PRESS CONFERENCES

VOLUME II

APRIL 7, 1934–AUGUST 30, 1934
Alcohol Tax Unit
Fifteen new districts announced Aug. 6, 1934..Book II: pp.230,240.
Investigation of 700 employees coming over
from Justice........................................II: pp.103,4,5.
60 days in which to decide whether to keep all
of Justice personnel..........................II: p. 74.
Architecture
Utilitarian buildings at a minimum cost planned
for future........................................II: p. 225.

Bank Credit - availability of
Study in Chicago District of Federal Reserve
(Ill., Mich., Wis., Ind. - much of Iowa)......II: p. 314.
Banking
Divorcement of credit facilities from banks will
be handled through Federal Reserve and Comptroller's Office......II: p. 140.
Banks, closed
Crowley and Comptroller conferred with Glass on
Depositors in - Secretary opposed to McLeod Bill......II: p. 41.
Black, Eugene R., Sr. - to be ambassador of good will..II: p. 281.

Coolidge, Thomas Jefferson - nomination going to
Congress.............................................II: p. 55.
Customs investigation (New York)................II: p. 151.

Denver Mint
Movement of gold to....................................II: p. 238.
Detroit - Collector of Internal Revenue
Gibbons and Matthews study situation........II: p. 113.
Dues silver bill...................................II: pp. 78,79.
Administration bill will be substituted for Dues
bill and will be known as Dues bill; tax feature
will add...........................................II: p. 118.
Eccles, Marriner S.
Represents Treasury on home modernization program. Book II: p. 34.

Financing (arranged chronologically)

Apr. 4, 1934 Series of 10-12 year 31/2% Treasury bonds in exchange for Fourth Liberty Loan bonds called for redemption Apr. 15, 1934 and for Treasury notes, Series A-1934, maturing May 2, 1934. ...

II: pp. 5, 21, 30, 32, 37.

Apr. 13, 1934 $1,200,000,000 - final digits 8 or 2, also letters H or B being called on Oct. 15, 1934. ...

II: p. 37.

June 4, 1934 $300,000,000 approximately of 12-14 year 3% Treasury bonds of 1946-48 and $500,000,000 approximately of 5 year 2-1/8% Treasury notes of Series A-1939; right reserved to increase offering of Treasury bonds so that all subscriptions for which payment is tendered in Treasury certificates of indebtedness of Series TJ-1934, maturing June 15, 1934 and Treasury notes of Series B-1934, maturing Aug. 1, 1934 may be allotted in full. ...

II: p. 141.

Fix, Alvin F. - suspension of ...

II: pp. 131-3, 155.

Gold

Movement of - to Denver; Mr. Morgenthau states if reason must be given say it is because San Francisco is in earthquake area. ...

II: p. 238.

Home modernization program

Marriner S. Eccles represents Treasury in ...

II: p. 34.
Income tax returns - publicity of
Secretary thinks information on corporation
returns could be made available; no objec-
tion to publicity, by classification, of
individual returns..................................................Book II: p. 45.

Julian, William A.
Comment on holding two jobs...............................III: p. 172.

Lawrence, David L.
(Collector of Internal Revenue, Pittsburgh, Pa.)......II: p. 295.
Liquor
Alcohol Tax Unit: 15 new districts announced
Aug. 6, 1934..........................................................II: pp.230,240.
Atlanta Ice & Bottling Co., - (located in Georgia,
a dry state); question of excise taxes, produc-
tion taxes, stamps sold contrary to laws of a
dry state..............................................................II: pp.119,127,133.
"Bootleg" liquor will not be legalized.....................II: p. 164.
Bottles will have name of manufacturer, year made,
permit, statement of illegality to re-use, blown
in all bottles; manufacturers will be licensed
by Treasury (signed July 30, 1934) (Indiana,
Chicago is 1st district picked to be thoroughly
reorganized..........................................................II: p. 211.
Choate (J.H.) suggests reduction in tax and duty.
Mr. Morgenthau wishes to exhaust Treasury police
powers before agreeing..........................................II: pp.212,213,235.
Illicit liquor sale stopped - pending study.............II: p. 163.
Illicit manufacture of - seizure figures to be
given out weekly................................................II: p. 51.
List of supervisory personnel................................II: p.240, etc.
Price too high - tariff being studied.....................II: p. 3.
Quota on imports waived for 60 days from May 1, 1934.II: p. 28.
(Result not as expected)......................................II: p. 106.
Rum running (less)...............................................II: p. 52.
Liquor (continued)

Spirit: Does this mean both alcohol and whiskey? .................................................. Book II: pp. 272, 291.

Strip stamps must be turned in by retailer by May 31, 1934 ..................... II: pp. 109, 139.

Storekeeper gaugers will not work for anyone other than the Treasury in the future .... II: p. 285.

Wood alcohol - Morgenthau point of view on rescinding as a denaturant ................ II: pp. 273, 279.

M

Magill (Roswell) and Parker (Lovell H.) to study
British tax system ................................................. II: p. 125.

Morrison, Ralph W. -- on silver list .................................. II: p. 63.

N

National Committee (Democratic) members on Treasury staff - holding two jobs
Mr. Julian ........................................ II: p. 172.

Mrs. Ross ........................................ II: p. 172.

P

Pennsylvania


Accused men to be in Washington May 29, 1936 ....................... II: p. 123.

Collector (Alvin F. Mix) suspended .................. II: pp. 131, 132, 133, 155.

Pittsburgh - David L. Lawrence resigned as Collector of Internal Revenue and remained as Democratic State Chairman ........ II: p. 295.

Scranton - investigation ...................... II: p. 155.


R

Relief Expenditures

All unexpended balances made available for ........................................ II: p. 149.

Rogers, James Harvey

Will go to Japan after his China visit; also to India .................. II: pp. 112, 302, 303.
San Francisco Mint - in earthquake area - movement of gold to Denver............................II: p. 238.

Silver (arranged chronologically) - See also Dies

Silver Bill

Subpoenas now being used in connection with investigation........................................II: p. 34.
Names released Apr. 24, 1934.................................................................II: p. 57.
Additional names released Apr. 26, 1934........................................II: p. 62.
Conference on subject to be held at White House..II: p. 76.

Secretary says 70-30 ratio means 30% in relation to gold; $7,756,000,000 gold stock would mean approximately 21 billion ounces of silver - on dollar basis..........................II: p. 77.

Silver dealt in on the commodity exchange........................................II: p. 78.

World silver supply considered to be 11 to 12 billions by many - hoarded silver included.....II: p. 80.

Figures of how many ounces would be required to build up 25% on basis of present gold stock given.........................................................II: p. 92.

Nationalization of silver would mean taking over between 200-250 million ounces of "floating" silver, i.e. nationalization is optional; will occur if too much silver leaves country........................................II: p. 93.

Secretary would prefer to let the law of supply-demand take its course....................II: p. 94.

"Seigniorage" discussed.................................................................II: pp. 94, 224, 257.

"No new silver standard in any sense of the word!........................................II: p. 96.

Regulations in connection with tax................................................II: p. 165.

Silver certificates will be issued against silver bought from general fund....................II: p. 176.


Silver certificates - history of issuance given by Herman Oliphant and Alvin W. Hall in answer to Senator Thomas' criticism........................II: pp. 218, 19, 20.

Certificates issued on the basis of $1.29 an ounce up to the amount spent for silver; all over that is "seigniorage"............................II: p. 224.
Silver (continued)

Bullion in this country (Eminent Domain) nationalized at 11 A.M., N. Y. time, Aug. 9, 1934, at 49% Book II: p. 245.

Imports are unlimited and will be considered free silver II: p. 250.

Silver certificates to be issued against all nationalized silver II: p. 256.

Seigniorage explained: take 60/8/25 of 1,292,292

(0.01) = 50.010101 II: p. 257.

No "leak" in Treasury II: p. 258.

Embargo on exports II: p. 258.

Treasury may buy abroad at any price up to $1.29 II: p. 260.

3 kinds being bought by direction of the President: (1) stabilized silver (2) newly mined silver (3) nationalized II: p. 262.

4th kind - "daily purchases" authorized by Silver Purchase Act II: pp. 264, 265.

Throughout the monetary history of the country silver certificates or coined silver have been issued on basis of $1.29 an ounce: only 1 exception, Thomas Amendment (that we should accept silver in payment of the foreign debt) II: pp. 266, 268.

50.01 -- is reasonable value of nationalized silver - not purchase price II: p. 270.


Speech Radio, August 29, 1934...II: p. 305.

Studies planned on taxation and currency and banking II: p. 187.

- V -

Viner, Jacob - with the Treasury...II: p. 2.

- W -

War Debts "Either on or off the record" nobody pretends war debts are worth 100% on the dollar...II: p. 24.

Warren, Geo.

Not representing Treasury; in reality attending World Congress of Agricultural Economists II: p. 303.
PRESS CONFERENCE - MR. MORGENTHAU

April 2, 1934.

Mr. Morgenthau: The only thing new is some figures on liquor.

Q. Mr. Secretary, have you made up your mind on the silver list request while you were away?

A. No.

Q. Still pending?

A. Still pending.

Q. About when can we expect the financing announcement?

A. You will get it Tuesday night for Wednesday morning release.

Q. How much is it going to be?

A. You will get it Tuesday night for Wednesday morning release.

Q. In connection with applying the principle of the Johnson bill to foreign countries, will the strict letter of that policy cover countries that have made token payments?

A. I really don't know.

Q. Could you say whether it will include Russia?

A. I think that sort of information had better come out of the State Department. I would rather you would get it there.

Q. Bullitt said in an interview in Russia, the other day, that he thought it would exclude Russia from loans and wondered how it would operate on this credit bank or financing.

A. I would rather you got that from the State Department.
Q. I understand Professor Viner is here now.
A. Yes.
Q. Is he doing anything in particular just now?
A. Playing tiddle-de-winks.
Q. Does he get paid for that?
A. If you win. He's working on various things that I am working on and he has a fresh mind on the problem. Economic background in connection with various problems he will work out.
Q. Do you think passage of the increased veterans' compensation and salary boost will, necessitate new taxes?
A. I would rather not comment on it. I am not going to get in on the overriding. Just say I have no comment.
Q. Did you talk over your financing at all with the Executive Committee of the Open Market Committee of the Federal Reserve?
A. The Executive Committee was here today.
Q. I know. I wondered if you talked it over with them.
A. Yes; I was with them there this morning.
Q. Isn't there a lot of liquid and loose capital lying around? Aren't they worried about that?
A. I found a rather cheerful frame of mind.
Q. If it starts off in a certain direction it would give the speculative boom an awful headache, wouldn't it?
A. I really don't know.
Q. Do you still feel the same about the budget, such as expenditures approximating estimates before the end of the fiscal year? They are still running quite low.
A. Well, I don't know whether I have said it before, but I think we are continuing this thing on an 18-month basis rather than 12. I mean, beginning January 1 and running through July. I think you have to consider it for 18 months. If we don't spend it now, we will spend it the next six months.
Q. What about duties collected? Do they meet with your estimates?
A. No. Estimates on liquor are off. The estimate on liquor is the only one decidedly off.
Q. What was the estimate, do you recall?
A. I am sorry; I don't carry the figure with me.
Q. What do you think is the reason?
A. I don't know. It was very difficult to get these figures. We have just got them now and we are studying them and FACA is studying them. We really haven't had them long enough.
Q. What do you think about the price of liquor?
A. I think it's too high.
Q. Do you think that might be a contributing cause?
A. I don't know, but there is no question it's too high.
Q. Would you be willing to take a little less revenue in
percentage or rate in the thought or hope that your revenues would increase?

A. I can't answer that, whether we increase the quantity when we lower the rate. We are studying the question. Whether lower tariff rate would mean greater import, I don't know; but it's being studied.

Q. When you said liquor estimates you were referring to import revenues?

A. Yes.

Q. The Internal Revenue is satisfactory?

A. Yes. As a matter of fact, one of the surprising things is the way the tax on beer has held up. It's practically run ahead of our estimates.

Q. Have you been asked before what you thought of the new tax bill?

A. I would rather not comment on it.

Q. I suppose Professor Magill still goes up there?

A. Absolutely. He represents us up there.

Q. Mr. Tom Smith has been departing now for a month and a half. When is he going to depart?

A. As I understand it, he will stay here until Congress adjourns. That was the arrangement, unless something came up that took him back. As far as I know, he will stay here until Congress adjourns.
Q. When are you going to ask for a Under-secretary?
A. I don't know that either.
Q. If you don't ask for one before Congress adjourns you can get one ad interim.
A. If I had someone I would much rather appoint him and send his name up. I would not try to avoid Senate confirmation. If we have the man and he is ready, we will send his name up.
Q. You said you talked to the Executive Committee and they seemed to be in a pretty cheerful frame of mind. Does that mean because of improved business conditions? Did you discuss that?
A. We discussed business conditions with the financiers - or whatever name they go by, the members of the Federal Reserve. Their attitude was a cheerful one, I would say. They are back there if you boys want to see them.
The Treasury is today offering for subscription a series of 10-1/2 year 3-1/4 per cent Treasury bonds in exchange for Fourth Liberty Loan bonds which have been called for redemption on April 15, 1934, and for Treasury notes of Series A-1934, maturing May 2, 1934.

The offer is confined to exchange subscriptions; cash subscriptions will not be received. The issue will be limited to the amount of called Fourth Liberty Loan bonds and Treasury notes of Series A-1934 tendered in payment and accepted. Of the called Fourth Liberty Loan bonds bearing 4-1/4 per cent interest the amount outstanding is about $1,000,000,000 and the amount of Series A-1934 3 per cent Treasury notes outstanding is $244,234,600.

The bonds offered today are to be dated and to bear interest from April 16, 1934, and to mature April 15, 1946, but are to be redeemable at the option of the United States on and after April 15, 1944.

Subscriptions are invited at par. Fourth Liberty Loan bonds called for redemption April 15, 1934, will be accepted at par with no adjustment of interest. Treasury notes of Series A-1934 (with the final coupon attached) will be accepted at par, with an adjustment of accrued interest to April 16, 1934, the date of the new bonds, to be paid on that date, or on delivery of the new bonds.

Bearer bonds with interest coupons attached and bonds registered as to principal and interest will be issued in denominations of $50, $100, $500, $1,000, $5,000, $10,000 and $100,000. The first coupon attached to the bonds will cover interest for the fractional half-year from April 16 to October 15, 1934; thereafter interest will be payable semiannually on April 15 and October 15.
As more specifically stated in the circular, the bonds will be exempt, both as to principal and interest, from all taxation except surtaxes, estate and inheritance taxes and excess-profits and war-profits taxes; the interest on bonds up to $5,000 of principal amount under one ownership will be exempt from all taxes.

Applications will be received at the Federal reserve banks and branches, and at the Treasury Department, Washington, D. C. Banking institutions generally will handle applications for customers, but only the Federal reserve banks and the Treasury Department are authorized to act as official agencies.

Although reservations are made concerning the basis for allotting subscriptions, it is the present intention of the Treasury to allot all subscriptions in full.

On October 12, 1933, about $1,875,000,000, or 30 per cent, of the outstanding Fourth Liberty Loan bonds were called for redemption on April 15, 1934, the bonds called being those bearing serial numbers ending with the digit 9, 0 or 1. Such serial numbers in the case of permanent coupon bonds were preceded by the distinguishing letters J, K or A, respectively, corresponding to the final digits. At the time of the call a new issue of Treasury bonds of 1943-45 was offered for subscription and made available for exchange for the called bonds. About $672,000,000 of the called bonds were exchanged for the new Treasury bonds before closing on December 2. The remaining called bonds will be due for payment on April 15.

Holders of these outstanding called Fourth Liberty Loan bonds may now exchange them for the new Treasury bonds, but prompt action on the part of holders is essential. If called bonds have already been surrendered for redemption they will be accepted for exchange upon request in proper form, but applications must be made through the same channels used when the called bonds were presented for redemption. Uncalled Fourth Liberty Loan bonds may not be exchanged for the issue of Treasury bonds now offered.
Holders of Treasury notes of Series A-1934, maturing May 2, 1934, who desire to take advantage of this exchange offering, also should act promptly.

The text of the official circular offering 3-1/4 per cent Treasury bonds of 1944-46 follows:

Treasury Department Circular No. 506, April 4, 1934
   (Public Debt Service)

The Secretary of the Treasury invites subscriptions, from the people of the United States, at par, for three and one-quarter per cent Treasury bonds of 1944-46, of an issue of bonds of the United States authorized by the Second Liberty Bond Act, approved September 24, 1917, as amended, in payment of which only Fourth Liberty Loan 4-1/4 per cent bonds of 1933-38 (hereinafter referred to as Fourth 4-1/4's) called for redemption on April 15, 1934, and Treasury notes of Series A-1934, maturing May 2, 1934, may be tendered. The amount of the issue will be limited to the amount of such called Fourth 4-1/4's and Treasury notes of Series A-1934, tendered and accepted. Fourth 4-1/4's not called for redemption on April 15, 1934, may not be tendered under this circular.

DESCRIPTION OF BONDS

The bonds will be dated April 16, 1934, and will bear interest from that date at the rate of three and one-quarter per cent per annum, payable on October 15, 1934, on a semiannual basis, and thereafter semiannually on April 15 and October 15 in each year until the principal amount becomes payable. They will mature April 15, 1946, but may be redeemed at the option of the United States on and after April 15, 1944, in whole or in part, at par and accrued interest, on any interest day or days, on four months' notice of redemption given in such manner as the Secretary of the Treasury shall prescribe. In case of
partial redemption the bonds to be redeemed will be determined by such method as may be prescribed by the Secretary of the Treasury. From the date of redemption designated in any such notice, interest on the bonds called for redemption shall cease.

Bearer bonds with interest coupons attached and bonds registered as to principal and interest will be issued in denominations of $50, $100, $500, $1,000, $5,000, $10,000, and $100,000. Provision will be made for the interchange of bonds of different denominations and of coupon and registered bonds and for the transfer of registered bonds under rules and regulations prescribed by the Secretary of the Treasury.

The bonds shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The interest on an amount of bonds authorized by said act approved September 24, 1917, as amended, the principal of which does not exceed $5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (b) above.

The bonds will be acceptable to secure deposits of public moneys, and will bear the circulation privilege only to the extent provided in the act approved July 22, 1932, as amended. They will not be entitled to any privilege of conversion.

The bonds will be subject to the general regulations of the Treasury Department, now or hereafter issued, governing United States bonds.
APPLICATION AND ALLOTMENT

Applications will be received at the Federal reserve banks and branches and at the Treasury Department, Washington. Banking institutions generally will handle applications for subscribers, but only the Federal reserve banks and the Treasury Department are authorized to act as official agencies.

Subject to the reservations contained in the next succeeding paragraph, all subscriptions will be allotted in full.

The Secretary of the Treasury reserves the right to reject any subscription, in whole or in part, and to allot less than the amount of bonds applied for and to close the books as to any or all subscriptions or classes of subscriptions at any time without notice; the Secretary of the Treasury also reserves the right to make allotment in full upon applications for smaller amounts and to make reduced allotments upon, or to reject, applications for larger amounts, to make classified allotments or to make allotments upon a graduated scale or to adopt any or all of said methods or such other methods of allotment and classification of allotments as shall be deemed by him to be in the public interest; and his action in these respects shall be final. Allotment notices will be sent out promptly upon allotment, and the basis of the allotment will be publicly announce.

PAYMENT

Payment for any bonds allotted may be made only in called Fourth 4-1/4's, which will be accepted at par, with no adjustment of interest, or in Treasury notes of Series A-1934 (with coupon dated May 2, 1934, attached), which will be accepted at par with an adjustment of accrued interest as of April 16, 1934, and should be made when the subscription is tendered, except that Fourth 4-1/4's which have previously been surrendered for redemption on April 15, 1934, in accordance with the provisions of Department Circular No. 501, will be
accepted as payment upon request in proper form of the owners thereof, such
subscriptions to be presented through the same channels as were the called
bonds when surrendered for redemption. If any subscription is rejected, in
whole or in part, any called Fourth 4-1/4's which may have been tendered and
not accepted will be held for redemption and any Treasury notes of Series
A-1934 which may have been tendered and not accepted will be returned to the
subscriber.

SURRENDER OF CALLED FOURTH 4-1/4's ON EXCHANGE SUBSCRIPTIONS

Surrender of coupon bonds. — Called Fourth 4-1/4's in coupon form tendered
in exchange for Treasury bonds issued hereunder, should be presented and sur-
rendered to a Federal reserve bank or to the Treasurer of the United States and
should accompany the application (unless such called Fourth 4-1/4's have already
been presented for redemption on April 15, 1934, in accordance with the pro-
visions of Department Circular No. 501). The bonds must be delivered at the
expense and risk of the holder. Facilities for transportation of bonds by
registered mail insured may be arranged between incorporated banks and trust
companies and the Federal reserve banks and holders may take advantage of such
arrangements when available, utilizing such incorporated banks and trust
companies as their agents. Incorporated banks and trust companies are not agents of the
United States under this circular. Coupons dated October 15, 1934, and all
coupons bearing dates subsequent thereto, must be attached to coupon bonds when
presented.

Surrender of registered bonds. — Called Fourth 4-1/4's in registered form
tendered in exchange for Treasury bonds issued hereunder, should be assigned by
the registered payee or assigns thereof to "The Secretary of the Treasury for
exchange for Treasury bonds of 1944-46", in accordance with the general regula-
tions of the Treasury Department governing assignments for transfer or exchange,
and thereafter should be presented and surrendered with the application to a Federal reserve bank, or to the Treasury Department, Division of Loans and Currency, Washington (unless such called Fourth 4-1/4% have already been presented for redemption on April 15, 1934, in accordance with the provisions of Department Circular No. 501). The bonds must be delivered at the expense and risk of the holder.

GENERAL PROVIDIONS

As fiscal agents of the United States, Federal reserve banks are authorized and requested to receive subscriptions and to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal reserve banks of the respective districts. After allotment and upon payment Federal reserve banks may issue interim receipts pending delivery of the definitive bonds.

Any further information which may be desired as to the issue of Treasury bonds under the provisions of this circular may be obtained upon application to a Federal reserve bank or branch, or to the Treasury Department, Washington. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering and the exchanges hereunder.
Q. Mr. Secretary, I don't suppose you will want to talk about this, even off the record, but from time to time Mr. O'Connor has said that when the work he was called here to do was completed, he would lay down the Comptrollership and move along. The reopening of closed banks, which was the task he set, is just about up and I wondered if he had said anything about resigning.
A. Entirely off the record, I don't know anything about that. I have never heard that.

Q. How about the silver situation, Mr. Secretary? You are going to send some information up to the Senate pretty soon?
A. I don't know.

Q. I understand they are getting pretty worried.
A. They are not worried! Let sleeping dogs lie! Nobody is worried unless you fellows go up there and start something. I think Senator Robinson, of Indiana, has forgotten the resolution. Now, don't stir them up!

Q. Mr. Secretary, how serious and intensive is this study of the liquor tariff situation?
A. It is serious.

Q. Is there something apt to come from the study itself and result in a recommendation in the near future?
A. I don't know. You see, we only get these weekly figures now on imports. I think we have had them now for three weeks and
they jump up and down and it's too early to tell. For instance, this last week (I saw them this morning), they have jumped up again. We haven't enough background to tell. Next week they may go off again. It's misleading. After all, on three weeks' information I don't think you can tell what the trend is. It's too soon.

Q. The only reason I asked about it is whether we should look for something in the near future?

A. I should not say so. For the moment there is no fixed trend on importation and consumption of liquor.

Q. Would you care to comment on the income tax collections increase in the upper brackets and falling off on the lower?

A. I would rather not, but if you boys want to go over and see Helvering, it's all right with me.

Q. Have you had any reports on the reception of your new security offer?

A. It's too early.

Q. It ought to go over fairly well.

A. I would say after 24 hours it would go over very well.

Q. There continue to be these reports that you are going to pay off those that are offered for cash in some new kind of money. There isn't anything to that, is there?

A. We will pay them in good lawful money.

Q. You won't print a special new type for that purpose?

A. No. We do expect — we figure — that there will be a certain
percentage of people who will not turn in and we have the money on
hand to pay them. Perfectly good dollars.
Q. You will hold this opportunity of exchange open as far as
possible?
A. For a reasonable time.
Q. Those liberties are held by individuals.
A. We have to give them a reasonable time, but what I don't want
to do is to say you have until such a time, because a lot of people
will wait until the last minute.
Q. Mr. Secretary, in some of its past refundings the Treasury has
used a little radio advertising. Is there any thought of doing that?
A. I will answer that in a minute, but first let me say this: if
you boys could put something in your stories giving some little
description of these bonds, what the letters are, so the people
who have them will know — if you could write that into your
story, "if you have the called Liberties of such and such a series",
it's in that last statement — it would give me a little help.

What we are going to ask the radio people to do, right
after their weather report, is to run 50 to 100 words so people
who hold these will know. We are going to ask the radio to do
that, also free.
Q. What does it mean in the statement that there will be no
adjustment of interest on the Fourth Liberties.
Mr. Gaston: The Liberty Bonds are due on April 15. That's their maturity. It's an even proposition. They have collected all previous coupons and they mature on April 15, whereas the certificates don't mature until May 2; consequently they can't pay interest to May 2 on that final coupon, but will adjust to the date of April 18.

Q. Have you any new thoughts on the Johnson bill, such as determining which foreign countries are defaulters?
A. I think that's up to the State Department to say which countries are technically in default.

Q. I suppose that would await the return of the President?
A. You mean, to sign it?

Q. I mean to decide —
A. I should think — I don't want to be quoted on this thing. It seems to me it's up to the State Department to say which country is in default and which isn't. After all, the State Department conducts those negotiations. They ask us to approve or disapprove, but the actual contact with the foreign representatives is with the State Department. I don't contact them at all. That's just for your background.

Q. One New York paper announced that Russia can't borrow until they pay us.
A. Personally I think that stuff should come out of the State Department.
Q. We thought you had discussed it with Dr. Feis.
A. No.

Q. Was there anything in your meeting with Mr. Feis yesterday?
A. I wanted him and Viner to get acquainted and sort of thought they would click here. Incidentally, he's a durn able fellow.

Q. How about the four income tax cases that the Justice Department referred to grand juries? Of course, the criminal proceeding is up to them, but to levy a civil deficiency, if they are expected of defrauding the Government of income taxes, would seem to be a Treasury matter. As far as I can determine, there has not been any civil deficiency levied on these gentlemen by the Bureau of Internal Revenue.
A. As I understand it, strange as it may seem, these cases are tried in criminal courts first and then — we will take the Mitchell case, for instance; that was a criminal suit first and then the Internal Revenue levied a civil deficiency.

Mr. Gaston: We don't ordinarily name those against whom we have levied a deficiency.

Q. As far as I have been able to determine from the Board of Tax Appeals, they have not been notified of any civil deficiency. My understanding was that usually the two things go together.
A. I don't think so. I had to educate myself on the Mitchell case.

Q. I think on the Rosenberg case there was both a criminal
and a civil suit, going along hand in hand.

A. Just for information purposes: there was an Executive Order signed on June 10. These cases should be sent over to the Department of Justice without any comment from the Treasury Department and it's up to the Justice to decide whether they wish to settle or whether there would be a suit.

Q. That's just criminal.

A. I believe both criminal and civil. I don't know why. They haven't explained it. We make the investigation and if we find the man who hasn't paid his income tax we send the case over to the Department of Justice and they can settle it or they can put it in the Court, either way they want, but the decision is over there and that's the way we handle it.

Q. Doesn't it look like it takes out of the hands of the Treasury Department a matter which ordinarily belongs to the Department?

A. Not necessarily, because I can see their viewpoint. For instance, let's say we send over a recommendation that the case should be tried and they don't think they can win it and they want to settle; then there is an investigation and it shows the Treasury wanted to sue and they didn't. Our recommendation sort of puts them "on the spot" but the responsibility of winning the case is theirs. After all, they are the trial lawyer for the Government.

A. Yes. But of course civil cases are tried in the Treasury
set-up by the Board of Tax Appeals lawyers and Internal Revenue lawyers on the part of the Government.

A. This was the set-up before I came here. Jackson has not been here long enough and I am willing to go along for a couple of months to see if they look after our interests and I am perfectly willing to tell Mr. Cummings so privately.

Q. Do you think the increase in corporation taxes are an indication of improving business?

A. I don't like to get in that business. I never forget the old saying, "Prosperity is just around the corner".
PRESS CONFERENCE - MR. HONGENTHAU.

April 9, 1934.

Mr. Morgenthaler: I want to point out that we bought $42,000,000 of Government securities and the reason we bought heavier than usual was that on the first of April they returned an excessive amount of money. That is the reason we can use that and we had to speed up our investments a lot because they dumped so much in our laps.

Q. Isn't the F.D.I.C. purchase larger than usual?
A. Yes. They have been bringing pressure to bear on us to speed up purchases. They want to get some interest to work.

Q. Have you any of the called Liberty bonds in your Government portfolio?
A. The Government turned theirs in.

Q. You wouldn't be dealing in those now?
A. No. Anything we had anything to do with investment accounts that the Treasury invests for, all their called bonds have been turned in.

I will get my stuff off my chest first. Mr. Upham tells me there will be two more releases tonight. We get in the rate of the bills tonight. That will be announced and the amount of conversion that took place up to tonight we will have that for you and also we are going to announce that we will close the books Thursday night on the conversion of Fourth Libertys.
Today I sent out to every bank in the Federal Deposit Insurance (I used that list because they have both State and National banks) a telegram -- which you can have if you want it --

Q. Yes, sir.

A. -- and the reason for it is this: there are 340,000 holders of $50.00 bonds and about 400,000 of the $100.00 bonds. The reason I am going to so much trouble is, after all there are some 740,000 pieces and it would be difficult to reach them. The amount involved is $57,000,000, so it isn't that we are worried about it. It is going over nice. But there are 740,000 pieces of these bonds and we are using every means of publicity we can to bring it to these people's attention and if you men could help on that, if there is some way of getting word to the financial writers for the various press associations, if they would dwell on the fact that there are 740,000 pieces of these things -- it's a terrific number! You notice I say, "contact your local papers." I want to make it plain my only interest is in the fellow -- man or woman -- who has a $50.00 bond or a $100.00 bond and may not read the financial news. There was a good story this morning, but it was on the financial page and a person who did not read the financial page would not know that his particular $50 or $100 bond was called. Remember, the serial numbers end in 0-1-9.

Q. This entire 740,000 bonds are outstanding?
A. Yes. There are 340,000 of the $50.00 bonds and 400,000 of the $100.00 ones and what we are trying to do is to get word to the holders of those small bonds that their bonds have been called. The serial numbers are 0-1-9.

Q. We might tell them the interest ceases.

A. Yes; tell them the interest ceases. If they don't turn in their bond, they don't get any more interest. There is a total altogether in this issue of 12 million pieces.

Q. Called pieces?

A. Yes. A million pieces of coupon bonds and 250,000 registered bonds or a 12 million called pieces.

Q. I guess most of the certificates are in?

A. No. We are not worrying so much about that. I understand they hold back the last day, so I am told, but we are not worrying about the May 2 issue. We do think we should use every means of publicity that we can to have them turn them in.

Q. Have you any figures that have been turned in?

A. By pieces?

Q. Yes.

A. No. I doubt if we can get that.

Q. A good many of our editors are quite perturbed about two speeches made by Speaker Rainey Friday and Saturday night. Are you familiar with the speech?

A. Yes.
Q. He claims to have obtained his figures from the Treasury, showing the public debt as $8,000,000,000 and apparently he subtracts war debts from the public debt.
A. The Library of Congress called us to give the information and kept calling about every half hour and I did not see any reason why we should not give it to them. Mr. Bell has it if you want to look at it.

Q. I think that's understood, but the fact he assumes that war debts can be taken off the public debt, he is assuming war debts are worth 100 cents on the dollar.
A. As I understand it, he figured all R.F.C. and emergency loans, all those loans would come back 100 per cent.

Q. Is he including war debts?
A. That's about the only thing he could include. The other securities owned by the Government only amount to 3 or 4 billion.

Q. He just claimed that the Treasury people were distorting Treasury figures. Looks like he is, more than anybody else.

Either on or off the record, nobody pretends that war debts are worth 100 cents on a dollar, do they?
A. I don't see how they can.

Q. What about Russian debts? You were in on the discussions with Mr. Litvinoff and now it seems to be that the State Department and the Export-Import bank almost deliberately put pressure...
on them. There was an understanding among the newspaper corps when Litvinoff left that there was some sort of an understanding that these debt discussions could go ahead and now it seems they threaten to be quite disturbing.

A. Who's disturbed?

Q. The Russians. They say they won't buy any of our nasty old goods if they can't have credit.

In that connection, Mr. Jones said the Export-Import Bank for Russia would make no loans whatever until they were advised by the State Department they could and he left the implication that until the Russian debts were settled up or some agreement had been reached for funding, there would be no loans.

A. I think that kind of question should be answered by Mr. Hull. After all, he's handling it; he's contacting the diplomats. I am not.

Q. Don't debt discussions come through this Department any more? Formerly they went through here and then over there for ratification.

A. The discussions go on over there and we send them memorandums and figures, but the discussions go on over there.

Q. Nobody from the Russian Embassy comes here to see you?

A. On this? No.

Q. Speaking of Customs, they kept jamming the rye market on
your Polish investigation. Is that getting along?
A. Yes. We ought to have something on that, at the latest, tomorrow. We have been waiting for Agriculture to say whether it was or was not agreeable to them. When we have that information we can make a ruling.

Q. The question involved is an export bounty there?
A. Yes.

Q. In that connection, particularly in regard to Russia, isn't it the duty of the Treasury to make recommendations for increase of tariffs or custom duties and then send them to the State Department, or how is that handled now?
A. For this whole question, or anything like that, they have a committee of about twelve names on "commercial policies," as I call it, on which representatives of three or four departments sit. They sit with Mr. Sayre. All those things are brought up at that time.

Q. Then sent over here?
A. If it is customs or imports, we pass upon it.

Q. When Mr. Mellon was Secretary he put almost prohibitive tariffs on commodities from Russia. In view of recognition, some of those commodities were allowed free entry. What action will be taken?
A. The commercial policy commission would handle a matter like that.

Q. As a matter of fact, you have already lifted the embargo?
A. All embargoes on matches and lumber have been lifted.

Mr. Morgenthau to Mr. Bell: Mr. Bell, in Mr. Rainey’s statement did Mr. Rainey figure that foreign debts were 100 per cent good?

A. Yes, sir; he did. He also figured 100 per cent repayment on loans.

Q. He quoted those figures as coming from the Treasury. Is there any different policy from closing war debts on a 100 cents-to-the-dollar basis in view of his figures coming from the Treasury?

A. He asked us for detailed statistics and if he asked how much England owed, we gave the whole amount.

Q. Do I understand that Mr. Bell is going to try to collect 100 cents on the dollar?

Mr. Bell: They are still on the books at 100 cents on the dollar.

Mr. Morgenthau: If the boys want to see any of these statistics that we furnished Mr. Rainey, I would be glad to have you let them see them.

Q. Have you made up your mind on any of the tax bills now pending? Any certain phases that you favor?

A. You know our policy.

Q. I thought you had an observer up there and had some idea of what you want and how much you needed?

A. Our position is it’s up to them to say how much money will go into the tax bill. They asked our advice about technical
things.

Q. You set a minimum, Mr. Secretary, when you appeared before the Committee.
A. Did I?

Q. You said you wanted as much as in the House bill.
A. All right.

Q. Mr. Secretary, perhaps this question was answered before I came in, but do I understand that wines and liquors are to come in to this country May 1 without any tax whatsoever for a period of two months?
A. No; just without any quota. They will pay the regular tax, but for 60 days, no quote.

Q. What is the reason for that? Is it to try to raise the revenue or is it because the price of liquors has not gone down as you expected it to?
A. I would say because of the price and because of the revenue.

Q. Has there been any move on your part to change the tariff?
A. No, we are still working on it.

Q. Does it appear that you may ask for a reduction?
A. I never saw anything jump up and down like this liquor question. We have not enough facts yet to know which way it is going to go.

Q. They are still doing a lot of revising on the stock exchange bill and there seems to be quite a movement on foot to change the
Securities Act. Is the Treasury still studying that question?
A. We are not doing anything on it, on either the Securities or Stock Exchange.

000-000
Secretary of the Treasury Morgenthau announced today that the subscription books for the current offering of 3-1/4 per cent Treasury bonds of 1944-46 will close Thursday, April 12, 1934. The new bonds may be obtained only in exchange for Fourth Liberty Loan Bonds called for redemption on April 15, 1934, and Treasury notes of Series A-1934, maturing May 2, 1934. The Fourth Liberty Loan bonds called for redemption on April 15, and now exchangeable for the new Treasury bonds, bear serial numbers ending in the digit 9, 0, or 1.

Subscriptions placed in the mail before 12:00 o'clock, midnight, Thursday, April 12, as shown by post office cancellation, will be considered as having been entered before the close of the subscription books.

Subscriptions amounting to about $625,000,000 had been received up to the close of business on Monday, April 9.
PRESS CONFERENCE -- MR. MORGENTHAU

April 12, 1934.

Mr. Morgenthau: We wanted to get the last figures we could on this thing. There was $180,000,000 came in today, up to a few minutes ago, bringing the total up to $365,000,000, but I spoke to most of the presidents of the Federal Reserve banks and they say in their whole experience they never have received as many pieces as they did today, so I expect a big response tonight.

Q. Mr. Secretary, do you have that broken down between the two issues?
A. I am sorry; I have not.

Q. I suppose the biggest majority is Liberty’s?
A. On a percentage basis of each one, the percentage turn-in will be much higher for May 2 than for the other, but there ought to be — but we are having all the banks report tomorrow morning so maybe by noon we will have another figure. That’s all I’ve got.

Q. Does that kind of clean up financing until June?
A. I don’t want to commit myself.

Q. What I had in mind was it looks like you have enough cash to meet the remainder and still have a pretty good deal of cash on hand.
A. I would like to go to June 15, if I could, without financing.
Q. But it's an open question?
A. It's an open question.

Q. Is there any prospect of speeding up expenditures?
A. A man named Roosevelt gets back tomorrow.

Q. There are a lot of inquiries today about silver. It appears that Mr. Pacora sent out some inquiries, according to the story, on spot bar silver and bar silver, and that he is going to turn them over to you and that you are going to make some use of it, and I just wondered what it was all about.
A. This is my statement on silver. The same investigation is in progress and while it is in progress I don't care to make any comment on it.

Q. It is the same investigation on speculative silver?
A. It is the same investigation that is in progress and while it is being carried on I don't want to make any comment.

Q. Could you say this: Is the Senate Banking and Currency Committee gathering some information for you?
A. I beg off on that.

Q. Could you give us this: The story today said that new subpoenas were asking for position on the last day of January. Could you say that was the last day that was used right along or is it a different date?
A. I think I said it was the same investigation.

Q. You could have some investigation on speculative holdings but two different dates.
A. I am going to stick to that.
Q. Would you care to say, off the record, what Mr. Irey's connection with it means?
A. No. I may break down, I am not sure.
Q. This looks like another phase of the investigation, a more aggressive phase, when they are using subpoenas. Is that true?
A. I think I will stick to my original statement.
Q. It would certainly indicate the other one was not highly satisfactory inasmuch as you care calling for subpoenas.
A. I am sorry. I think we will have to stick by that.
Q. Going back to this financing matter, have you been brought in on the home modernization program?
A. In just this way: Mr. Eccles is representing the Treasury on that and I see him, of course, every day and he keeps me posted on the progress.
Q. You haven't been in on any of the conferences?
A. No. Mr. Eccles has devoted half of his time and he is very much interested personally.
Q. You couldn't give us any tip on how much money the Government will need?
A. Off the record, they haven't got down to that basis yet, where they want to see "Uncle," but so far I asked them, "Are you ready?" and they are not. Every day he tells me what is going on.
Q. Can you give us a line of comment on whether you think this conversion is highly satisfactory?

A. I would say it is satisfactory. People around the Treasury figure it will run a billion dollars. I guess it will, all right. The newspapers were certainly most helpful in their cooperation. I appreciate that very much.

Q. That was most unusual that they should run ads the way they did.

A. I don’t know. The banks and newspapers got together.

Q. The Times had five or six ads.

They would like to have some more conversions.

A. I thought newspapers were certainly most helpful.

Q. Tom Sidlo made a settlement on his income tax today.

A. First I have heard of it. He must have made it over at the Department.

Q. I wondered if he had made that offer prior to the late drive on him.

A. I am not dodging. It’s the first I have heard of it.

You know when I am stalling and when I am not stalling. It’s the first I have heard of it.

Q. Are you going to send Thornburg’s tax case over to Justice?

A. First I have heard of it.
PRESS CONFERENCE — MR. MORGENTHAU

April 13, 1934.

Mr. Morgenthau: A billion two hundred millions, roughly, are being called.

Q. What is the date they were called for?
A. October 15.

Q. How can we describe this?

Mr. Harlan:
A. Final digits 8 or 2, also letters H or B.

Mr. Morgenthau: Use the serial number ending in 8 or 2.

Q. What is the aggregate outstanding?
A. Roughly, a little over $4,200,000,000 outstanding and now we are calling $1,200,000,000.

Q. Can you say whether this has been planned for several months before or something worked out this week?
A. We studied it all along and took it up at the Cabinet meeting today.

Q. Today?
A. Today.

Q. Those figures are rough figures. The real total four billion three hundred something?
A. That's right.

The new figures for today on this last order — $797,000,000.
of the so-called Fourths have been turned in and, roughly, $234,000,000 of the May 2nd, making a total of approximately $1,031,000,000. The boys here estanimated $800,000,000. They are pretty good.

Q. Mr. Secretary, there have been a lot of reports today about changing the gold price. Any comment?
A. I can't help that. No, I can't answer that kind of question any more than I can say anything on stabilization, so if you don't mind we will make that Question No. 2 taboo.

Q. Will administration of the Johnson Act be centered in the Treasury, berring loans?
A. I really don't know.
SIR,

April 26, 1941

R. In reference, Sir, if you had any views on the general questions of silver or monetary legislation, either for printed or background, that would be helpful to me. Indeed I am now to see on what the whole of this.

6. All of the rubber. First, about the development at the River Bank. Have I have been here I have made it a point to get the most of my information which I have at the River Bank. I have always felt it was up to the President to have the rubber. I have made it a point, sometimes I have been a little hard, but I have made it clear. I feel they say there is very good. There have been the best few days, if we don't send anything, you know. Your work been there, there is an end to the. I don't want a letter that will be to go to you, she that discussion. So I would have to say again.

May 19, 1941

I did not want to hear it by directly with you, although I am related to the subject of silver.

No arguments, Sir, the rubber — as we have received silver dollars and everything else — all pending legislation which I say any how. Did I reach the country was set up — I would have you through this. I am now looking for the overuns — the Chequers. I have been, don't want to have to hear on the River. Do I receive to the others here or eleven because taken up mostly about the type. As very unlikely that you've mentioned, but it's
Q. We wondered, Sir, if you had any views on the general
question of silver or monetary legislation, either for quotation
or background, that would be helpful to us. Looks like we have to write
more and more about it.
A. Well, off the record. First, these two conferences at the White
House. Since I have been here I have made it a practice not to comment on
on conferences which I attend at the White House. I have always felt it
was up to the President or Steve Early. I have stuck to that. Sometimes
it has been a little hard, but I have stuck to it. I feel this way:
having gone through the last few days, if I once start answering ques-
tions of what took place there, there is no end to it. I just don't
feel that it's up to me to go into that discussion. So I would like to
beg off.
Q. I did not mean to hook it up directly with that, although it is
related in the nature of things.
A. To continue, off the record — as to these various silver bills
and everything else — all pending legislation which in any way finan-
cial would touch the Treasury was taken up — it would just run through
ten or eleven measures — we discussed those having, one way or another,
a bearing on the Treasury. So I really think I will have to beg off.
As I remember it, there were ten or eleven measures taken up during
those two days. Not very satisfactory from your standpoint, but it's
a tough one from mine.

Q. You wrote a letter to Mr. Fletcher on the Thomas Bill. Could we have copies of that?
A. Yes. Gaston will have copies. There is a letter and a five-page memorandum that are available.

Q. From your statement, I take it, one reason you were not in favor of it was that the larger amount of the money would go to a small percentage of the depositors. Is that right?
A. Yes.

Q. As I remember it —
A. Three or four percent would get 75 percent.

Q. The House Committee reported out a bill which would pay 97 percent of the depositors and only cost a quarter of that amount. Are you in favor of that?
A. I haven't had a chance to read the bill. I have gone into it at such great length in the McLeod bill.

Q. Aren't they entirely different issues? Mr. Jones said this morning that the loss in closed banks would amount to $2 1/4 billion out of $3 1/4 billion assets in the closed banks. That leaves a billion assets and Mr. Prall, chairman of the subcommittee, said Jones had told him the bill it had reported out would cost $1 1/4 billion, which leaves $1 1/4 billion over assets. That wouldn't look like the Government would lose on that particular bill. I wondered what the position of the Administration would be on that?
A. It's too new. I don't know.

Q. Are you opposed entirely to the principle of paying off depositors?
A. I am opposed to the McLeod bill.
Q. But we are talking about the general principle now.
A. Principle?
Q. How far would you go?
A. I don't know.
Q. In other words, you aren't putting the barrier against all legislation?
A. As they ask us for a definite opinion on a bill, I will give it, but I don't want to get into principles or ethics.
Q. Did Mr. Fletcher ask for that?
A. Oh, yes; sure.
Q. The RFC, even now, is bailing out banks, isn't it? They are still taking over assets where they can.
A. They are buying preferred stock.
Q. But aren't they taking over assets? The Baltimore Trust Company, for instance, announced in the last month that they had sold another million or a million and a half.
A. Isn't that an open bank?
Q. It's successor is. The original Baltimore Trust is now. The Baltimore National which succeeded is open. And then in our own famous bank, the Commercial, we have gotten a little money out of it.
A. That was taken over.
Q. That's still closed. The receiver is still selling to R.F.C.
A. The thing is so important that I would like to confine myself to a given bill each time, rather than make comments as to the principle.
A. As a matter of fact, the Administration is on record for paying off depositors of closed banks.
A. That's right.
Q. Why haven't they done it if they are on record and it's in the law?
A. You will have to ask them that question.

Q. You are opposed to the principle under certain limitations?
A. You stick a certain bill under my nose and I will tell you.
   It's awfully hard, the scene shifts so rapidly around here that I don't want to talk about principles.

Q. Would you venture to go before a committee on the subject of closed banks?
A. I will go if they ask me. I am sorry I am not very helpful.

Q. Mr. Secretary, do you or does someone acting for you pass upon receivers of closed banks?
A. Receivers for closed banks? Mr. O'Connor appoints those.

Q. But there is some talk around that appointments are now approved by you before becoming effective.
A. If it is, it's purely a technical thing. I am not even conscious of it. I may, by some method; my signature may be added, but I don't personally pass on who is appointed receiver.

Q. Have you been concerned personally about John Valley in Johnstown, Pa.
A. Yes. We asked the president of the Poughkeepsie Trust Company, George Overrocker, to come down here. He is president of the Poughkeepsie Trust Company, which is under State supervision. He happens to have the confidence of the President as well as myself. And he spent a couple of days and went into the thing very thoroughly for me and made a report that there was no reason to make any change.
Q. He came here or to Johnstown?
A. He came here and read all the complaints both the White House and the Treasury had received — read the whole file — and when he was finished he said the whole thing was being handled all right by the Comptroller and so recommended.

Q. Is Mr. Valley any relation to Mr. O'Connor?
A. I don't know his relatives. You will have to ask him.

Q. Would the matter of taxation come within the same category we were discussing a moment ago, of conference matters that you are not discussing? We would like to know your opinion on pending tax bills.
A. I think the simplest thing is this: we will take all the taxes that Congress will levy.

Q. Do you approve of all the methods?
A. I won't go into methods, but we will take all they give us.

Q. You favor the Borah amendment to abolish consolidated returns?
How about the Couzens amendment?
A. That would come under the statement I made that if they want to tax an extra 10 percent and give us that much extra revenue, we will take it.

Q. How about Borah?
A. The attitude of the Treasury on all this tax business has been that through Magill, who is there all the time, the Treasury is glad to give technical advice when asked for, but we haven't made a single suggestion as to what should go into this tax bill and we are not going to.
Q. As a matter of policy, Sir, do you see any objection to the publicity features of this bill — the so-called McKellar amendment, on one hand, and the La Follette on the other. The latter makes all returns a matter of public record. It does not require you to give out the list as your predecessor had to do, but it does make your records a public record.

A. Again this is off the record. The question of publicity of returns we have divided into two classifications; one is for corporations and one for individuals. As far as corporations are concerned, we see no reason why the necessary information on corporation returns should not be made available. It's impossible to permit every Tom, Dick and Harry to go in and look over these returns because they would steal half of them. As to individuals, and this is off the record, if they want to publish the income tax returns of individuals by classifications, say at $10,000 or $20,000, we have no objection. But the reason I make this off the record is that we want to give them a chance to work this out in conference.

Q. Harrison said you were drafting regulations.

A. As a matter of fact, they have been ready for over a month. The Executive Order is all ready and it's been here a month.

Q. That's under the old LaFollette amendment?

A. No; presidential authority to do it under NRA. But we want them to work it out and in no way push their hand.

Q. When you spoke of corporation returns, you were thinking, Sir, of requirements that salaries of corporation officers be made public or the entire return of the corporation?

A. I want it off the record, because I don't want them to think that we
are trying to tell them what to do, but we will go along with them that all salaries over $15,000 should be published. We will go along with them on that. As to the corporation returns, giving the necessary information without making it possible for competitors to go in and get competitive information, we want to let the thing go through and work it out in conference.

Q. At what rate are you taxing these long cigarettes now?
A. I think you will have to check up on this: I think we gave them a certain amount of time to get their —

Mr. Gaston: No time limit set. It's to be studied in conference. They are to have an opportunity to show how long it will take them to use up the necessary stock.

Q. You are still taxing them at the old rate?
Mr. Morgenthau:
A. At the old rate.

Mr. Gaston: $7.20 per thousand.

Q. The Comptroller said today there was a moral obligation in connection with the bill because the Government told the people not to hoard their money. What's your answer to that argument?
A. In the first place, I have never seen the statement that they quote.
Q. In which he told about keeping money in sound banking institutions of the country.
A. Didn't he say something about everybody should own two cars?
Q. Well, one of the arguments being used is that there was an unfor-
tunate change of policy between the two administrations. For instance, under the lenient policy, when they were saying, "Let these banks stay open and hold them up," they were listing their bank assets at the price they paid for them and such statements were being approved. After all the banks were closed down, which came under this Administration, they instituted a new policy which listed the assets at the market value, which of course then was very low and while you can't blame either Administration, if the Government is a continuing operation it certainly was not an efficient and fair method of judging banks because if they go on and encourage you --

A. I personally don't think that Mr. Roosevelt has anything to apologize for as far as the banks are concerned, because I think it's a remarkable record -- what they have done through RFC and FDIC. After all, no one could have inherited a worse situation than Mr. Roosevelt did.

Q. Mr. Secretary, these "off the record" statements mean different things around here in Washington. Can you clarify just what you mean when you say "off the record?"

A. The boys here have been awfully good. I think I would call it background, without direct quote.

Mr. Gaston: There is some danger in using it at all.

Mr. Essary: When you make it background the understanding is we can use it in our judgment.

Mr. Morgenthau: No; I mean I don't want you to use it.

Q. Since you won't discuss the principle of such things, is there a
possibility that some such bill might be approved?
A. I can't answer that.

Q. How is your silver inquiry coming along? There is a lot of silver
talk in the paper nowadays.
A. Well, we are making progress.

Q. In the case of the First National of Detroit, the position has been
taken by the receiver in liquidation that you must use funds from RFC
for loans already made. I wonder if you concur in that policy?
A. I was not aware of it. I realize it's something the Comptroller
has worked out.

Q. They have made tremendous loans up there and have paid off 50%. The
larger depositors are willing to freeze any loans that may be obtained
from RFC to pay off 600,000 smaller ones.
A. I don't know about it. I only get in on these things if some one
isn't satisfied, but as long as I don't hear about it I take it that
they are satisfied.
April 19, 1934.

