

● PSF

Treasury Dept.: Henry Morgenthau, Jr.

1942

CONTINUED

RFM
THE SECRETARY OF THE TREASURY
WASHINGTON

May 14, 1942

*file
personal*

Dear Mr. President:

In accordance with the request in your personal and confidential memorandum to me of May 7, 1942, with respect to the Chicago Tribune matter, I am enclosing a memorandum and a summary thereof stating the facts. The memorandum concludes that the implications of impropriety are without foundation.

Faithfully yours,

H. M. Mitchell
Secretary of the Treasury.

The President,

The White House.

Enclosure.

- 2 -

exceptions raised questions of law which were fully
considered

SUMMARY OF MEMORANDUM ON
CHICAGO TRIBUNE REFUND

Customs, the Assistant General Counsel in charge of

Customs. The attached memorandum, based primarily on the file record of the case, concludes that the implications of impropriety in its handling are without foundation. The Chicago Tribune imported newsprint paper which was entitled to free entry, if it possessed the characteristics of paper chiefly used in the printing of newspapers at the time of the passage of the Tariff Act of 1930. The Bureau, after investigation of independent sources, found that at that time there was in such use a class of newsprint paper having an ash content ranging from 2% to 6-1/2%. It accordingly modified a previous finding that the ash content of free newsprint paper did not exceed 2% and directed refunds in the amounts of \$79,072.64 and \$87,627.18 to be paid the Tribune Company. Exceptions to this action were taken by the General Accounting Office on procedural grounds and did not impugn the finding on ash content. The

exceptions raised questions of law which were fully considered in conference by the Chief Counsel of Customs, the Assistant General Counsel in charge of Customs, and the General Counsel of the Treasury and were held to be without substance. The refund was accordingly paid.

On January 23, 1942, an employee of the General Accounting Office intimated that someone in the Bureau of Customs had been improperly influenced in the matter and that he intended to cause court action to be instituted in the case, if possible. Such court action could be taken only by the Department of Justice. The Attorney General has advised the Treasury Department in a formal opinion that the Comptroller General is without jurisdiction to review the acts and decisions of the Secretary of the Treasury and the Collectors of Customs in the performance of their statutory duties.

Recently two newspaper men have inquired about a scandal connected with a refund paid to the Chicago Tribune. They were assured that there was no scandal and the case was outlined to them.

MEMORANDUM

Chicago Tribune Refund

The following extract from a letter was communicated to the Secretary by the President for investigation on May 7, 1942:

"I understand that within the last two years, the Customs Bureau picked up an item running well over a million dollars in additional pulp tax due by the Chicago Tribune on the importation of pulp paper which had not come up to the grade permitted under the free importation provisions. What happened in the Customs, according to my tale, sounds at least a little screwy. As a matter of fact, I understand that the Regulations or the Law were later fiddled with to purge the Chicago Tribune situation. This latter information I cannot vouch for, but that there is something to look into I am confident. I thought you might want to pass it along. If I pass it along, it will probably die because it would get into the very hands of the people who might have acted with less than propriety."

(1) An examination of the file discloses that on July 22, 1939, the Collector of Customs at Chicago submitted to the Bureau of Customs for decision the question whether newsprint paper containing more than 2% ash content was "standard newsprint paper" within the meaning of paragraph 1772 of the Tariff Act of 1930,

and as such, entitled to free entry. The paper had been imported by the Chicago Tribune and was entered for consumption at the Port of Chicago. The Collector was of the opinion that the paper was entitled to free entry.

(2) Title II, sec. 201, par. 1772 of the Tariff Act of 1930 provides that "standard newsprint paper", when imported into the United States, shall be exempt from duty. The phrase "standard newsprint paper" first appeared in the Tariff Act of 1922, and the Secretary of the Treasury, for the purpose of carrying out the provisions of the Act, provided a series of tests and standards for determining what standard newsprint paper was. T.D. 39778, T.D. 40996, T.D. 44317, T.D. 45128, T.D. 45418(4), and T.D. 49874. This practice (but not the particular tests and standards) was approved by the United States Customs Court of Appeals. T.D. 43358. One of the standards so established was that the ash content should not be more than 2%. T.D. 40996.

(3) In response to the Chicago Collector's request for a ruling, the Bureau held, by letter dated

August 10, 1939, that because the merchandise under consideration had an ash content in excess of 2% it was not entitled to free entry under paragraph 1772.

(4) The matter was re-opened in November, 1939, by counsel for the Tribune Company and by counsel for the Import Committee of the American Paper Industry. A statement was submitted by these counsel asserting that from time to time newsprint paper has been made with fillers producing an ash content ranging from 2 to 7% and that the chief use of such paper has been for newspapers. The statement also asserted that at least one domestic mill in 1930 and the years immediately prior thereto manufactured newsprint paper with an ash content of approximately 6 to 6-1/2%, and that such paper was used almost solely for printing a newspaper. The mill referred to was identified as that of the International Paper Company, located at Livermore Falls, Maine. The paper was developed specially for the New York Daily News, but was subsequently sold in comparatively small quantities to other New England

Customs stated, in a letter to the collector at

newspapers for special purposes. As an independent check, the Bureau of Customs consulted the Public Printer, who confirmed that the ash content of newsprint paper manufactured by the International Paper Company for the New York Daily News and other newspapers (including Christian Science Monitor, Boston Post, and Atlanta Constitution) prior to 1930 had an ash content ranging from 3.3% to 8.2%. Copies of the New York Daily News for March 1, 1930, and April 1, 1930, were analyzed by the chief chemist of the Customs laboratory in New York. His analysis showed that the ash content ranged from 4.48% to 5.95%.

(5) On November 29, 1939, the following anonymous telegram, addressed to the Commissioner of Customs and signed "A Publisher", was received:

"HAVE YOU ASKED THE MANAGER OF THE AMERICAN PAPER ASSOCIATION WHY HE AND HIS CUSTOMS EXPERTS HAVE NEVER REPORTED TO YOU OR ANY OTHER OFFICER AS TO THE NEWSPRINT NOW BEING IMPORTED BY THE CHICAGO TRIBUNE AND THE NEW YORK NEWS AND HAVE YOU HAD YOUR CHEMISTS EXAMINE IT"

(6) On March 19, 1940, the Commissioner of Customs stated, in a letter to the Collector at

Chicago, that after a careful consideration of the entire record the Bureau was satisfied that at the time of, and immediately prior to, the passage of the Tariff Act of 1930 a class of newsprint having an ash content ranging from 2% to 6-1/2%, but conforming in all other respects to the specifications for standard newsprint paper as published in the Treasury Decisions cited in paragraph (2) hereof, was chiefly used in the printing of newspapers. The Commissioner, therefore, ruled that newsprint having an ash content up to 6-1/2%, but conforming in all other respects to the specifications of standard newsprint paper, as previously defined, was entitled to entry free of duty under paragraph 1772 of the Tariff Act. This ruling was published as T.D. 50120(4).

(7) In a letter dated May 11, 1940, the Chicago Collector of Customs advised the Commissioner of Customs that exceptions had been taken by the Investigator in Charge, Customs Field Audit, General Accounting Office, against the liquidation and re-liquidation of the importation of standard newsprint paper which had been the subject of the Bureau's

ruling of March 19, 1940. The Collector stated that two checks in refund were drawn on April 30, 1940, in the sum of \$79,072.64 to cover refunds under liquidation, and \$87,627.18 covering re-liquidations. Because of the exceptions, the Collector retained possession of both checks. The Collector enclosed a memorandum from the Investigator in Charge, General Accounting Office, setting forth the grounds of his exceptions.

(8) The exceptions involved matters of law and were referred to the Legal Division of the Treasury Department for study. The exceptions did not go to the merits of the case, but involved questions of procedure. That is to say, the General Accounting Office did not question the findings of the Bureau with respect to the ash content of newsprint in use immediately prior to the passage of the Tariff Act of 1930, but questioned the authority of the Department to authorize the liquidations and re-liquidations. The exceptions were considered in conference by the Chief Counsel of Customs, the Assistant General

been marked by an accuracy which it was thought wise to eliminate, if possible. It was agreed at the conference

Counsel in charge of Customs, and the General Counsel of the Treasury Department, and were held to be without substance. Accordingly, a telegram, signed by the Acting Secretary of the Treasury, was sent to the Chicago Collector instructing him to release both checks to the Tribune Company. A letter, signed by the Acting Secretary of the Treasury, was also sent to the Collector setting forth the grounds upon which the Department felt obliged to disregard the exceptions. A copy of this letter was also sent to the Investigator in Charge of the General Accounting Office. This action apparently closed the matter.

(9) At the beginning of the year 1942, the Assistant Secretary of the Treasury in charge of Customs and the Assistant General Counsel of the Treasury in charge of Customs had a conference with the Comptroller General. For some time past, correspondence between the General Accounting Office and the Treasury Department, relating to Customs matters, had been marked by an acerbity which it was thought wise to eliminate, if possible. It was agreed at the conference

with the Comptroller General that steps looking to that end should be taken. Accordingly, a further conference was held on January 23, 1942, attended, on behalf of the Treasury Department, by the Assistant General Counsel in charge of Customs, the Commissioner of Customs and one of the latter's assistants. Two employees of the General Accounting Office, but not the Comptroller General, attended the conference. During the conference, the Chicago Tribune case came up and one of the officials of the General Accounting Office intimated that some one in the Bureau of Customs had been improperly influenced in the matter. He stated that he intended to cause court action to be instituted in the case, if possible. The results of the conference, including the intimation of improper influence, were reported to the Assistant Secretary in charge of Customs and the General Counsel for the Department of the Treasury.

There have been two inquiries from newspapermen on the matter. About two weeks ago, the head of the Washington Bureau of the Chicago News said that he

had a message from his office asking him to inquire about a story that there was a scandal connected with a refund in a large amount, said to be a million dollars or more, to the Chicago Tribune on imports of newsprint and that the rumor was that a Civil Service official of the Bureau of Customs had been "reached". He was assured that there was no scandal connected with the matter and the case was outlined to him. A few days later there was a quite similar inquiry from a Washington columnist who was given the same information.

Conclusion

It appears from the file record that the implications of the communication quoted at the beginning of this memorandum are without foundation. Any court action contemplated by the General Accounting Office could be instituted only by the Department of Justice. The Attorney General has advised the Treasury Department that the Comptroller General

has no authority to review determinations of Collectors of Customs with respect to quantity, value and classification of imported merchandise, or the duties applicable thereto, affecting the liquidation of import entries, or to review the acts and decisions of the Secretary of the Treasury and the Collectors of Customs in the performance of their statutory duties. Op. No. 131, vol. 39, June 24, 1940.

TELEGRAM

PSF Morgenthau Folder 142

file

The White House
Washington

AUGUST 14 1942

MEMORANDUM FOR THE PRESIDENT

My dear Mr. President:

Wednesday afternoon Sam Rosenman sent over to the Treasury a draft of a proposed Executive Order which would have torpedoed and sunk the Treasury.

Thursday afternoon, through the courtesy of Mrs. Brady I received the following verbal message from you:

"Tell Henry this order has nothing to do with the Treasury and he should go ahead and make his inspection trip."

To say I was relieved, would be an understatement.

I will be on the farm Saturday afternoon and evening if you should want to reach me there or later the Treasury telephone operator will be able to reach me at all times.

Best regards.

Henry Morgenthau, Jr.

5pm/d

my dear Mr. President:

What if anything shall

The Secretary of the Treasury
I do about this letter?

Henry

*Morgenthau folder
1-42
file
personal
ASF*

THE WHITE HOUSE
WASHINGTON

October 10, 1942.

MEMORANDUM FOR
THE SECRETARY OF THE TREASURY

Forget this. The Joint
Chiefs of Staff have nothing
to do with this and Leahy
understands all about it.

