

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

R-978

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 24, 1942



Dear Sir:

For your information in connection with Executive Order No. 9112, your attention is called to certain provisions of the Sixth Supplemental National Defense Appropriation Bill, 1942 (H.R. 6868). This bill has passed both Houses of Congress but has not yet been signed by the President.

Title I of the bill, relating to appropriations for the War Department, is prefaced by the following provision:

"For additional amounts for appropriations for the Military Establishment, fiscal year 1942, which, together with the unexpended balances remaining under all appropriations for the Military Establishment for the fiscal years 1940 and 1941, shall be supplemental to, merged with, and become a part of, the appropriations under the respective heads in the Military Appropriation Act, 1942, as amended by Acts supplemental thereto, including the objects and subject to the limitations and conditions specified under said heads, respectively, in those Acts, except as otherwise provided herein; and such appropriations heretofore and herein made shall remain available until June 30, 1943, for the purposes of such appropriations and for carrying out the provisions of Executive Order Numbered 9112 of March 26, 1942 including obligations chargeable against appropriations for the Military Establishment for the respective purposes of said appropriations for the fiscal years 1940 and 1941, as follows:"

Title II of the bill contains in section 202 thereof the following provision:

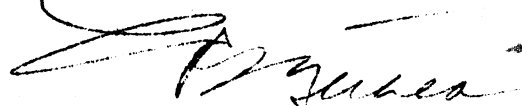


"The appropriations of the Navy Department for the fiscal years 1942 and 1943 shall be available to carry out the provisions of Executive Order Numbered 9112 of March 26, 1942."

Because of its interest in this connection, there is quoted below a statement made on the floor of the House of Representatives on April 21, 1942 by Mr. Clarence Cannon who was Chairman of the Conference Committee which considered this bill:

"On March 26, 1942, the President issued Executive Order 9112, which authorizes the War and Navy Departments and the Maritime Commission to enter into contracts with any Federal Reserve Bank, the R.F.C., or other financing institutions for the purpose of financing any contractor or subcontractor or others engaged in any business or operation which is deemed by War or Navy or Maritime Commission to be in the interest of the prosecution of the war. This order is designed principally to give assistance to small business in financing its participation in war contracts. Provision has now been made in the bill so that the appropriations for the War and Navy Departments shall be available to carry out, without question, the intentions of the Executive Order. In my judgment, it was not necessary to include this special provision in the bill, but, since the Senate added the amendments, we see no harm in including them."

Very truly yours,



L. P. Bethea,  
Assistant Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS