

*W. H. Wallace*  
 BRITISH EMBASSY,

WASHINGTON, D. C.,

March 10th, 1939

No. 285

My Lord,

-/5  
 In continuation of my despatch No. 261 of the 3rd instant, I have the honour to inform Your Lordship that the Secretary of the Treasury has now completed his evidence before the Committee on Coinage, Weights and Measures of the House of Representatives. Perhaps the point of greatest interest arising was that when asked whether the stabilisation fund had been used in any manner to finance foreign governments in purchases of arms or war supplies, Mr. Morgenthau replied that it never had been so used, and never would be, directly or indirectly, and went on to say "I am in hearty sympathy with the Johnson Act and as long as I am Secretary of the Treasury I will not permit any nation owing us a dollar to break either the letter or the spirit of the Johnson Act". Apart from this Mr. Morgenthau expressed opposition to putting gold back into circulation, so long as the rest of the world's currencies were fluctuating. Much of the rest of the hearing was taken up with questions on the silver purchase policy, on which Mr. Morgenthau did not commit himself one way or the other.

2. Copies of this despatch are being sent to His Majesty's Treasury and the Department of Overseas Trade.

I have the honour to be,  
 with the highest respect,  
 My Lord,  
 Your Lordship's most obedient,  
 humble servant,

(SGD) R. C. LINDSAY

The Right Honourable  
 The Viscount Halifax, K.G.,  
 etc., etc., etc.

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