F. D. R.

Letter to the Secretary of the
Treasury from Admiral Leahy, dated
October 7, 1942, re joint letter,
prepared by the Secretary, to the
Secretary of State to be signed by
the Secretaries of War, Treasury
and Navy, with reference to suspending
freedom from examination of diplomatic
pouches and mail, persons and baggage
of diplomats entering or leaving
the U. S.

*FSF Magenthan folder
1-42*

THE SECRETARY OF THE TREASURY
WASHINGTON

October 12, 1942

*message
file*

My dear Mr. President:

In accordance with our conversation yesterday I am enclosing a draft of a statement on section 512 of the Revenue Act of 1942 which you may wish to have before you when the Act is signed. The draft states the Presidential interpretation of the section so that it does not violate the constitutional principle of the independence of the Executive.

Sincerely yours,

The President,

M. Magenthan

The White House.

Enclosure.

copy put in Treasury Dept. folder 2-42

The approval of a bill by the President involves performance of a high constitutional duty to consider whether the proposed legislation is authorized under the Constitution of the United States. In execution of that duty, I have carefully examined the Revenue Act of 1942 to which I have affixed my signature. There is one section of that Act which raises constitutional questions of such gravity and of such fundamental importance in our theory of government that I feel constrained to explain the interpretation of that section on the basis which I have approved it. I am apprehensive that silence might be construed as acquiescence in a different interpretation.

I refer to section 512 of the Act, which provides:

"Chapter 48 (relating to joint committee) is amended by adding at the end thereof the following new section:

"SEC. 5012. ADDITIONAL POWERS TO OBTAIN DATA.

"(a) The Joint Committee on Internal Revenue Taxation or the Chief of Staff of such Joint Committee, upon approval of the Chairman or Vice-Chairman, is authorized to secure directly from the Bureau of Internal Revenue (including the Assistant General Counsel for the Bureau of Internal Revenue), or directly from any executive department, board, bureau, agency, independent establishment or instrumentality of the Government, information, suggestions, data, estimates and statistics, for the purpose of making investigations, reports and studies relating to internal revenue taxation.

"(b) The Bureau of Internal Revenue (including the Assistant General Counsel for the Bureau of Internal Revenue), executive departments, boards, bureaus, agencies, independent establishments and instrumentalities are authorized and directed to furnish such information, suggestions, data, estimates and statistics directly to the Joint Committee on Internal Revenue Taxation or the Chief of Staff of such Joint Committee, upon request made pursuant to this section."

Had the section been before me as a separate bill, I should have been inclined to return it without my approval to the House in which it originated. However, since the rest of the Revenue Act of 1942 contains legislation necessary to the prosecution of the present war, and inasmuch as section 512 may, I believe, be so interpreted as to be constitutional, I have signed the bill.

It is well settled that, under the Constitution, the executive branch of the Government is independent of the legislative branch, and the latter has no right or authority to require the executive branch to furnish to the legislative branch information, papers, and data, the furnishing of which the President deems would be inconsistent or incompatible with the public interest. That has been the position of the Executive branch of the Government in the administrations of Lincoln, Cleveland, and Wilson. There is no need at this time to review the numerous precedents which support that proposition. It is sufficient to point out that an authoritative statement of the doctrine was made by an agency of the House of Representatives. I refer to the report of the House Committee on the Judiciary in the case

of George F. Seward, Minister Resident in China ((1879) H.R. Rep. No. 141, 45th Cong., 3d Sess.). The House Committee on Expenditures in the State Department procured the issuance of a subpoena duces tecum directing Mr. Seward to produce certain books. That he refused to do, and the matter of his alleged contempt was referred to the Committee on the Judiciary. In its report, the Committee on the Judiciary said:

"If, as the Committee on Expenditures in the State Department believe, these are public books, then it seems very clear to your committee that that committee have mistaken the proper procedure in a court of justice. Their subpoena duces tecum should be issued to the highest executive officer having charge, custody, and control of such public records. Since the case of Burr, where a subpoena duces tecum was demanded of the court by the defendant against Thomas Jefferson, then President of the United States--and the right to have such writ issued was determined by the Chief Justice--to have a certain letter, known as 'the Wilkinson letter,' then on the files of the State Department, produced, the usual course has been for a committee of Congress to direct a letter to the head of the proper department, or the House, by resolution, to call upon the proper executive officer, to produce the same, leaving that officer to get possession of the books from his subordinate by any lawful means. But it may be asked, cannot the House direct a subpoena to any executive officer of the departments to produce any books actually in his possession in the course of official duty, and bring them before the House for the purpose of information or to aid an inquiry? Certainly that can be done, and, in proper cases, ought to be done; but, in contemplation of law, under our theory of government, all the records of the executive departments are under the control of the President of the United States; and, although the House sometimes sends resolutions

to a head of a department to produce such books or papers, yet it is conceived that, in any doubtful case, no head of department would bring before a committee of the House any of the records of his office without permission of, or consultation with his superior, the President of the United States; and all resolutions directed to the President of the United States to produce papers within the control of the Executive, if properly drawn, contain a clause, 'if in his judgment not inconsistent with the public interest.' And whenever the President has returned (as sometimes he has) that, in his judgment, it was not consistent with the public interest to give the House such information, no further proceedings have ever been taken to compel the production of such information. Indeed, upon principle, it would seem that this must be so. The Executive is as independent of either house of Congress as either house of Congress is independent of him, and they cannot call for the records of his action or the action of his officers against his consent, any more than he can call for any of the journals and records of the House or Senate.

"The highest exercise of this power of calling for documents, perhaps, would be, in the course of justice, by the courts of the United States, and the House would not for a moment permit its journals to be taken from its possession by one of its assistant clerks and carried into a court in obedience to a subpoena duly issued by the court.

"The mischief of the House calling for documents might easily be a very great one. Suppose the President is engaged in a negotiation with a foreign government, one of a most delicate character, upon which peace or war may depend, and which it is vitally necessary to keep secret; must he, at the call of the House, or of any committee of the House, spread upon its records such state secrets to the detriment of the country? Somebody must judge upon this point. It clearly cannot be the House or its committee, because they cannot know the importance of having the

doings of the executive department kept secret. The head of the executive department, therefore, must be the judge in such case and decide it upon his own responsibility to the people, and to the House, upon a case of impeachment brought against him for so doing, if his acts are causeless, malicious, willfully wrong, or to the detriment of the public interests."

It is clear, therefore, that legislation which required the executive branch to furnish information to the Congress irrespective of whether the President believed that such furnishing was compatible with the public interest would be unconstitutional as an unauthorized interference with the independence of the executive branch. Accordingly, I do not interpret section 512 as permitting the Joint Committee on Internal Revenue Taxation to require, for example, the Bureau of Internal Revenue to produce information, suggestions, data, estimates, and statistics, regardless of whether the President or the Secretary of the Treasury deems the furnishing of such matter inconsistent and incompatible with the public interest.

I do not regard the use of the word "directly" in section 512 as an indication that the President, or the head of the department or independent establishment or agency, is not to be accorded an opportunity to determine whether, in his judgment, it would be incompatible and inconsistent with the public interest to furnish the information, suggestions, data, estimates, and statistics referred to in the section. Under the Constitution, it is for the

Chief Executive, and those heads of departments or independent establishments or agencies through which he acts, to determine when the furnishing of information would be inconsistent with the public interest. That is not a function of subordinate officers or employees of the executive branch. Legislation that would seek to substitute the judgment of the subordinate for that of the Chief Executive in that regard would be clearly invalid under the Constitution. It is my understanding that the word "directly" is used in section 512 to enable the Joint Committee, when it so desires, to carry on dealings directly with such subordinate agencies or officials as are principally responsible for the information, data, statistics, estimates, or suggestions in which the Joint Committee may be interested, leaving to the subordinate agencies or officials the responsibility of securing approval of the President or the head of the department or independent establishment or agency.

I do not wish to be understood as indicating that material should not be furnished to the Congress. Information, statistics, and data in possession of the executive branch are often necessary to the legislative branch. It is my policy that in every case where the furnishing of such information, statistics, and data is not clearly inconsistent with the public interest, it

should, on request of either House of the Congress or its committees, immediately and without delay be furnished. Doubts should be resolved in favor of the Congress. Only in that way can the two branches of the Government best perform their duties.

My approval of section 512 is predicated on the interpretation of section 512 as stated herein.

~~SECRET~~
WAR DEPARTMENT

Morgenthau folder
1-42

*file
personal*

CODE CENTER

Date October 15, 1942

Time 1802 Z

From London, England

To The President of the United States

Number None Dated October 15, 1942

For the President. Secretary Morgenthau arrived this evening. We are all delighted to see him. Thank you for your good message. Signed Winant.

PRIME

DECLASSIFIED
State Dept. Letter, 1-11-72
By J. Scheubel Date MAR 10 1972

~~SECRET~~

BF Morgenthau folder



THE SECRETARY OF THE TREASURY
WASHINGTON

NOV 11 1942

MEMORANDUM FOR THE PRESIDENT

~~(STRICTLY CONFIDENTIAL)~~

FROM SECRETARY MORGENTHAU

file

I discussed with General Marshall the matter of placing agents engaged in Presidential protection in military status. He directed Colonel O. L. Nelson to advise the Chief of the Secret Service concerning the methods by which it could be accomplished, and attached is a memorandum relating to the procedure which Colonel Nelson stated could be followed. It specifies that all of the agents may be sworn in at once as privates and placed on permanent military furlough or each agent may be sworn in as a private and placed on permanent furlough a short time before it appears that he is to be inducted into the Army. It also specifies that agents over 35 years old having military experience may be commissioned and immediately placed on permanent inactive status so that they may continue to function as Secret Service Agents.

I feel it advisable to have all of the agents promptly placed in status which will assure their continuance in the detail and I will request that steps be taken to commission eligible agents and to swear in the remainder as privates in accordance with the proposal of Colonel Nelson. If you have in mind any modification of this procedure, will you please advise me?

H. Morgenthau Jr.

FOR DEFENSE



BUY
UNITED
STATES
SAVINGS
BONDS
AND STAMPS



OFFICE OF THE CHIEF
U. S. SECRET SERVICE

TREASURY DEPARTMENT

WASHINGTON, D. C.

November 6, 1942

MEMORANDUM RE CONFERENCE WITH COLONEL NELSON

Colonel O. L. Nelson, representing General Marshall, advises that the subject which the Secretary discussed with General Marshall on Thursday may be handled as follows:

If it appears that an Agent performing functions relating to Presidential protection is to be inducted by Selective Service we should notify Colonel Nelson about ten days previous to induction. He will arrange to have the Agent sworn in as a private at once and placed on permanent military furlough. His employment by Secret Service will not be interrupted and he will continue in our service and be paid by this Service. If we desire, they will swear in the entire group as privates, or as many as we designate, at one time and immediately give them permanent furloughs. If we wish, they will swear in the Agents, promote them to sergeants at once, detail them to Secret Service and they will be paid by the Army. This latter procedure would result in a financial loss for the Agent and is not advisable.

If any Agents are 35 years old and have military experience, they could be given an officer's commission and placed in inactive status. They would not be called for active duty and would continue in the Secret Service receiving their salary as Secret Service Agents.

Colonel Nelson stated that when this Department decides which one of the above methods should be adopted to telephone him and he will prepare a letter for us covering the procedure we should follow when we desire action to be taken. He also requested that when we notify the detail of the method we are to adopt that they also be directed to consider same as strictly confidential, as the War Department does not deem it advisable to have others informed that this method is being used.

[Handwritten signature]

FOR DEFENSE



PSF Morgenthau folder
2-42

THE SECRETARY OF THE TREASURY
WASHINGTON

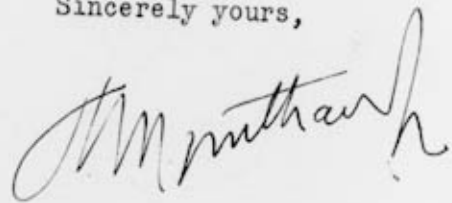
December 5, 1942

file
Confidential

My dear Mr. President:

I am enclosing herewith a memorandum which shows the status of the Philippine funds. I want to draw your attention particularly to items 9 and 10 which amount to \$55,000,000 and \$90,000,000, respectively. These funds are the property of the Philippine Government and they can do with them as they see fit. The rest of the funds, as I understand it, have strings attached to them.

Sincerely yours,



The President,
The White House.

THIS OVERSIZE ITEM HAS BEEN
MICROFILMED IN SECTIONS.

STATUS OF PHILIPPINE FUNDS

IN TREASURY AS OF NOVEMBER 30, 1942

<u>Title of Account</u>	<u>Statutory Authority</u>	<u>Nature of Account</u>	<u>Statutory Requirement</u>	<u>Disposition of Funds</u>	<u>Interest</u>	<u>Balance Nov. 30, 1942</u>
APPROPRIATION ACCOUNTS:						
1. 2048764 Philippine Trust Fund (Internal Revenue)	Act March 6, 1902 (32 Stat. 54, Sec. 4) as amended Sec. 3343 I. R. Code	Internal revenue taxes collected in the United States upon articles, goods, wares, or merchandise coming into the United States from the Philippine Islands.	To be held as a separate fund and paid into the Treasury of the Philippine Islands to be used and expended for the government and benefit of said islands.	Paid to Philippine government on periodic settlements of the General Accounting Office.	None	\$ 1,266,393.54
2. 2048776 Philippine Trust Fund Coconut Oil Tax (Internal Revenue)	Act May 10, 1934 (48 Stat. 763 Sec. 6025(a), as amended by Sec. 6 of Public No. 300, 76th Congress, approved Aug. 7, 1939)	Taxes collected in the United States with respect to coconut oil wholly of Philippine production or produced from materials wholly of Philippine growth or production.	To be held as a separate fund and paid to the Treasury of the Philippine Islands subject to certain restrictions contained in the latter act.	Collections prior to Jan. 1, 1939 transferred on settlements of General Accounting Office to Secretary's special deposit account No. 35. (Item 6 below) Collections on and after Jan. 1, 1939 to be transferred to new special deposit account "Treasurer of the Philippines, General Fund Account, Act Aug. 7, 1939" (Item 7 below)	None	1,427,489.74
3. 2048762 Philippine Trust Fund (Import Duties)	Act March 6, 1902 (32 Stat. 54, Sec. 4) as amended by Sec. 6 of Public No. 300, 76th Congress, approved Aug. 7, 1939)	Duties collected upon articles coming from the Philippine Archipelago.	To be held as a separate fund and paid into the Treasury of the Philippines, subject to certain restrictions contained in the latter act.	Collections prior to Jan. 1, 1939 paid direct to Philippine Government on periodic settlements of the General Accounting Office. Collections on and after Jan. 1, 1939 to be transferred on settlements of General Accounting Office to new special deposit account (Item 7 below)	None	17,770.60 1/2
4. 2112301 Relief of the Philippine Islands, War Dept.	Public 371, approved Dec. 23, 1941 (see also Sec. 503 of Sugar Act of 1937 (50 Stat. 915) as amended by Sec. 6 of Public No. 300, 76th Congress, approved Aug. 7, 1939)	An amount equal to the amount of the taxes collected on sugars produced from sugar cane grown in the Commonwealth of the Philippines manufactured or brought into the United States prior to Dec. 23, 1941.	Available for payment to the government of the Commonwealth of the Philippines to meet expenses for each and every purpose necessary to provide for public relief and civilian defense.		None	35,000,000.00
5. 1348775 Philippine Trust Fund (Tonnage Tax)	Act March 6, 1902 (32 Stat. 54, Sec. 4) as amended	Tonnage taxes collected in the United States upon foreign vessels coming from the Philippine Archipelago.	To be held as a separate fund and paid into the Treasury of the Philippine Islands.	Paid to Philippine Government on periodic settlements of the General Accounting Office.	None	38,160.20 1/2

SPECIAL DEPOSIT ACCOUNTS:
With Secretary of the Treasury-
Budget Section

Office.

SPECIAL DEPOSIT ACCOUNTS:
With Secretary of the Treasury-
Subsid Section

6. \$91801 Account No. 35 Treasurer of the Philippines, General Fund Account (Time Deposit)	Established pursuant to agree- ment between the Secretary of the Treasury and the Philippine Government.	Amounts representing collections prior to Jan. 1, 1939, transferred from Philippine Trust Fund, coconut oil tax (Internal Revenue)(Item 2 above) on quarterly settlements of the General Accounting Office.	None	Payable to Philippine Government on 90 days' notice in writing, bears interest of 2% per annum payable from indefinite appro- priation (Item 12).	25 27,278,085.72
7. New account entitled "Treas- urer of the Philippines, General Fund Account, Act Aug. 7, 1939"	Established pursuant to agree- ment between the Secretary of the Treasury and the Philippine Government.	Certain collections and appropriations on and after Jan. 1, 1939, pursuant to Sec. 6 of Public No. 300, 76th Congress, approved Aug. 7, 1939 to comprise: (a) proceeds of excise taxes imposed by Sec. 2470 of Internal Revenue Code (Coconut Oil Tax) Item 2 above; (b) import taxes imposed by Secs. 2490 and 2491 of Internal Revenue Code, now going into Philippine Trust Fund (Customs Duties) Item 3 above.	None	Payable to the Philippine Government on 90 days' notice in writ- ing, with 1% annual in- terest payable from in- definite appropriation (Item 12). Account to be available for withdra- val only for purposes spec- ified in Sec. 6 of Act of Aug. 7, 1939, notice of withdrawal to include a certification by the Philippine Government that such withdrawals will be extended in accordance with provisions of Sec. 6. Act contains provision that President of the United States may direct the Secretary of the Treasury to withhold or discontinue any payments under certain conditions.	15 31,066,041.53

Investment Section

8. Supplementary Sinking Fund	Established under Act Aug. 7, 1939	Represents amounts of export taxes on articles shipped from the Philippines.	Moneys to be paid to the Secretary of the Treasury at the end of each quarter and deposited in an account with the Treasurer of the United States.	Secretary of the Treasury, with approval of the Philippine Government auth- orized to purchase bonds of the Philippines, its prov- inces, cities, and munici- palities issued prior to May 1, 1934, and to invest in interest-bearing obliga- tions of the United States or guaranteed obligations.	1,613,762.02 1/2
With Treasurer of the United States					
9. 19694 Treasurer of Philippine Islands (Time Deposit)	Act June 11, 1934 (48 Stat. 929, U.S.C. Title 48, Sec. 1157)	Funds belonging to the Philippine Government deposited with the Treasury in time deposit.	Acceptance subject to such terms and conditions as Secretary may prescribe.	Payable to Philippine Gov- ernment on 30 days' notice in writing.	25 55,000,000.00
10. 19695 Treasurer of Philippine Islands (Demand Deposit)	Act June 11, 1934 (48 Stat. 929, U.S.C. Title 48, Sec. 1157)	Funds of the Philippine Government deposited with the Treasury over and above amount of time deposits (Items 8 and 9 above)	Same as above, except non- interest bearing.	Subject to withdrawal by Philippine Government with- out notice.	*** 70,257,426.18
11. 19692 General Fund for account of Manila Clearing House	Established on request of High Commissioner to Philippine Islands.	Withdrawals from account not per- mitted without the knowledge of Divi- sion of Islands and Territories and appropriate officials of Commonwealth Government.	None	See Column 3.	*** 9,950,000.00

INDEFINITE APPROPRIATION FOR PAYMENT OF INTEREST ON ABOVE ACCOUNTS:

12. 2000106 Payment of interest on deposits of public moneys of Government of Philippine Islands, Act June 11, 1934	Act June 11, 1934 (48 Stat. 929, U.S.C. Title 48, Sec. 1157)
--	---

1/ Balance as of October 31.