then they have to clean the motors - it is for diesels and they have to clean the motors a little more frequently. It gets a little ~~gummy~~, but otherwise they say it is pretty good fuel.

Peter, have you got anything this morning?

Odegard: Only on the Secretary's worry about the program. I had the script people and Vince Callahan has - Paul Monroe and Vince in the office on Friday and we killed a couple of songs in this week's program, and I think it will be all right.

Gaston: John Sullivan is a little bit anxious for fear we may elevate that program out of the range of the audience.

Odegard: I talked to John about it. I don't think there is any danger, but we were a little afraid --

Gaston: I don't think so either.

Odegard: Eddie Cantor started to sing Suzie. I am afraid the Secretary would come down. He wouldn't want her.

We are going ahead with the designs for the Grand Central mural and also the plans for the tabloid. The first pamphlet, Total Defense, is in proof now. I think that is going to be a beautiful job.

Gaston: Tabloid, you say?

Odegard: The tabloid is still --

Gaston: What is this pamphlet, what are we going to do with that?

Odegard: That is to be distributed in collaboration with the Office of Education to all high schools and junior high schools in the United States, including all parochial schools. We just learned the other day that the parochial schools had indicated their desire and intention to use it. They are of course going over the proof now and making a few changes. It is to be a graphic illustrated booklet of about eight pages, and I think it is going to be a very good job. It is unlike anything that has been done or anything that is in the field, and I would be very surprised if we didn't get a very wide distribution for it outside the schools, even.

Schwarz: A lot of pictures?

Odegard: Yes. The pictures - the layout is being made for us by Mark Adams in collaboration with Fox of the United States News, and of course they are using mainly the photographic files of the historical records section of the Farm Security Administration and Life Magazine.

Gaston: What is the nature of the message?

Odegard: It is simply a description of the defense effort up to date, the need for it and what it means, with the bonds and stamps being the way in which it is financed.

Gaston: I am wondering how deeply you got into the difficult field of our attitude toward the war?

Odegard: Well, we get pretty close to it. That is, I have tried to take out a lot of loaded words. The first draft of the manuscript that came to me was filled with loaded words, reference to the Nazi terror, and so on and so forth, but reference to the Italian nation, a jackal nation, and so on, and we have cut that out. We are relying pretty much upon the school people to pass upon this.

Gaston: We are trying to play Hamlet without Hamlet, aren't we?

Odegard: Not exactly. We are coming close to it.

Gaston: We have to face realities some of these days.

Odegard: I would be glad to show you a set of the proof.

Gaston: I would like to see it just as a matter of curiosity. I don't expect to help you any.

Odegard: I would appreciate it very much if you would. Do you want a clean set of proof?

Gaston: I don't care.

Odegard: Mine is pretty badly marked up.

Gaston: That is all right.

Odegard: The tabloid, as you know, was simply six issues of a tabloid, graphic tabloid, to be distributed through the post offices. It is a joint enterprise between Defense Savings Staff and the Post Office, to distribute twenty million of them through the carriers, postal carriers, and we plan now six issues of it and we are planning the whole six issues in advance so that it makes an integrated whole and a consistent message.

Gaston: I talked to Waesche the other day about taking advantage of any occasions where we may use Coast Guard personnel or equipment in these exhibits for recruiting work. You know they did do some down here, but our recruiting is sticking a little now, and we need a lot more men than we are getting, and I suggested to him that we get the - some of the Air Corps men of the Coast Guard who are not doing anything particularly useful right now and use them in the schools when school starts in the fall for recruiting talks, and it is possible we can combine that with some Defense Savings work. I wanted to have the various divisions line up some school speaking dates for some of these flying officers of the Coast Guard who are a pretty good type of men, and they might even take some exhibits with them.

Schwarz: What is our need, for enlisted men now?

Gaston: Well, our need is for both, but of course we want all the enlisted men we can get. You can't get officers out of the high schools.

Odegard: This tabloid - I know that any copy that you care to suggest for this tabloid would be very much appreciated.

Gaston: You see, the people that we are trying to recruit now are very much National Defense people. What we are trying to do is to get men to supply this Navy's demand for boats' crews for landing boats. Have you anything else to tell us?

Odegard: That is all.

Schwarz: I hope you saw Mr. Pegler's piece in the Post yesterday.

Gaston: I did. I thought it was rather grudging and half-hearted.

Schwarz: Yes. He wanted to be kind, but I had the --

Gaston: He wanted to be kind to Elmer and his men, but he has such a strong grudge against the Administration that he plays politics. He had very great difficulty saying anything definite.

Schwarz: Wound up nowhere.

Gaston: It was one of the muddiest of Pegler's columns that I ever saw. Who asked him for it, you or Elmer?

Schwarz: He came down.

Cairns: Did you see the New Yorker's article on Roy Howard?

Pegler pulls them all to pieces. They are very malicious.

Schwarz: That is fine.

Odegard: The last one was.

Cairns: Yes, the last one was particularly good. Lowell Mellett is in there too. It is awfully good.

Odegard: Lowell is sort of a hero.

Cairns: Yes, he is.

Schwarz: That is the only thing I have.

Gaston: I guess Lowell just got to the point where he couldn't stick to the Roy Howard policy any more. Have you been putting out any releases, Chick? You haven't, have you?

Schwarz: We haven't had any news. There was the wool story. Has that been signed, the wool regulations?

Gaston: I think not.

Schwarz: I think you are to sign it.

Gaston: Yes.

Schwarz: It will be a pretty fair story. We have a story ready.

Gaston: Yes. Let me see it, will you?

Schwarz: Yes.

Cochran: Herbert, I don't know what you read this morning, but the Russians and British are both moving into Iran.

Schwarz: They have started.

Gaston: Have they? I haven't seen anything.

Cochran: Yes, they moved in in the night and they hadn't contacted any Iranian forces. They sent word to the Foreign Office in Moscow and the British Ambassador there - they gave word to the Iranian Minister in Moscow that they ment no harm, that they were just going in to help them from the German agents, and so on.

Southard: Sounds familiar.

Gaston: The British are going in from Iraq.

Cochran: They didn't disclose the routes. Wavell is in charge of the whole business.

Gaston: Coming in from India?

Cochran: It doesn't say. That is hidden on the ticker stories.

Gaston: There was a story this morning that the Persians had moved back twelve miles from the Soviet border as a kind of a sign of courtesy to the Bolsheviks, but they had not done that on the Indian or Iraq borders.

Cairns: MacCormack has an interesting piece in the Times this morning, Anne MacCormack.

Gaston: On the editorial page?

Cairns: Yes, a signed article, anticipating it and giving the reasons why. It is the only way England can get aid to Russia, you see.

Gaston: Yes.

Cairns: We don't have to do anything about it until the President issues a proclamation, and I assume he won't issue a proclamation. He didn't on Russia.

Gaston: Well, there isn't any war going on here.

Cairns: Russia is not at war.

Gaston: Yes.

Cochran: Shall we freeze Iran?

Cairns: That is a policy matter.

Schwarz: We will see how much progress is made.

Gaston: Well, Huntington, have you anything?

Cairns: Nothing, Herbert.

Gaston: In the line of business?

Cairns: Not a thing.

Gaston: Well, thank you for coming in, gentlemen.

August 25, 1941.

MEMORANDUM

TO: Mr. Graves
(To be held for Mr. Graves' return)

FROM: Mr. Gaston

General Burns and Phil Young of Defense Aid Reports (Lend-Lease) came in to see me Friday with the photostat which I am enclosing, which seems to put the Treasury Department in an unfavorable light as compared to other departments with respect to the celerity with which we are discharging our Lend-Lease responsibilities. This unfavorable showing seems to me, after a conversation with Cliff Mack, to be apparent and not real. I saw Cliff on Saturday and he has written the attached memorandum to me. I mentioned this matter briefly in a letter to the Secretary on Saturday, written at his request, and summarizing briefly various happenings. You may wish, however, to show him Mr. Mack's detailed reply, along with the photostat of the table furnished by Lend-Lease.

Attachments.

W.G.

TREASURY DEPARTMENT

PROCUREMENT DIVISION

OFFICE OF THE DIRECTOR

WASHINGTON

August 23, 1941

Memorandum to Herbert E. Gaston, Acting Secretary:

The two primary factors bearing upon the report submitted by the Division of Defense Aid Reports relative to allocations and obligations of lend-lease funds as of July 31, 1941, are as follows:

(a) The report specifies allocations of $268,284,337.00 and obligations of $59,028,048.54. The total of allocations, $268,284,337.00, however, includes $98,930,860.72 of "frozen funds" representing funds allocated on requisitions for which we are awaiting OPM allocations or blanket requistions against which purchases cannot be made until sub-requisitions are received detailing specifications. Likewise, there is included in the Division of Defense Aid Reports' figure of $268,284,337.00, the total of a revolving fund which as of July 31, 1941, was $8,742,727.99. Further, there is included in the total, $450,000 representing allocations to the Coast Guard, presumably for vessels, against which obligations now total $43,318.06. With these adjustments, the revised total of allocations against which we were in a position to make purchases July 31, 1941, was $153,331,370.29, as against the $268,284,337.00 shown in the report of the Division of Defense Aid Reports.

Similarly, the total of obligations shown in the report of the Division of Defense Aid Reports, $59,028,048.54, did not include commitments of $28,802,915.77 representing telephone, telegraphic and letter awards for which signed formal contracts had not been received as of July 31, 1941. The Defense Aid Report's total of $59,028,048.54 includes only formal contracts and the commitments of $28,802,915.77 are additional.

As stated to you, this matter has been discussed with representatives of the Division of Defense Aid Reports and we have asked authorization to make the "frozen funds" available for new purchases. Those requisitions included in their total which we were not able to go forward with are also being carefully analyzed so that any further reports will give a complete picture.

(b) Our first formal contract for iron and steel purchases was not executed until July 11, 1941. This type of purchase will represent in dollar value in excess of 50% of our total purchases. Therefore, the obligations for iron and steel as of July 31, 1941, represented but a very small part of the total allotments at that time for such purchases.

Under the existing lend-lease procedure, funds are provided to cover each approved requisition received, accordingly, the total of "frozen funds" has been steadily increasing and as of yesterday was $128,164,124.89, out of total pending requisitions in the amount of $230,342,996.92. Illustrative of the items covered by requisitions on which funds are "frozen" is one for zinc to cover 132,832 tons, deliveries to be made through December 31, 1942, for which $20,000,000 was allocated. Thus far, OPM has allocated a total of 23,400 tons, hence, actual obligated funds are but $3,599,660.60 as against $20,000,000 allotted for the 18-months' purchase.

Likewise, we received blanket requisitions for carbon steel requirements in the total amount of 1,000,000 tons and funds are allocated to the extent of $40,000,000. Allocations by OPM could not be made until the sub-requisitions are received giving detailed specifications of current requirements.

In view of the report of the Division of Defense Aid Reports showing total figures, it is my intention to discuss with them the factors indicated above in order that a report of results will specify limitations and give a more complete picture.

Clifton E. Mack,
Director of Procurement

Statement Enclosed

DEFENSE AID REPORT | PROCUREMENT DIVISION ANALYSIS

TREASURY

	Defense Aid Report		Procurement Division Analysis	
LIMITATIONS	$512,403,035.00		$512,403,035.00	
		LESS	450,000.00*	$511,953,035.00
ALLOCATIONS	$268,284,337.00		$268,284,337.00	
		LESS	450,000.00*	
		"	9,742,727.99**	
		"	98,930,860.72***	153,831,370.29
OBLIGATIONS	$ 59,028,048.54			
		CONTRACTS	$ 58,984,732.48	
		COMMITMENTS	28,802,915.77	87,787,648.25

	Defense Aid Report	Procurement Division Analysis
% LIMITATIONS ALLOCATED	52.36	30.05
%LIMITATIONS OBLIGATED	11.52	17.15
% ALLOCATIONS OBLIGATED	22.00	57.07

* Coast Guard Funds

** Revolving Fund

*** Funds allocated on requisitions dependent on OPM allocations also blanket requisitions on which action is taken as and when sub-requisitions are sent to Procurement Division for purchase action.

ALLOCATIONS AND OBLIGATIONS OF LEND-LEASE FUNDS IN RELATION TO DEPARTMENTAL LIMITATIONS AS OF JULY 31, 1941

Department	Ordnance and Ordnance Stores	Aircraft and Aeronautical Material	Tanks and Other Vehicles	Vessels, Ships, Etc.	Miscellaneous Military Equipment
Agriculture					
Limitations	$ ..	$ ..	$ ..	$ ..	$ ..
Allocations	..	..	..	..	..
Obligations	..	..	..	..	..
% of Limitations Allocated	..	..	..	..	..
% of Limitations Obligated	..	..	..	..	..
% of Allocations Obligated	..	..	..	..	..
Maritime Commission					
Limitations	14,000.00	102,000.00	4,921,500.00	621,000,000.00	..
Allocations	..	..	..	539,656,800.00	..
Obligations	..	..	..	513,939,711.75	..
% of Limitations Allocated	..	..	..	86.90	..
% of Limitations Obligated	..	..	..	82.76	..
% of Allocations Obligated	..	..	..	95.23	..
Navy					
Limitations	380,000,000.00	235,000,000.00	..	146,500,000.00	12,500,000.00
Allocations	379,388,917.00	175,614,421.00	..	146,403,490.00	12,223,098.00
Obligations	101,925,370.79	15,659,778.36	..	30,852,952.95	13,547.00
% of Limitations Allocated	99.84	74.73	..	99.93	97.79
% of Limitations Obligated	26.82	6.66	..	21.06	.11
% of Allocations Obligated	26.87	6.92	..	21.07	.11
Treasury					
Limitations	..	4,970,000.00	1,925,366.00	450,000.00	3,725,000.00
Allocations	..	4,970,000.00	1,808,366.00	450,000.00	3,725,000.00
Obligations	..	2,705,275.83	81,973.11	43,316.06	1,801,271.38
% of Limitations Allocated	..	100.00	93.77	100.00	100.00
% of Limitations Obligated	..	54.43	4.26	9.63	48.36
% of Allocations Obligated	..	54.43	4.54	9.63	48.36
War					
Limitations	1,110,000,000.00	1,813,928,000.00	460,000,000.00	..	293,000,000.00
Allocations	998,759,756.00	1,520,577,987.00	348,304,232.00	..	85,025,360.00
Obligations	418,016,691.04	1,239,783,240.45	213,266,375.53	..	44,657,328.92
% of Limitations Allocated	89.98	83.83	75.72	..	29.02
% of Limitations Obligated	37.66	68.35	46.36	..	15.24
% of Allocations Obligated	41.85	81.53	61.23	..	52.52

Department	Facilities and Equipment	Agricultural, Industrial, and Other Commodities	Testing, Inspecting, Proving, Repairing, Etc.	Necessary Services and Expenses	Administrative Expenses	Total
Agriculture						
Limitations	$ 3,000,000.00	$350,000,000.00	$ ..	$ ..	$ 690,305.00	$ 353,690,305.00
Allocations	..	258,316,200.00	..	..	690,305.00	259,006,505.00
Obligations	..	145,817,494.94	..	..	2,302.19	145,819,797.13
% of Limitations Allocated	..	73.80	..	..	100.00	73.23
% of Limitations Obligated	..	41.66	..	..	.33	41.23
% of Allocations Obligated	..	56.45	..	..	.33	56.30
Maritime Commission						
Limitations	50,000,000.00	1,545,000.00	50,000,000.00	264,000.00	294,000.00	728,148,500.00
Allocations	50,000,000.00	1,206,000.00	21,116,799.00	264,000.00	294,000.00	612,537,599.00
Obligations	47,955,381.13	808,494.18	15,797,351.53	264,000.00	4,501.96	578,769,440.55
% of Limitations Allocated	100.00	78.06	42.23	100.00	100.00	84.12
% of Limitations Obligated	95.91	52.33	31.59	100.00	1.53	79.49
% of Allocations Obligated	95.91	67.04	74.81	100.00	1.53	94.49
Navy						
Limitations	100,000,000.00	155,000,000.00	80,000,000.00	1,300,000.00	325,000.00	1,110,625,000.00
Allocations	97,280,000.00	146,713,750.00	76,885,360.00	1,300,000.00	325,000.00	1,036,164,896.00
Obligations	5,965,578.00	27,771,922.38	37,730,862.43	54,226.18	..	221,974,038.95
% of Limitations Allocated	97.28	94.65	96.11	100.00	100.00	93.30
% of Limitations Obligated	5.97	17.92	47.16	4.17	..	19.99
% of Allocations Obligated	6.13	18.93	49.07	4.17	..	21.42
Treasury						
Limitations	1,028,400.00	500,000,000.00	..	5,000.00	299,289.00	512,403,035.00
Allocations	258,400.00	258,771,302.19	..	5,000.00	299,269.00	268,284,377.00
Obligations	77,075.00	54,774,277.47	..	..	42,859.69	59,087,046.34
% of Limitations Allocated	25.13	51.75	..	100.00	100.00	52.36
% of Limitations Obligated	7.49	10.95	..	..	14.32	11.53
% of Allocations Obligated	30.40	21.21	..	..	14.32	22.00
War						
Limitations	436,000,000.00	31,000,000.00	25,000,000.00	11,626,506.00	3,300,000.00	4,183,054,506.00
Allocations	251,952,005.00	29,411,260.00	20,003,108.00	11,626,506.00	3,300,000.00	3,249,770,211.00
Obligations	132,109,082.07	2,305,786.43	..	717,372.27	53,550.61	2,060,400,075.22
% of Limitations Allocated	57.79	94.87	80.21	100.00	100.00	77.16
% of Limitations Obligated	30.30	7.44	..	6.17	1.62	49.26
% of Allocations Obligated	52.43	7.84	..	6.17	1.62	[illegible]

August 25, 1941.

Memorandum for the Secretary's Files

By pre-arrangement Merle Cochran brought in to see me on Wednesday, August 20, Mr. Tsutomu Nishiyama, the Japanese Financial Attache. The sole purpose of Mr. Nishiyama's visit was to present the attached memorandum and to ask its careful consideration by the Treasury Department. The memorandum deals with the matter of Japanese accounts in the United States and the freezing order. Mr. Nishiyama's request was that this be given careful consideration by the Treasury Department, which I assured him would be done. He had previously given another copy of the memorandum to Merle Cochran, who undertook to see that it got adequate consideration. Mr. Nishiyama understood that but his visit to me was for the record.

Attachment.

1) It is estimated that Japan will require funds to the extent of about $8,500,000 during this year in order to continue coupon payments and redemption of various Japanese Government, Municipal and Corporation Bonds (coupon payments on repatriated bonds excluded).

2) The Yokohama Specie Bank, Ltd., New York Agency has funds at present to the extent of about $6,000,000.

3) It is estimated that the Yokohama Specie Bank, Ltd., New York Agency will be required to remit to Yokohama Specie Bank, Ltd., San Francisco, Los Angeles and Seattle, a total sum of about $1,000,000, during this year to cover their operation expenses within their respective states, and also to maintain adequate reserve for deposits at the Yokohama Specie Bank, Ltd., San Francisco and Los Angeles.

4) It is estimated that the Yokohama Specie Bank, Ltd., New York Agency will require during this year about $2,000,000 to pay its obligations and to cover operation expenses within the State of New York.

5) In view of the above, in order to continue the said coupon payments and redemption of Japanese Bonds, the Yokohama Specie Bank, Ltd., New York Agency, will be in need of funds to the estimated extent of $5,500,000 during this year.

6) Furthermore, the Yokohama Specie Bank, Ltd., New York Agency has obligations to the extent of about $6,500,000 under its confirmed irrevocable Letters of Credit (not documentary) payable on and after January 1st, 1942.

7) Therefore, in order to be in funds to meet the requirements mentioned above, the Yokohama Specie Bank, Ltd., New York Agency must collect its Import Bills Receivable collectable within New York State which total at present about $19,500,-000. (There are also Import Bills Receivable collectable outside New York State--mostly payable in South and Central America--totalling about $5,000,000 but which are not considered in this writing.)

However, under the freezing order, the Yokohama Specie Bank Ltd., New York Agency is unable to collect these Bills Receivable at present with few exceptional cases. Moreover, since the major portion of these Bills Receivable collectable within New York State, namely about $16,000,000, are bills covering imports of Raw Silk (all of this silk is in the U. S.) and payable by Japanese firms, whose assets are also frozen, there appears to be remote prospects of completing collection of such bills. Under the circumstances, special consideration is requested for the issuance of license allowing the following:

1) to permit the Yokohama Specie Bank, Ltd., New York Agency, to present such bills for acceptance and payment, to deliver documents and/or Delivery Orders on Warehouses and to effect disbursements incidental to the collection of such bills.

2) to enable the Japanese firms who are drawees of such Bills Receivable to perform the necessary and incidental operations in order to effect payment to the Yokohama Specie Bank, Ltd., New York Agency.

8) Regarding the Bills Receivable covering Raw Silk, it may be mentioned that out of the $16,000,000 mentioned above, about $12,000,000 worth of Raw Silk had been delivered to the respective drawees against Trust Receipt and/or acceptance of the relative bills, and that the balance of Raw Silk of about $4,000,000 is held in the name of the Yokohama Specie Bank, Ltd., New York Agency. Since there is a special freezing order affecting Raw Silk, special consideration and measures are requested to eliminate difficulties in connection with payments of these silk bills.

Aug. 20. 1941

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

CONFIDENTIAL

DATE August 25, 1941

TO Secretary Morgenthau

FROM Prepared by: Mr. Chevraux and Miss Michener

Subject: The Business Situation,
Week ending August 23, 1941.

Summary

(1) Weekly indexes of business activity have receded moderately from the recent peak reached in the fourth week in July. Barron's index has declined for 3 consecutive weeks, although the aggregate decline is less than 2 percent. The New York Times index has shown about the same decline from the recent peak, despite a fractional rise in the week ended August 16.

(2) Production of 1942 model passenger cars is expected to be cut 50 percent. Curtailment for the 4 months ending November 30, however, will be limited to 26.5 percent for the industry as a whole. Production of trucks of 1½ tons or more will be unrestricted.

(3) Non-defense consumers of steel are worried over their ability to get steel supplies after September 1 when the full effect of the recent priorities order will be felt. As a result of the seriousness of the steel scrap shortage, defense officials will meet this week with scrap brokers and industry representatives to seek means to increase scrap supplies.

(4) Retail trade continues to boom, with department store sales in the week ended August 16 running 40 percent above year-earlier levels. Some additional stimulus to buying has resulted from the impending curb on installment purchases which is to become effective on September 1.

(5) The BLS all-commodity index in the week ended August 16 was unchanged at 89.6 after advancing for 5 consecutive weeks. Basic commodity prices rose slightly last week, due to an advance in domestic commodities led by barley, cottonseed oil and lard.

- - - - -

Industrial production at high level

The preliminary estimate of the FRB seasonally-adjusted index of industrial production for July was confirmed by more complete information and the index still stands at 162, as compared with 157 in the previous month. (See Chart 1.) Publication of results for the various components of the index reveals that, on a seasonally-adjusted basis, the durable goods industries closely identified with the defense program were again in the vanguard of the rise. Thus, such items as transportation equipment, machinery and non-ferrous metals moved up sharply to new highs. (Refer to Chart 1, lower section.)

The rise in the adjusted index, however, was entirely due to the operation of seasonal adjustment factors, since the level of the unadjusted index in July was unchanged from June. Normally, a decline in production occurs during July, and the fact that production held steady caused the adjusted index to rise substantially. In contrast, it should be noted that seasonal factors from now into the fall call for a rise in actual production, so that merely to maintain the present level of the index, output will have to show a noticeable rise.

Weekly business indexes below peak

Thus far in August, both the New York Times and Barron's weekly indexes of business activity have shown recessions from the peak figures reached in the fourth week in July. Barron's index has declined gradually for 3 consecutive weeks to 138.8 in the week ended August 16 from 141.0 in the week ended July 26. The New York Times index in recent weeks has moved more erratically. In the week ended August 16, it moved up 0.3 point to 130.9. However, this figure was still 2.4 points below the July peak. (See Chart 2, top section.)

One important factor in the fluctuations in the Times index has been the difficulty of making proper seasonal adjustment for automobile production. Continued relatively large-scale production in the fourth week in July helped to run the index up to the peak figure then recorded. This was followed by a sharp decline in the following week as large-scale production curtailment got under way. Nevertheless, production during the change-over period has continued to stay well above year-earlier levels. Thus, output last week was nearly double that of the corresponding week in 1940. (Refer to Chart 2, middle section.)

Near the end of the week, the production quotas for the manufacture of 1942 model cars were announced by OPM and OPACS. Although it is intended to curtail passenger car production 50 percent for the entire model year, the curtailment in the four months ending November 1941 will be limited to an over-all cut of 26.5 percent. The cut for each individual company, however, differs rather noticeably from that fixed for the industry as a whole. Furthermore, there will be no restrictions in the output of trucks of 1½ tons or more, which in fact have been given a high priority rating.

Lumber production heavy

A sustaining factor in the Times business index in recent weeks has been lumber production. Stimulated by the boom in building, lumber production recently has been reaching new highs, and in the week ended August 16 reached the highest level in 11 years. As a result, the adjusted index of lumber production has risen 6 percent since the latter part of July. (Refer to Chart 2, middle section.) Lumber prices as a whole recently reached the highest level in 18 years, and about a week ago OPACS imposed a price ceiling on Southern pine roughly $3.00 per thousand board feet under prices recently prevailing for that type of lumber.

Freight carloadings still below June peak

Although railroad freight traffic has continued to run far above year-earlier levels, carloadings have not exceeded the peak figure reached at the end of June. (Refer to Chart 2, lower section.) After sagging moderately in the previous 2 weeks, freight carloadings in the week ended August 16 rose somewhat more than seasonally and contributed to the rise in the Times business index during that week.

While the seasonal peak in freight carloadings does not come until the early part of October, the failure of carloadings to move above their late June peak apparently has caused somewhat less concern to be evidenced recently regarding the railroads' ability to handle the fall traffic. However, the average daily surplus of freight cars in the early part of August was reported to be down to 59,000 cars, as compared with 129,000 a year earlier. One factor which has tended to alleviate somewhat the equipment situation has been the headway made by the railroads in their repair program. Thus, by August 1, bad-order cars had been cut to 4.8 percent, as compared with 9 percent a year earlier.

As a result of the heavy equipment buying program of the railroads, freight cars on order on August 1, 1941 totaled 89,000 as compared with only 20,000 a year earlier. However, partly due to lack of steel, equipment manufacturers have not been able to turn out new cars as fast as expected. As a result, new freight cars actually installed in the first 7 months of 1941 showed a gain of less than 3,000 units over the comparable period in 1940.

Non-defense steel consumers worried by priorities order

The railroads are among the various consuming groups who are concerned over their ability to get steel supplies after September 1 when the full effects of the recent steel priorities order will be felt. Under this order, steel mills will have to complete defense orders ahead of non-defense work. In the face of this situation, the railroads have placed orders for thousands of tons of rails which are needed in operations and yet carry no priorities rating. As a result of the steel priorities order, such non-defense steel consumers as makers of refrigerators, washing machines, stoves, signs, bed springs, etc., are expected to have to curtail operations.

Steel operations slightly higher

Steel operations last week rose 0.7 point to 98.2 percent of capacity. This rate, however, is still 1.4 points below that prevailing at the end of July. (Refer to Chart 2, lower section.) The shortage of steel scrap continues to be a major concern of the steel industry and, in view of the seriousness of the situation, defense officials have called about 150 scrap brokers and representatives of steel mills and foundries to meet with them on August 27 to seek means of increasing supplies of scrap.

Retail trade boom continuing

The recent upsurge in retail trade has thus far shown little sign of abating. Department store sales during the week ended August 16 again ran far above year-earlier levels with the nation-wide gain amounting to 40 percent. The largest increase occurred in the Cleveland district where sales were 54 percent above the corresponding week in 1940.

Some additional stimulus to buying is reported to have resulted from the impending curtailment of installment credit. Near the end of the week, the Federal Reserve

Board announced that the curb on installment credit would go into effect on September 1 and would apply to 24 durable consumer goods items.

New orders index slightly lower

Our index of new orders for the week ended August 16 showed a further decline of approximately 2 percent. Reference to Chart 3 will reveal that the unusually heavy ordering which occurred in July has been followed by a considerable let-down which has now run into its third week.

The small decline in the week ended August 16 was almost entirely due to a decline in orders for other products than steel and textiles. New orders for steel during the week mentioned actually rose to 125 from 123 percent of capacity, while textile orders showed only a very slight decline.

BLS all-commodity index unchanged

After 5 consecutive increases, the BLS all-commodity index of wholesale prices was unchanged at 89.6 for the week ended August 16. All but 2 of the 10 major groups comprising the index showed gains, but these were offset by a 1.6 percent decline in farm products and a trifling decrease in fuel and lighting materials.

Basic commodity prices a trifle higher

Although the BLS index of 11 import commodities declined 1.1 percent in the week ended August 22, this decline was slightly more than offset by a rise in domestic commodity prices. (See Chart 4, top section.) As a result, the combined index of 28 sensitive commodities rose fractionally during the period mentioned.

The decline in import commodities was due almost entirely to a sharp drop in the price of burlap resulting from the imposing of a price ceiling by OPACS well below recent market levels. (Refer to Chart 4, lower section.)

The rise in domestic commodity prices last week was led by barley, cottonseed oil and lard. (Refer to Chart 4, lower section.) Hog prices also strengthened and reached a new high for the year. The rise in lard, hogs and allied products was attributed in part to the effects of Government buying. Thus, Government purchases of lard and cured and canned pork products last week were reported to have reached the highest levels since last May.

June exports declined despite foodstuffs gain

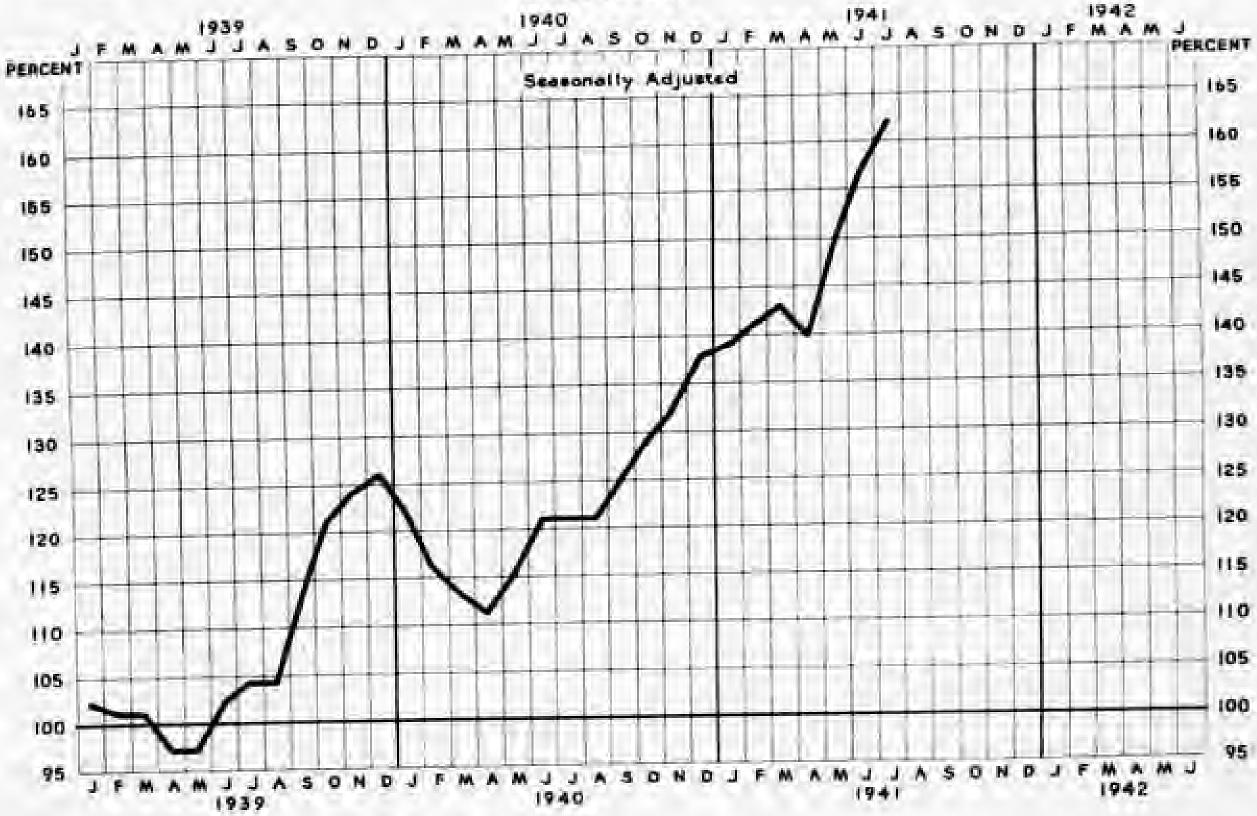
Export figures recently released for the month of June reveal that the trend toward increased foodstuffs exports received further impetus in the month mentioned. As a result of substantial shipments of meats, dairy products and eggs under lend-lease arrangements, manufactured foodstuffs exports reached a total of $28,000,000 -- the highest monthly figure since November 1930. Due to the increased foodstuffs shipments, total agricultural exports in June ran 40 percent above year-earlier levels. (See Chart 5.)

Despite the gain in meats and dairy products shipments, aggregate exports of United States merchandise in June dropped 12 percent below the previous month and totaled $332,000,000. Particularly noticeable declines occurred in exports of aircraft, machinery, and automobiles. (Refer to Chart 5.)

In making public the June export figures, the Department of Commerce stated that part of the decline was due to a change in statistical procedure whereby the usual period for including delayed documents was shortened. Thus some shipments, estimated at 5 percent of the total, which were actually made in June will be carried in the July trade statistics.

FEDERAL RESERVE BOARD INDEX OF INDUSTRIAL PRODUCTION

1935-39 = 100



Selected Components
June and July 1941 Compared with 1935-'39 Average

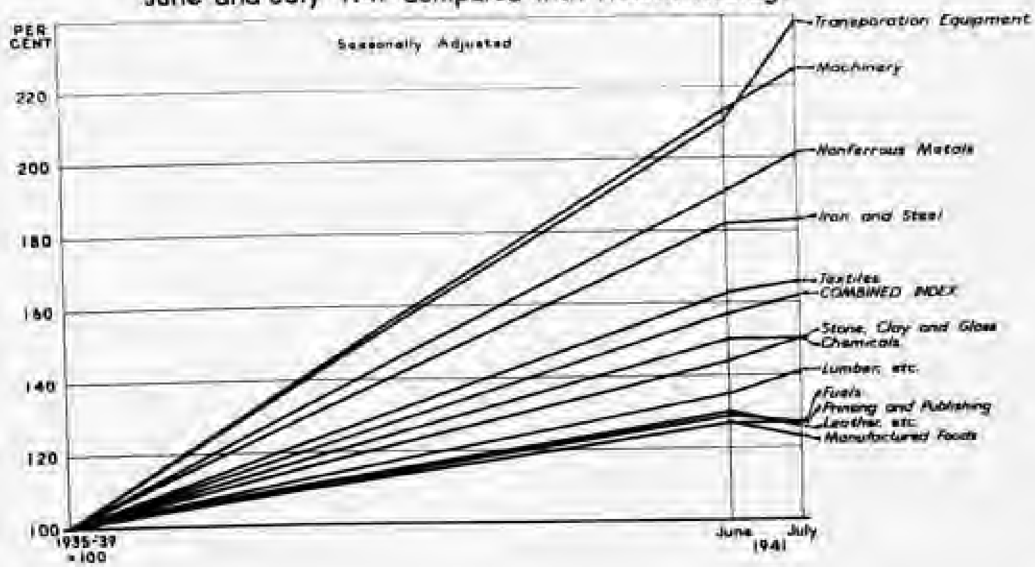


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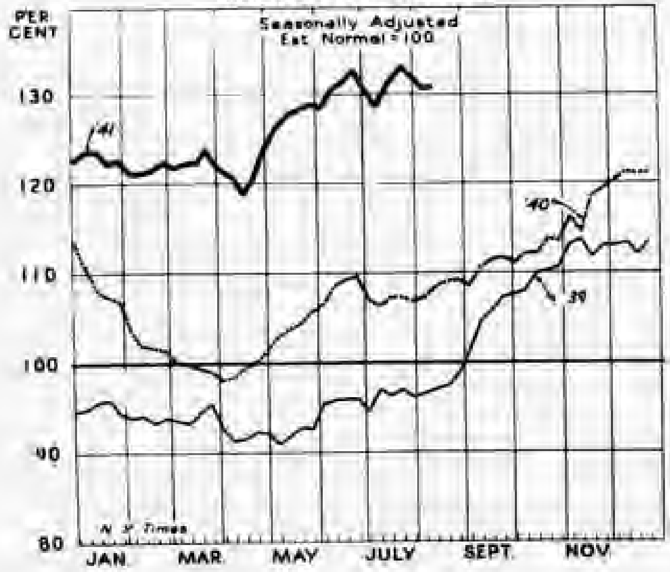
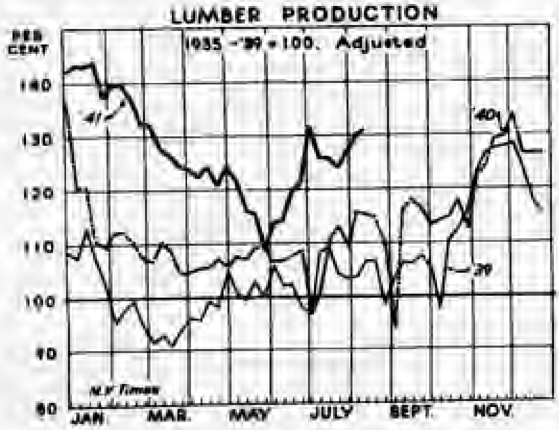
Chart 1

SELECTED BUSINESS INDICES

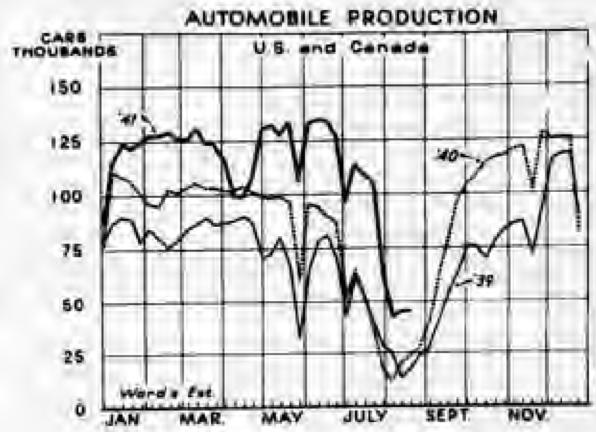
BUSINESS ACTIVITY



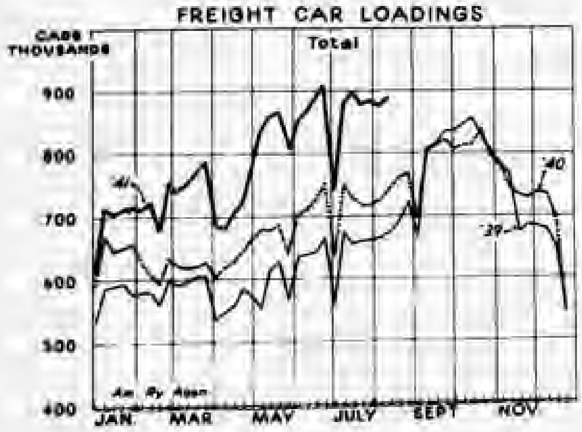
LUMBER PRODUCTION



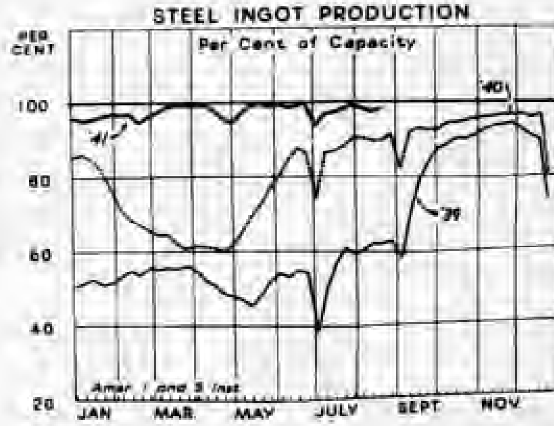
AUTOMOBILE PRODUCTION



FREIGHT CAR LOADINGS



STEEL INGOT PRODUCTION



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

C-404-3

Chart 3

INDEXES OF NEW ORDERS

Combined Index of New Orders and Selected Components

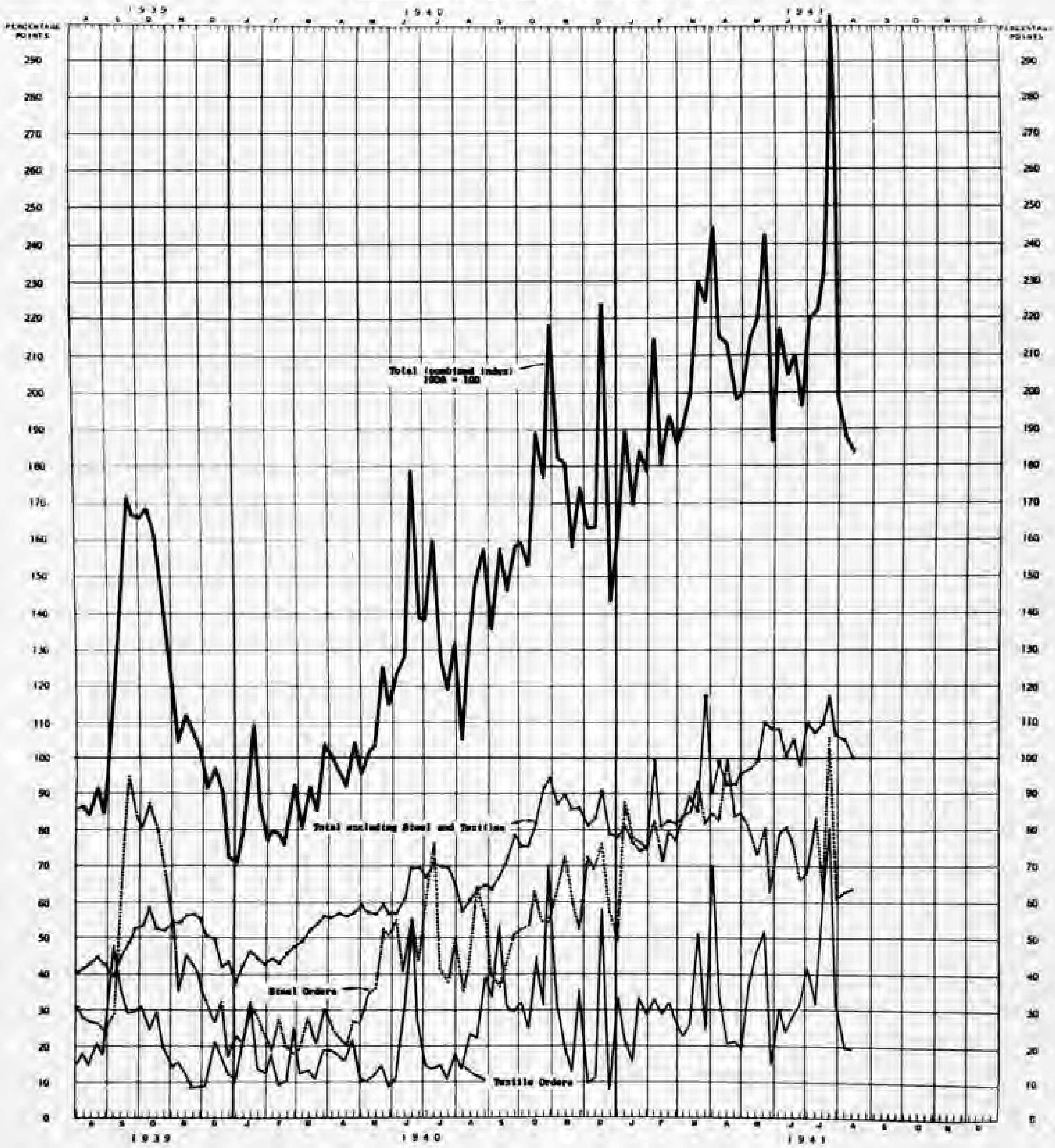

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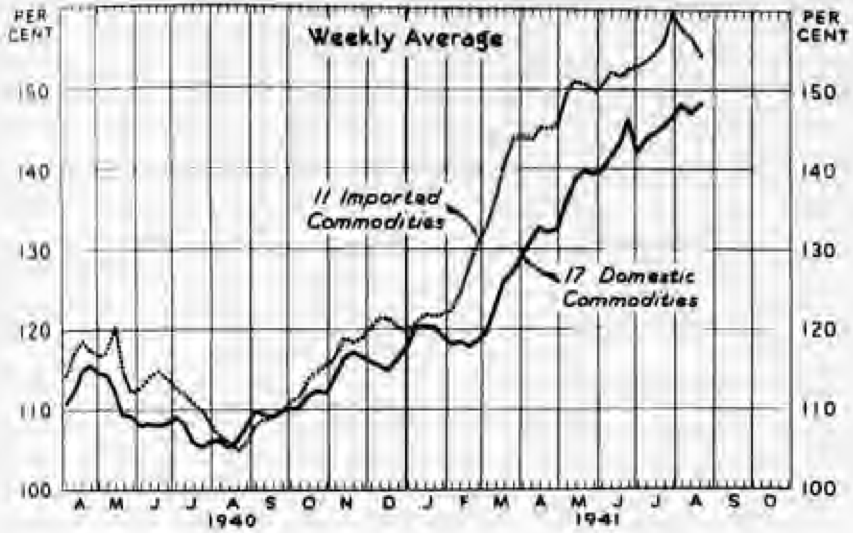
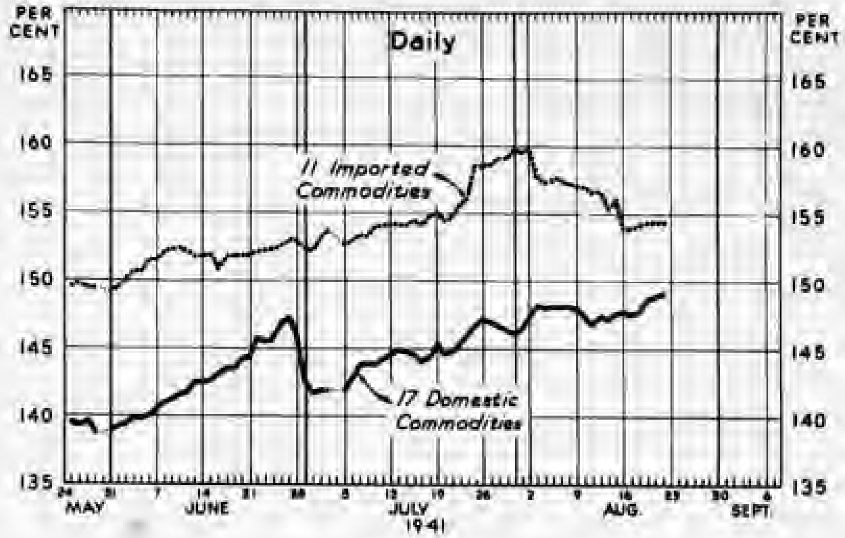
Chart 3

CONFIDENTIAL

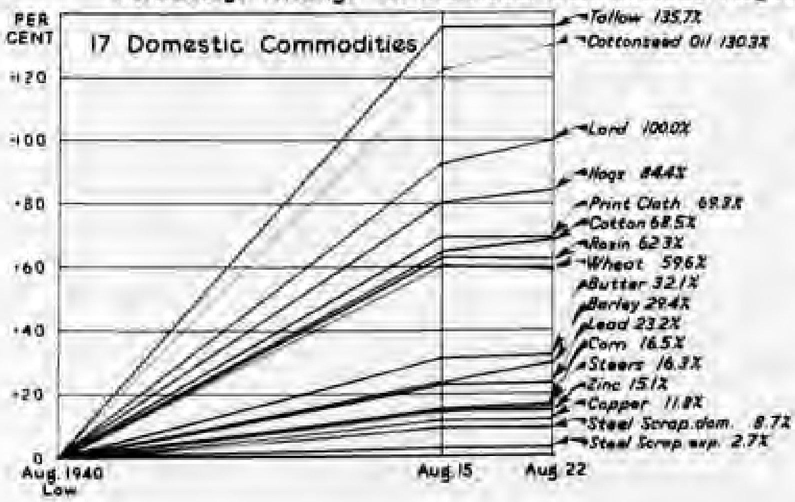
MOVEMENT OF BASIC COMMODITY PRICES
Domestic and Imported

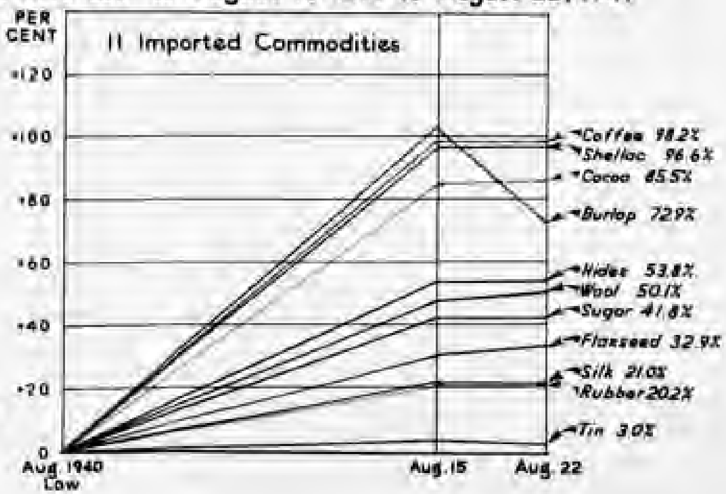
AUGUST 1939 = 100





Percentage Change for Individual Commodities, August 1940 Low to August 15 and to August 22, 1941

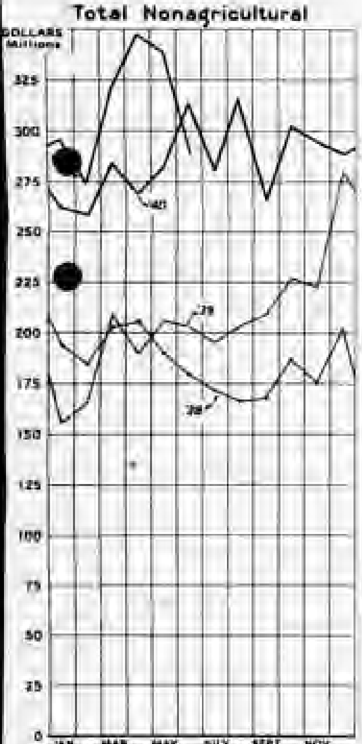




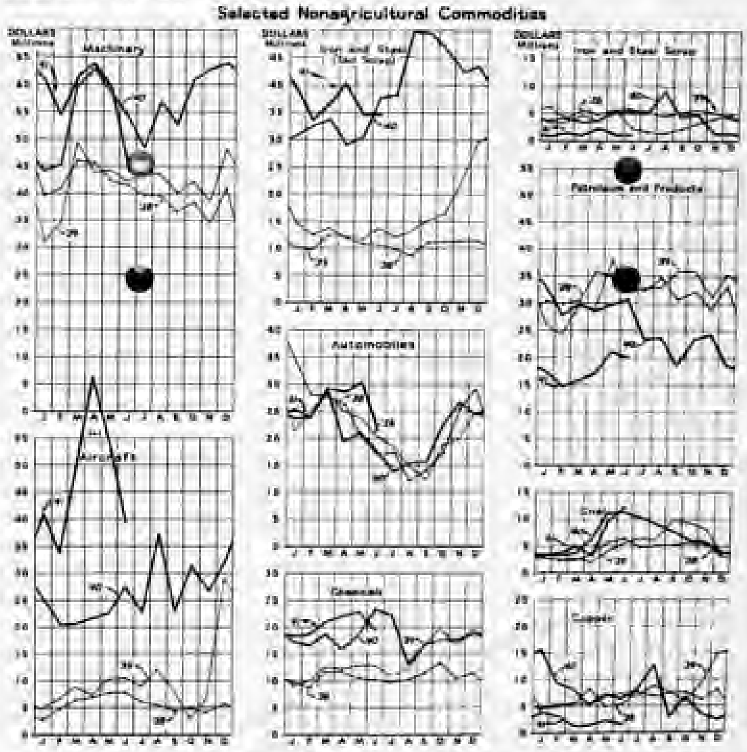
U.S. TOTAL TRADE AND EXPORTS BY COMMODITIES

EXPORTS OF U.S. MERCHANDISE

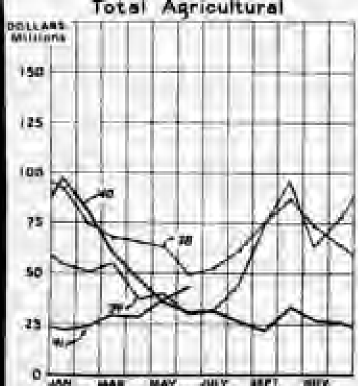
Total Nonagricultural



Selected Nonagricultural Commodities



Total Agricultural



Selected Agricultural Commodities

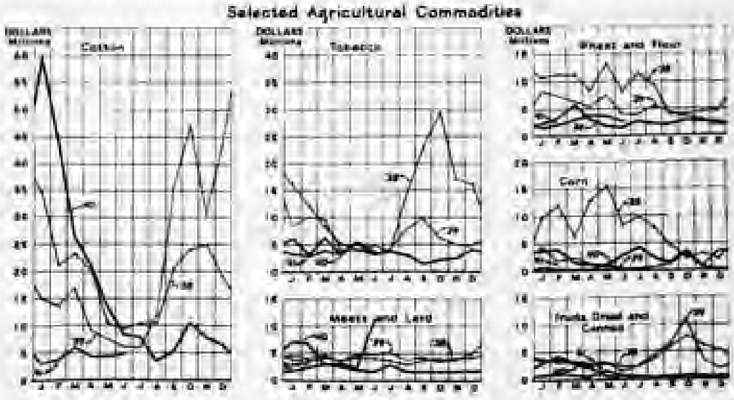


Chart 5

Office of the Secretary of the Treasury

C-300

TREASURY DEPARTMENT * DEFENSE SAVINGS STAFF

RADIO SECTION

August 25, 1941.

The Treasury Hour program, "Millions For Defense", now holds top place on the Hooper "National Ratings" report which is based on the listening audience of the network shows.

This program is broadcast from 8:00 to 9:00 P. M., Wednesdays, over the Columbia Broadcasting System.

Please note the column marked "Program Rating" on the enclosed copy of the Hooper Survey. "Millions For Defense" heads the list.

C. E. HOOPER, INC.

"NATIONAL RATINGS" REPORT

EVENING PROGRAMS

Report for AUGUST, 1941

AVERAGE CALLS PER HOUR
2928

BASED ON WEEK BEGINNING FRIDAY, AUGUST 1, 1941.

SPONSOR	PROGRAM	NET-WORK	DAYS	TIME*	SETS-IN-USE* THIS REPORT	SETS-IN-USE* CHANGE	PROGRAM RATING* THIS REPORT	PROGRAM RATING* CHANGE	PER CENT OF LISTENERS** THIS REPORT	PER CENT OF LISTENERS** CHANGE	RANKING ORDER
TREASURY DEPARTMENT	MILLIONS FOR DEFENSE	CBS (30)	WEDNESDAY	9:00	21.9	-0.3	9.9	+1.3	45.3	+6.6	1
JERGEN'S LOTION	WILLIAM SHIRER for W. Winchell	B(17) R(13)	SUNDAY	9:00#	24.2	-5.1	9.7	-6.3	40.2	-21.2	2
KRAFT CHEESE COMPANY	DON AMECHE for Bing Crosby	RED (30)	THURSDAY	9:00	20.5	-5.4	9.7	-2.1	47.3	+1.9	3
SEALTEST, INC.	RUDY VALLEE	R(19) B(4)	THURSDAY	10:00	22.0	-3.1	9.6	-0.4	43.6	+3.6	4
LUCKY STRIKE CIGARETTES	KAY KYSER §	RED (30)	WEDNESDAY	10:00	22.7	-3.6	9.3	-0.8	40.8	+2.5	5
EVERSHARP, INC.	TAKE IT OR LEAVE IT	CBS (30)	SUNDAY	10:00	23.0	+0.2	9.2	-1.8	40.0	-8.3	6
JOHNSON'S WAX	FIBBER MCGEE AND MOLLY'S STANDBY FOR FIBBER McGEE? HAP HAZARD	RED (30)	TUESDAY	9:30	21.4	+0.9	8.8	+1.0	40.9	+2.9	7
VITALIS	MR. DISTRICT ATTORNEY	RED (30)	WEDNESDAY	9:30#	24.0	+0.3	8.5	+0.1	35.6	0.0	8
LUCKY STRIKE CIGARETTES	INFORMATION PLEASE	R(24) B(6)	FRIDAY	8:30	20.4	-2.7	8.2	+0.4	40.0	+6.1	9
PURE OIL COMPANY	H. V. KALTENBORN	R(7) B(1)	TTSA	7:45	20.5	+2.0	8.2	0.0	40.0	-4.5	10
PEPSODENT	A DATE WITH JUDY	RED (30)	TUESDAY	10:00	23.1	+2.4	7.9	-0.2	34.0	-5.0	11
SUN OIL COMPANY	LOWELL THOMAS	B(8) R(5)	MTWTF	6:45	17.6	-4.4	7.7	-2.2	43.9	-1.2	12
MARS, INC.	DOCTOR I.Q.	RED (30)	MONDAY	9:00	24.7	-1.0	7.7	+0.9	31.1	+4.6	13
CAMEL CIGARETTES	BLONDIE	CBS (30)	MONDAY	7:30#	19.6	-0.4	7.4	-0.6	38.0	-2.2	14
SANKA COFFEE — GENERAL FOODS	WE, THE PEOPLE	CBS (30)	TUESDAY	9:00#	22.5	-0.4	7.4	-1.1	32.8	-4.1	15
ROYAL GELATIN DESSERTS	WHAT'S MY NAME?	RED (30)	SUNDAY	8:00	16.8		7.3		39.0		16
LUCKY STRIKE CIGARETTES	YOUR HIT PARADE	CBS (30)	SATURDAY	9:00#	18.6	-1.3	7.2	-0.1	38.7	+2.0	17
TENDERLEAF TEA	ONE MAN'S FAMILY	RED (30)	SUNDAY	8:30	20.0	-2.2	7.1	-2.7	35.4	-8.6	18
RINSO — LEVER BROS.	GRAND CENTRAL STATION	CBS (29)	WEDNESDAY	8:00	21.0		7.1		33.9		19
MODEL TOBACCO	GAY NINETIES REVUE	CBS (28)	MONDAY	8:30#	22.0	+0.2	6.8	+0.7	31.1	+3.2	20
EMERSON DRUG CO.	VOX POP	CBS (22)	MONDAY	8:00	17.4		6.7		38.5		21
WOODBURY SOAP	THE PARKER FAMILY	B(17) R(13)	SUNDAY	9:15#	18.5	-5.8	6.5	-3.2	35.4	-4.5	22
CHESTERFIELD CIGARETTES	FRED WARING	RED (30)	MTWTF	7:00#	20.1	-1.1	6.5	+0.8	32.4	+5.6	23

* Current New York Time.
\# Includes Rebroadcast.

§ — FIRST HALF-HOUR OF BROADCAST.

%% See "Program Notes".
Figures in parenthesis indicate checking points used.

* Based on total calls in those interviewing cities receiving specific broadcast.
** Based on "Sets-in-Use".

DEFENSE SAVINGS STAFF

ADVANCE SCHEDULE OF RADIO PROGRAMS

MONDAY - AUGUST 25, 1941.

Time: 1:45 - 2:00 P.M.
Program: Kate Hopkins
Station: WJSV and CBS Network

Time: 2:30 - 2:45 P.M.
Program: John's Other Wife
Station: WMAL and NBC Blue Network

Time: 7:30 - 8:00 P.M.
Program: Voice of Firestone
Station: WRC and NBC Red Network

Time: 9:00 - 9:30 P.M.
Program: Famous Jury Trials
Station: WMAL and NBC Blue Network

Time: 11:15 P.M. - 12:00 M
Program: Music You Want, When You Want It
Station: WMAL - Washington, D. C.

THESE PROGRAMS PROMOTE THE SALE OF DEFENSE BONDS AND STAMPS.

CONFIDENTIAL

UNITED STATES SAVINGS BONDS

Comparative Statement of Sales During
First Twenty Business Days of June, July, and August, 1941
(June 1-24, July 1-24, August 1-23)
On Basis of Issue Price

(Amounts in thousands of dollars)

Item	Sales			Amount of Increase or Decrease (-)		Percentage of Increase or Decrease (-)	
	August	July	June	August over July	July over June	August over July	July over June
Series E - Post Offices	$ 32,136	$ 40,323	$ 32,410	-$ 8,187	$ 7,913	- 20.3%	24.4%
Series E - Banks	61,343	73,914	49,469	- 12,571	24,445	- 17.0	49.4
Series E - Total	93,479	114,237	81,879	- 20,758	32,358	- 18.2	39.5
Series F - Banks	16,297	20,089	24,101	- 3,792	- 4,012	- 18.9	- 16.6
Series G - Banks	101,430	127,430	152,681	- 26,000	- 25,251	- 20.4	- 16.5
Total	$211,206	$261,756	$258,660	-$50,550	$ 3,096	- 19.3%	1.2%

Office of the Secretary of the Treasury, Division of Research and Statistics. August 25, 1941.

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

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

UNITED STATES SAVINGS BONDS

Daily Sales - August 1941
On Basis of Issue Price

(In thousands of dollars)

Date	Post Office Bond Sales	Bank Bond Sales				All Bond Sales			
	Series E	Series E	Series F	Series G	Total	Series E	Series F	Series G	Total
August 1941									
1	$ 1,467	$ 3,296	$ 1,163	$ 7,586	$ 12,045	$ 4,763	$ 1,163	$ 7,586	$ 13,512
2	1,500	3,030	726	6,101	9,857	4,530	726	6,101	11,357
4	3,606	4,376	1,892	10,092	16,361	7,983	1,892	10,092	19,967
5	1,278	2,822	928	7,334	11,084	4,099	928	7,334	12,362
6	1,810	4,195	1,156	10,752	16,103	6,005	1,156	10,752	17,912
7	1,789	3,475	652	5,636	9,763	5,264	652	5,636	11,552
8	1,812	3,069	999	3,362	7,430	4,881	999	3,362	9,242
9	1,492	3,195	958	4,101	8,255	4,688	958	4,101	9,747
11	2,683	3,686	1,187	4,308	9,181	6,370	1,187	4,308	11,865
12	873	2,281	488	4,908	7,676	3,153	488	4,908	8,549
13	1,430	3,491	639	2,949	7,079	4,921	639	2,949	8,509
14	1,246	2,833	697	4,594	8,124	4,079	697	4,594	9,370
15	1,385	2,876	566	2,972	6,415	4,261	566	2,972	7,799
16	1,020	2,140	365	2,914	5,418	3,159	365	2,914	6,437
18	2,333	3,534	1,099	4,266	8,899	5,866	1,099	4,266	11,232
19	768	1,629	466	2,986	5,082	2,398	466	2,986	5,850
20	1,495	3,191	554	4,058	7,802	4,685	554	4,058	9,296
21	1,540	2,585	646	4,779	8,010	4,125	646	4,779	9,550
22	1,372	3,496	628	4,001	8,126	4,869	628	4,001	9,498
23	1,236	2,143	489	3,731	6,364	3,380	489	3,731	7,600
Total	$ 32,136	$ 61,343	$ 16,297	$101,430	$179,071	$ 93,479	$ 16,297	$101,430	$211,206

Office of the Secretary of the Treasury, Division of Research and Statistics. August 25, 1941.

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

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

CONFIDENTIAL

DEPOSITS IN TREASURER'S ACCOUNT FROM SALE OF TREASURY BONDS, TAX SERIES 1/

	Total August 1 to 23 inclusive
Boston	29,083
New York	311,295
Philadelphia	15,304
Cleveland	51,294
Richmond	6,520
Atlanta	2,805
Chicago	86,291
St. Louis	12,761
Minneapolis	9,742
Kansas City	6,153
Dallas	1,270
San Francisco	12,152
TOTAL - - - - -	544,670

Daily Totals

Date	Amount
August 1	1,736
2	49,984
4	16,169
5	22,502
6	21,419
7	59,186
8	55,003
9	31,436
11	46,814
12	21,472
13	23,089
14	41,555
15	11,087
16	14,877
18	16,074
19	18,716
20	15,438
21	35,253
22	19,908
23	22,952

1/ Based on telegraphic reports from Federal Reserve banks of credits in Treasurer's account.

Office of the Under Secretary
August 25, 1941.

August 28, 1941.

Dear Mr. McDougall:

Your letter of August 21st, enclosing a short digest of the food policy plan for post-war reconstruction, reached this office during the Secretary's absence on a brief vacation. I shall be very glad to bring your communication to Mr. Morgenthau's attention immediately upon his return to the office.

Sincerely yours,

(Signed) H. S. Klotz

H. S. Klotz,
Private Secretary.

Mr. F. A. McDougall,
Australian Legation,
Washington, D. C.

GEF/dbs

AUSTRALIAN LEGATION,
WASHINGTON, D.C.

August 21st, 1941.

Dear Mr. Morgenthau:

When you asked me to send you a paper on the food policy plan for post-war reconstruction I only had a ten page document available.

Under a challenge from Lord Halifax I reduced this to a single page which I now enclose.

I expect to leave by air for England next week.

Yours sincerely,

F. L. McDougall.

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

Freedom from Want

A Beginning

In order to implement in part that aspect of the Roosevelt-Churchill Declaration which is concerned with freedom from want it is proposed that the nations of the British Commonwealth and the U.S.A. should enter into an agreement:-

(i) To accept national policies to ensure that all sections of the populations of our respective countries shall be able to secure diets "adequate for health".

(ii) To direct our relief and reconstruction policies toward enabling Europe and other countries to be in a position to adhere to the proposed agreement.

The most elementary measure of social justice is that all children born in a modern democracy shall have, so far as public action can influence the issue, equal opportunities for the enjoyment of a healthy life.

Actually a child born of poor parents in a poor district has a far lower expectation of life and of freedom from disease than the child of well to do parents.

Inadequate food is one of the major factors causing this grave social inequality.

The advantages of selecting food as the first objective in the campaign for "freedom from want" are:-

(a) that a diet "adequate for health" is a known factor;

(b) that its provision is well within our productive capacities;

(c) that in no other way can public health be so markedly and rapidly improved;

(d) that along such lines the agricultural problems of our respective countries can be solved;

(e) that the adoption of this policy would have a most stimulating effect upon international trade.

The methods to be adopted will vary from country to country. In the U.S.A. a nationwide enlargement of the 'Blue Stamp' plan might prove suitable, in the U.K. the means might well be to adapt wartime food policy for consumers to the more generous scales possible in peace.

The costs involved will be substantial but will be far lower than wartime costs provided full use is made of the natural advantages of domestic agricultures and of the potential abundance of imports of certain foods.

Agreement between our countries along the lines envisaged would:-

(i) provide an intelligent basis for further commodity agreements (the draft wheat agreement is a case in point).
(ii) facilitate the planning of relief and reconstruction.
(iii) constitute an important step towards the elimination of the grosser forms of social injustice.

FLM:KFR

HOLD FOR RELEASE HOLD FOR RELEASE HOLD FOR RELEASE

August 25, 1941

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CONFIDENTIAL: To be held in STRICT CONFIDENCE and no portion, synopsis, or intimation to be published or given out until the READING of the President's Message has begun in the House of Representatives. Extreme care must therefore be exercised to avoid premature publication.

STEPHEN EARLY
Secretary to the President

TO THE HOUSE OF REPRESENTATIVES:

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

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

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

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

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

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

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

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

August 25, 1941.

TREASURY DEPARTMENT

INTER-OFFICE COMMUNICATION

DATE August 25, 1941

TO Secretary Morgenthau

FROM Mr. Cochran

STRICTLY CONFIDENTIAL

Official sales of British-owned dollar securities under the vesting order effective February 19, 1940:

	$ proceeds of Shares Sold	$ Proceeds of Bonds Sold	Total	
Aug. 18	213,981	4,407	218,388	
19	193,319	44,178	237,497	
20	236,910	14,196	251,106	
21	119,686	27,644	147,330	
22	130,617	33,700	164,317	
23	35,799	14,054	49,853	
	930,312	138,179	1,068,491	
Sales from Feb.22,1940 to Aug. 16,1941	278,413,829	36,810,062	315,223,891	
Total Feb.22,1940 to Aug. 23, 1941	279,344,141	36,948,241	316,292,382	316,292,382

$ proceeds of non-vested securities sold Aug. 11, 1941 to Aug. 16, 1941	800,000	
$ proceeds of non-vested securities sold Sept. 1, 1939 to Aug. 9, 1941	231,200,000	
$ proceeds of non-vested securities sold Sept. 1, 1939 to Aug. 16, 1941	232,000,000	232,000,000
	GRAND TOTAL	548,292,382

Aug. 18	2 units sold	$26
Stock Dividend	9 shares	$101
Aug. 21	243 rights sold	$ 333
22	41 " "	53
	284 " "	$ 386
7/24 to 8/16	55,007 " "	101,817
Total 7/24 to 8/23	55,291 " "	$102,203

Miss Chauncey

TREASURY DEPARTMENT

INTER-OFFICE COMMUNICATION

DATE August 25, 1941

TO Secretary Morgenthau

FROM Mr. Cochran

STRICTLY CONFIDENTIAL

Official sales of British-owned dollar securities under the vesting order effective February 19, 1940:

	No. of Shares Sold	$ Proceeds of Shares Sold	Nominal Value of Bonds Sold	$ Proceeds of Bonds Sold
Aug. 18	8,298	213,981	5,000	4,407
19	5,723	193,319	45,000	44,178
20	7,897	236,910	17,000	14,196
21	3,899	119,686	38,000	27,644
22	5,077	130,617	49,500	33,700
23	840	35,799	16,000	14,054
	31,734	930,312	170,500	138,179
Sales from Feb.22, 1940 to Aug.16, 1941	9,743,139-1/2	278,413,829	44,784,216	36,810,062
Total Feb.22,1940 to Aug.23,1941	9,774,873-1/2	279,344,141	44,954,716	36,948,241

Aug. 18	2 units sold	$ 26
Stock dividend	9 shares	$ 101
Aug. 21	243 rights sold	$ 333
22	41 " "	53
	284 " "	$ 386
7/24 to 8/16	55,007 " "	101,817
Total 7/24 to 8/23	55,291 " "	$102,203

A23

MEMORANDUM

224

FROM British Supply Council in North America

TO Mrs. Henrietta Klotz

Compliments of E.N. Gray

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225

STATEMENT NO. 29

AIRCRAFT SHIPPED TO U. K. AND OVERSEAS COMMANDS

YPE	DESTINATION	ASSEMBLY POINT	By Sea During Week ended August 2, 1941	By Air During Week ended August 24, 1941
L				
Airacobra	U. K.	U. K.	3	-
TISS				
Tomahawk	M. E.	Port Sudan	8	-
ITED				
Chesapeake	U. K.	U. K.	2	-
UGLAS				
Boston III	U. K.	U. K.	11	-
Boston III	M. E.	Port Sudan	7	-
NSOLIDATED				
Liberator	U. K.	U. K. (via Gander)	-	1
CKHEED				
Hudson V	U. K.	U. K. (via Gander)	-	1
Hudson III	U. K.	U. K. (via Gander)	-	15
T A L S			31	17

itish Air Commission
gust 25, 1941

STRICTLY CONFIDENTIAL

diary
226

EXPORTS OF PETROLEUM PRODUCTS, SCRAP IRON AND SCRAP STEEL FROM THE UNITED STATES TO JAPAN, RUSSIA, SPAIN, AND GREAT BRITAIN AS SHOWN BY DEPARTURE PERMITS GRANTED

Week ended August 23, 1941

	JAPAN	RUSSIA	SPAIN	GREAT BRITAIN
PETROLEUM PRODUCTS				
Fuel and Gas Oil (including Diesel Oil)	--	--	60,500 Bbls.	1,206,910 Bbls.
Crude -				
Blended or California High Octane Crude*	--	--	--	--
All Other Crude	--	--	--	--
Gasoline -				
Gasoline A**	--	237,065 Bbls.	--	597,880 Bbls.
Gasoline B*	--	--	--	598,000 Bbls.
All Other Gasoline	--	--	--	--
Lubricating Oil -				
Aviation Lubricating Oil***	--	--	--	113,353 Bbls.
Transformer Oil	--	--	750 Bbls.	--
All Other Lubricating Oil	--	--	13,500 Bbls.	36,942 Bbls.
Tetraethyl Lead***	--	--	--	--
"Boosters", such as Iso-Octane, Iso-Hexane, or Iso-Pentane	--	--	--	--
SCRAP IRON AND SCRAP STEEL				
Number 1 Heavy Melting Scrap	--	--	--	--
All Other Scrap	--	--	--	--

Office of the Secretary of the Treasury, Division of Research and Statistics.
August 25, 1941.

Source: Office of Merchant Ship Control, Treasury Department.

* Any material from which by commercial distillation there can be separated more than 3 percent of aviation motor fuel, hydrocarbon or hydrocarbon mixture - President's regulations of July 26, 1940.

** Aviation Gasoline.

*** As defined in the President's regulations of July 26, 1940.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London

DATE: August 25, 1941, 2 p.m.

NO.: 3849

THE FOLLOWING IS STRICTLY CONFIDENTIAL.

With reference to the Embassy's telegram of August 20, midnight, No. 3775, at the suggestion of the Interdepartmental Committee which deals with the freezing of the assets of the Chinese and the Japanese, on Saturday Waley wrote to the Embassy to express the intention of the British Treasury; that is, information in regard to everything that passes in connection with this matter will be given to the Embassy for its information.

According to Waley, the only transaction which the United Kingdom might desire to carry out is that of a barter of some three hundred tons of magnesium (valued at 60,000 pounds) against three hundred tons of asbestos (valued at something more than 18,000 pounds) together with other goods provided agreement can be reached on what Japan is prepared to take and what the United Kingdom is ready to send.

The statement was also made by Waley that the Government of Great Britain was considering the restriction of exports to occupied China with certain exceptions in regard to the needs of Shanghai which furnishes free China; however, no decision in regard to this had been reached.

It is

It is the impression of the Interdepartmental Committee that there is something approaching chaos due to the fact that no efficient exchange control arrangements have been set up by the Chinese. However, the British and American members of the Stabilization Board are cooperating to see what can be done in regard to this matter. So far, ~~[illegible]~~ no news from Niemeyer has been received by the British Treasury. (?) is a paraphrase of a letter of Waley's.

This morning, a produce order announced that effective as of today a license will be required for all exports to China, Macao and the Japanese Pacific Islands. However, this order does not cover shipments over the Burma Road which have come through Rangoon. The announcement in the newspapers states that it is the purpose of the order to complement that prohibiting all exports to Japan except by license. It states that it is designed to put an end to the channel of trade with the Japanese through the occupied parts of China. August 18 was the date of the order concerning exports to Japan.

WINANT.

EA:PAK

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PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Consulate General, Hong Kong, China, via N.R.

DATE: August 25, 1941, 3 p.m.

NO.: 327

<u>STRICTLY CONFIDENTIAL</u>:

FOR THE SECRETARY OF THE TREASURY FROM FOX.

After a strenuous trip, K. P. Chen and I reached Hong Kong on Sunday night. We found many difficult Board problems awaiting us there.

Some of the problems which we found are as follows:

1. The first activity of the Board in the market seems to be reasonably satisfactory. Since it involves exchange control, the question of relationship between the Board and the Foreign Exchange Control Agency is raised. The Chinese Government is giving the latter Agency, which is of a political complexion and of doubtful technical competence, a more prominent position than is being given to the Board. The Board plans to turn over its Hong Kong exchange operations to the Agency unless word is received from the Treasury Department to the contrary. Two million tribute was the cost of the first week's operation of the Board.

2. Unless all doubts are (?), American banks hesitate to function in foreign exchange matters. It is their claim that they are acting on instructions from their home offices.

The

The Board is willing to cooperate on a 50-50 basis. However, it is not willing to take all of the risk. Would it be possible for Washington to arrange for (?) banks to cooperate better in the future? The banks are adding to the uncertainty which exists in Hong Kong.

3. Can a reply be expected in the near future in regard to the following:

-A- The Chinese banks in Hong Kong are caught in a dilemma between the inclusion of Hong Kong in the sterling area and by the U.S. freezing order. Would Washington prefer to have this problem left entirely to negotiation between the United Kingdom and the Chinese Government?

-B- Is the interpretation of the Treasury of the agreement of April 1 and the letters which were exchanged on April 25 that of having the Board relegated to a minor role with the major position placed in the Agency?

-C- Is there any possibility that private commercial banks might be issued a license? Is it possible for them to operate under license No. 58 at the present time?

-D- Is it essential to have an American observer in Shanghai? Is there a possibility of someone being assigned from Washington so that I may be able to recall to Chungking Frese and Taylor?

This is the end of the message.

SOUTHARD

EA:PAK

Copy:wec:8-27-41

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DEPARTMENT OF STATE
WASHINGTON

August 25, 1941.

In reply refer to
EA 840.51 Frozen Credits/3048

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and encloses a copy of telegram No. 18, dated August 14, 1941, from the American Consulate General, Mukden, China, in regard to the requirement of specific licenses of American nationals in Mukden for bank withdrawals that exceed yuan 500 in any month.

Enclosure:

From Consulate General, Mukdem, No. 18, August 14, 1941.

CORRECTED COPY

TEM

PLAIN

Mukden via Peiping
and N.R.

Dated August 14, 1941

Rec'd 9:15 p.m. 16th

Secretary of State,

Washington.

18, August 14.

Reference Department's 139 to Peiping and Peiping's circular August 13, 1 p.m.

American nationals here including consulate officers require specific licenses for bank withdrawals exceeding yuan 500 in any month (equivalent to American $118 at nominal official rate about American $50 at ascertained real rate for foreign and domestic transactions), specific licenses have been granted to Americans for amounts needed for exchanges but an application by this office to withdraw yuan 4900 equivalent to American $1150 at official rate (which is held in this office's accounts as a special deposit and which it was contemplated asking Department's authority to apply to disbursing) has been reissued and a new application requested which would give an analysis of the Consulate's receipts and expenditures. New application is not (repeat not) being made. Under the trade control law shipments of personal effects from Manchuria require permits. Effective since August 1 American nationals and other foreigners must obtain permits to leave

Manchuria. For those desiring to travel outside of Manchuria and return here permits may be denied to those who have not obtained police approval of their itineraries outside Manchuria. Delay and difficulty has been experienced by applicants for permits. Although a request to Hsinking authorities July 2 for information as to what routes of exit were available to Americans has not (repeat not) been answered, it has ascertained that Americans have been successful in leaving Manchuria only by North China rail route; the Dairen-Japan route, Seishin-Japan and Rashin-Japan routes being closed to them by inability to obtain tickets of passage. Effective today regulations have been published requiring foreigners (including Americans and American consular officers) to obtain permits for all travel outside the cities or towns of their residence. Americans in outlying towns have for past several weeks been subject to police orders in local travel, for example, an American designed to visit his office was given police permission to do so only upon his guarantee that he would return to town of residence on same day. Americans and others are subject to search of baggage including pocketbooks, et cetera; either while traveling within or leaving Manchuria, sometimes several times on a short journey.

Under existing foreign exchange control laws Americans and others (including American consulate officers) may not take or send out of Manchuria without permit, any local or other currencies, monies, drafts, checks, et cetera; except that 10 yuan equivalent to American $2.50 may be exchanged at frontier. Licenses are seldom granted for foreign exchange and this office has been unsuccessful in repeated attempts since 1939 to obtain license to permit to the United States funds belonging to deceased Americans of less than 5,000 yuan or approximately $1100.

KRENTZ

ALC

copy:bj:8-26-41

DEPARTMENT OF STATE
WASHINGTON

In reply refer to
EA 840.51 Frozen Credits/3185

August 25, 1941.

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and encloses a copy of telegram No. 3268, dated August 23, 1941, 2 p.m., from the American Embassy, Berlin, Germany, transmitting a translation of a memorandum which was handed to an officer of the Embassy by an official of the Foreign Office on August 20.

Enclosure:

From Embassy, Berlin,
No. 3268, August 23,
1941.

LET GRAY

BERLIN

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P
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Dated August 23, 1941

Rec'd. 4:20 p.m.

Secretary of State,

Washington.

3268, August 23, 2 p.m. (SECTION ONE)

The following is a translation of a memorandum handed on August 20 to an officer of the Embassy by an official of the Foreign Office;

"In the memorandum which was presented to the American Charge D' Affaires on July 4, 1941 the future regulation of financial transactions of the American Governmental offices in Germany and their officials and employees was discussed. The disposition of private accounts by officials and employees of the American Embassy was left for later regulation.

The German Embassy in Washington has now transmitted telegraphically the terms under which the diplomatic officials and employees of the German Embassy may exercise disposition of their private accounts.

According to the German Embassy's telegram the license issued to the bank in which the account is carried has the following text;

"Treasury Department: License to Riggs National Bank,

Bank, Washington.

One. You are hereby licensed to make payments, transfers of credit, and withdrawals from the accounts in the names of the following:

(There follow the names of those officials and employees who wish to exercise free disposition of their accounts above the amount of $500 monthly covered by general licenses number 11 and the sums applied for. The license then continues):

Two. This license is granted upon the statements and representations filed with the Treasury Department and is subject to the condition among others, that you will comply in all respects with the Executive Order No. 8389 of April 10, 1940 as amended, and the regulations issued thereunder and the terms of this license.

Three. The license shall furnish a report at the end of each calendar month showing the balance to the credit of the account at the beginning and the end of each report period, all credits to the account indicating the source of the funds, and all payments, transfers, and withdrawals made pursuant to the license indicating the payee, and the nature, and the purpose of the payment, and shall make available for inspection any relevant information or records requested by the Secretary of the Treasury.

Four.

Four. This license, which shall expire July 31st, 1941, is not transferable, is subject to the provisions of the Executive Order No. 8389 of April 10, 1940 and the regulations issued thereunder and may be revoked or modified at any time in the discretion of the Secretary of the Treasury. If this license was issued as a result of wilful misrepresentation it may in the discretion of the Secretary of the Treasury be declared void from the date of the issuance or from any other date."

The above license is also contingent on the granting of reciprocity.

In order to carry out reciprocity it will be necessary that those diplomatic officials and employees of the American Embassy who wish to exercise disposition of an amount greater, than the sum of reichsmarks 1,000 which is exempt from permits and who have hitherto not had an account with a German bank must establish such an account into which they would pay the reichsmark sums which they normally obtain against dollar checks or sight drafts.

The Charge d' Affaires is requested to submit to the Foreign Office a list of the officials and employees in question and of the sums of which they desire to exercise disposition as well as the bank and the name of each account. An assurance should also be given that these accounts only contain the personal funds of the owners, that the accounts will be used only for the personal expenses of the owners and their families in Germany and that the German Government will be immediately notified if the owners leave the territory of the Reich or cease to be connected with the American Embassy.

For reasons of expedience it is requested that the officials and employees carry all their accounts in the same German bank in Berlin.

The Embassy in Washington has further reported that the monthly balances required from the Riggs National Bank under No. 3 of the license be submitted on the basis of the data resulting from the deposits and withdrawals and the checks. If necessary the bank makes inquiries of the payee, particularly with regard to the nature and purpose of the payments. For this additional work the bank charges each account-holder $2 monthly in fees. For safe deposit boxes a fee of $5 is charged for every opening which must be exactly documented. The license is renewed automatically without further application by the member of the Embassy concerned.

As soon as the information requested above is submitted the Foreign Office will cause the necessary permit to be issued to the bank carrying the accounts and the conditions to be made to the bank which are necessary under the decrees issued in order to guarantee reciprocity in every respect".

MORRIS

GW

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PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Berlin, Germany

DATE: August 23, 1941, 2 p.m.

NO.: 3268 — SECTION TWO

It was made clear by the official in question that the action (described in the memorandum) was being taken solely as a parallel to the action of the U.S. He emphasized that the license was granted, contingent on reciprocity, to the Riggs National Bank. It is my opinion that there would be a cancellation of the German measure immediately should the United States Government withdraw its similar measure in regard to the bank accounts of German employees and diplomatic officers.

It is assumed that the license issued to the Riggs National Bank by the Treasury Department with respect to the accounts of German officers is quoted correctly in the German memorandum. Therefore, it would be appreciated if the Department would call the Treasury Department's attention to the fact that in view of conditions existing in Germany reciprocity in such a matter is scarcely feasible. No bank accounts in Germany are held by the officers or personnel of this mission. In general, the use of checking accounts is not customary. The maintenance of bank accounts in a German institution would not be a facility to American official personnel in Berlin but rather an annoyance.

Moreover,

Moreover, the subjection of such accounts to the type of scrutiny as that described in the license to the Riggs National Bank would place the members of the American mission in Berlin in a most unhappy situation; they are already the objects of a burdensome degree of surveillance.

Should the Treasury Department be unable to cancel the restrictions which are contained in Section 3 of the license that require reports in detail in regard to the origin of the deposits and concerning the reason for every payment made from the accounts in question — above five hundred dollars —, the Embassy suggests that the amount which is free of formal scrutiny be raised to at least $1,000 each month. Less hardship on this mission would then be entailed by the reciprocal German action. I would indeed warmly recommend that the amount which is free of scrutiny be not less than $1,500 each month for officers of the German Embassy, carried on the diplomatic list of the State Department.

The Embassy also would like to propose that the Department urge the Treasury to abandon this type of open control entirely with respect to the German mission chief in Washington, D. C. The standards of diplomatic courtesy are being so sorely strained in these times by other Governments that it would seem that we should hardly need to add to the inroads which have already been made.

Confidently,

Confidently, it is my feeling that the Department will understand the burden which a continuance of this measure would place upon the daily life of the Embassy at Berlin. It is hoped that the Department will use its best efforts to effect the prompt remedial action without, of course, opening the door so wide as to permit abuses which it is intended to prevent by the U.S. regulations. The unhappy consequences which would result to every member of the U.S. Embassy's staff at Berlin, if compelled to live in the atmosphere which the maintenance of these regulations would bring about, cannot be over-emphasized. This matter would be just about the last straw in view of the fact that at the present time there is a prospect of a long and dreary winter before the Embassy. If a measure of this kind is not promptly dealt with, I have every reason to fear that a deterioration of morale and efficiency of performance will result. It would make it all the more difficult to bear if the U.S. Government would be responsible for the enactment of the German counter-measures.

It is thoroughly realized that in the enactment of general national legislation all the repercussions of the measure adopted cannot be foreseen by the authorities who are responsible primarily for the legislation. The accomplishment of the object in hand, as I see it, can be

-4-

can be effected by rules that are less direct and much less obnoxious.

It is my belief that the Department will understand all that has been said. I am looking forward confidently to a prompt and suitable amelioration of this deeply vexatious and worrisome measure through the efforts of the Department.

This is the end of the message.

MORRIS

EA:PAK

840.51 Frozen Credits/3185

Copy:bj:hbr:wec:8-26-41

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Managua, Nicaragua

DATE: August 25, 1941, 2 p.m.

NO.: 145

It is requested that reference be made to the Legation's despatch No. 19, dated August 13, recommending the deletion from the blacklist of the name of Leopoldino Viuda de Caligaris.

According to information which I have received from the President of the Jabali mines (important gold producers) shipments of supplies which are vital to that mine are being held up because the name of Caligaris appears on the blacklist. Therefore, because of this, the account of the Jabali mines in the U.S. has been frozen. The Jabali mines has as one of its important stockholders Mr. Caligaris.

The Legation will appreciate it if appropriate action can be taken to expedite the consideration of the recommendation made by ~~xx~~ it for the deletion of the name of Caligaris from the blacklist and also for the unfreezing of the funds of the Jabali mines.

BOAL

EA:PAK

SEP 23 1941

RECEIVED

TREASURY DEPARTMENT

INTER-OFFICE COMMUNICATION

DATE August 25, 1941

CONFIDENTIAL

TO Secretary Morgenthau

For Miss Chauncey

FROM Mr. Cochran

Registered sterling transactions of the reporting banks were as follows:

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

Open market sterling remained at 4.03-1/2. The only reported transactions consisted of £6,000 purchased from commercial concerns.

The Central Bank of China in Chungking cabled instructions to the New York Federal Reserve Bank today to purchase £100,000 for its account. Since registered sterling may not be purchased here for credit to a Chinese account, and in view of the fact that the existing supply of open market sterling in New York is very limited, the Federal communicated with the Bank of England. The latter agreed to supply the required sterling at 4.03-1/2.

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

Canadian dollar	10-7/8% discount
Argentine peso (free)	.2383
Brazilian milreis (free)	.0505
Colombian peso	.5800
Mexican peso	.2070
Uruguayan peso (free)	.4375
Venezuelan bolivar	.2755
Cuban peso	1-1/16% discount

In the unofficial exchange market in Shanghai, the yuan was quoted nominally at 4-7/8¢, up 3/16¢.

We purchased $503,000 in gold from the earmarked account of the Central Bank of Peru.

We sold $750,000 in gold to the Central Bank of Haiti, which was added to its earmarked account.

The Federal Reserve Bank of New York reported that the Bank of Mexico shipped $474,000 in gold from Mexico to the Federal for its account, disposition unknown.

CONFIDENTIAL

The State Department forwarded a cable to us reporting the following shipments of gold from England, both of which are for sale to the New York Assay Office:

$136,000	shipped by the Westminster Bank, London, to the Guaranty Trust Company, New York.
58,000	shipped by Mocatta and Goldsmid, London, to the Banque Belge pour l 'Etranger, New York.
$194,000	Total

In London, spot and forward silver were both fixed 1/16d higher at 23-1/2d, equivalent to 42.67¢.

The Treasury's purchase price for foreign silver was unchanged at 35¢. Handy and Harman's settlement price for foreign silver was also unchanged at 34-3/4¢.

We made two purchases of new production silver amounting to 125,000 ounces under the Silver Purchase Act. This silver, which was bought for forward delivery, came from various foreign countries.

We also purchased 200,000 ounces of silver from the Bank of Canada under our regular monthly agreement.

PH:wec:8-25-41

BRITISH EMBASSY,
WASHINGTON, D.C.

25th August, 1941

PERSONAL AND
SECRET

Dear Mr. Secretary,

I enclose herein for your personal and secret information a copy of the latest report received from London on the military situation.

Believe me,
Dear Mr. Secretary,
Very sincerely yours,
R. I. Campbell

The Honourable
Henry Morgenthau, Jr.,
United States Treasury,
Washington, D.C.

TELEGRAM RECEIVED FROM LONDON AUGUST 22ND, 1941

1. Afternoon August 20th north of Port Said enemy aircraft torpedoed British tanker of 4,782 tons. She proceeded under her own steam.

2. Free French submarine reports having torpedoed one merchant vessel off Norwegian coast. No details available.

3. Three Beauforts attacked with cannon and machine gunned seven trawlers off Calais; two seen to be on fire.

4. Daylight August 21st. Royal Air Force carried out three bomb attacks on enemy objects. Severe damage done to Ijmuiden Iron and Steel Works. During air combats we lost fourteen fighters, one pilot safe. One enemy fighter destroyed. Ten probably, six damaged.

5. Night of August 21st/22nd our bombing operations cancelled owing to weather, enemy air activity over the United Kingdom negligible.

6. Benghazi bombed as usual, eighteen Marylands with fighter escort bombed enemy tanker northwest of Bardia.

CONFIDENTIAL

MILITARY INTELLIGENCE DIVISION
WAR DEPARTMENT
Washington, August 25, 1941

TENTATIVE LESSONS BULLETIN
No. 149
G-2/2657-235

NOTICE

The information contained in this series of bulletins will be restricted to items from official sources which are reasonably confirmed. The lessons necessarily are tentative and in no sense mature studies.

This document is being given an approved distribution, and no additional copies are available in the Military Intelligence Division. For provisions governing its reproduction, see Letter TAG 350.05 (9-19-40) M-B-M.

THE GERMAN THEORY OF WAR

SOURCE

This is the second of a series of bulletins based on a report submitted November 18, 1940, by an American official observer in Berlin. These bulletins will illustrate some of the principles of German military leadership, both practical and theoretical.

Although it also contains comments by the observer, this bulletin consists largely of extracts from Vom Kriege, by Clausewitz.

CONTENTS

THE GERMAN THEORY OF WAR

1. GENERAL

"War is a large scale duel; its individual duels are comparable to the struggle between two wrestlers. By physical force each tries to compel the other to carry out his own will and then to throw him thus rendering him unable to offer further resistance.

"From that point of view war is, therefore, an act of force. Its purpose is to impress our will upon the enemy. Force utilizes the inventions of art and science to combat force. Insignificant limitations like international law affect this utilization but do not materially weaken its power. Since there is no moral force beyond the conception of state and law, physical force is therefore the means to the end. Imposing our will upon the enemy is the objective; in order to reach this objective safely we must make the enemy defenseless - and that is the real aim of warfare.

"Humanitarians may easily believe that the true art of war should envisage an almost bloodless artificial disarmament or subjugation of the enemy. No matter how well this theory may sound, it is clearly in error. In such dangerous matters as war, the worst mistakes are those which are made for humanitarian reasons.

"As the use of physical force to its fullest extent in no way excludes the use of intelligence, the side which employs force relentlessly, without consideration of blood, will gain the upper hand - if the enemy does not follow the same procedure. It will thus set the pace for its opponent, and both will speed each other on to the utmost, their inner counterweights their only limitations.

"That is how we should consider the question; it is a useless and mistaken effort if we forget nature itself in our dislike for the raw elements.

"Essentially, strife between men consists of two different elements - the hostile feeling and the hostile intention. We have chosen the latter of these two elements as the basis for our definition because it is the more common. The most primitive passion of hatred, which may almost be termed instinctive, always includes the hostile intention. On the other hand, there are many hostile intentions which are not accompanied by any hostility of feeling, or at least not by any overpowering hostility of feeling. Among unenlightened peoples, intentions born by instinct are most prominent; among educated peoples, intentions born by the brain. This difference, however, does not lie alone in the nature of the education or lack of it, but in the circumstances and conditions surrounding it as well, and for that reason the difference does not necessarily exist in every case, but only in the majority of cases. In a word, even the most educated people can break out in passionate hostilities against each other.

"We see, therefore, how false we would be if we were to state that the war of educated peoples is merely a rational act by governments and if we were to consider war more and more devoid of passion, a struggle that would eventually require not physical masses of fighting forces but only the relations of those masses - a sort of algebra of actions.

"If enlightened nations do not kill their prisoners, or destroy land and country, it is because intelligence mingles more with their conduct of war and has taught them more effective means of employing force than such a primitive utterance of instinct.

"War is not created suddenly; its preparation is not the work of a moment. Each of the two opponents can, therefore, usually judge the other from what he is and from what he does or does not do, or more strictly speaking, from what he should be and what he should do.

"If we adhere primarily to the term war in its purest sense we must admit that a political purpose is not actually within its scope; for if war is an act of force to compel the enemy to fulfill our wishes, then the sole object must always be to overthrow the enemy; that is, to render him defenseless.

"Later, as we study the war plan, we will investigate more closely what is meant by making a state defenseless. At present we must differentiate between three general aims which encompass all else, the enemy's fighting force, his country, and his will.

"The fighting force must be destroyed; it must be put in such a condition that it cannot continue combat.

"The country must be conquered; else a new fighting force might form within it.

"Even after those two goals have been accomplished, however, the war - the hostile tension and the effect of enemy forces - may not be considered closed so long as the enemy's will has not also been destroyed. We may be in full possession of the enemy's country, but until his government and his allies have been forced to sign a peace treaty, or the citizens have been subjugated, the fight may be renewed from within the land itself, or through the assistance of allies. Of course this can also happen after a peace is signed; but that only proves that not every war is in itself a complete decision and settlement.

Even if this is the case, however, a number of sparks, which would otherwise have continued to glow in silence, will be snuffed out when the agreement to end hostilities is signed, and tensions will be loosened, because all minds will be turned toward peace - and there are always many people in every country and under all conditions who will steer far from the path of resistance. But whatever the situation may be, with the signing of peace we must consider the objective achieved and the business of war ended."

2. COMMENTS

In interpreting Clausewitz, principally through the studies of von Schlieffen, the Germans have arrived at the following basic principles:

a. The principle of total war, in which the force of every agency and every individual of the nation is enlisted to crush the enemy nation;

b. The principle of the offensive, which demands that the war be carried into the enemy's country and that he be destroyed on his own soil - the German mind does not conceive of a war on German soil;

c. The principle of surprise, which demands that the enemy be struck before he is ready to receive the blow - this calls for rapid mobilization and great speed of movement in order to direct the decisive blow at the weakest point;

d. The principle of annihilation, which demands not only the decisive defeat of the enemy, but the destruction of his armed forces as well - the old Cannae doctrine on a grand scale. The modern version is the march of huge armies against the entire front of the enemy border. Where the enemy holds, he is contained; where he is weak, the attacking units filter through to strike him from the rear. The enemy force is then separated into islands which are successively destroyed by the overwhelming power of all arms;

e. The principle of the balanced force, by which the prime mission of all supporting arms is to keep the infantry marching unmolested, and at maximum speed, deep into the enemy country where the final decision is to be won.

This type of warfare requires leaders who are physically and mentally young; who are confident in their own ability and are highly aggressive in spirit. It requires in addition that the leaders have a full comprehension of the basic fact that the team is stronger than the individual, and that every military unit from the squad to a group of armies is a member of the greater team - the nation. This type of leadership leaves little room for eccentrics or temperamentals, and no place for grandstand players.

RESTRICTED

G-2/2657-220; No. 476 M.I.D., W.D. 11:00 A.M., August 25, 1941

SITUATION REPORT

I. Eastern Theater.

Ground: Violent fighting is reported from the Leningrad area as the German and Finnish forces press the attack on that city.

German pressure is increasing against the Russian forces cut off in the Tallinn area of northwestern Estonia.

Powerful Russian counterattacks are being launched toward Staraya Russa and Smolensk.

The progress of operations in both the Gomel area and in the Ukraine remains obscure. Reports indicate that the Germans are attempting to force crossings of the Dnepr at Dnepropetrovsk and Zaporozhe.

Air: Railway lines east of Leningrad were the chief target of German dive bombers on the 22nd.

II. Western Theater.

Air: British. British bombers attacked communications and other objectives at Dusseldorf during the night with some losses.

German. Night operations carried out again against airfields in England and harbors on the west coast.

III. Middle East Theater.

Air: Italian communiques reported heavy losses in British planes operating from Tobruk during the last week. British planes attacked Tripoli on the 22nd.

Ground: Continued lack of any significant activity.

RESTRICTED

TREASURY DEPARTMENT

WASHINGTON

8/27/41 –

DEFENSE SAVINGS STAFF

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

Dear Mr. Morgenthau:

In case you have not seen it, I am sending you a copy of the issue of, "Banking", for the month of August and call to your attention the fact that your, "Tax Savings Plan", seems to be carried in full in this issue.

I am glad also to report that information coming in seems to indicate that a large number of banks who had not qualified as issuing agents for the Series E, Defense Savings Bonds, have qualified during the month of August and I believe that by the end of September, you will be very much pleased with the showing.

I hope you have a nice vacation and with highest regards and best wishes, I beg to remain,

Sincerely yours,

B. M. Edwards

B. M. Edwards,
Assistant

DEFENSE SAVINGS STAFF

ADVANCE SCHEDULE OF RADIO PROGRAMS

TUESDAY - AUGUST 26, 1941.

Time: 5:30 - 5:45 P.M.
Program: Paul Sullivan
Station: WJSV and CBS Network

Time: 6:30 - 7:00 P.M.
Program: Second Husband
Station: WJSV and CBS Network

Time: 7:00 - 7:30 P.M.
Program: Johnny Presents
Station: WRC and NBC Red Network

Time: 7:30 - 8:00 P.M.
Program: "For America We Sing"
Starring John Charles Thomas,
Dr. Frank Black's Orchestra
with Dr. Black conducting,
and the NBC Chorus.
Station: WMAL and NBC Blue Network

Time: 9:30 - 10:00 P.M.
Program: College Humor
Station: WRC and NBC Red Network

Time: 11:15 P.M. - 12:00 M
Program: "Music You Want, When You Want It".
Station: WMAL - Washington, D. C.

THESE PROGRAMS PROMOTE THE SALE OF DEFENSE BONDS AND STAMPS.

August 26, 1941.

Memorandum for the Secretary's Files

When the Secretary called from Montreal this morning I told him that the President yesterday vetoed the wheat and cotton freezing bill. The Secretary was much pleased since he believed the bill to be outrageous and over the telephone had asked Dan Bell to reply to the request of the Bureau of the Budget for Treasury comments by an outright recommendation for a veto. This had been done in a letter to the Budget Director and a draft of a veto message sent over on August 18. Copies are attached.

Under the supposition that I would attend the Cabinet Meeting on Friday of last week the Secretary had also sent word to me, through Stephens, asking me to renew at the Cabinet Meeting our recommendation for a veto of the bill.

A clipping telling of the President's veto of the bill is also attached.

Attachments.

HEG
Herbert E. Gaston
Assistant Secretary of the Treasury.

COPY

Aug. 18, 1941.

The Director,

Bureau of the Budget.

Sir:

The Department is in receipt of your letter of August 14, 1941, submitting a facsimile of an enrolled enactment (H. R. 5300, 77th Cong., 1st Sess.), "An Act to amend Public Law Numbered 74 of the Seventy-seventh Congress, relating to wheat-marketing quotas under the Agricultural Adjustment Act of 1938, as amended," for comment.

The Department is strongly of the opinion that this bill should not receive the approval of the President. Without passing on the other features contained in the bill, the particular provisions to which we take exception are those relating to the authority of the Commodity Credit Corporation to dispose of Government-owned stocks of cotton or wheat. Under such provisions, with a few inconsequential exceptions, no Government stocks of either cotton or wheat could be sold during the continuation of the present European war and thereafter until the Congress otherwise provides. It is the view of the Treasury that this restriction is indefensible from any standpoint and its presence in the bill affords sufficient grounds for a veto.

The Government now owns six million bales of cotton. Cotton prices have risen from 9-1/2 cents a pound on August 1, 1939 to about 16 cents a pound at the present time. The present estimate of the new cotton crop is that it will be shorter than in any year since 1935. The Government-held stocks, if available for sale, can be used to avert any hardship through shortage. The Government also owns about one hundred seventy million bushels of wheat. The current crop will be large, but demand conditions and existing controls have resulted in a substantial price advance.

The obvious purpose of this provision in the legislation is to create an artificial scarcity in cotton, as well as in wheat, and thereby to enhance their price. Surpluses of farm products, or of any other commodity for that matter, should not be withheld from the market when their prices have reached reasonable levels and when the demand for them is on the increase.

For these reasons the Department recommends that the bill be not approved. There is enclosed a suggested draft of veto message.

By direction of the Secretary:

Very truly yours,

(Signed) C. R. Schoeneman

Administrative Assistant
to the Secretary.

Enclosure.

C
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To the House of Representatives:

I return herewith, without my approval, H. R. 5300, entitled "An Act to amend Public Law Numbered 74 of the Seventy-seventh Congress, relating to wheat-marketing quotas under the Agricultural Adjustment Act of 1938, as amended."

This bill provides, among other things, that the Commodity Credit Corporation with minor exceptions may not sell or otherwise dispose of any cotton or wheat owned by it during the continuance of the present war and thereafter until the Congress shall otherwise provide. The practical effect of this provision would be that the Commodity Credit Corporation would not be able to dispose of any of this cotton or wheat until and unless the Congress changed the law. This provision alone affords sufficient justification for a disapproval of the bill in toto and therefore I will confine my criticism to that provision.

The Commodity Credit Corporation now owns six million bales of cotton and one hundred seventy million bushels of wheat. The price of cotton has advanced from 9½ cents in August, 1939, to about 16 cents at the present time. The advance in the price of wheat has not been relatively so great, but it has been substantial. In the light of the existing situation, and the unpredictable future, the freezing of the present stocks of cotton and wheat for an indefinite period is not in the interest of the farmer, the consumer, or the general welfare.

Surpluses of farm products, or of any other commodity for that matter, should not be withheld from the market when their prices have reached reasonable levels and when the demand for them is on the increase.

It is highly desirable under conditions which exist today that we have flexibility to meet all emergencies. Discretion as to the disposition of commodities in the control of the Government should be retained as now provided under existing law.

The White House

August , 1941.

VETOES SALE CURB FOR COTTON, WHEAT

President Says Freezing of Federal Stocks for Emergency Would Harm AAA

RELEASE 'MAY BE NEEDED'

Congress Is Told That Long-Time Best Interests of Farm and Buyer Would Suffer

Special to THE NEW YORK TIMES.

WASHINGTON, Aug. 25—President Roosevelt vetoed today the bill requiring the government to withhold from the market during the national emergency its large stocks of wheat and cotton acquired over the last few years as a means of stabilizing prices for these crops.

The President said that the measure, which was passed over Administration opposition, would be "contrary to sound governmental policy and the long-time best interests of both farmers and consumers."

Asserting that "in times such as these no one can foresee how soon these government-owned stocks may be needed," Mr. Roosevelt added that the Commodity Credit Corporation should be free to dispose in an orderly manner of the 6,500,000 bales of cotton and about 200,000,000 bushels of wheat which it owns, so as to maintain an ever-normal granary to protect farmers against surpluses and consumers against scarcity.

Fears for AAA Program

"It is my conviction," he stated, "that approval of the measure would seriously and adversely affect the agricultural adjustment program and the attendant policies which have been so beneficial to our farmers during the past few years.

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

"Even more objectional is the provision which would direct the Commodity Credit Corporation to acquire title to all cotton and wheat of the 1940 and previous crops in which it has an interest and to hold these commodities for an indefinite period. The goal of the administration's agricultural policy has been parity prices for the farmers and that has been accepted by the producers, the consumers and the Congress as fair and reasonable.

I do not feel that farmers would wish this acceptance destroyed by action designed to force prices above parity through the arbitrary withholding of government-owned stocks from the normal channels of trade and commerce.

Can Lend 85% of Parity

"Recently I approved legislation enacted by the Congress authorizing the Commodity Credit Corporation to make loans at a rate of 85 per cent of the parity prices of the five basic agricultural commodities, which in addition to agricultural-conservation payments and authorized parity payments, will enable the growers of these crops to realize parity for their 1941 production."

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Memorial Service

for

The Right Honourable
Arthur Blaikie Purvis

President
Canadian Industries Limited
and
Chairman
The British Supply Council in North America

Born: 31st March, 1890
Died: 14th August, 1941

Christ Church Cathedral

Montreal

Tuesday, 26th August, 1941
at 2:30 p.m.

Order of Service

ORGAN PRELUDE

Solemn Melody — *Walford Davies*

¶The Minister shall begin the Service saying,

I AM the resurrection and the life, saith the Lord: he that believeth in me, though he were dead, yet shall he live: and whosoever liveth and believeth in me, shall never die.

I KNOW that my redeemer liveth, and that he shall stand at the latter day upon the earth: and though this body be destroyed, yet shall I see God: whom I shall see for myself, and mine eyes shall behold, and not as a stranger.

WE brought nothing into this world, and it is certain we can carry nothing out. The Lord gave, and the Lord hath taken away; blessed be the name of the Lord.

¶After which the Choir and Congregation shall sing

Psalm 121. *Levavi oculos*

I WILL lift up mine eyes unto the hills; from whence cometh my help?

My help cometh even from the Lord, who hath made heaven and earth.

He will not suffer thy foot to be moved; and he that keepeth thee will not sleep.

Behold, he that keepeth Israel shall neither slumber nor sleep.

The Lord himself is thy keeper; the Lord is thy defence upon thy right hand;

So that the sun shall not burn thee by day, neither the moon by night.

The Lord shall preserve thee from all evil; yea, it is even he that shall keep thy soul.

The Lord shall preserve thy going out, and thy coming in, from this time forth for evermore.

Also Psalm 130. *De Profundis*

OUT of the deep have I called unto thee, O Lord; Lord, hear my voice.

O let thine ears consider well the voice of my complaint.

If thou, Lord, wilt be extreme to mark what is done amiss, O Lord, who may abide it?

For there is mercy with thee; therefore shalt thou be feared.

I look for the Lord; my soul doth wait for him; in his word is my trust.

My soul fleeth unto the Lord before the morning watch; I say, before the morning watch.

O Israel, trust in the Lord, for with the Lord there is mercy, and with him is plenteous redemption.

And he shall redeem Israel from all his sins.

¶Then shall follow the LESSON, *taken out of the eighth Chapter of Romans, beginning with the fourteenth verse.*

¶Then shall be sung the following hymn:

HYMN 611 — *Charles Wesley*

LET saints on earth in concert sing
With those whose work is done;
For all the servants of our King
In heaven and earth are one.

2 One family, we dwell in him,
One Church, above beneath;
Though now divided by the stream,
The narrow stream of death.

3 One army of the living God,
To his command we bow
Part of the host have crossed the flood,
And part are crossing now.

4 E'en now to their eternal home
There pass some spirits blest;
While others to the margin come,
Waiting their call to rest.

5 Jesus, be thou our constant Guide;
Then, when the word is given,
Bid Jordan's narrow stream divide,
And bring us safe to heaven. Amen.

¶Then shall be said the APOSTLES' CREED, *by the Minister and the People, standing:*

I BELIEVE in God the Father Almighty, Maker of heaven and earth: And in Jesus Christ his only Son our Lord: Who was conceived by the Holy Ghost, Born of the Virgin Mary: Suffered under Pontius Pilate, Was crucified, dead and buried: He descended into hell; The third day he rose again from the dead: He ascended into heaven, And sitteth on the right hand of God the Father Almighty: From thence he shall come to judge the quick and the dead.

I believe in the Holy Ghost: The holy Catholic Church; The Communion of Saints: The Forgiveness of sins: The Resurrection of the body: And the Life everlasting. Amen.

¶Then the Minister shall say,

The Lord be with you.
Answer And with thy spirit.

¶Here all shall kneel, and the Minister shall say,

Let us pray.
Lord, have mercy upon us.
Christ, have mercy upon us.
Lord, have mercy upon us.

OUR Father, who art in heaven, Hallowed be thy Name. Thy kingdom come. Thy will be done, On earth as it is in heaven. Give us this day our daily bread. And forgive us our trespasses, As we forgive those who trespass against us. And lead us not into temptation, But deliver us from evil. Amen.

¶Then the Minister shall add these other Prayers.

ALMIGHTY God, with whom do live the spirits of those who depart hence in the Lord, and with whom the souls of the faithful, after they are delivered from the burden of the flesh, are in joy and felicity; We give thee hearty thanks for the good examples of all those thy servants, who, having finished their course in faith, do now rest from their labours, and especially at this time thy servant, Arthur. And we beseech thee, that we, with all those who are departed in the true faith of thy Holy Name, may have our perfect consummation and bliss, both in body and soul, in thy eternal and everlasting glory; through Jesus Christ our Lord. *Amen.*

REMEMBER thy servant departed this life, O Lord, according to the favour which thou bearest unto thy people, and grant that, increasing in knowledge and love of thee, he may go from strength to strength, in the life of perfect service, in thy heavenly kingdom; through Jesus Christ our Lord, who liveth and reigneth with thee and the Holy Ghost ever, one God, world without end. *Amen.*

ALMIGHTY God, we remember this day before thee thy faithful servant Arthur, and we pray thee that, having opened to him the gates of larger life, thou wilt receive him more and more into thy joyful service; that he may win, with thee and thy servants everywhere, the eternal victory; through Jesus Christ our Lord. *Amen.*

BENEDICTION ANTHEM *Goss*

O Saviour of the world, who by thy Cross and Precious Blood hath redeemed us, save us and help us, we humbly beseech thee, O Lord.

THE BENEDICTION

UNTO God's gracious mercy and protection we commit you. The Lord bless you and keep you. The Lord make his face to shine upon you, and be gracious unto you. The Lord lift up his countenance upon you, and give you peace, both now and evermore. *Amen.*

CLOSING HYMN 379 *Isaac Watts*

O GOD, our help in ages past,
Our hope for years to come,
Our shelter from the stormy blast
And our eternal home:

2 Under the shadow of thy throne
Thy saints have dwelt secure;
Sufficient is thine arm alone,
And our defence is sure.

3 Before the hills in order stood,
Or earth received her frame,
From everlasting thou art God,
To endless years the same.

4 A thousand ages in thy sight,
Are like an evening gone;
Short as the watch that ends the night
Before the rising sun.

5 Time, like an ever-rolling stream,
Bears all its sons away;
They fly, forgotten, as a dream
Dies at the opening day.

6 O God, our help in ages past,
Our hope for years to come,
Be thou our guide while life shall last,
And our eternal home.

POSTLUDE

FUNERAL MARCH *Mendelssohn*

August 26, 1941

Files

Mr. Cochran

Mr. Lindholm of the Department of State (Branch 634) telephoned me at 3:30 this afternoon to let me know that a cablegram had been received from Ambassador Winant in London expressing his thanks for the message regarding Gassday. The Ambassador was arranging for Coe to arrive in the United States by September 15. A few minutes after this conversation I received from Mr. Livesey's office the attached Triple Priority message No. 3882, which had been sent subsequent to that mentioned by Mr. Lindholm. Upon the receipt of this message, my office sent a telegram to the Federal Reserve Bank at New York instructing that the advance of $400 to Mr. Coe be cabled. I telephoned Mr. Lindholm and read him cablegram No. 3882, which he had not yet seen. He said he would immediately learn what the Department of State was doing to arrange for a Clipper reservation from Lisbon on September 20. It was agreed between us that since the London Embassy had already arranged for transportation from London to Lisbon on September 19, we should not attempt to obtain a Clipper reservation earlier than that of September 20. This would involve Coe arriving in Washington a week later than originally anticipated, but the Embassy at London has through its cablegram confirmed our impression that air transportation service is now heavily congested. Mr. Lindholm promised to telephone me as to what he learns on the point of the reservation, and we will then draft a cablegram to London.

HMC:lap-8/26/41

KD

PLAIN

London

Dated August 26, 1941

Rec'd. 12:55 p. m.

Secretary of State,

Washington.

TRIPLE PRIORITY

3882, Twenty-sixth.

FOR TREASURY FROM COE.

Air transport Lisbon arranged for September 19. Understand State Department attempting arrange clipper September 20. Transport services heavily congested. Embassy wants to know whether this date is satisfactory. If not please contact State Department. Please send additional advance of $400.

WINANT.

HPD

THE BRITISH SUPPLY COUNCIL IN NORTH AMERICA

Telephone: Republic 7860

Box 680
Benjamin Franklin Station
Washington, D.C.

26th August, 1941.

Dear Cochran,

I am told that the OPM (I believe Mr. Gordon Williams) are declining to give any priority for gold mining machinery for the Belgian Congo on the ground that gold production is not essential. The gold production in the Belgian Congo is about 37,000 ounces a month, over $15 millions a year. The order for machinery was to the value of about $70,000. It is difficult to see how an industry which produces $15 millions a year buying power for the sterling block can be regarded as non-essential. Apart from this, as you are aware, if the same kind of ruling were applied to gold mining machinery for South Africa, the whole financial basis on which the lend-lease scheme rests would be wrecked, and we should be under the unfortunate necessity of applying to you for a large cash loan, in addition to lend-lease assistance.

Yours sincerely,

/s/ F. Phillips

Mr. H. Merle Cochran,
United States Treasury,
Washington,
D. C.

Copy: hbr: 8-26-41.

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FOR THE PRESS IMMEDIATE RELEASE FOR THE PRESS

August 26, 1941

This Government is preparing to send a military mission to China. The mission will be sent for the purpose of assisting in carrying out the purposes of the Lend-Lease Act. It is being organized and it will operate under the direction of the Secretary of War. Its chief will be Brigadier General John Magruder.

The function of the mission will be to study, in collaboration with Chinese and other authorities, the military situation in China, the need of the Chinese Government for materiel and materials; to formulate recommendations regarding types and quantities of items needed; to assist in procurement in this country and in delivery in China of such materiel and materials; to instruct in the use and maintenance of articles thus provided; and to give advice and suggestions of appropriate character toward making Lend-Lease assistance to China as effective as possible in the interest of the United States, of China, and of the world effort in resistance to movements of conquest by force.

The sending of this mission is in keeping with and is on parallel lines to the sending of a similar mission to the Soviet Union. The purposes of the two missions are identical.

General Magruder has had long experience in China where he twice served as Military Attache. He, therefore, will be working on familiar ground, among people he knows well and to whom he is well known. An adequate staff of thoroughly qualified officers will accompany General Magruder.

MEETING OF THE ECONOMIC DEFENSE BOARD AUGUST 27, 1941

Present at the meeting were:

The Vice President, Assistant Secretary of State Breckinridge Long, Assistant Secretary of the Treasury Herbert E. Gaston, Under Secretary of War Robert P. Patterson, the Attorney General, Assistant Secretary of the Navy Adlai Stevenson, Secretary of Agriculture, and Secretary of Commerce.

Also present at the meeting were: Mr. Laurence Duggan, State Department; Mr. W. L. Clayton, Federal Loan Agency; Messrs. E. A. Locke, Jr. and John L. Pratt, Office of Production Management; Mr. Nelson Rockefeller, Coordinator of Inter-American Affairs; and Mr. Winfield Riefler.

The Vice President asked Assistant Secretary of State Long and Messrs. Locke and Pratt if they had any report to make on the requirements for materials for Latin America. Assistant Secretary of State Long reported that the State Department, the Office of Production Management and the Rockefeller Committee have met and discussed this situation fully. Assistant Secretary of State Long presented a list of materials and available supplies on hand. He said that the President stated in April that the policy of the United States is to furnish all possible materials to Latin America over and above our actual defense needs. He stated that many minerals are exported from Latin America to the United States, and Latin America should receive some of the materials after they have been fabricated. For instance, he said that Latin America produces much copper, but no copper wire is manufactured in Latin America. He stated that Latin America needs copper wire to operate hydro electric plants, and that their requirements are infinitesimal as compared to our supplies. He stated that Latin America needs 3.6% of the copper we have on hand, 11.4% of our available aluminum, 7.7% of our available brass, and less than 1% of our available supplies of other materials. Assistant Secretary of State Long stated that the State Department wishes these surplus materials sent to Latin America. Assistant Secretary of the Treasury Gaston stated that we do not possess any surplus strategic materials and that the figures represent the excess over our military needs. Under Secretary of War Patterson stated that the United States Army requires all aluminum and copper on hand and that there will be no excess until March 1942. He stated that no aluminum is being furnished civilians at this time.

The Secretary of Commerce said that conditions have changed radically since the President announced his policy in regard to Latin

America receiving materials. Mr. Pratt, of the Office of Production Management, stated that we should divide with Latin America only that material which is available for civilian needs. The Secretary of Commerce asked whether Latin America is asking for ~~a~~ military material. Assistant Secretary of War replied that $400,000,000 under the Lend-Lease Bill has been allotted to South America. It was Mr. Rockefeller's opinion that we should see that strategic material is furnished Latin America as a protection measure, because a military problem would be created for us if Axis groups overthrew any South American country.

Under Secretary of War Patterson stated that the War Department has been asked by civilian groups to release some aluminum in this country. Two different companies have told the War Department that more than 200,000 people will be thrown out of employment unless a little aluminum is released. Under Secretary Patterson said that it would probably be well to release some aluminum even though the defense effort were slowed up to some extent. Secretary of Agriculture said zinc should be sent immediately to South America in order that newspapers friendly to the United States can continue to be published. There was no disagreement.

Mr. Rockefeller stated that the Office of Production Management has received only twenty export requests from South America purchasers. He said that there are innumerable firms in South America which are badly in need of materials, but that they do not know the procedure to follow. The Brazilians, said Mr. Rockefeller, cannot understand why priority for steel was given to Argentina and refused to Brazil. Mr. Clayton, of the Federal Loan Agency, said that that Agency has men in each Latin American country who are cooperating with local firms. It was his opinion that we should have a man in each country to whom requests can be presented, who can investigate the needs, etc. The Vice President stated that in accordance with the President's policy, we should share our strategic materials with Latin America after our military needs are taken care of; this policy to be followed except in special cases.

Assistant Secretary Gaston stated that the Economic Defense Board should not report to any other Boards or Agencies, but that they should report to the Economic Defense Board. The Vice President presented the chart of the Economic Defense Board. The Attorney General stated that he did not believe the Economic Defense Board should employ anyone to draft statutes. Assistant Secretary Gaston stated that care should be taken that there is no duplication of effort, and that other Agencies are working on post-war problems. The Vice President said that the Economic Defense Board's work on post-war problems would be international in its aspects and that most of the work being done on post-war problems by other Agencies is domestic in its nature. Under Secretary of War Patterson stated that the Economic Defense Board will need a legal staff. The Attorney General agreed. All members of the Board present approved the chart outlining the Divisions and duties of the Economic Defense Board.

Assistant Secretary of the Treasury Gaston stated that crude oil is being shipped from Port Arthur, Texas to Spain. He stated that the Treasury Department has received stories from sailors on the tankers to the effect that this oil is being transferred to Italy and Germany. The Vice President asked the Assistant Secretary of State to furnish the Board further information on this matter.

The Secretary of Agriculture asked what steps had been taken on the African oils situation. Assistant Secretary of State Long said that the State Department is not yet ready to report on African oils, but will be ready to report within the next month. He said that the State Department hopes that the British will take care of this situation. The Vice President asked the State Department, the Treasury Department and the Federal Loan Agency to give the Board reports on what work their Departments are doing regarding economic defense. Each Department promised to furnish this information. The Vice President asked that the Maritime Commission also prepare such a report.

The Board adjourned to meet on Wednesday September 3, 1941 at 9:30 a.m.

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OFFICE OF CIVILIAN DEFENSE
WASHINGTON, D. C.

August 27, 1941

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

Dear Sir:

There is enclosed for your information a copy of Bulletin No. 1, "Emergency Medical Services," which has just been published and which will be distributed generally within a few days.

Very truly yours,

F. H. LaGuardia
U. S. Director Civilian Defense

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Medical Division
Bulletin No. 1

EMERGENCY MEDICAL SERVICE FOR CIVILIAN DEFENSE

United States Office of Civilian Defense
Washington, D. C.

OFFICE OF CIVILIAN DEFENSE

WASHINGTON, D. C.

Medical Provisions for Civilian Defense

The activities of the U. S. Office of Civilian Defense are concerned primarily with the protection of lives and property in the event of enemy action. To its Medical Division is entrusted the responsibility for the preparation of plans for Civilian Defense designed to prevent or alleviate the medical and public health hazards to which the civilian population may be exposed.

This bulletin is the first of a series of recommendations to State and Local Directors of Civilian Defense concerning the augmentation of medical facilities in their area. It presents a simple basic plan for the organization of Emergency Medical Field Units related to hospitals, which can be adapted to the needs of any community. It directs attention to the possible future requirements for expansion of hospital facilities both within a community and outside its boundaries. To this end, it recommends the immediate preparation of a local inventory, a report of which should be filed in duplicate with the Area Office of Civilian Defense. It also recommends that steps be initiated in each local area for the rapid expansion of nursing facilities through intensive training of adequate numbers of nursing auxiliaries.

To those who do not as yet appreciate the need for action, I should like to quote from a similar official bulletin issued in England in 1938 just prior to the beginning of hostilities, which describes measures for safeguarding the civilian population:

> "The need for [these measures] is not related to any belief that war is imminent. It arises from the fact that the risk of attack from the air, however remote it may be, is a risk that cannot be ignored, and because preparations to minimize the consequences of attack from the air cannot be improvised on the spur of the moment but must be made, if they are to be effective, in time of peace."

Whether or not we regard danger to the lives and the property of our people as imminent, I would urge that immediate steps be taken to carry out these recommendations of the Office of Civilian Defense in every State along our seaboards and in industrial areas in the interior.

F. H. LaGuardia

F. H. LaGuardia,
U. S. Director Civilian Defense.

Washington, D. C.
July 30, 1941

UNITED STATES OFFICE OF CIVILIAN DEFENSE

2000 Massachusetts Avenue - - Washington, D. C.

REGIONAL OFFICES

FIRST CIVILIAN DEFENSE AREA
9 Park Street, Boston, Massachusetts

SECOND CIVILIAN DEFENSE AREA
111 Eighth Avenue, New York City

THIRD CIVILIAN DEFENSE AREA
400 Cathedral Street, Baltimore, Maryland

FOURTH CIVILIAN DEFENSE AREA
Room 205-208 City Hall, Atlanta, Georgia

FIFTH CIVILIAN DEFENSE AREA
427 Cleveland Avenue, Columbus, Ohio

SIXTH CIVILIAN DEFENSE AREA
120 South LaSalle Street, Chicago, Illinois

SEVENTH CIVILIAN DEFENSE AREA
620 World Herald Building, Omaha, Nebraska

EIGHTH CIVILIAN DEFENSE AREA
Room 1014 Majestic Building, San Antonio, Texas

NINTH CIVILIAN DEFENSE AREA
233 Sansome Street, San Francisco, California

Emergency Medical Service for CIVILIAN DEFENSE

CURRENT developments in techniques of warfare leading to the possibility of unheralded bombing of civilian populations as well as potential hazards from sabotage make imperative the preparation of facilities for providing medical service to casualties that may result from such incidents. The need for these emergency facilities may not arise, but their organization must be a fundamental part of our Civilian Defense program. It is the purpose of this bulletin to outline the essentials of an Emergency Medical Service and to describe a type of organization by which these essentials may be achieved.

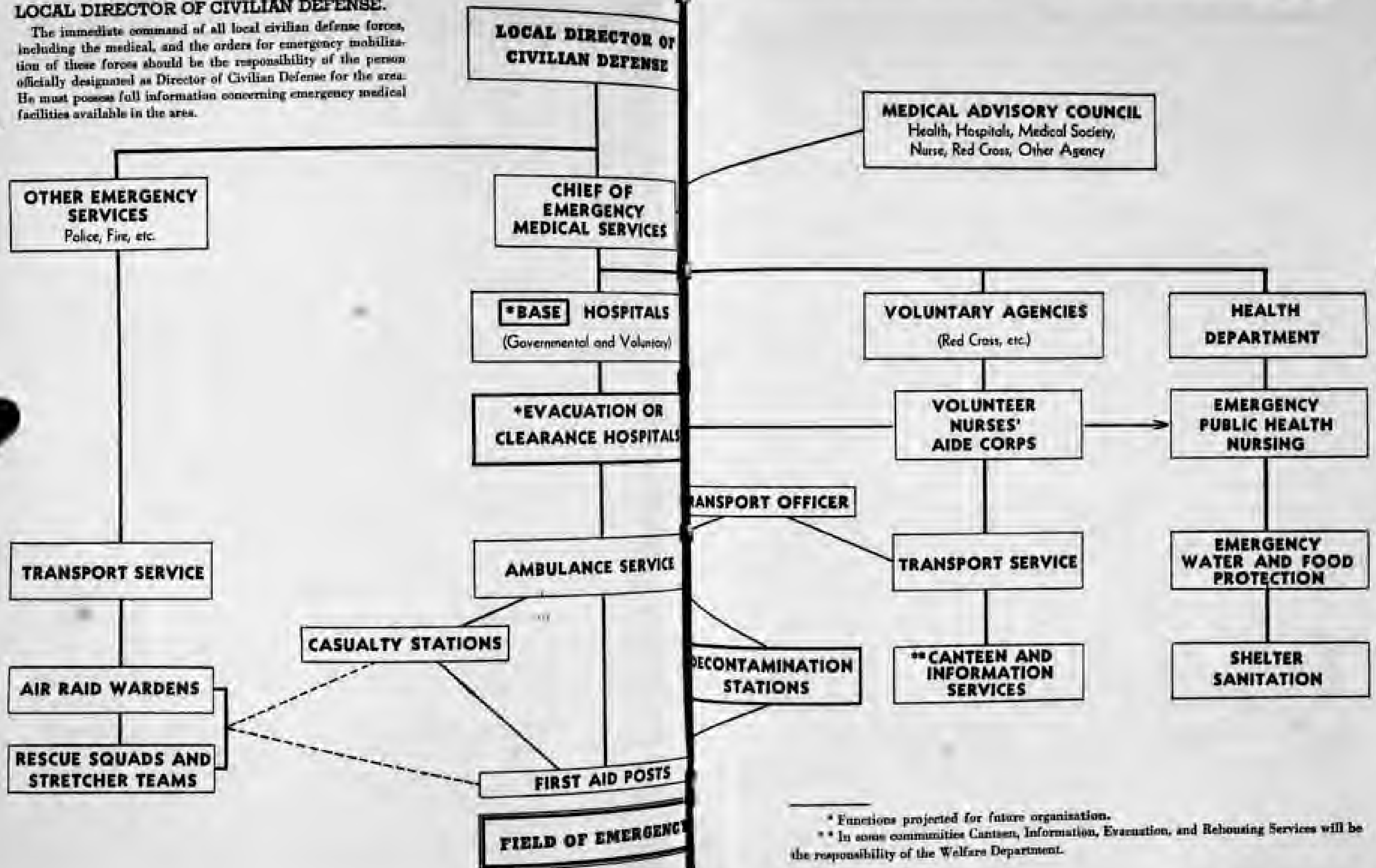
The Medical Division of the Office of Civilian Defense is charged with the preparation of plans for emergency medical service and equipment. It also maintains liaison with other Federal agencies concerned with public health and medical care. In addition, an officer of the United States Public Health Service is designated to serve as medical liaison to Civilian Defense Area Office (see map).

Because of geographical and administrative diversity in various parts of the country, general plans are presented as recommendations to State and local defense councils for adaptation to meet the needs of the different areas. The general adoption of a common pattern in organization and equipment for civilian defense is highly desirable so that adjacent communities may pool or exchange emergency resources in time of need.

Local administrative areas for civilian defense will frequently extend beyond municipal or other political boundaries. Such administrative civilian defense areas may be defined by State Defense Councils. It is important that the Emergency Medical Service be integrated at all administrative levels with welfare, police, and other emergency services.

LOCAL DIRECTOR OF CIVILIAN DEFENSE.

The immediate command of all local civilian defense forces, including the medical, and the orders for emergency mobilization of these forces should be the responsibility of the person officially designated as Director of Civilian Defense for the area. He must possess full information concerning emergency medical facilities available in the area.



* Functions projected for future organization.

** In some communities Canteen, Information, Evacuation, and Rehousing Services will be the responsibility of the Welfare Department.

I. LOCAL CHIEF OF EMERGENCY MEDICAL SERVICE.

An Emergency Medical Service should be organized as a section of the local defense organization in each area under a director responsible to the local Director of Civilian Defense. It is recommended that the local Chief of Emergency Medical Service be a physician of broad experience and administrative capacity, such as a health officer or an experienced hospital administrator. It should be his first duty to make an inventory of the community's medical resources and facilities, and to prepare local plans, develop an organization, and provide for the training of personnel to carry out the functions of the Emergency Medical Service outlined below.

II. LOCAL MEDICAL ADVISORY COUNCIL ON CIVILIAN DEFENSE.

The local Chief of Emergency Medical Service should be Chairman of a Medical Advisory Council. This Council might well include the local health officer, an experienced hospital administrator, a physician recommended by the local medical society because of his technical experience and executive ability, a registered nurse, and a representative of the American National Red Cross and other voluntary agencies.

III. EMERGENCY MEDICAL FIELD UNITS.

In States on both seaboards and in vulnerable industrial areas in the interior, general hospitals, both voluntary and governmental, including Veterans' Administration Facilities and the Marine Hospitals of the United States Public Health Service, should organize Emergency Medical Field Units and assemble basic equipment. An Emergency Medical Field Unit should consist of two or more squads, and a physician should be appointed to command the entire unit. Squad leaders, in turn, should be designated. The size of the Emergency Field Unit should be in proportion to the bed capacity of the parent hospital. All members of Field Units should be instructed in first aid,* including care of burns, prevention of shock, control of hemorrhage, emergency treatment of fractures and wounds, and in the technique of decontamination.

A. Personnel.

1. SMALL SQUADS: In hospitals of less than 200 beds, it is recommended that the Emergency Field Unit consist of two squads, one for each 12-hour shift of the day. Each squad should be composed of two physicians, two or more nurses, and two or more orderlies or nurses' aides, and be capable of functioning, if necessary, as two separate teams. At least one Unit of this size is advisable for a population up to 25,000.

2. LARGE SQUADS: In hospitals of more than 200 beds the Emergency Field Unit should consist of two squads of four doctors, four or more nurses, and four or more orderlies or nurses' aides, one of the physicians in each squad to act as squad leader. Each of the squads should be on first call during a 12-hour period of the day. The personnel and equipment of a squad should be divisible into four teams, capable of functioning if necessary at separate sites of disaster. At least one Unit of this size or two Units with small squads are advisable for populations up to 50,000.

3. In hospitals of more than 350 beds the Emergency Field Unit should consist of four or more large squads, each headed by a squad leader and capable of functioning, if necessary, as multiple teams. In these large hospitals at least two squads should be on call during each 12-hour period of the day, alternating on first call on alternate days. An Emergency Field Unit of four large squads or two Units of two large squads each, are advisable for a population of 100,000. In large cities, the desirable minimum would be four large squads (16 physicians and assistants) per 100,000.

4. It will be advisable to organize physicians and nurses engaged in private practice in the area into reserve Emergency Field Units related to hospitals. In areas with small hospitals whose resident staffs cannot be depleted, the primary Emergency Unit of a hospital may be made up in whole or in part of practitioners from the community.

B. Transportation.

A hospital ambulance, station wagon, small truck, or passenger vehicle will be adequate to transport the personnel of a squad and their equipment to the site designated by the local Director of Civilian Defense for the establishment of a Casualty Station. On return trips to the hospital with casualties such vehicle will be available for transportation of additional squads and equipment if required. Hospitals which do not maintain an ambulance service will find it necessary to provide for transportation, utilizing private or municipal ambulance services, small vehicles of the police, fire, or other municipal departments, station wagons, or passenger cars. Special racks (see separate memorandum of the Medical Division of the Office of Civilian Defense) can be installed in private ambulances and in station wagons and small trucks so that they may be utilized in an emergency for the transportation of four or more stretcher patients at a time.

Private vehicles recruited for ambulance purposes by the American National Red Cross or other agency should be assigned to a hospital or to a designated parking center under the control of a transport officer.

C. Medical and Surgical Equipment.

The medical and surgical equipment for a squad should consist of a working supply for each physician's team and a reserve supply of sterile dressings and equipment in drums or packs from which the working supplies of the teams may be replenished. The working supply of each team is best carried in a portable bag, box, or haversack provided with suitable compartments. A list suggesting minimum equipment will be available in a separate memorandum (Bulletin No. 2).

The provision of working supplies in a separate container for each physician will permit the squad of a Casualty Station to split off teams of one physician and assistants who can be dispatched to set up subsidiary First Aid Posts at other sites.

D. Casualty Stations and First Aid Posts.

Upon arrival at the site of a disaster, the squads of the Emergency Medical Units which have responded to the appropriate alarm will set up Casualty Stations at the sites designated by the local Director of Civilian Defense. The location of a Casualty Station should provide safety, shelter, and accessibility. Stretchers, cots, and blankets will have arrived in a truck carrying the Rescue Squad of the police, fire, or other municipal department. Until released by authority of the local Director of Civilian Defense, the physicians and nurses of the Emergency Medical Unit should remain at their station, to which the injured will be directed or transported on stretchers by the Rescue Squads and volunteers enlisted by them for this purpose. The work of the Casualty Station is to be limited to emergency first aid procedures—the relief of pain, prevention of shock, control of hemorrhage, care of burns, application of simple splints and of surgical dressings and, not least, the preservation of morale by the establishment of confidence. The seriously injured will be evacuated as rapidly as possible by ambulance or other vehicle to a hospital. Those with minor injuries will go to their homes or to temporary shelters.

If necessary, the squad leader in charge of a Casualty Station may split off one or more teams of one physician and assistants, dispatching them to set up subsidiary First Aid Posts at other sites.

It will be advisable for the local Chief of Emergency Medical Service to prepare a spot map of the area to indicate all out-patient clinics, health centers and their substations, and all police and fire stations or other sites which could serve in an emergency as Casualty Stations or First Aid Posts. He should also maintain an inventory of available transportation.

*Advanced First Aid course prepared by the Office of Civilian Defense in collaboration with the American National Red Cross.

E. Decontamination Stations.

A subsequent bulletin will deal with the structural requirements of Decontamination Stations and with details concerning the care of casualties from chemical agents.

F. Rescue Squads and Stretcher Teams.*

Casualties will be conducted on foot or transported on stretchers to the nearest Casualty Station or First Aid Post by Rescue Squads of the police, fire, or other municipal department. These Rescue Squads may be assisted by Air Raid Wardens and by volunteers enlisted at the time. Police and fire reserves should be well trained in first aid and stretcher bearing, and organized into Rescue Squads of four or eight, headed by a squad leader. By the addition of volunteers, a Rescue Squad is capable of being multiplied into as many stretcher teams as there are members, each trained member becoming the leader of a team.

Provision should be made for the storage of standard stretchers, collapsible cots, and blankets in designated locations, such as police and fire stations, hospitals, health centers, or other suitable place. The number of standard stretchers stored in each police and fire station should be equal to the number of members of the station's Rescue Squads.

It will be advisable to have three times as many collapsible cots as stretchers and two blankets for every stretcher and cot. This equipment should be transported by the truck carrying the Rescue Squad to the site of the Casualty Station or First Aid Post.

G. Records.

Identification tags should be affixed to the injured by the Rescue Squad or else immediately upon arrival at the Casualty Station or First Aid Post. A duplicate record should be kept in a book which should be standard equipment of each medical emergency team. The record should include the name or other identification, address, person to be notified, diagnosis, first aid administered, morphine if given, and disposition. A form approved by the Medical Division of the Office of Civilian Defense will be found in a supplementary memorandum on equipment. One nurse or nurses' aide should be assigned the responsibility for these records. The forehead of tourniquet cases and of patients urgently requiring priority attention should be marked *TK* or *U*, respectively, with a red crayon skin pencil, or lipstick.

H. Drills.

It is recommended that drills be called at each hospital once a month by the Chief of the professional staff. A record of each drill should be kept by him, which will show the time required for complete mobilization of a squad at the designated point of departure and the condition of equipment and transportation.

It is also recommended that field drills be called unexpectedly by the local Director of Civilian Defense at least every 3 months for each hospital. Each field drill might appropriately include one or more Rescue Squads of the police, fire, or other municipal department, who will assist the Emergency Medical Squads in setting up Casualty Stations at designated sites. The official in command at the drills should inspect the clothing, equipment, and transportation of all participating units and render a report to the Chief of Emergency Medical Service and to the local Director of Civilian Defense upon the promptness and efficiency of each unit. The larger field drills might include the Canteen and other Emergency Relief Services of the Welfare Department or of the local chapter of the American Red Cross or other local agency.

IV. BASE AND EVACUATION OR CLEARANCE HOSPITALS.

In order to prepare for the release of hospital beds within the area for large numbers of casualties, the Chief of Emergency Medical Service should make an inventory of hospitals, convalescent

* Rescue Squads consist of auxiliaries of the police or fire department, who are trained and equipped for clearance and demolition work. Although their function is to extricate the injured, they have also had training in first aid and in stretcher bearing so that each member can serve as the leader of a Stretcher Team. Their first aid services at the time of the disaster should be restricted solely to most urgent needs such as the arrest of profuse bleeding or the application of a leg splint. Their primary object should be to remove the injured as soon as possible from the scene of danger with the aid of Volunteer Stretcher Teams and get them to a First Aid Post or Casualty Station.

homes, and other institutions within a radius of 50 or more miles, to which maternity services, children's wards, certain categories of the hospitalized sick, and convalescents could be transported. Provision should also be made for the assembly and storage of an adequate supply of hospital cots, mattresses, blankets, and other equipment which may be required to provide for emergency increase in bed capacity of voluntary and governmental hospitals. In the event of actual destruction of hospitals, it may become necessary to consider evacuating casualties to Base Hospitals and transforming hospitals near the scene into Evacuation or Casualty Clearance Hospitals.

Upon receiving the first emergency call, the hospital should order all members of its visiting staff by telephone or police radio call to report to the hospital and stand by for the care of the injured received from the Casualty Stations and First Aid Posts.

V. AUGMENTATION OF NURSING SERVICES.

In the face of the need for rapid expansion of nursing services for civilian defense, the number of available nurses is being depleted because of the requirements of the military forces and the public health and industrial hygiene services. An attempt is being made to compensate for this deficiency by the training of subsidiary hospital workers through the NYA, WPA, and other programs. The Office of Civilian Defense in collaboration with the American National Red Cross has revised the instruction curriculum for Volunteer Nurses' Aides, so as to provide for a period of intensive practical instruction in hospitals under the direction of a special instructor in charge of the training and use of Volunteer Nurses' Aides. Upon completion of this practical training, Volunteer Nurses' Aides will become eligible to assist nurses in wards and out-patient clinics of hospitals, or in visiting nurse, public health, industrial hygiene, and school health services. Volunteer Nurses' Aides are intended to supplement the work of the nurse, so that she may be able to serve a greater number of patients. It is recommended that the local Chief of Emergency Medical Service in collaboration with hospital executives and principals of schools of nursing reorganize and intensify the training and the use of Volunteer Nurses' Aides in appropriate hospitals in accordance with the new schedule of the Office of Civilian Defense and the American National Red Cross.

VI. FIRST AID.

First aid instruction should be provided for as large a part of the general population as possible. The local Chief of Emergency Medical Service should, in collaboration with the local chapter of the American National Red Cross, provide training in first aid for at least 5 percent of the personnel of all municipal departments and large business and industrial establishments. Upon completion of training, this 5 percent should constitute the first aid corps of their municipal department, business, or factory group. The leaders of these corps should be encouraged to take the Instructor's Course of the American National Red Cross so that, when qualified, their services might be utilized for the extension of first aid instruction to all employees and to the general population of the community.

The First Aid Course for Civilian Defense prepared by the American National Red Cross in collaboration with the Office of Civilian Defense is recommended for first aid training. Instructors qualified by the Red Cross may give this training under the direction of the local chapter of the American Red Cross, the local health department, or any other voluntary or governmental agency.

An intensive course of practical training (five 2-hour lessons) has been prepared by the Medical Division of the Office of Civilian Defense and the American National Red Cross as supplementary instruction for members of Emergency Medical Field Units and for nursing auxiliaries and members of other Civilian Defense Units (police officers, firemen, and volunteer auxiliaries) who have had previous instruction in first aid. It is designed as a refresher course for the purpose of reviewing and practicing those first aid procedures which are most important in Civilian Defense.

August 27, 1941

Files

Mr. Cochran

STRICTLY CONFIDENTIAL

Information has reached the Treasury that under date of August 13 the Minister of Finance of the Vichy Government sent word to the French Financial Attache in New York, with reference to the latter's inquiry, to the effect that Vichy considered it impossible for the Attache not to provide the American Treasury with the information which the latter had requested. The Ministry of Finance agreed with Lacour-Gayet's proposal that he request all of the French diplomatic missions in South and Central America to provide him with figures as of July 31 and that the Paymaster General request these figures month by month thereafter. The Ministry said that it goes without saying that the declaration of holdings, both in domestic currency and dollars, should be limited to holdings belonging to the diplomatic missions themselves to the exclusion of holdings which the Bank of France and the Treasury may possess, as well as the economic services of certain embassies. These latter holdings are already allocated, in fact, to specified purposes or ought to be conserved as resources for varied needs.

The message went on to say that the Ministry for Foreign Affairs was requesting the French diplomatic missions in Central America to give Lacour-Gayet the information which he requests, keeping in mind the preceding indications insofar as they apply.

HMC:lap:imc.8.27.41

August 26, 1941

Files

Mr. Cochran

Mr. Livesey telephoned me from the Department of State yesterday at 3 p.m. He said that he was a member of a Shipping Priorities Committee which had recently been interested in the shipment of Chinese tea from Hong Kong. A man named Hunt is looking after the interests of the Chinese tea on this market. Incidentally, the statement was made that the British were spending $400,000 in the United States for advertising Ceylon and Indian tea. It was the understanding that this advertising had only started recently, but might lead to serious competition on the part of Ceylon and Indian tea with the Chinese product. Mr. Livesey asked me whether the Treasury had any knowledge of the British having a sum of money such as that above indicated free to spend for advertising purposes in this country. I told Mr. Livesey that I did not recall seeing any amount listed for advertising purposes in the various statements which the British have submitted to us. After this conversation I asked Miss Kistler of Mr. White's office if she had any information on this point. Miss Kistler said she had gone through what breakdown they have and she finds no mention of advertising. They usually give an "etc." or "mainly". There is a leeway. There is no mention for advertising as such.

HMC:lap-8/26/41

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THE BRITISH SUPPLY COUNCIL IN NORTH AMERICA

Box 680
Benjamin Franklin Station
Washington, D. C.

27th August 1941.