PRESS CONFERENCE — MR. MORGENTHAU

Mr. Morgenthau: I have some background stuff that I would like to give you. I want to draw your attention to the increase in the total loans and investments. As I say, this is background. In deposits, we are back to the 1932 figure. The deposits have been going up steadily for the month and it's been going along long enough that I think it is worth watching. It looks encouraging.

Q. Are those for all banks?
A. Weekly reporting banks.

Q. What are the total amounts at the present time?
A. On total loans and investments? Gaston can get it for you.

Q. Is there any way of telling how the increase in total loans and investments is due to increase in holdings of Government securities?

Dr. Viner. All the items are expanding, in the last week or two. Before that some of the increase in demand deposits was due to Government investments — investments in Governments — but for a long time the investments in Governments merely succeeded in keeping the demand steady. Now they are apparently becoming a net increase, but in the last two returns, at least, every item of significance has been going up.

Mr. Morgenthau: This is on the record. We are beginning to get figures on illicit manufactures of liquor, because on the tenth of May the whole Prohibition Unit comes over from Justice and we have
been building up a little force ourselves to get ready, and from now on we will give you weekly figures on what the Treasury does and let you know what it is.

Last week our men, independent of Justice, seized 73 stills — average still of 239 gallons capacity — and the spirits seized were about 7,000 gallons and 173,000 gallons of mash, worth about $17,600 and we arrested 84 people.

Q. Where were most of these stills?
A. All over the United States. But the point is that it looks as though the situation, as far as big stills are concerned, is as bad as it ever was.

Q. How much personnel will you get from Justice?
Mr. Gaston: They are down to about 1,000 of which some 700 men are called inspectors. We have close to 700 ourselves.

Mr. Morgenthau: We have some men in training. It's all new to us. We have a couple of hundred men on this thing.

Q. Mr. Secretary, do you want to make any observations as to why it is as bad? Is it the high price of legal liquor or why is it there are so many illicit stills now?
A. I would rather not.

Q. Mr. Secretary, what does the Coast Guard tell you about the rum running situation?
A. The rum running situation, as far as liquor coming in from the high seas, that is less. The number of boats off both the Pacific
and Atlantic are considerably less. That has fallen off considerably. But the manufacture of illicit liquor within our own borders, seems to be a very healthy or should I say "husky" industry.

Q. Then, Mr. Secretary, what you said when you exhibited the liquor samples, still goes about bootleggers?

A. It is a very husky industry and we hope they hit it and hit it hard.

Q. The President said yesterday that in opposing this McLeod bill —

A. I though this liquor would drown the McLeod bill!

Q. He said that he directed the Comptroller, the RFC and FDIC to reappraise all banks and see if their policy was liberal. Some complain it has not been as liberal as Congress intended. Can you tell us how that's going ahead? What's going to happen?

A. This is off the record, not background or "in between."

The President told you boys that. I have just picked it up in the papers. When I see him at the Cabinet meeting he will tell us more of what he has in his mind. All I know is that if he wants us to do it — reexamine — of course we will do it. I am in a little bit of an embarrassing position because I have not got any instructions. When Jones and the rest of them were over there, he may have said something to them.

Q. The UP carried a copyrighted story that there was a conference in Senator Glass' office regarding placing the FDIC provision of buying assets, instead of lending on them, in effect.

A. This is off the record. Senator Glass, over at the White House,
had certain ideas about Federal Deposit and I told him we would come up there and sit down with him and straighten it out. I think he was a little confused. I could not go, so Crowley and the Comptroller went. We went up there to see if we could at least get his views and they told me it was a very successful conference.

Q. Do you think the new Canadian gold tax will affect shipments to this country?
A. I really don't know. I don't see why it should, as long as the price is $35.00 and that stays the high price.

Q. How do commodity price charts look? Are they still going up?
A. I thought you were a friend of mine!

Q. Is it significant that our friend, Mr. Gallatin, is gone?
A. I don't know. He was a nice fellow, but he wouldn't stay straight.

Q. That was his reputation.
A. I just wanted someone who did not look quite as stern. I thought we would get one of the CWA pictures. The Navy doesn't want them; maybe we can use them.

Q. On these liquor seizures that you have made so far, was much of it in the dry states of North and South Carolina?
A. I am sorry, but anything you want broken down by States Mr. Gaston will get for you.

Q. I was just wondering if there were more stills in the dry states?
A. Next week we will give it to you by States.

000-000
April 23, 1934.

Q. Is it correct that Mr. Coolidge's nomination has been sent over to the White House from the Secretary?
A. Absolutely off the record. I believe it is going up, but I also believe it is a matter of custom that it should come from the White House. So do you mind getting it from over there? I would much rather, since it is a presidential appointment that I don't want to say anything about.

Q. Can you tell us anything about your visit to the White House with Mr. Douglas?
A. We went over the President's estimate for the budget.

Q. Will you revise the estimate in any way?
A. It has never been definite. We have just been working on it and getting ready towards setting it up. This is the second one; I guess we will have a couple more.

Q. Is that on appropriations?
A. It is the appropriation bill.

Q. Emergency relief?
A. No. It's his regular appropriation bill. There has been no regular appropriation bill gone up yet.

Q. For what?
A. For everything.

Q. Each Department has its bill?
A. That's independent offices. There is CCC; Public Works.
Q. It's the item of $2,000,000,000?
A. I guess you are right.

Q. Some New York banks refused to pay diplomatic drafts on banks of France and England and refused to exchange banks' notes for the Bank of England and France since the date the President signed the Johnson bill.
A. That's the first I have heard of it. I can't comment. Certainly no financial agency has called up the Treasury on it. I don't know anything about it. If some financial agency wants to call us up, we are here. Usually, on something like that, they get on the telephone and bring it to someone's attention here. Certainly it has not been brought to mine.

Q. Mr. Secretary, can you say anything about the rally in the dollar today?
A. It might go down tomorrow.

Q. Have we exported much gold?
A. None.

Q. We can say none has been exported?
A. Not an ounce.

Q. Is there any intention on the part of the Treasury to export gold from the stabilization fund to support the dollar in case the dollar should really break to quite a low level?
A. I have to go back to my original statement. Can I take cover under that?
Q. You left the balance sheet lying around here last week.
A. It was? Beale, I am sorry. I thought you were going to ask me about silver!
Q. Do you have the results of the investigation at hand, Mr. Secretary?
A. I am going to fool you. Just about a week ago, Col. Halsey called up and asked me when I would have the silver names ready and I told him within a few days. Now, I find we can't complete the investigation within a few days so tomorrow morning I am going to send him up a partial list.
Q. Will it be released up there?
A. I suppose so.
Q. How many names on the list?
A. Tomorrow morning there will be several hundred names go up.
Q. Those are speculative holders of silver?
A. People who hold spot and futures.
Q. Only the larger ones?
A. All that we have ready, and the following day we will probably send some more. I think before we get through there will be around a thousand names.
Q. Will amounts of holdings be included or just the names?
A. The amount of silver that they hold.
Q. That isn't in violation of law, is it, Mr. Secretary?
A. The Senate passed a resolution asking me for this information and in compliance with this resolution I have no choice in the matter.
Q. Not if it is done in violation of the law?
A. No.

Q. Simply for information?
A. Simply for information. I don't know what I would have done with it, but the Senate passed this resolution and probably a week ago they had this discussion and wanted to know why I had not sent it up and Halsey called me and asked when I could be ready and I said in a few days. I am not able to complete the investigation so I am going to let them have what I have.

Q. Could you say whether this first list you will send up will be the one that will bear out your previous statement that silver advocates are not disinterested?
A. I will let the list speak for itself.

Q. Have you had any word from Rogers?
A. Yes.

Q. Has he told you anything you could tell us?
A. I am sorry.

Q. The Japanese let him go into China?
A. That's a good one!

Q. Is there any apparent explanation for the large silver receipts during the last week? Isn't 750,000 pretty high?
A. I don't understand why, any more than the week before there were only 10,000. I don't know why.

Q. Could you say whether Senator Fletcher's bill would postpone for
another year this divestment of security affiliates from national
banks? Anything you care to say about that? Does it have the
support of the Treasury?

A. Off the record, there are so many of these bills that I just don't
happen to be familiar with this one.

Q. It was received up there as an Administration measure?

A. I really don't know.

Q. Any financing before June, Mr. Secretary?

A. I am so disappointed Beale did not ask me about silver.

Q. Anyone been named to head the consolidated alcohol bureau?

A. Shall I tell them now, Herbert? He is Mellott.

Q. Who is he?

A. You sprang this on me a little too soon. Gaston can get a list
of his attainments. He is a man who has been recommended very highly.
He is being made Deputy Commissioner in Internal Revenue to head this.
I think he's up to the job.

Q. Just what will his duties be? Will he have charge of —

A. Alcohol Tax Unit, I call it, and under that will come inspection
of distilleries and breweries. He will have the permissive and the
regulatory business; the supervision of manufactured liquor that has
not paid the tax.

Q. What becomes of Captain Bliss?

A. I believe Captain Bliss will go back to Miscellaneous Tax.
Q. Will that appointment become effective May 10th?
A. May 2.
April 30, 1934.

To Mr. Secretary: I want to bring up something about this error list.

First page of this sort.

This is the first time since the resolution at the May 30, 1934, we have only forty minutes of work to perform, or in the case of the Internal Revenue, only forty minutes, and then any general business dealt with by the paper for the reinstatement, assuming this by agreement.

I think it is important — we shouldn't consider any new items of twenty dollars or twenty-five dollars in a given period of time and then have the forty minutes dealt with.

The next one is for our enjoyment and was to be forty minutes and so arranged with my thanks to the chair.

Here is a letter from the treasurer and so on that the money at 10:00 a.m. must be paid within the next five to ten years.

Then we'll be the only list.

But that will be the complete list.

April 30, 1934.
April 26, 1934.

PRESS CONFERENCE — MR. MORGENTHAU

Q. Mr. Secretary, I want to try to clear up something about this silver list.
A. What paper do you use?

Q. This is the New York Times list. The notation at the top says you are only listing holders of spot or futures contracts in excess of 50,000 ounces of spot or more than one futures contract, and there are several below that. What is the reason for including them, assuming this is correct?
A. I don't think it is because — we thought anybody who had one contract of 25,000 was insignificant and a terrible number of names would have only one contract.

Q. There are some as low as 10,000 and one as low as 6,000 spot and are not credited with any futures at the same time.
A. I think it is incorrect in transmission because I am quite sure that the names of 50,000 or more went over and those who had one contract didn't.

Q. Can you indicate when you will send the rest of the names up?
A. It has gone, to Senator Fletcher; it either has or will within the next 5 or 10 minutes.

Q. That will be the complete list?
A. That will be the complete list.
Q. How many names?
A. You had better put it at several hundred. There must be several hundred names.

Q. Among those names yesterday was a Mr. Morrison of San Antonio. Isn't that the fellow who went to London and helped to negotiate the silver agreement?
A. I really don't know.

Q. In cases where you have had to examine back behind the original names reported by dealers, are you sending both names up?
A. We are sending as much information as we have got.

Q. Did you find any people having a common interest with Harriss-Vose in New York?
A. I really don't know.

Q. Mr. Secretary, the President at one of his press conferences rather indicated that the matter of publicity on income tax returns would be settled by administrative action before the bill was enacted. The bill is close to enactment with some sort of provision in there and if there is going to be any administrative action to settle the question it should come pretty soon.
A. I really don't know. Of course this just happened yesterday.
Mr. Secretary: I imagine you are going to give us the complete
resumé of the stabilization fund.
I thought I went over this at last the other night, or last week.

But you may have anticipated that?

I have it written down...?

But you asked me a number of questions?

In connection?

Is there any idea the Treasury is going to get something on the
Depart?

I suspect it will be referred to you for study before the
immediate future.

I suppose after it is passed, it will.

Do you have any opinions on it? There are a lot of
questions. Your colleagues all say we ought to have some
relief, and I am referring to a previous stabilization statement
and the report of the treasury's answer. Also, I believe,
Mr. Hatfield's report that seconded resolution, of consolidated
revenue, the principal part of consolidated -- at least he said
he did say that he would vote it.

Is he not asked on yet to comment on it?

There are provisions in the Bill that it will be voted.

I would not know.

Do you have any idea as whether the House Committee would be
willing to adopt as a matter of agreement.

April 20, 1934.

FROM CONGRESS - HR. MILLER

If

191x261

194x261
Q. Mr. Secretary, I imagine you are going to give us the complete low-down on the stabilization fund?
A. Luckily I went on record on that six weeks ago, so that is taboo.
Q. But you must have anticipated this?
A. I knew it would come some day.
Q. Can you make any comment of any kind?
A. No comment.
Q. Is there anything the Treasury is going to do further on the tax bill? I suppose it will be referred to you for study before the President signs it.
A. I suppose after it is passed, it will.
Q. Do you have any opinions on it? There are a lot of things, from Philippine oil tax right on down through consolidated returns, which according to a previous Administration statement are not in accord with the Treasury's ideas. Take, for instance, Mr. Magill's first report which favored retention of consolidated returns. The President sort of indicated — at least he would not say that he would veto it.
A. He has not asked me yet to comment on it.
Q. There are predictions on the Hill that it will be vetoed.
A. I would not know.
Q. Do you have any ideas on whether the liquor taxes should be lowered as a matter of enforcement.
A. I read Mr. Choate's statement in the paper yesterday. I thought it was a very interesting article.

Q. You don't want to comment on the taxes?

A. No.

Q. Did you read the statement by Father Coughlin?

A. Yes, I did.

Q. Have you some comment?

A. No. I am awfully sorry to tell you this is a "No! No!" day.

Q. I expected a blast on that.

A. I am sure you did.

Q. Have you read Mr. Warburg's book?

A. As a matter of fact --

Mrs. Klotz; I just put it there.

Q. The rest of us did not get covers on ours.

A. I will give you mine.

Q. Can you say anything about the recent decline in commodity prices?

A. Can't we refer to some of this liquor stuff?

Q. They have been going down -- at least they have not been going up -- for some weeks and in view of the President's statement that "We are going to restore 1926 prices", it seems quite odd.

A. The President never mentioned the word '26.

Q. He wants slightly under the '26.

A. He has never mentioned '26. The President has never mentioned 1926. Look up everything he has said and written.
Q. Has he said anything that gave that impression?
A. He never mentioned it.
Q. That's the level that Dr. Warren talked about.
A. I am not as familiar with Dr. Warren's writing as I am the President's, but I know the President never mentioned it.
Q. Do you connect with any significance the fall of prices with making public the list of speculators in silver? Would you say there was any such connection?
A. (No answer.)
Q. What are the possibilities of a reduction on the 40% tobacco tax?
A. It's too early to say anything yet.
Q. You are making a study of that situation at the request of the President?
A. This is off the record. I read in the papers that we were supposed to make a study, but I suppose it will come over after a while, but I have had no such request.
Q. About how much more will you study the Johnson Act?
A. We are making progress on that.
Q. Do you anticipate a report this week?
A. Oh, I should think so.
Q. Will that permit the debtor nations to make token payments again?
A. I haven't thought of it just that way, but I think we will give a clean cut statement as to just what countries it does affect.
Q. According to Johnson, it's very clear-cut in the bill.
A. Yes?
Q. A token payment is a defaulter according to the Johnson interpretation.
A. No. Have you spoken to him?
Q. Yes.
A. Not with the clarifying statements by the President in accepting certain of these payments, but there are certain qualifying statements made by the President which Johnson accepts.
The letter begins, "I trust you will allow me to express..."

"...my entire confidence..." 

"...I must..." 

"...the train left my..." 

"...what will..." 

"...it is difficult..." 

"...I believe..." 

"...there have been..." 

"...where the..." 

"...they..." 

"...have you..." 

"...it is evident..." 

"...it would be..." 

"...has not been..."
May 3, 1934.

Mr. Morgenthau: I haven't any stories to launch.

Q. Anything on silver, Mr. Secretary? There are a lot of reports about the Treasury buying yesterday.

A. I read them all with great interest.

Q. Has the Treasury any authority to buy silver, except for subsidiary coinage purposes?

A. I think we might dabble. I withdraw that word. You mean whether they could legally?

Q. Whether they had any particular authority to go into the silver market to buy large quantity, especially futures?

A. I don't know; I would have to look it up.

Q. There have been heavy purchases of spot silver? Any of those for Treasury account?

A. I have no comment to make.

Q. The stabilization fund has authority to buy silver, hasn't it?

A. I think if they want to they can.

Q. Have you considered any arrangement whereby the British Government can make its June payment, if it makes any, in silver?

A. No.

Q. Has that been discussed with them?

A. We have not talked about it. The way it is now, the conversation takes place between officials of the State Department and foreign countries. We don't talk to them directly.

Q. The last payment, as I understand it, was made in dollars.
A. I think it was.

Q. The stabilization fund can be invested in any security that the Treasury of the United States can invest in, can't it?

A. I don't know my lesson awfully well. The underlying principle of the thing is to maintain our currency.

Q. As a matter of fact, in a few years the stabilization fund might make some money?

A. We have done pretty well for our other accounts that we have been buying for. Somebody said it showed a profit of $10,000,000.

Q. It might be interesting if you could get something up on that; for instance, profits of FDIC.

A. The accounts we have been running here for FDIC and Post Office, the securities we have bought since we have been here, show a profit of around $10,000,000.

Q. That's paper profit?

A. Right; book profit; the selling price today above cost.

Q. Does that include the gold purchases?

A. No. Security purchases for investment; Government's are worth $10,000,000 more than we paid for them.

Q. Can you say roughly how much has been invested in that figure?

A. No; but check with Gaston. I saw a figure of $350,000,000 but we could easily add it up. You had better check it.

Mr. Gaston: The Chicago Tribune had $450,000,000, but they added in the $300,000,000 sinking fund, which was not a purchase; just
a bookkeeping entry when they made the exchange.

Q. This $10,000,000 profit was since what date?
A. Since the first of January, I think, but you had better have Gaston check it.

Q. Does the Treasury still have some RFC gold in Europe — gold originally bought for RFC?
A. It's all melded into free gold; lost its identity.

Q. Everything then is carried in the total money stock?
A. Yes; it's all melded.

Q. Are you going to attend the silver conference at the White House Saturday?
A. Off the record, I would like for it to come from the White House but the answer is "yes".

Q. It will be a kind of silver jubilee!
A. Yes.

Q. Have there been any recent conferences with regard to silver monetary policy — I mean outside of the congressional phase of it?
A. No.

Q. Any in the offering?
A. It's like all these questions of monetary policies. There is not a day passes but what we take stock, but I don't know of any immediately.

Q. This morning, Silas Strawn, of the Chamber of Commerce, demanded some sort of a statement from the White House or the Treasury
to the effect that what he alleged was "tinkering with our currency" be stopped and that it be definitely stopped. Do you anticipate you will heed his suggestion?
A. I have had lots of demands on me. We will just continue as we are. Our policy here is to let what we do speak for itself.
Q. I guess it's the "24-hour basis" which worries him.
A. But that's what I have done since I have been here. The action we have taken will have to speak for itself.
Q. Do you participate in any of the Russian debt discussions, separate from the others?
A. No.
Q. Do you think your new Alcohol Tax Unit when it is organized will be able to stamp out bootlegging all right?
A. I think yes. We have been working over here to get ready for the 10th of May when we will have the full responsibility and we have had people out in the field directly from this office, studying the branch offices, and I understand we will be ready on the 10th of May to coordinate both the Prohibition Unit over at Justice with our own and if Congress gives us the necessary funds I am willing to take the responsibility, but we have got to have the money to do the job.
Q. I believe there is $7,000,000 appropriated for next year. Do you think you will need more than that?
A. No.

Q. Will you take over the Prohibition Unit "lock, stock and barrel" or will you do some selecting?

A. They will come over and I believe we have 60 days after it comes over in which to decide whether we want to keep the men or not. We have been running a test campaign in one of the cities for the past week with a consolidated force, working it out and getting the kinks ironed out -- using people from both Justice and Internal Revenue and Customs. We are trying it out in one city with a consolidated force under one head, and in that way we can tell which is the best way to handle the consolidated force on a nationwide basis.
Q. Mr. Secretary, I was beguiled into coming over here with the idea you were going to have some very interesting news.
A. You were led astray. We have the usual liquor figures and the gold and silver figures.

Q. We hear at the White House, Sir, that the silver conference the President expected to have today is being held up until some data is delivered by the Treasury to him. Do you know when that will be delivered?
A. It will be delivered whenever the White House wants it.

Q. They would like it right away.
A. We are very slow over here.

Q. Do you know when the conference will be held over there?
   (Boettiger)
A. No, John; I don't know.

Q. Do you know definitely that it will not be tonight?
A. No. I don't know. I have not been called yet.

Q. Can you suggest some questions we might ask to improve this conference?
A. I agree with you it could be improved upon.

Q. Mr. Secretary, can you guide us at all, either on or off the record, on this silver meeting? Rumors about this meeting are somewhat disconcerting to some of us.
A. I think it would be fairly safe to say it will not be tonight.
Q. Do you still oppose any mandatory legislation?
A. I don't think I am going to answer that one.
Q. Can you explain what the 70-30 ratio means?
A. Yes. Our stocks of silver should be 30% in relation to gold.
Q. On the basis of $7,756,000,000 gold stock?
A. Yes.
Q. Have you estimated how much of a purchase of silver that would mean?
A. I am not avoiding the question, but Gaston will be glad to get it for you. I don't carry it in my mind.
Q. It will be larger than purchases of 50,000,000 ounces a month for a stated period.
A. Off the record, I think it is 3½ billion ounces.
Q. Can we get that figure tonight?
A. Get it for you in five minutes.
Mr. Gaston: That's the 30-70 ratio on the dollar basis. The ratio would change in ounces as the value of silver went up, if it went up.
Q. Somebody figured it would be 3,300,000,000.
A. Mr. Secretary, do you prefer to say how much silver we would have to take over in event of nationalization of silver?
A. The best estimate is it is near somewhere between 200 and 250 million ounces of what I call "floating" silver.
Q. How is it differentiated? There is more silver than that in existence.
A. That's silver which is dealt in on the commodity exchange -- futures and what the banks hold. Normally, go back two or three years, that silver amounted to 5,000,000 or 10,000,000 ounces and now it amounts to 200,000,000 or 250,000,000 ounces.
Q. Is it bar silver that has not been used commercially?
A. Mostly in forms of bars.
Q. Would that estimate include holdings, for instance, like Eastman Kodak holdings?
A. Yes; everything, but it does not include scrap silver.
Q. If you nationalize silver you would have to go through the same process as with gold?
A. Go through the same process; whatever floating supply of silver bars, and you have to recognize scrap silver just as you recognize scrap gold.
Q. How does that figure compare, Mr. Secretary, with what it would be necessary to purchase if the Dies bill went into effect?
A. The Dies bill, as I remember it, had a provision for 50,000,000 a month and on top of that it had exports clear through an export-import bank and that the importer would receive 10% to 20% bonus on his imports. Q. In fixing a definite ratio you arrive at a definite amount of silver to be purchased, but in trying to push the price up to $1.29 you can't calculate. They say, "50 million ounces
a month until the price reaches $1.29; then stop. Has it been calculated how many months it would be necessary to purchase 50,000,000 ounces?

A. No. Nobody has an idea how much silver would come from import-export. An importer would be stupid not to take advantage of it because he would get a 35% bonus and what it means is that practically all the imports would have to clear through the import-export bank because everybody would want that bonus and it goes to the importer.

Q. Wouldn't you be bringing in an awful amount of silver, assuming our world trade reached normal proportions? There would be an enormous amount coming in from India. It wouldn't help the silver States in this country at all, would it? They wouldn't buy silver over here to purchase their goods with.

A. Of course, if I answer that, then I get into both sides of the silver question -- what some believe and what some don't. I mean, as to what silver will do. They are making plenty of speeches up on the Hill, what they think it will do. So far as silver mining goes here, they are getting 64½ cents now for their silver.

Q. There is some question in the minds of experts, isn't there, whether the purchase under the Mea bill would stabilize prices or raise them to $1.29? There is a difference of opinion on
that.

A. I think there is.

Q. But if there was built up a 30% reserve, how long would it take?

A. It might take one year; it might take five years.

Q. But it would certainly take a long time.

A. If my figures of 2½ billion ounces are correct, you take 50 million a month and you can see how long it takes.

Q. Do you have an estimate of the total amount of silver available in the world.

A. The figure a lot of people use is 11 to 12 billions. That's the figure you see very frequently.

Q. Is that estimate supposed to include hoarded silver?

A. I think so; I think they include that.

Q. There have been printed reports that the President will suggest a debt funding arrangement with Finland which will practically exclude payment of interest on her bill and just leave principal payments. Do you know anything about that?

A. I don't know. Off the record, I don't think anybody has the right to make a statement like that.

Q. In other words, it is probably not a good steer?

A. Probably not a good steer.
May 10, 1904.

Mr. Singerman,

I am writing to you to give you a little early — I hope all you fellows get your breakfasts right — because we thought you would come in theullet, but our plan was that you should drive up to see us, to get all the regular duties over. Until a special dinner, I did not know if you would or not. I am anxious to see the Hall of the 18th of May to make sure if there will be anything you want to say about the fact that the all-Prohibition bill is coming over to the Senate and we have been waiting for the change of entertainment, and Mr. Huston, in charge of it, had the well, and he was almost in a state of exaltation, and Mr. Huston, in charge of it, had the well. Then I thought we would resign, and Mr. Huston, in charge of it, had the well.

You will be absent on the following days:

A. We have not been heard of. We are sure that they will be voting.

B. Bill No. 3235 is to be back in the Senate.

C. Yes, on the examination stage.

D. Bill you propose a report on to amend the amendment of the amendment — any other reports, Atlantic, etc.

E. In all we are going to be, so I sold the other day, we are going after that. We are1005,

We know that the House is very sympathetic to the effort to keep the Illinois, manufactories of liquor, and we believe that if in the preparation of the bills, we ought to be able to realize your demands.
Mr. Morgenthau: We had this press conference a little early -- I hope all you fellows got your breakfast all right -- because we thought we would swear in Mr. Mellott, but we find we can't swear him in yet as a regular deputy commissioner. He's a special assistant. I did not know I did not have any money, but on account of it's being the 10th of May I wanted to know if there was anything you wanted to ask about the fact that the old Prohibition Unit is coming over to the Treasury and we have here Capt. Sayles, in charge of enforcement, and Mr. Mellott, in charge of permissive, and Mr. Helvering, the big chief.

Q. Who will be chief of the Permissive Unit?
A. He has not been selected, but for the time being Mr. Mellott will be acting.

Q. Will Capt. Bliss go back to his old job?
A. Yes, on miscellaneous taxes.

Q. Will you venture a forecast as to how much you can speed up the activities -- how many arrests, stills, etc?
A. No. All we are going to do, as I said the other day, we are going after this. We mean business. We found that the public is very sympathetic to the drive to stop the illicit manufacture of liquor and we believe that with the cooperation from the public, we ought to be able to really get somewhere this year.
Q. Have you any estimates, Mr. Secretary, on how much you are losing in taxes?

Mr. Mellott: It would be on my part the very rankest guess.

Mr. Morgenthau: Than we won't guess.

Q. Will there be any changes in the operations of the permissive end of this thing?

A. I don't know. If we find any loopholes, if we find we are not doing the job well we will change as we go along.

Q. The same machinery and personnel will continue, for the time being?

A. For the time being. As Mr. Mellott gets into it and Mr. Hethering gets into it, if they see any way they can tighten up I am sure they will do so.

Q. Do you see a possibility in the near future of a lower tax rate on liquor?

A. No, I don't.

Q. Do you see a possibility of a lower import duty on liquor?

A. Not immediately.

Q. Are you going to give us the silver bill this morning?

A. No. I spoke to Senator King this morning and I told him that any time they are ready, I am at their disposal to come up there and continue the discussions on silver legislation.

Q. Do you have a definite appointment?

A. No.

Q. The President said yesterday at his conference, or he indicated, that he might accept a bill that laid down a policy that
would be mandatory. A policy that would eventually require 25% silver monetary reserve. Some of the reports from your conference on the Hill yesterday — whether they are right or not — indicated that even that was left, from the Treasury's point of view, permissive by the President whether such policy would be declared.

A. That's perfectly correct.

Q. That's the Treasury view?

A. Oh, yes! I could not let the President down.

Q. Is the Treasury, or are you, revising the proposition you submitted to them yesterday or waiting to hear from them further?

A. I called them up this morning and simply told them that I had reported to the President on the conference; (I hope I was a good reporter) and that I was ready to continue the discussion if they wanted to.

Q. The next move is up there?

A. I told them that with the exception of this one appointment I have this afternoon with the President, any time they called I was ready.

Q. You are drawing a bill now, aren't you, on silver?

A. Bills are all drawn up on the Hill.

Q. I thought Mr. Oliphant was drawing the Treasury idea.

A. We advise them.

Q. Is that draft near completion?

A. I don't know. After all, they have a bill drafting commission up on the hill and I don't know how they are making out.
Q. They have so many bills up on the Hill, sometimes they don't know which one to give much attention to.
A. I have that same trouble.
Q. Is there anything new from this end of Pennsylvania Avenue as a result of your reporting back?
A. No; except that I am ready to meet with them.
Q. Any new suggestions? Your decision has not changed?
A. Only that possibly I can interpret a little better. I may be able to give them a little more satisfactory interpretation.
Q. Do you plan to discuss silver with the President again this afternoon?
A. This is off the record. He has to announce it. Douglas and I are going over to work with him on his message.

---

oOo---oOo

Mr. Despondent. We will have a January 15th announcement of the 
results of our work. I believe we will announce the results of last week.

We stated that we would take a comprehensive view of our work.

I hope you will not be too critical of the results. We are making good progress.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.

We have made good progress on the plan to improve our operations.
May 14, 1934.

PRESS CONFERENCE — MR. MORGENTHAU

Mr. Morgenthau: We will have a Treasury bill announcement this evening; how much was subscribed for the issue of last week. And Mr. Gaston wants me to make an announcement that we will just have the one liquor release each week. I don't think you care very much about the telegraphic reports.

I had a very nice week-end on the farm with Mrs. Morgenthau and the three children. We saw the apple blossoms.

Q. Have you anything to say about tobacco taxes?
A. I always let the regular chairmen of the committees talk.

I saw the boys when I came out and I asked them to excuse me. The meeting had not adjourned when I left.

I might say this: the position on taxes like tobacco taxes — the Treasury position is this: while the revenue bill was in process of going through, we never indicated what kind of taxes we should levy. We always went back to the January 5th message of the President when he said how much money will you need? Our position has been perfectly consistent. I figured $3,300,000,000 or $3,300,000,000. We need that much money. If they want to make a change and cut the taxes on tobacco 40%, it's all right with us if they raise it somewhere else. We simply say we want a net amount and if you want to reduce it on tobacco and raise it somewhere else, it's all right. That's been our position all along.
Q. Are you going over the whole tax bill for the White House before the President sends up this message? He has promised to send a message up.
A. You mean on cocoanut oil?
Q. He did not say it would be confined to that?
A. But he signed it!
Q. Yes, but he said he would send up a message.
A. Off the record, the only thing I know that he has in mind is cocoanut oil. I suppose the Secretary of War will write that for him.
Q. You are not doing anything about it?
A. No.
Q. About silver purchases, of course you can't tell, but if they do keep up they go well over 30,000,000 ounces.
A. They jump all over. This week it was 500,000 ounces.
Q. Have you discovered any rhyme or reason for it?
A. None. I don't quite know why they jump.
Q. Philadelphia has been coming in strong the last few weeks.
A. I understand there is a big smelter in New Jersey and I suppose they get it from that New Jersey smelter. We have not had enough experience to know why it varies so much for one week.
Q. On the matter of this lost gold, apparently $25,000,000 disappeared.
A. What's that between friends? It was a lucky day for me when I announced we would never discuss it. I had a long telescope.
Q. This is off the Treasury statement. On the face of it, stabilization is not involved.
A. You know what they are doing in Wall Street! They have given up crossword puzzles and studying the daily statements. Much more interesting!
Q. Much more puzzling!
A. Do you have a definite appointment to go to the White House with the silver Senators?
Q. Not a definite appointment, but I suppose sometime in the next 48 hours.
Q. Is there to be a draft of a bill for discussion?
A. We will have a memorandum for the President.
Q. How about your financing? Going to have any soon?
A. I don't like to forecast. No; there is nothing right now.
JULY 17, 1854.

DR. P. R. TAYLOR.

Dr. Parke: I will go before the Appropriations Committee
and have this question settled up to the present and get a
report on the matter, and let it be reported by the Committee.

The only thing I have to add is that to the $25,000
which has been raised by a subscription for winter relief,
the $25,000 has been raised by the subscription for
winter relief, and the $25,000 has been raised by the
subscription for winter relief. The $25,000 has been
raised by the subscription for winter relief, and the
$25,000 has been raised by the subscription for
winter relief. The $25,000 has been raised by the
subscription for winter relief, and the $25,000 has been
raised by the subscription for winter relief. The $25,000
has been raised by the subscription for winter relief, and
the $25,000 has been raised by the subscription for
winter relief. The $25,000 has been raised by the
subscription for winter relief, and the $25,000 has been
raised by the subscription for winter relief. The $25,000
has been raised by the subscription for winter relief, and
the $25,000 has been raised by the subscription for
winter relief. The $25,000 has been raised by the
subscription for winter relief, and the $25,000 has been
raised by the subscription for winter relief.

I refer to the President. I wish the President to receive
the...
May 17, 1934.

PRESS CONFERENCE — MR. MORGENTHAU

Mr. Morgenthau: I was to go before the Appropriations Committee and then they postponed that to this afternoon and so I thought we would stick to our regular schedule.

The only thing I have to volunteer is that on that $1,750,000 of gold which left the country, it came here for Bolivia and was earmarked and has been shipped to England for Bolivia and has nothing to do with our gold stocks. You might say it was in transit; was here, stayed a while and sent on to England.

It belongs to Bolivia. (Note: Should be Colombia, but Secretary said Bolivia.)

Q. How much is it?

A. I read in the papers, I think, $1,750,000. I read the papers rather hurriedly this morning, but it said $1,750,000. Whatever that particular shipment was, it was a shipment leaving the country and the answer is it had nothing to do with regular gold business.
Q. Mr. Secretary, could you answer a few questions on silver?

A. I will listen to them.

Q. In the first place, there seems to be a lot of confusion on just how many ounces would be required to build up the 25% on the basis of our present gold stock.

A. These are rough figures, but Herbert can check them. As I understand it, the rough figures are $7,500,000,000 of gold.

We include in that the $2,800,000,000 of profit. You take 1/3 of that and, again roughly, it comes to around $2,300,000,000, from which you deduct the silver which we have on hand at the monetary value figure, $1.29. Again roughly it brings it down to somewhere around $1,500,000,000 or $1,600,000,000. Figuring the silver at $1.29, gives the monetary value we would have to buy. It's roughly $1,600,000,000. Herbert will get the exact figures.

Q. In computing how many ounces of silver you need, you
figure $1.29 an ounce.

A. Yes. The monetary value is figured at $1.29. This

I am giving you is all for background.

Q. Mr. Secretary, if the fund should own some silver, would

that be included in the 25%?

A. It could or could not, either way.

Q. Do you think nationalization would have to precede purchases

on the world market to build up the reserve?

A. When I start talking for quote, I will say so. The

question of nationalization — that is, taking over all existing

silver stocks — that is optional. What will decide it is if

the fellows thought — say everybody knows the price is 50¢,

if they thought we might slip up on that they might ship it

abroad and hold it for $1.29. If we see a lot of silver

leaving, we would nationalize silver in order to keep it from

leaving the country. On the other hand, if there was any
tremendous exodus of silver there would be no reason for nationalization. The freer all these things are, the better I see it. I don't like to see the Government step in for the fun of regulating. I would rather have it that way and let the law of supply and demand take its course.

Q. Do you buy silver at the market price?

A. Who said I was buying silver?

Q. It's a hypothetical question. When you do buy, it will be at the market price or the statutory price?

A. There is no statutory price.

Q. Supposing there was a statutory price fixed. Then would you take the profit on your silver the same as you did on gold?

A. It's a little bit different in silver than gold, because in silver we have this thing called seigniorage, which is the difference between what you pay and $1.29. As the President said, "That's the share that the house gets". "How do you know that?" one of the fellows asked. "Out Nevada after 8 o'clock there ain't no kitty." That's the share the Treasury
gets. That's variable, depending upon what we pay. If silver
is selling at 45¢ and if we were buying silver we would get it
at 45¢ and then we would have to issue a dollar, and every dollar
has 7/8 oz. of silver.

Q. If you bought silver in the open market, there is no limi-
tation on that particular silver?

A. No. In this proposal we can buy silver here or anywhere
in the world.

Q. Are the stories correct in saying the agreement contemplates
paying for silver in silver certificates?

A. We pay for it in United States currency.

Q. That's not an essential that it has to be silver certificates?

A. "In coin of the realm". We pay for it either in silver
certificates or in Federal Reserve bank notes or gold certifi-
cates, whatever United States currency is.

Q. As soon as your price gets above 64½ cents, does not that
immediately wipe out your present coinage plan?
A. That's only for newly mined silver.

Q. Yes, but that would stop —

A. No, because when it gets above 64½ cents they would get whatever it was.

Q. You might not reduce the seigniorage to lift it up?

A. If the world price were 70¢ we have to pay 70¢.

Q. This agreement does not contemplate changing the content or the standard as fixed by law? This does not put in a new silver standard in any sense of the word?

A. No.

Q. Are you going to have a tax on nationalization to soak up profits? One of the papers carried a story that there would be a 50% tax. Is that correct?

A. It's in the bill.

Q. Does the mandatory policy include the 25%?

A. Yes.
Q. Does it use the word "primary base"?
A. There is only one fellow uses that.

Q. Pittman?
A. No; Thomas. As a matter of fact, the only thing that is primary money is the silver dollar. If he had his way we would have abolished the only thing that was primary money, which was the silver dollar.

Q. In what sense do you mean silver is primary?
A. There is no definition. There is nothing in any language, actually, describing primary money. It does not exist. And finally his brother senators convinced him. But there is such a thing as currency of the United States Government and silver is that now in the Constitution.

Q. Are you leaving in the word "direct"?
A. It is "authorize and direct". Are you fellows going to write an analysis of the bill?
Q. Here is one important point. Is there any limitation on the time in which you can accumulate the 25%?

A. No.

Q. In other words, you are not restricted to any fixed schedule of purchase?

A. No. As somebody said, it's a mandatory bill with permissive features. As a matter of fact, we have really got these 8 or 9 senators quite enthusiastic about it and I think it's a very fair bill and I am still talking off the record, and I am perfectly satisfied with it.

Q. Can you give us something to quote about when the Treasury will be ready to present it in detail to Congress?

A. It's not in the Treasury. The House has adjourned until Monday and my guess is it will go up Monday.

Q. Is Mr. Oliphant drawing it?

A. It's all finished.
Q. What senator can we get the text from?

A. You can't. Each Senator had to put the bill back on the President's desk.

Q. Mr. Secretary, I have a question, not on silver. There was a story in Detroit about some investigation of a collector of internal revenue for raising campaign funds. I think my friend Mr. Moody had it. The story out there is that the Secret Service is investigating. He's a National Committeeman.

The story that Blair told me is that Woods, who formerly worked in Abbott's office, was sent out to tap certain people for campaign money. That is the story they had up there. Could you say whether Mr. Irey's men have been on him or anything?

A. All I can say is I know about it. I know about Woods and I know about the accusations.

Q. If you knew about such charges you would not just "laugh it off"?
A. No, I am afraid not. I just have to answer that I know about it.

Q. Couldn't you say they are still under consideration; they are still pending; there hasn't been anything done, one way or another?

A. If facts like that are substantiated, we just haven't got room for people like that in the Treasury.

Q. Did you read Mr. Dalrymple's charges?

A. Yes; but they were all against the Department of Justice.

Q. Those agents are in your Department though, are they not?

A. Yes. The charges that Mr. Dalrymple made, as I read them, are against activities that took place in the Department of Justice prior to May 10.

Q. There is an undercurrent on the Hill of harboring 700 Republicans here. I think that is one of the things it is aimed at. Could you comment on it? I mean, that these people are efficient without regard to political status?

A. I have a ten-page statement if I get into it. It's too
big a subject to do offhand. If I decide to get into it then
I am going to give out a formal statement on it.

Q. It is not criminal to harbor Republicans.

A. Talking again off the record — I realized when I took over
this prohibition work that it would be, politically, one of the most
difficult things to handle that I had ever handled. After all,
we have such a thing in the Government as Civil Service and if a
man is a Civil Service employee I think he is entitled to a hearing
and irrespective of what his politics are he is an American citizen
and I think anybody who has charges against any employee of the
Treasury, he can make them; but just because a man goes up on the
Hill and makes a lot of wild statements, I am not going to fire
people.

Q. You could not do anything? You could not fire a man for being
a Republican?

A. This is a very serious proposition.

Q. It's bound up with the old prohibition snoopers?

A. It's a carry-over of the old prohibition business and everything
that has been said has been said about people when they were in the
Department of Justice. I take responsibility for them beginning
May 10, but I can't before May 10. Charges they make against the
people in charge, against anybody working for the Treasury, we will
make a careful investigation of those charges and not that the man
was a Republican, but if the man was crooked or dishonest, naturally
he goes out, but if the fellow has done a good job, lived up to the
rules and regulations of the Treasury, just because he formerly
worked for Justice or I don't care what his politics are — if the
man does a good job I expect to leave it up to Civil Service.

Q. Is it all right to quote you, Mr. Secretary?

A. Yes. If we have Civil Service I expect to live up to the rules
of Civil Service. If I get into this thing I have in my desk a
ten-page formal statement and if they want an answer, I have it.

Q. Are you waiting for complaints to be made against the men
formerly in Prohibition or are you investigating them before you
put them back to work?

A. Every person who goes over from Justice. There is one
group which is Civil Service and one which is not.

Q. Yes. But isn't it true that a lot of the old Prohibition
snoopers with a bad reputation were on Civil Service?

A. Every person who goes on our rolls gets a careful investigation.

Q. Whether he is Civil Service or not?

A. Whether he is Civil Service or not. We have 60 days in which
to investigate every employee who comes over and every employee
will be investigated and we will decide whether he's up to the
standard we want.

Q. And the old prohibition men, who is doing that?

A. Internal Revenue and their investigative force. That's up
to Internal Revenue and Mr. Irby to investigate the character of
the people who come over.

Q. Under the preliminary investigation you made, do you think
that Dalrymple was a little wet in his statements?

A. Dalrymple, as far as I am concerned, isn't any different from anybody else. I have had anonymous letters and so has everybody else. They are mimeographed. They are all distributed. We have these different complaints and all those complaints against any of these agents are turned over to Mr. Helvering and Mr. Mellott and they are investigated and I don't want to dignify Mr. Dalrymple by answering him. If I begin to answer him I have to answer everybody else. Every person will get an investigation as to his character and if these fellows have a good record and Civil Service, there isn't anything I can do but to keep them.

Q. When you speak of "good record" do you mean -- what does that include? Do you mean there would have to be charges of corruption against them or people who took their wives into speakeasies and brought in a big champagne expense bill?
A. I would have to know whether it was his wife! I am so young and innocent that I don't think I should look behind the screen, do you think so?

Q. No. But will you look up their expense accounts?

A. These people's records will be looked up and if there is a breath of suspicion against them, as to their method of doing their work, we don't want them and the people we have taken on have been checked and double checked and triple checked and the only prohibition people taken on our advice have the finest record of performance, those that have Civil Service standing.

It would be stupid for me to take anybody who didn't because I would just be inheriting the headaches of those who went before.

Q. Will you issue regulations under the Tax Bill for publicity on income tax returns or will you wait until nearer the time when it becomes effective?

A. I don't know just when that will be.

Q. Is there any encouraging news about liquor? About prices
going down any at all and revenue increasing?

A. The only thing on that is beer and that has held up sur-
prising well and the consumption of imported liquor has fallen
way below.

A. Then throwing open the quotas didn't do anything?

A. Nothing.

Q. Are you going to recommend some different kind of action?

Otherwise your estimated revenue will fall far below.

A. What we are going to do, if Congress will give us the appro-
priation that I am going up to ask for, is to hit this and hit it
so hard I feel confident that we can go a long ways towards stopping

the illicit manufacture of liquor.

Q. But stopping the illicit manufacture of liquor will not bring
down prices of liquor that is being taxed because people are not
buying because it's still $4.00 and $5.00 a bottle. That's going
to shoot it up again.

A. I don't like to divide responsibility. There is responsibility
between FACA and ourselves. I understand they are making a
study of that and I expect Mr. Choate will soon have a report on
that.

Q. How much money is that?

A. The $10,000,000 item that went up in the budget message.
May 22, 1964

Dear [Name],

I have only one piece of compliments that I would like to get over. I am giving these remarks reluctantly because there are some things until the last of May to turn in their supplies and if they have to turn them in, then that’s their last chance and they are subject to a fine of $1,000. We would much rather help them — not that we’re not giving them the way — if we can get them because the ways they have worked the last to turn them in. If by working they could have any more money, we had a feeling that they would use that and given back, taxes. So if you will reach us with that, it is propaganda.

1. But if they get pneumonia or pneumonia, or influenza.

2. There was a period of about six weeks — by happy I think — when they were not taken sick people and people had little which they had bought and which was legal, but did not have the stamps, so we gave them a chance to buy stamps and get there an out in case they bought more than they needed.

3. Don’t you agree that’s the best?

4. But don’t they know how to look after themselves? They don’t pay the amount of the loss — only the amount.

5. But after they have spent the stamp to indicate the tax has been paid,
May 21, 1934

PRESS CONFERENCES -- MR. MORGENTHAU

Mr. Morgenthau: I have only one piece of propaganda that I would like to get over. We are giving these various retailers who have strip stamps until the 31st of May to turn in their supplies and if they don't turn them in, that's their last chance and they are subject to a fine of $1,000. We would much rather help them -- and that's why we are giving them ten days,--if we can get notice through the press that they have until the 31st to turn them in, if by accident they should have any loose strip stamps. We had a flying squad going through the country to look for excess strip stamps so we feel we want to give them one last chance. That ends on the 31st. So if you will assist me with that little propaganda --

Q. How do they get unauthorized possession of these stamps?

A. There was a period of about a month -- 20 days, I think -- when they gave out these strip stamps and people had liquor which they had bought and which was legal, but did not have the stamps, so we gave them a chance to buy stamps and put them on and in some cases they bought more than they needed.

Q. Don't the stamps represent the tax?

A. Yes. But they bought more than they needed.

Q. They don't pay the amount of the tax -- only the stamp?

Mr. Gaston: They only pay one cent for the stamp to indicate the tax has been paid.
Mr. Morgenthau: But the stamp indicates that the bottle has paid the tax. In the first month they got more than they needed and there are some who have made an honest mistake and we want to give everybody a chance to be lawful if they want to, but if they don't, we will go after them.

Q. Have you been revising the silver bill any? (answered late)

Q. How many stamps are involved?

A. I should say a good many thousands.

This is very much off the record. As I understand it, they are having a poker game up on the Hill and by elimination they are trying to find out who is to make the speech, so nine silver Senators have sat in with Senator King and only one can make the speech, and until they can decide which one will make the speech —

Q. Will he introduce it too?

A. It will be offered as an amendment to the Dies Bill and when it is introduced somebody will have to make a speech. It has all been read - the President is just giving them a chance to decide who will do it.

Q. It will be a substitute for the Dies Bill rather than an amendment?

A. Yes, it will be.

Q. Is it your guess it will go up tomorrow?

A. Yes, they have all day today to wrangle over who will make the speech.

Q. Could you say, as background, whether you consider this bill inflationary?
A. I am very sorry I do not know, background or no back-
ground, I do not know.

Q. It will depend upon administration of the bill?

A. Not necessarily.

Q. Could you say whether you think the Treasury may be
able to show a profit in the operations of purchasing silver
and computing it on the books at $1.29? Will the difference
be written on the Treasury books as Treasury profit?

A. As I understand it, it does not show a profit. It does
not go into the general fund. I am quite sure it does not
show a profit.

Q. In the past, when Mints have purchased silver for coinage
and have been getting it at less than coinage value, it has
been entered in the general receipts as seignorage?

A. Is not there a fund that shows silver? What I would like
to do with these technical questions, if you want to come up
here tomorrow, I will have experts to answer any questions.

What will be a good time?

A. (Reporters) Soon after the bill goes up.

A. (Secretary) All right. As soon as we get word from Gaston
we will have enough technical people here to answer any questions
you want.

Secretary: Gaston, we want to have copies of the bill too. I
think if they met in your office and the boys fire questions at
them -- --
Q. Any reports from Rogers in the Far East?
A. We get one or two a week. There is nothing I can talk about.
Q. Can you say when he will return?
A. Now, I cannot say that because I do not know.
Q. Will that complete his Treasury work after he completes his work over there?
A. Off the record, when he gets through in China then he goes to Japan.
Q. He will do the same thing in Japan?
A. Same thing in Japan.
Q. Isn't there another man in Japan?
A. That is part of the same thing.
Q. Is Dr. Warren still being consulted?
A. Yes, he is. Absolutely.
Q. I understand the Department still has about 500,000 gallons of bonded liquor. There is supposed to be that much in storage.
A. Not owned by Industrial Alcohol. Whiskey is being bonded all the time.
Q. But they have control of it.
Mr. Gaston: Whiskey is going into bond and being released from bond every day.
Q. Information I have is that they still have 500,000 gallons of seventeen year old bonded whiskey.
Mr. Morgenthau: Well, I will appoint you and Mr. Gaston a committee to look it up.
Q. Do you know anything about the Collector of Internal Revenue at Detroit?
A. May I answer you a little more definitely, if you don't mind? Mr. Gibbons is there today. Assistant Secretary Gibbons and Mr. Wright Matthews, Deputy Commissioner to Mr. Helvering, are there today - let us put it this way - to study the situation.

Q. Congressman Weidemann say that he will ask that criminal charges be preferred unless Abbott is removed within forty-eight hours. They have gathered information on the sale of a postmastership in Michigan.

A. All I can say is I sent Mr. Gibbons and Mr. Matthews to Detroit and they are there now looking into what I would like to call the Detroit situation, if you don't mind.

Q. Call it the Detroit Internal Revenue situation?
A. We will put it this way. They are looking into charges of complaints against Treasury officials.

Q. Of course you will await their return before taking any action?
A. Naturally, I wanted to get first hand information so they went out there.
May 24, 1934

PRESS CONFERENCE -- MR. MORGENTHAU

Mr. Morgenthau: I want to correct a statement that I made yesterday. You men asked me whether I knew anything about Philadelphia. I told you I didn't, but it just slipped my mind. What happened is that sometime ago, a month ago, the Civil Service Commission sent over a request and asked us to cooperate with them in investigating certain charges that had been made in Philadelphia and I referred the matter to Internal Revenue and told them to give their wholehearted cooperation to Civil Service, which they did and that's in progress and you asked about Philadelphia but it just didn't register.

Q. Is it in the Collector's office?
A. It's in the Civil Service. Civil Service are conducting the investigation.

Q. But does it involve the Collector's office there?
A. I imagine it must.

Mr. Gaston: Do you object to my telling what the charge was?
Mr. Morgenthau: No.

Mr. Gaston: The charge was soliciting political funds in a Federal building.

Mr. Morgenthau: I remember seeing the story in the paper that Civil Service employees had been asked to contribute to campaign funds which was denied by the Collector.

Q. But it was in the Collector's office?
A. In the Collector of Internal Revenue. He denied that there had been any effort or any such request of Civil Service employees.
Q. It has been cleaned up, Mr. Secretary?
A. No; it's in the process of being investigated. This is off the record. If someone goes to the President about it, it's going through the way any of those charges would. They are being very carefully investigated.

Q. Yesterday there were still more reports in New York that O'Connor was going to resign. I think they followed a certain story that you had assigned Secret Service agents to watch him, which had appeared in the newspaper.
A. I didn't see the story.

Q. But, seriously, the report was out that he was going to quit.
A. Nothing I knew about.

Q. And Straus was going to succeed Bennett in the Federal Deposit.
A. Honestly, I don't know anything about either story. I don't know a thing about either.

Q. Are there any other shakedown requests going on between the collectors?
A. I hope not.

Q. This is the second?
A. Yes. This one in Philadelphia we have to be careful what we have to say, because the charges have not been proved yet.

Q. Can you tell us anything about the grounds on which you turned over this business to the Justice Department?
A. I once owned a newspaper and I have had too many libel suits. I learned my lesson as a publisher.
Q. Regarding the job that Abbott vacated, there are two jobs vacant out there -- the Collector of Customs and Internal Revenue, and I wondered when you planned to fill them.
A. We will send Diogenes out there with a lamp! Do you think he can bring in a man? What's the matter with Detroit?
Q. Lot of good men out there. They don't appoint the right one. The reason I asked the question is that if a person is appointed after Congress adjourned he has to take a chance on his salary until Congress meets, to reconvene, to approve him. As I understand, if a vacancy exists while Congress is in session and the appointment is not made until afterwards and a recess appointment is made, the gentleman does not get any pay.
A. You know more about it than I do.
Q. Could you say Tebo is being considered?
A. I will be honest. I have not caught my breath. I hope I don't have anything more like that. I just haven't caught my breath yet. It wasn't very pleasant.
Q. You won't have another case with a bigger man involved than George Woods. He's the biggest person I ever saw.

Anything on silver, Mr. Secretary?
A. Mr. Doughton asked me to come up tomorrow morning at ten o'clock before his Committee to explain the bill.
Q. Is he to have jurisdiction over the entire bill?
A. I understand the entire bill has been referred to the Ways and Means Committee.
Q. The program is to substitute in the Senate the Dies bill as already passed by the House.
A. You have to do what I did. This new, so-called Administration bill is today called the Dies bill because Dies introduced it in his name, so what they called the Dies bill is an entirely different bill and the so-called Administration bill has been referred to the Ways and Means Committee and carries the name of Dies.

Q. But Senator Pitman announced that when the Dies bill comes up in the Senate he will substitute the Administration bill for that bill and technically it will go to the Committee as an amendment to the Dies bill, so it seems, only in the House they will take out the tax features and consider them as a separate bill.

A. Off the record, that tax feature is going to stay. The President is going to insist and I am going to insist on it. We are not going to let 15 or 20 people clean up 25 or 50 million dollars through a monetary program of the Government. In the first place, the people would not stand for it and, in the second place, we would not. This is all off the record. We won't let a handful of people clean up $25,000,000 or $50,000,000.

Q. Technically, the Senate amended that bill. It goes back to the House and if they concurred in the Senate amendment then it would be all over?

A. A tax measure has to originate in the House. This will originate in the House.

Mr. Gaston: They could concur with the amendment. They might concur with a series of amendments worked out in the Ways and Means.

Mr. Morgenthau: But you can bet your money on it that the tax feature is going to stay.
Q. Can we use that as background, on our own authority?
A. Yes.

Q. Will Mr. Smith's place be left vacant or will it be filled?
A. If I can get the right man, I certainly will fill it.

Q. At the same salary?
A. I don't even know what he got.

Q. I don't think he got anything.
A. I really don't know.

Q. That was announced when he first came in. They paid his expenses.
A. He did a wonderful job and he's a hard man to replace.

Q. There is quite a lot of excitement down at Atlanta, over having an impression down there that orders from Washington have stopped the sale of stamp taxes to beer factories down there and the explanation is that Georgia, being a dry State, the Treasury won't sell stamps in a dry State. Is that new?
A. You know that is a high class brewery; you can't call it a beer factory. It's the Atlanta Ice and Bottling Company, I think. Is this the one Atlanta has a half interest in?
Q. I think so.

A. And there has been an awful lot of trouble?

Mr. Gaston: I talked with Hetherington this morning and he told me that instructions from the start has been that none of these excise taxes, production taxes, stamps should be sold contrary to the laws of any dry State and he believes that practice has been followed.
Mr. Morgenthau: Will you find out. But I know there has been great controversy.

Q. The silver bill as drafted says that you shall or may issue silver certificates in an amount of not less than the amount of the cost of silver and Mr. Oliphant explained to us, for background, your present intention is not to issue more than the cost of the silver.

A. For background, yes, sir; that's right.

Q. Some people on the Hill have a different idea that theoretically all the silver that represents a profit can be converted into currency at any time under authority of the Gold Reserve Act.

A. Yes.

Q. So you could take all this profit and convert it into currency and pay for current bills if that policy were decided upon?

A. I don't think we could pay current bills out of it.

Q. When you have currency you can do anything you want with it, just the same as gold certificates. You can use it for anything you want.

A. That's right.

Q. And this silver piles up in bullion and under authority of the Gold Reserve Act you can convert it into silver certificates at the monetary value of the silver?

A. I think that's correct.

Q. But so far it's piling up and is not appearing in the Treasury statement.

A. There is very little lag on our issuing silver certificates against silver we have on hand.
Q. You mean you have been using seignorage silver.

Mr. Gaston: Not the silver seignorage.

Q. I mean the other half.

Mr. Morgenthau: That piles up.

Q. But you could spend it any time you wanted, the same as you could the profit under the new silver?

A. I think that's right.

Q. Furthermore, if the President used the full authority on reducing the content of the silver dollar as well as full authority on reducing the content of the gold dollar, the limit on silver becomes $2.58 instead of $1.29.

A. Yes.
May 28, 1934

PRESS CONFERENCE -- MR. MORGENTHAU

Q. Silver receipts reach a new peak, don't they?
A. I think they do.
Q. I guess they got discouraged over the profits they were going to make.
A. 885,000 ounces!
Q. Any other explanation for that except the 50 percent tax?
A. I really don't know what. I can't understand. We are working out some way or other that we hope to be able to give out, either weekly or daily, the figures on imports and exports of silver just as they do on gold. We are trying to work out some system, either on a weekly or daily basis.
Q. Has the report reached you yet on the Philadelphia investigation?
A. No. This is absolutely off the record, see. I am bringing this crowd down here tomorrow and when I have something I will tell you, just like I did last time, but the people against whom the accusations were made will all be here tomorrow.
Q. Is that only Philadelphia, Mr. Secretary?
A. That's the only place where we have completed the investigation.
Q. Are there any going on anywhere else?
A. Yes.
Q. Can you tell us where?
A. No.
Q. If I mention a certain place, will you answer "Yes" or "no".
A. No. We are the people getting hit.
Q. I have a query from a certain place and that is why I ask.
A. We can't. This investigation in Philadelphia must be at least a month old and it's finished now and I will give these people a hearing tomorrow and depending upon that I will act, but I want to give them a chance to tell their story.
Q. Is that off the record that you are looking into other places?
A. Let's put it this way: I am investigating every place where charges are brought.
Q. Should we go so far as to describe that as a "widespread investigation?"
A. No, I don't want to say it's widespread because that would leave the impression that it is widespread and it is not.
Q. Have you heard from the investigation on your two boys from Detroit?
A. No. Actually, we just got it today and sent it over today. There were masses of stuff and it went over today.
Q. I know it had not arrived yesterday.
A. I told them it would take a couple of days and it only went over today.
Q. Do you think you will get through with this hearing tomorrow? Anything likely to break tomorrow?
A. I will make a decision tomorrow. My mind is 95 percent made up, but in fairness to these men I think we should give them a
chance to answer the charges. We have all these sworn affidavits and I can't see where there is any out and while I would rather do anything else than go through with it, I don't see any way out.

Q. I was wondering what time of day it would be through?
A. I would guess early in the afternoon,—but at least you have all treated me fairly. I don't get any satisfaction out of announcing it.

Q. Has Mr. Abbott gotten in touch with you in an effort to name a successor?
A. No, sir. I have had no communication from him.

Q. That's a fact. He is still National Committeeman.
A. I have had no communication from him.

Q. There have been no similar conditions uncovered, similar to Detroit? You say charges are now being investigated elsewhere. Do you mean these charges have only been received within the last few days?
A. Since Detroit has broken, there are other people who have written in.

Q. That's what has caused it?
A. The fact that this thing broke in Detroit has brought in other cases and each case is being investigated promptly, but I can't tell whether there is anything to it, but on account of the Detroit thing and the publicity it got, people have written that similar conditions exist elsewhere. It isn't widespread. Not a half dozen different cities. There are not a half dozen. I wouldn't call that widespread.
Q. Have you been able to give any attention to the Georgia beer situation?
A. I have an expert on that. He's Herbert Gaston.
Q. We have a new query on it, quoting the Internal Revenue Collector that the Treasury is going to stop shipments of beer into Georgia. Of course, I have been under the impression that the Treasury all the time had stopped shipments to Georgia. It's a dry State and their constitution prohibits it. Is that new?
A. No. I hope all of our people have taken every precaution, but you want to remember this; that we did not have protection of dry States until the 10th of May. That only came over to us on the 10th of May and I hope our people have been doing everything they can to protect the dry States against themselves.
Q. Is there anything in regard to the June 15 financing?
A. Where's Bob?
Q. He's ill.
A. I thought he must be. No. Is he seriously ill?
Q. "Something he 'et' no doubt."
Is there anything new on your war on the bootlegger?
A. Well, we have this story here and it's going along very satisfactorily.
Q. There have been lots of reports recently, mostly from Canada, that you will increase the price of gold to $37.50. Would you care to comment on that?
A. I could not comment on that.
Q. Could you tell us anything about your conference with Mr. Hopkins? I understood you conferred with him today.
A. You mean over at the White House?
Q. Yes.
A. Well, off the record, we were over there for a couple of hours on Home Owners' Loan, but you will have to get it out of the White House.
Q. You mean this new housing bill or Home Owners'?
A. The new housing bill, but I want you to get that out of the White House.
Q. Off the record also, is it your understanding that that is going to be "must" legislation? There have been a lot of conflicting reports.
Mr. Gaston: The President has said he wouldn't consider using such a word as "must" with Congress. Some legislation he "likes better than most."
Mr. Morgenthau: But whatever you use, use three stars after it.

On that beer thing, I think we will have something in the next 24 hours. This is off the record. The man who owned the plant died and gave a 24 per cent interest in it to found a hospital and they have gone along full blast and every dollar they make, 24 cents goes into this hospital.
Q. What's the name of the hospital?
A. The Albert Steiner Cancer Hospital.
Q. Is that a city hospital?
A. Yes. I don't know of any city that has its own brewery and it's a tragic situation because my guess is we will have to close it up and that will close up the cancer hospital. This is all off
the record. We will know more tomorrow, but my guess is that's what we will have to do. It's a tragic thing.

Q. Could you tell us for our information whether there will likely be any amendment proposed to the housing bills as introduced originally?

A. Off the record: Feisinger, of Ohio, has been charged with that thing and I imagine Fahsy will work with him and try to get it through, but they will have to get a little more steam behind it than they have so far.

Q. What is Professor Magill going to do?

A. I am sorry, but it's off the record. We are sending him to England to study income tax laws, but this is off the record. They want to send Parker and they asked us to hold it up because they wanted to make an announcement at the same time.

Q. You mean, announce it on the Hill?

A. I guess so. Parker is the expert to the Joint Committee on Taxes.

Magill is going for us and they want to send Parker and they have asked us to hold up the announcement until they make up their minds whether they can finance Parker. As far as I am concerned, there is no secret, but they have asked us to hold it up.

Q. Is the idea principally to close up the chinks?

A. They seem to have less trouble in collecting it than we do and their whole system seems simpler. Possibly we can learn something.
Q. And it's Mr. Parker?
A. Mr. Parker. So we thought we would have Magill go and look
the thing over. England is more drastic and much quicker. We
thought we might learn something.
Q. How is it quicker?
A. They seem to get results.
Q. Do they collect at the source?
A. I don't know, but they settle these things. I have heard it
discussed and they seem to think we could learn something about
it. I wish I were an income tax expert so I might go too.
May 23, 1862.

Mr. Secretary—All right. The charges are allegations of political partiality on the part of the Collector of the seventh district. For your information, there are two different offices; one is the Collector's, and the other has to do with solicitation of the proceeds of a Federal building.

Mr. Secretary—Just so; we want to do it up by the president.

Mr. Secretary—Just so, sir.
May 29, 1934.

PRESS CONFERENCE -- MR. MORGENTHAU

Mr. Morgenthau: In the case of Alvin F. Fix, Collector of Internal Revenue for Philadelphia, by direction of the President I have suspended him pending investigation by the Civil Service Commission of charges. The charges were investigated by both the Civil Service Commission and ourselves and they are on file over there. Now we have, also pending investigation, suspended Mr. F. J. Reilly, chief of the Income Tax Division; Henry L. Haines, Chief Field Deputy; John J. Gegan, Cashier; Robert M. Black, Chief of the Narcotic Division, and William E. Brown, Assistant to the Collector. All suspended pending decision from the Civil Service Commissioner.

Q. Mr. Secretary, what do the charges allege? Solicitation of political funds?

A. I don't think it is up to me to say.

Mr. Gaston: It seems to me that we could give in general what the charges were.

Mr. Morgenthau: All right. The charges are solicitation of political funds on the premises of a Federal building. For your information, there are two different offenses; one is the solicitation, and the other has to do with solicitation on the premises of a Federal building.

Q. It's worse to do it on the premises?

A. Twice as bad.
Q. In this case, Mr. Secretary, can we use your name as announcing this? Last week you did not want it to come from the Treasury.

A. Yes; it's all right.

Q. The President directed the suspension of Mr. Fix?

A. Yes. It's a Presidential appointment. His letter reads this way: "The President has directed me to notify you that he is this day suspending you from the office of Collector of Internal Revenue until further notice." So I carry him as suspended by direction of the President.

Q. The Collector himself is not under Civil Service?

A. No.

Q. What I am trying to get at is what is "pending investigation" in his case?

A. It's the employees who are members of Civil Service on which the charges are that his people tried to solicit funds from Civil Service employees.

Q. Does the Civil Service Commission investigate particular charges against him?

A. Here's the thing and the affidavits are all there and the affidavits are against these people, made by employees in his office, so the whole thing is turned over to the Civil Service and I believe what they do is if they find that they have broken the law they then turn theirs over to the Attorney General, just the way I turned the charges over to the Attorney General in the Detroit case.
Q. Solicitations of funds and solicitations on the premises of a Federal building are violations of Federal statutes?
A. Yes; two separate sections. But I was sufficiently impressed with the seriousness of the charges that I did not want to wait until the Civil Service acted, so I figured I would suspend the men pending investigation.
Q. Were all these men here?
A. Two others. One was ill, but I don't think the charges are sufficient so I haven't taken any action.
Q. What were their names?
A. Leave them out.
Q. Anything on the Atlanta Bottling Works and the hospital?
A. Yes. This is off the record. We feel that that decision on the Atlanta Brewery is of such tremendous importance that we prepared an opinion -- at least we need an opinion, and we are turning that over to the Attorney General for a ruling because it's so far reaching and so terribly complicated. So we feel once we said anything, then the whole question ...
Mr. Gaston: I spoke to one of the Atlanta men and told him he might use it as background.
Mr. Morgenthau: All right. Once that is settled it settles a lot of things and this question of dry State shipments we are going to refer that to the Department for a decision. You can use that as background. It's so terribly important we want to be sure we are right.
Q. Something else -- the Home Owners say that they are waiting for you for direction to call their bonds in June, those 4 percent. Could you say anything about that?
A. Did Fahey say that?
Q. No; one of our men called up and said they are awaiting your direction.
A. This is off the record. We would like to call some $700,000,000 but if we call them, the way the law is now, it would reduce their $2,000,000,000 by $700,000,000 and it would reduce it to $1,300,000,000 and it would stop their works, so they are working on an amendment which would permit them to call their $700,000,000 but not diminish by that amount the $2,000,000,000 they can issue. The law says they can issue $2,000,000,000 of bonds and if we call the $700,000,000 of 4's then they could only issue $1,300,000,000, so it would hamstring us. They are trying to fix up an amendment which would change it. If we could do it, I would do it this minute, but it would just stop the works. So they are trying to fix up an amendment if they can get an amendment through, but it will be too late and it will have to go over to December.
Q. You don't want to make public the letter to Fix notifying him of his suspension?
A. Yes. The letter reads: "The President has directed me to notify you that he has this day issued an order suspending you from the office ... No; I've changed my mind. I won't give it."
June 1, 1934.

MR. COOPERATION—MR. UNDERSTAND

Mr. Secretary, Dr. Secretary, we are indebted to the new press men and the few very men. We want to thank you. With you should come down and see the first time you get. We are writing to heighten for the first time in the history of the Treasury. I did not expect such a life.

Mr. Secretary, on the other, I do think you may need the秒钟. I still owe you.

1. What is it, Mr. Secretary?

2. I haven't anything.

3. Do you have any investigation?

4. I conducted investigations, I think, by one of the delegates revealed a certain Investigational by her into anything can in that.

5. I just have to stick to my story. So.

6. In those days always going to take place in the Senate joint. attention by itself. I understand your Senate Joint will be going to be replaced with a new one, with the Investigative.

7. As I have to that combine into the Congress of Europe, petitioner that we had not been able. We of your body delighted the standpoint in the opinion but obviouslyogan the better out. Therefore, we have taken some should run off that may not necessitate here to other places.
June 1, 1934.

PRESS CONFERENCE — MR. MORGENTHAU

Mr. Thornburgh: Mr. Secretary, we are installed in the new press room and like it very much. We want to thank you. Wish you could come down and see it the first chance you get. We are working in daylight for the first time in the history of the Treasury. I wish you would come down.

Mr. Morgenthau: Off the record, I am glad you can stand the daylight. I will come down.

Q. What's new, Mr. Secretary?
A. I haven't anything.

Q. No new investigations?
A. Continued investigations, I would say.

Q. One of the columnists revealed a Customs investigation in New York. Anything new in that?
A. I just have to stick to my story. No.

Q. Is there some change going to take place in the border patrol situation in Detroit? I understand your Customs Border Patrol is going to be replaced with a new sort, with fast motorboats.
A. All I know is that sometime ago the Commissioner of Customs reported that he did not have the need for as many men because the smuggling in his opinion had decreased across the border and, therefore, we have taken some 60-odd men off that duty and assigned them to other places.
Q. How many are left?
A. You will have to get that from Customs, but there have been some 50-odd men removed from the border.
Q. At Detroit?
A. In the Detroit area.
Q. Isn't there some new border patrol being put on there?
A. Not that I know of; not in the Treasury.
Q. Then, of course, I assume this is the result of stopping the running of liquor across the river?
A. Yes; it is. We made a very careful investigation up there and I feel that the illicit liquor that is being sold is not coming across the border, but is made right in the U.S.A.
Q. I noticed in your report of arrests and seizures, last week, that you gave us a few days ago, that there was more illicit liquor seized in the State of Michigan. There was not as much mash as in the State of New York. Would that indicate that some of this illicit liquor is flooding Detroit? In other words, have you any reason to believe there are large-scale operations in Detroit?
A. I think the figures will have to speak for themselves. There is an awful lot of illicit liquor being sold and I am fairly satisfied it does not come from Canada. It's made right in the United States; not only made, but they counterfeit all the labels. We had an exhibition of that. Those figures you are quoting only substantiate the fact that illegal liquor is made in the United
Q. How many are left?
A. You will have to get that from Customs, but there have been some 50-odd men removed from the border.
Q. At Detroit?
A. In the Detroit area.
Q. Isn't there some new border patrol being put on there?
A. Not that I know of; not in the Treasury.
Q. Then, of course, I assume this is the result of stopping the running of liquor across the river?
A. Yes; it is. We made a very careful investigation up there and I feel that the illicit liquor that is being sold is not coming across the border, but is made right in the U.S.A.
Q. I noticed in your report of arrests and seizures, last week, that you gave us a few days ago, that there was more illicit liquor seized in the State of Michigan. There was not as much mash as in the State of New York. Would that indicate that some of this illicit liquor is flooding Detroit? In other words, have you any reason to believe there are large-scale operations in Detroit?
A. I think the figures will have to speak for themselves. There is an awful lot of illicit liquor being sold and I am fairly satisfied it does not come from Canada. It's made right in the United States; not only made, but they counterfeit all the labels. We had an exhibition of that. Those figures you are quoting only substantiate the fact that illegal liquor is made in the United
States. But the thing that fooled us in the beginning was
it had all these Canadian fake labels on it.

Q. Has it been reported to you that there is quite a lot of
activity around there in making liquor? I assume that from
your statement. There are more seizures there than, I think,
in 30 States combined.

A. Well, if it isn't there we can't get it.

Q. And that drive is continuing, I take it?

A. As long as the boys can find a still, until they lick it we
will continue. We will keep after it until we lick it. We are
going to lick it. I am not worrying about it.

Q. Did you get all the strip stamps?

A. You mean prior to June 1? I haven't had a report from Internal
Revenue. I don't know, but I hope for the sake of the retailers —
we tried every way possible through the press to get that notice
to the retail trade, that after the first of June that if they had
any strip stamps they would be out of luck. And going on the
theory that this is all new, we want to give everybody a chance
who is on the level to comply with the law — give them plenty of
time to comply, and honest business men — these are all new regu-
lations and we want to give them a chance to comply. Once they
have a chance, from then on if they have any strip stamps they are
out of luck.

Q. Are you considering an extension?

A. No, sir.
Q. What is the status of the Georgia situation?
A. For your information, off the record I don't want to seem to be putting pressure on the Attorney General, but it will go over to the Attorney General today. That will be ready and papers will go over this afternoon on both the brewery and the question of interstate shipment.

Q. Did you notice the decision of the Georgia Court of Appeals?
A. No, I did not.

Q. It held that the position of a buyer of any alcoholic content was illegal. Would that affect your decision?
A. I imagine that would help the Attorney General to make up his mind. It's pretty involved and I want approval of whatever we do.

Q. Just one more question about Detroit. In reducing these Customs officials and making a lot of raids out there, have you increased the number of revenue agents?
A. What do they tell you we have been doing?

Q. Apparently there has been quite a lot of activity out there.
A. I am going to tell you, but it's off the record. We have had a big Drive out there but I don't want to say that every time we put on a drive that we are putting on a drive.

Q. Can I say "it was learned at the Treasury today" or something like that?
A. Write your story this way: "From the fact that so many stills have been taken, it is evident that there must be a drive."

I'll tell you a funny story, but off the record. One of your
congressman heard that we were sending 35 agents up there and he called up and said "I understand you are adding to your force. I will pick them for you." I thanked him for his cooperation. We have had a big drive on in that area and it has been very successful too.

Q. Are you sending Prof. Viner to Europe?
A. No.

Tomorrow, at 12 o'clock, Herbert will have an announcement on financing for Monday's papers.

Q. In connection with the divestment of credit facilities from banks, which takes place in two weeks, has the Treasury any particular machinery set up for checking on banks to see that the law is carried out?
A. I suppose that through the Federal Reserve and through the Comptroller's Office.

Q. They will handle it?
A. I suppose so. I suppose that's the way it will be handled.
The Treasury is today offering for subscription at par and accrued interest, through the Federal reserve banks, $300,000,000 or thereabouts, 12-1/4 year three percent Treasury bonds of 1946-48, and $500,000,000, or thereabouts, 5 year 2-1/8 percent Treasury notes of Series A-1939, with the right reserved to the Secretary of the Treasury to increase the offering of Treasury bonds by an amount sufficient to allot in full all subscriptions for which payment is tendered in Treasury certificates of indebtedness of Series TJ-1934, maturing June 15, 1934, or Treasury notes of Series B-1934, maturing August 1, 1934.

The Treasury bonds will be dated June 15, 1934, and will bear interest from that date at the rate of 3 percent per annum, payable semianually on June 15 and December 15 in each year. They will mature June 15, 1946, but may be redeemed at the option of the United States on and after June 15, 1946.

The Treasury notes will be dated June 15, 1934, and will bear interest from that date at the rate of 2-1/8 percent per annum, payable semianually on June 15 and December 15 in each year. They will mature June 15, 1939, and will not be subject to call for redemption prior to that date.

As more specifically stated in the official circulars, the Treasury bonds will be exempt, both as to principal and interest, from all taxation except estate or inheritance taxes, surtaxes, excess-profits and war-profits taxes; the interest on bonds (issued under the Second Liberty Bond Act) up to $5,000 of principal amount under one ownership will be exempt from all taxation; and the notes will be exempt, both as to principal and interest, from all taxation except estate or inheritance taxes.

Bearer bonds with interest coupons attached and bonds registered as to principal and interest will be issued in denominations of $50, $100, $500, $1,000,
$5,000, $10,000 and $100,000. The notes will be issued in bearer form only, with interest coupons attached, in denominations of $100, $500, $1,000, $5,000, $10,000 and $100,000.

Applications will be received at the Federal reserve banks and branches, and at the Treasury Department, Washington. Banking institutions generally will handle applications of customers, but only the Federal reserve banks and the Treasury Department are authorized to act as official agencies.

Applications, unless made by an incorporated bank or trust company, must be accompanied by payment in full or by payment of 5 percent of the amount of bonds or notes applied for, and if payment for bonds or notes allotted is not completed on the prescribed date, the 5 percent payment shall be forfeited to the United States upon declaration by the Secretary of the Treasury in his discretion.

Subject to the reservations stated in the official circulars, cash subscriptions for either bonds or notes for amounts up to and including $10,000, will be given preferred allotment, and other cash subscriptions will be allotted on an equal percentage basis. Subscriptions for bonds for which payment is tendered in Treasury certificates of indebtedness of Series TJ-1934, maturing June 15, 1934, or Treasury notes of Series B-1934, maturing August 1, 1934, will be allotted in full. For such payment the certificates of Series TJ-1934 will be accepted at par, and the notes of Series B-1934 will be accepted at par with an adjustment of accrued interest on such notes as of June 15, 1934.

About $175,000,000 of Treasury certificates of indebtedness of Series TJ-1934 mature on June 15, 1934, and about $345,000,000 of Treasury notes of Series B-1934 will mature on August 1, 1934, and the holders of these
Two issues may exchange them for Treasury bonds under this offering. Interest on the public debt to the amount of about $117,000,000 is payable on June 15, 1934.

The texts of the official circulars follow:

**Treasury Department Circular No. 512, June 4, 1934**

(Public Debt Service)

The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, approved September 24, 1917, as amended, invites subscriptions, at par and accrued interest, from the people of the United States, for three per cent bonds of the United States, designated Treasury bonds of 1946-48. The amount of the offering is $300,000,000, or thereabouts, with the right reserved to the Secretary of the Treasury to increase the offering by an amount sufficient to accept all subscriptions for which 1/4 per cent Treasury certificates of indebtedness of Series TJ-1934, maturing June 15, 1934, or 2-1/8 per cent Treasury notes of Series N-1934, maturing August 1, 1934, are tendered in payment.

**Description of Bonds**

The bonds will be dated June 15, 1934, and will bear interest from that date at the rate of three per cent per annum, payable semi-annually, on December 15, 1934, and thereafter on June 15 and December 15 in each year until the principal amount becomes payable. They will mature June 15, 1949, but may be redeemed at the option of the United States on and after June 15, 1946, in whole or in part, at par and accrued interest, on any interest day or days, on four months' notice of redemption given in such manner as the Secretary of the Treasury shall prescribe. In case of partial redemption the bonds to be redeemed will be determined by such method as may be prescribed by the Secretary of the Treasury. From the date of redemption designated in any such notice, interest on the bonds called for redemption shall cease.
The bonds shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The interest on an amount of bonds authorized by the Second Liberty Bond Act, approved September 24, 1917, as amended, the principal of which does not exceed $5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (b) above.

The bonds will be acceptable to secure deposits of public moneys, and will bear the circulation privilege only to the extent provided in the act approved July 22, 1332, as amended. They will not be entitled to any privilege of conversion.

Bearer bonds with interest coupons attached, and bonds registered as to principal and interest, will be issued in denominations of $50, $100, $500, $1,000, $5,000, $10,000 and $100,000. Provision will be made for the interchange of bonds of different denominations and of coupon and registered bonds, and for the transfer of registered bonds under rules and regulations prescribed by the Secretary of the Treasury.

The bonds will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States bonds.

Application and Allotment

Applications will be received at the Federal reserve banks and branches and at the Treasury Department, Washington, and unless made by an incorporated bank or trust company, must be accompanied by payment in full or by payment of 5 per cent of the amount of bonds applied for. Banking institutions generally will handle applications for subscribers, but only the Federal reserve banks and the Treasury
department are authorized to act as official agencies. The Secretary of the
Treasury reserves the right to close the books as to any or all subscriptions or
classes of subscriptions at any time without notice.

The Secretary of the Treasury reserves the right to reject any subscription,
in whole or in part, to allot less than the amount of bonds applied for, to make
allotments in full upon applications for smaller amounts and to make reduced allot-
ments upon, or to reject, applications for larger amounts, to make classified allot-
ments or to make allotments upon a graduated scale, or to adopt any or all of said
methods or such other methods of allotment and classification of allotments as
shall be deemed by him to be in the public interest; and his action in any or all
of these respects shall be final. Allotment notices will be sent out promptly
upon allotment, and the basis of allotment will be publicly announced.

Subject to the reservations contained in the next preceding paragraph, allot-
ments will be made as follows: cash subscriptions for amounts up to and including
$10,000 will be given preferred allotment, all other cash subscriptions will be
allotted on an equal percentage basis, and subscriptions for which payment is to be
tendered in Treasury certificates of indebtedness of Series T.J.-1934 or in Treasury
notes of Series B-1934 will be allotted in full.

Payment

Payment at par and accrued interest, if any, for bonds allotted must be made or
completed on or before June 15, 1934, or on later allotment. In every case where
payment is not so completed, the 5 per cent payment with application shall, upon
declaration made by the Secretary of the Treasury in his discretion, be forfeited to
the United States. Any qualified depositary will be permitted to make payment by
credit for bonds allotted on cash subscriptions to it for itself and its customers
up to any amount for which it shall be qualified in excess of existing deposits,
then so notified by the Federal reserve bank of its district. Treasury certificates
of indebtedness of Series T.J.-1934, maturing June 15, 1934, will be accepted at par
in payment for any bonds subscribed for and allotted. Treasury notes of Series
8-1934, maturing August 1, 1934, with coupon dated August 1, 1934, attached
will be accepted at par with an adjustment of accrued interest as of June 15,
1934, in payment for any bonds subscribed for and allotted. Payment through
surrender of Treasury certificates of indebtedness of Series TJ-1934 or
Treasury notes of Series 8-1934 should be made when the subscription is
tendered.

General Provisions

As fiscal agents of the United States, Federal reserve banks are author-
ized and requested to receive subscriptions, to make allotments on the basis
and up to the amounts indicated by the Secretary of the Treasury to the Federal
reserve banks of the respective districts, to issue allotment notices, to re-
ceive payment for bonds allotted, to make delivery of bonds on full-paid sub-
scriptions allotted, and they may issue interim receipts pending delivery of
the definitive bonds.

The Secretary of the Treasury may at any time, or from time to time, pre-
scribe supplemental or amendatory rules and regulations governing the offering,
which will be communicated promptly to the Federal reserve banks.

Treasury Department Circular No. 513, June 4, 1934
(Public Debt Service)

The Secretary of the Treasury, pursuant to the authority of the Second
Liberty Bond Act, approved September 24, 1917, as amended, offers for sub-
scription, at par and accrued interest, through the Federal reserve banks, two
and one-eighth per cent notes of the United States, designated Treasury notes
of Series A-1939. The amount of the offering is $500,000,000, or thereabouts.

Description of Notes

The notes will be dated June 15, 1934, and will bear interest from that
date at the rate of two and one-eighth per cent per annum, payable semiannually,
on December 15, 1934, and thereafter on June 15 and December 15 in each year.
They will mature June 15, 1939, and will not be subject to call for redemption
prior to maturity.
The notes shall be exempt, both as to principal and interest, from all taxation except estate or inheritance taxes now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority.

The notes will be accepted at par during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury in payment of income and profits taxes payable at the maturity of the notes.

The notes will be acceptable to secure deposits of public moneys, but will not bear the circulation privilege.

Bearer notes with interest coupons attached will be issued in denominations of $100, $500, $1,000, $5,000, $10,000, and $100,000. The notes will not be issued in registered form.

Application and Allotment

Applications will be received at the Federal reserve banks and branches and at the Treasury Department, Washington, and unless made by an incorporated bank or trust company, must be accompanied by payment in full or by payment of 5 per cent of the amount of notes applied for. Banking institutions generally will handle applications for subscribers, but only the Federal reserve banks and the Treasury Department are authorized to act as official agencies. The Secretary of the Treasury reserves the right to close the books as to any or all subscriptions or classes of subscriptions at any time without notice.

The Secretary of the Treasury reserves the right to reject any subscription, in whole or in part, to allot less than the amount of notes applied for, to make allotments in full upon applications for smaller amounts and to make reduced allotments upon, or to reject, applications for larger amounts, to make classified allotments or to make allotments upon a graduated scale, or to adopt any or all of said methods or such other methods of allotment and classification of allotments as shall be deemed by him to be in the
public interest; and his action in any or all of these respects shall be final. Allotment notices will be sent out promptly upon allotment, and the basis of allotment will be publicly announced.

Subject to the reservations contained in the next preceding paragraph, allotments will be made as follows: subscriptions for amounts up to and including $10,000 will be given preferred allotment, and all other subscriptions will be allotted on an equal percentage basis.

**Payment**

Payment at par and accrued interest, if any, for notes allotted must be made or completed on or before June 15, 1934, or on later allotment. In every case where payment is not so completed, the 5 per cent payment with application shall, upon declaration made by the Secretary of the Treasury in his discretion, be forfeited to the United States. Any qualified depository will be permitted to make payment by credit for notes allotted on cash subscriptions to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal reserve bank of its district.

**General Provisions**

As fiscal agents of the United States, Federal reserve banks are authorized and requested to receive subscriptions, to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal reserve banks of the respective districts, to issue allotment notices, to receive payment for notes allotted, to make delivery of notes on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive notes.

The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal reserve banks.
June 7, 1934.

PRESS CONFERENCE — MR. MORGENTHAU

Q. Any news to volunteer, Mr. Secretary?
A. No, except that off the record the FDIC is going along very nicely. They are making real headway on that. And all that I call objectionable features are out of it and increased it from $2500 to $5000, but it's practically the way it passed the Senate and it's quite encouraging. But there are quite a few bills that have to pass that same hurdle. I think it's quite encouraging.

Q. Mr. Secretary, you worked on the deficiency appropriation bill with Mr. Douglas and made available to him for relief purposes unobligated balances of RFC and Public Works and he set the outside figure of $750,000,000 unobligated. Since it's gotten there, the bill has been construed to mean that he may use all unexpended balances, which is quite a different thing.
A. That's right.

Q. The second is right?
A. The last is right and it was changed about the last day, not only of RFC and Public Works for relief.

Q. Do you have an estimate on how much that will make available?
A. I frankly have not figured it.

Q. You have the exact figures on the oversubscription?
Mr. Morgenthau: You gave out some figures last night, didn't you?
Mr. Gaston: They will have the exact figures today.

Mr. Morgenthau: When they oversubscribed so much I lost interest.
Q. How about the large amount that has been allocated by RFC to be spent next fiscal year. Will that be included?
A. You mean $850,000,000?
Q. