

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

R-746

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



December 14, 1940

Dear Sir:

For the information of your field representatives engaged in National Defense work, there are enclosed copies of an inquiry received from a Federal Reserve Bank with respect to certain data contained in the U. S. Government Advertiser and of our reply thereto.

Very truly yours,

A handwritten signature in cursive script, appearing to read "E. L. Smead".

E. L. Smead, Chief,
Division of Bank Operations.

Enclosures (Two for each head office and each branch)

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS
EXCEPT KANSAS CITY

(Enclosures with addressed copies only)

FEDERAL RESERVE BANK OF _____

December 9, 1940

Mr. E. L. Smead, Chief,
Division of Bank Operations,
Board of Governors of the
Federal Reserve System,
Washington, D. C.

Dear Mr. Smead:

We have received our first issue of the U. S. Government Advertiser and have been studying it with the view of ascertaining how it can be utilized to advantage. One point that puzzles us is the large list of names with no information as to the amounts of contracts awarded but followed by varying percentages of from 1/10 of 1% to 15%. Our first thought was that this might represent contracts for which certain concerns were awarded from 1% to 15% of the totals, but this does not seem to be correct. It would not appear, however, that the percentages could represent trade or cash discounts, since no quantities or amounts are shown. In any event, the information seems to be of no particular value to us in this form. In other cases we observe names of manufacturers are listed without information as to the nature of supplies to be furnished. We find in another section where certain concerns have bid on kraft envelopes at a fixed price per thousand, with a percentage figure shown following such price, and we assume this is a cash discount figure.

If there is available any sort of key or guide to assist us in interpreting the bulletin, we would like to have it; if not, we shall appreciate any information you may be able to furnish.

Very truly yours,

First Vice President.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

December 13, 1940.

Mr. _____,

_____.

Dear Mr. _____:

Reference is made to your letter of December 9, 1940, regarding certain information contained in the U. S. Government Advertiser.

Upon receipt of your letter we telephoned the publisher and were advised that no key or guide to the Advertiser is available to assist in its interpretation. We were informed, however, that all percentages shown in the Advertiser relate to discounts.

We were also told that the information in the Advertiser is set up in two ways, depending principally upon the number of bidders. If there are a large number of bidders the names are first listed alphabetically and a number assigned to each. For example, in the U. S. Government Advertiser dated December 5, 1940, bids opened by the Navy Department on November 28 are listed beginning in the third column on page 4 and continuing to the last column on page 5. A total of 157 firms submitted bids and these firms are arranged alphabetically and given a key number. Following No. 157, "Wellsville China Co., Wellsville, Ohio", you will note the heading "Sch. 1068, S. & A." Lot 17 under this heading comprises 50,000 corrosion-resisting steel paring knives. Only two of the 157 firms listed submitted bids on this item - No. 70 "International Silver Company, N.Y. City", and No. 112, "R. Wallace & Sons, Mfg. Co., Wallingford, Conn." The bid submitted by No. 70 was \$.167 and by No. 112, \$.1675. No. 70 offered a two per cent discount and No. 112, one per cent discount.

In the case of the bids on kraft envelopes referred to in your letter, the information is set up paragraph by paragraph because of the small number of bidders. The December 5 issue of the Advertiser, page 7, third column, indicates the Government Printing Office opened bids for these envelopes on December 2. Item 1 consists of 800,000 kraft envelopes No. 40 and Item 2, 100,000 kraft envelopes No. 64. There were seven bidders on these two items. The Murray Envelope Corp., for example, bid \$1.08 per 1,000 on Item 1 and \$1.96 per 1,000 on Item 2, less two per cent in both cases.

If you have any further questions regarding the information contained in the U. S. Government Advertiser, please do not hesitate to call on us

Very truly yours,

(Signed) E. L. Smead

E. L. Smead, Chief,
Division of Bank Operations.