Dear Cochran,

At the end of July Stopford or I gave you or White (I can't trace the letter) some information about dollar balances in Hong Kong. The gist of it was that the dollar deposits declared to the Hong Kong authorities were roughly as follows :-

	$
* In connection with Chinese Government, mostly going through Hong Kong	9 million
Commercial holdings of non-British and Chinese	3 "
Personal holdings of non-British and Chinese	3 "
British commercial firms	2 "
American commercial and personal holdings	1 "
	18 million

The bulk of the dollar holdings amounting to three or four times the above were said to be apparently accounts of Head Offices of Chinese Government banks which as such had not been declared to the Hong Kong Government.

London has now asked Hall-Patch whether he can add to the above information, particularly as regards the large amount apparently held on behalf of the Chinese Government banks or the Government of China; they would like to know in particular whether the different categories of holders could not be distinguished.

I should be very grateful if you would let me know whether you are able to throw any additional light on the matter, or have any additional information which you could pass on to me.

Yours sincerely,

/s/ T. K. Bewley

Mr. H. Merle Cochran,
United States Treasury.

* Don't know exactly what this means. The cypher may possibly have gone wrong.

Copy:wec:8-29-41

August 27, 1941

Mr. Livesey

Mr. Cochran

Will you kindly send the following cablegram:

"American Consul,

Hong Kong.

From Treasury for Fox and repetition to Chungking.

In accordance with Cable 806 August 26, 9 p.m., Lehman Aarons, Treasury attorney, will leave Manila via Clipper to Hong Kong on August 28. Aarons can then take next available transportation to Shanghai. When Aarons leaves Hong Kong, Richard Aikin, Foreign Funds administrative man at Manila, will leave Manila for Hong Kong. Treasury assumes you or your aides will arrange to consult with these men on arrival as well as the appropriate Foreign Service Officers and work out plans for dealing with foreign funds control problems. You may wish to communicate with either Aarons or Aikin directly at Manila, care of Sayre, High Commissioner."

HMO:lgp-8/27/41

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PARAPHRASE OF TELEGRAM SENT

TO: American Embassy, Chungking, China

DATE: August 26, 1941, 9 p.m.

NO. : 206

THE FOLLOWING IS FROM TREASURY FOR FOX.

The Department would like to have your reaction as to the questions listed below. (These questions were asked of Dr. T. V. Soong by the Department.)

1. To what extent can the United States be supplied with raw silk from Free China?

2. What is the Chinese Government's attitude on trade between Occupied and Unoccupied China?

3. Should the Chinese Government be desirous that the U.S. limit trade with China, the Embassy is requested to indicate the views of the Chinese Government as well as your own views as to methods; by type of transaction, by commodity, or by territory.

A report from you or from Taylor as to the economic and financial conditions in Shanghai, as affected by the foreign funds control, would be most helpful. It is hoped that this report will be forthcoming in the very near future.

The Department is endeavoring to make arrangements for one of the Treasury men in Manila to go to Hong Kong and one to go to SHANGHAI. Such individuals as may be assigned will serve as financial advisers to the Consulates

General of the two places just named to work with you on problems dealing with freezing. In the next day or two, you will be advised further about these. This Department assumes that you, Frese, and Taylor are keeping in close contact and are cooperating in so far as possible with the American consular officers at Hong Kong and Shanghai in connection with economic and financial problems and problems dealing with freezing control.

With regard to your telegram of August 12, No. 342, the Treasury Department, as yet, does not have the list of Chinese nationals who have dollar balances, securities, and other holdings in the U.S. compiled. Some /such compilation, it is expected, can be prepared after the filing of the TFR-300 census reports. The time element involved in the filing of these reports by the public is until September 30.

HULL
(DA)

A-A:DH:GMH FE FA/H

EA:FAK

Copy:bj:8-27-41

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PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMERICAN CONSUL, Shanghai

TO : Secretary of State, Washington.

DATED: August 26, 1941, 1:00 p.m.

NUMBER: 1169

The following special financial telegram is in connection with my telegrams Nos. 1104 and 1111 both dated August 16. Customs collections at Shanghai beginning September 1 will be only in the currency of Nanking's Central Reserve Bank, it now appears certain.

LOCKHART

Copy bj:9-2-41

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Consulate General, Hong Kong, China, via N.R.

DATE: August 26, 1941, noon

NO.: 320

STRICTLY CONFIDENTIAL.

FOR THE SECRETARY OF THE TREASURY FROM FOX.

(a) It is my understanding that the Farmers Bank had only $US1,900,000 available (?) 3,000,000 was consigned for $20,000,000 loan to it. The balance was advanced by the Central Bank. The demand of the Farmers Bank now is that its notes, which are at discount, be given a status of legal tender.

(b) Dr. H. H. Kung is being advised by the Board that it finds no practical basis for the Chinese (?) regulations which were issued through 'a spokesman' (?) Ministry of Finance on exchange control. There is every evidence that the regulations were not well thought out and hurriedly prepared. The (?) (?) urging upon Dr. Kung the importance of having the operations of his foreign exchange control agency begin in the near future in order that the agency's (?), plans, and regulations may be available in the very near future.

K. P. Chen and (?) are doubtful of the support from Dr. Kung. They are in favor of turning the operations of the board, with respect to exchange (?), over to the agency (?). (?) on the other hand, although mindful of the dangers and difficulties (?) (?) are becoming (?)

convinced that (?) to China's best interest to take (?) step in the matter. (?) that agency's activities should be limited to (?) matters of this kind. (?) (?) parallel Chinese organizations will function in foreign exchange. The Board will have a difficult time (?) minor role is assigned to the agency (?) and it will be an impossible task if the agency is given a (? major) status that could be assigned to (? the Board) under the letters of April 26. I am exerting every effort to keep (?) from (? making) a definite decision until word in regard to this matter is received from Washington. (?) however long delay (?).

(e) In its efforts to stabilize the Chinese (?) (?) (?) market, the (?) board is (?) experiencing considerable difficulty by reason of operations of (?) market.

The two major factors are as follows:

(1) Oversea remittances from the Philippine Islands and (?) (?) in connection with which the Board is urging the Chinese Government to establish (?) an authorized collectin agency (?) as the center for remitting. It is my understanding that the Bank of China will be such an agency for (?). I am advising Sayre, in response to the cable offering to help accumulate funds for the Chinese Government if a single agency will be authorized to hand the remittances at current market rates, that the communication from the Philippine (?) will probably be (?) so to act (?).

(2)

-2-

(2) (?) Would it be possible to have all of the exports into Shanghai from the Philippine Islands and from the U.S. limited by placing them under an export license? (?) imports on the prohibited list of the Chinese Government continue to enter Shanghai.

The report of Reuter that the (?) Board of Trade has issued an order, effective August 26, (?) (?) any goods to Japanese (?), China, (?) Macao (?) under an export license. (?) This does not apply to goods which go through Rangoon for overland transit via the Burma Road to China. Could the U.S. not take similar action at once?

This matter concerns the present operations of the Board and is of the utmost urgency. Therefore, it will be appreciated if a reply can be received promptly.

SOUTHARD

EA:PAK

(This telegram is being serviced and as soon as a correction is received thereon, the proper persons will be notified.)

CORRECTED COPY

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Consulate General, Hong Kong, China, via N.R.

DATE: August 26, 1941, noon

NO.: 330

STRICTLY CONFIDENTIAL.

FOR THE SECRETARY OF THE TREASURY FROM FOX.

(A) It is my understanding that the Farmers Bank had only $US1,900,000 available out of 3,000,000 which was consigned for a loan of $20,000,000 to it. The balance was advanced by the Central Bank. The demand of the Farmers Bank now is that its notes, which are at discount, be given a status of legal tender.

(B) Dr. H. H. Kung is being advised by the Board that it finds no practical basis for putting into effect the first regulations which were issued through 'a spokesman' by the Ministry of Finance on exchange control. There is every evidence that the regulations were not well thought out ~~and~~ were hurriedly prepared. The Board is also urging upon Dr. Kung the importance of having the operations of his foreign exchange control agency begin in the near future in order that its policy, plans, and regulations may be available in the very near future.

K. P. Chen and Pei are doubtful of the supoort from Dr. Kung. They are in favor of turning the operations of the Board, with respect to exchange control, over to the

Agency

Agency at once. On the other hand, although mindful of the dangers and difficulties, I am becoming increasingly convinced that it would not be to China's best interest to take this step in regard to the matter. I believe that the agency's activities should be limited to policy matters. Otherwise, two parallel Chinese organizations will function in foreign exchange. The Board will have a difficult time even if a minor role is assigned to the agency but it will be an impossible task if the agency is given a major status that could be assigned to it under the letters of April 28. I am exerting every effort to keep the Board from making a definite decision until word in regard to this matter is received from Washington. However, I cannot delay action for very long.

(C) In its efforts to stabilize the Chinese dollar in the Shanghai market, the Board is experiencing considerable difficulty by reason of operations of the black market.

The two major factors are as follows:

(1) Oversea remittances from the Philippine Islands, the United States, and Great Britain in connection with which the Board is urging the Chinese Government to establish sole authorized collection agency in each remitting center. It is my understanding that the Bank of China will be such an agency for the United States. I am advising Sayre, in response to the cable offering to help accumulate funds for

the Chinese

the Chinese Government if a single agency will be authorized to handle the remittances at current market rates, that the Philippine Bank of Communications will probably be designed so to act.

(2) Would it be possible to have all of the exports into Shanghai from the Philippine Islands and from the U.S. limited by placing them under an export license? Certain imports which are on the prohibited list of the Government of China continue to enter Shanghai.

A Reuter's report says that the British Board of Trade has issued an order, effective August 26, which prohibits the export of any goods to Japanese Pacific Islands, China, and Macao except under an export license. This does not apply to goods which go through Rangoon for overland transit via the Burma Road to China. Could the United States not take similar action at once?

This matter concerns the present operations of the Board and is of the utmost urgency. Therefore, it will be appreciated if a reply can be received promptly.

SOUTHARD

EA:PAK

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CONFIDENTIAL

CONFIDENTIAL

P A R A P H R A S E

A strictly confidential telegram of August 27, 1941 from the American Consul at Rangoon reads substantially as follows:

The Burma Government has authorized a transit tax amounting to 10 rupees a ton on materials destined for China. Continuation of the one per cent ad valorem duty on airplanes and motor trucks was voted by the Ministers but they were persuaded by the Governor to withdraw these exceptions and to make the tonnage tax general. The Governor is of the opinion that this is the limit to which the Ministers will go and is fearful lest there be a ministerial crisis if the British Government instructs him to override the Ministers by abolishing or reducing the charges. A statement of the actual expenses which the customs incurred in handling transit trade with China is understood to have been requested by the British Government. These expenses represent only a small part of the revenue from transit duty which has been enough to cover all of the cost of the customs. In the August 27 issue of the Burmese Daily, a local paper in which the Premier is interested, there are comments concerning press reports of unfavorable reaction in the United States to transit charges on cargo bought under the Lend-Lease arrangement. The newspaper remarks that American assistance to China is nothing in comparison to what the United States has gained during many years in trade with China. The newspaper article adds that although Burma has never gained anything through trade with China, Japan now regards Burma with disfavor for permitting the transit of materials to China and that China's thanks would be all that Burma would have if duty was abolished.

Copy:lg 8/30/41

EJ

PLAIN
London
Dated August 27, 1941
Rec'd 2:29 p.m.

Secretary of State,
Washington.

3914, Twenty-seventh.

FOR TREASURY.

The TIMES LEADER today August 27 entitled "Far Eastern talks " deals with the discussions in Washington with the Japanese and the warning of the English Prime Minister to Japan. The TIMES says there is "little prospect of any substantial change in Japanese policy or even in Japanese methods" but it recognizes that Japan may be" anxious to smoothe over her relations with the United States" until there is time to consolidate new gains and until Germany defeats Russia.

Concerning freezing control the TIMES says that "Japan could afford to mark time" in return for some relaxation of the economic blockade. The TIMES states that Japan has been spreading reports "that the joint freezing was being mitigated by various concessions" and says that "it is unfortunate that color has been given to these rumors by some recent transactions. These have been explained more

or less

-2- #3914, August 27, from London

or less convincingly."

The article points out that Japan is trying to "utilize the intention of the United States to send supplies to Russia by way of Vladivostok as an opportunity for diplomatic blackmail. The use of this perfectly normal and natural route between the two countries constitutes no conceivable menace to Japanese interests; and the official Japanese spokesman has admitted that it is open to no objection based on international law." The TIMES further says that "it would certainly be an achievement for Japanese diplomacy to exact a price--for example, a mitigation of the freezing orders--for permitting the United States to use a route which she has every right to use already."

The article concludes by saying that this blackmail is not likely to succeed and that probably the real object of the Japanese in the talks is to find out "what degree of determination lies behind American policy in the Far East."

WINANT

ALC

[COPY:EA:MCK]

TELEGRAM SENT

LET GRAY

August 27, 1941

5 p.m.

AMERICAN EMBASSY,

VICHY.

663.

Your No. 1014, August 12, 1 p.m.

Treasury records show no application for release of Saudi Arabian Minister's funds. Application stating Minister's specific requirements for living, traveling, or other expenses would receive prompt Treasury consideration.

HULL
(FL)

RECEIVED
TREASURY DEPARTMENT
1941 SEP 18 AM 3
OFFICE OF THE
TECHNICAL ASSISTANT
TO THE SECRETARY

840.51 Frozen Credits/2971

EA:HGW:SD ME

DES GRAY

ROME

Dated August 27, 1941

Rec'd 2:22 p.m.

Secretary of State,

Washington.

1278, August 27, 1 p.m.

Embassy's 1020, July 15.

The Rome agencies of the Associated Press, United Press, NEW YORK HERALD TRIBUNE, and NEW YORK TIMES report that they are unable to obtain through remittances from the United States (or in the case of United Press from accounts due from Italian newspapers) funds for payment of operating expenses because the Italian foreign exchange has not acted favorably on the agencies' application for the necessary special licenses. Similarly affected is the American Church in Rome.

The Embassy is orally informed by the Associate Director of the Exchange Institute that action on these applications is being deferred pending final action by American authorities on applications for special licenses in analogous cases in the United States. He cited as the outstanding case an application made by a New York agency of Credito Italiano for authorization to utilize its funds for payment of its operating expenses. To supplement

the agency's

-2-1278, August 27, 1941 from Rome

the agency's funds for this purpose, the Exchange Institute on August 5 ordered paid to it $15,000 by the New York Agency of Banca Commerciale Italiana but the operation is in suspense pending the granting of the required license.

As the American press agencies concerned report that unless their financial problem is soon relieved, they face the necessity of closing down, I would appreciate receiving any pertinent information or comment which the Department may wish to communicate.

PHILLIPS

LMS

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

For Miss Chauncey

DATE August 26, 1941

TO Secretary Morgenthau

FROM Mr. Cochran

CONFIDENTIAL

Registered sterling transactions of the reporting banks were as follows:

Sold to commercial concerns	£27,000
Purchased from commercial concerns	£28,000

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

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

Canadian dollar	10-13/16% discount
Argentine peso (free)	.2382
Brazilian milreis (free)	.0505
Colombian peso	.5800
Mexican peso	.2070
Uruguayan peso (free)	.4375
Venezuelan bolivar	.2770
Cuban peso	1% discount

In the unofficial exchange market in Shanghai, the yuan remained at 4-7/8¢. The sterling-dollar cross rate worked out at 4.04-3/4.

We sold $10,000,000 in gold to the Bank of Java, which was added to its earmarked account.

No new gold engagements were reported.

We were informed that the Bombay gold price for August 23 was equivalent to $34.02, or 2¢ higher than the quotation for August 16. Silver in Bombay was priced at the equivalent of 44.56¢, up 1/16¢.

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

The Treasury's purchase price for foreign silver was unchanged at 35¢. Handy and Harman's settlement price for foreign silver was also unchanged at 34-3/4¢.

We made no purchases of silver today.

HMC

BRITISH EMBASSY,
WASHINGTON.

August 26th,1941.

Personal and Secret.

Dear Mr. Secretary,

I enclose herein for your personal and secret information copies of the two latest reports received from London on the military situation.

Believe me,

Dear Mr. Secretary,

Very sincerely yours,

R. I. Campbell

The Honourable
Henry Morgenthau, Jr.,
United States Treasury,
Washington, D. C.

Telegram from London dated August 23rd.

H.M. Netlayer Tonbrid .... bombed and sunk off Yarmouth afternoon August 22nd. Also one motor gun boat bombed and damaged.

2. Alexandria and Tobruk attacked by enemy aircraft - causing only slight damage at former. One enemy aircraft destroyed and two others probably at Tobruk.

3. H.M. Corvette Zinnia torpedoed and sunk while escorting outward bound Gibraltar convoy on August 22nd, some survivors.

4. Enemy air attack on 7th Cruiser Squadron and destroyers, stopped H.M.S. Nizam by near miss between Tobruk and Alexandria. However able to proceed and all ships reached port.

5. 71 ships 243,422 tons of British, Allied and neutral countries still detained by Vichy French.

6. Royal Air Force claim Cannon and machine gun hits on one R (sic) boat while attacking shipping on August 22nd. Three enemy aircraft destroyed August 22nd. Night August 22nd/23rd more than 120 aircraft despatched. Targets included Mannheim and Havre. One bomber missing. Weather conditions difficult. Royal Air Force attacked Benghazi night of August 20th/21st and Tripoli (L) night of August 21st/22nd. Considerable damage believed caused to shipping in latter harbour.

7. Russia. Finns claim that Russians have withdrawn in Karelian isthmus to line R. Vuoksi probably correct. Withdrawal shortens line and affords strong position. Germans appear to be trying to eliminate Russian salient between Gomel and Korosten by advances south from Gomel and northeast from Korosten. No evidence that Germans have established bridge-heads over Dnieper river southern Ukraine.

Telegram from London dated August 24th.

Large convoy of 72 ships of which 50 British arrived safely and intact in British ports from across the Atlantic during the last few days. 23 were tankers. One of His Majesty's Trawlers shot down an enemy aircraft off Holy Island.

2. H.M. Submarine "Unbeaten" torpedoed a ship in a convoy of four fast south bound liners p.m. 19th southwest of Sicily with unknown result.

3. 7 ships totalling 12,741 tons plus one tug 482 tons in outward bound convoy for Gibraltar have been sunk by submarine. Some of these have previously been mentioned.

4. Russia. Very stubborn fighting continues whole front near Leningrad sector where some indication that Germans have made progress.

5. Night August 22nd/23rd nearly 80 tons high explosive bombs and 5,200 incendiaries dropped on Mannheim and a 4,000 pound bomb burst in centre of the town. 32 tons high explosive bombs were dropped on Havre docks same night.

Malta. August 23rd. Royal Air Force attacked small convoy off Kerkenah Island. A 1,000 ton merchant vessel was hit by bomb and a schooner machine-gunned and left listing.

6. Libya. Tobruk attacked by enemy aircraft on August 22nd causing slight damage to shipping and a few casualties. One enemy aircraft destroyed, one disabled. August 21st. Our fighters attacked about....... German aircraft operating in small formations over Sidi Barrani area. One enemy fighter was destroyed besides four probably destroyed and eight damaged. We lost three fighters, one pilot safe.

CONFIDENTIAL 296

Paraphrase of Code Cablegram
Received at the War Department
at 11:46 a.m., August 26, 1941

London, filed: 5:00 p.m., August 26, 1941.

1. British Air Activity over the Continent.

a. Night of August 24. 3 tons of HE and 300 incendiaries were dropped on Wesel and 49 tons of HE and 4600 incendiaries on Dusseldorf.

b. Day of August 25. The fighter effort consisted of a total of 166, divided as follows: 41 on interception missions, 121 protecting shipping and 4 on special missions. There were none on offensive missions.

c. Night of August 25. 41 Hampdens and 7 Manchesters were dispatched to the industrial center of Mannheim and 12 Stirlings and 37 Wellingtons to the industrial center of Karlsruhe. The results were fair.

2. German Air Activity over Britain.

a. Day of August 24. 15 reconnaissance planes.

b. Night of August 24. 25 long range bombers and ten fighters.

c. Day of August 25. There was some shipping reconnaissance and slight activity over the east coast with defensive patrols over Calais.

d. Night of August 25. Some activity against shipping off the coast of South Wales.

3. Aircraft Losses Reported.

a. British losses. The night of August 25, there were

CONFIDENTIAL

2 Wellingtons and 1 Sterling unreported from the raid on Karlsruhe and 3 Hampdens unreported for the raid on Mannheim.

4. British Air Activity, Other Theaters.

a. Mediterranean Theater. Night of August 24. 15 tons of high explosives were dropped by 9 Wellingtons that attacked Tripoli, and as a result many fires were started.

b. Iranian Theater. August 25. 3 enemy Hawkers were attacked on the Ahwaz airdrome, 75 miles northeast of Basra, by Hurricanes that were covering the British Forces. Photographic reconnaissance was carried out over the Karind area. Leaflets were dropped over Tehran and Kazvin.

c. Gibraltar. August 22. A Catalina Flying boat from Gibraltar attacked 2 Focke Wulfs over a convoy. There were no definite results, but a number of hits were claimed.

LHS

I.B. # 6, 3:40P, August 26, 1941

Distribution:
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- Office of Naval Intelligence (2)
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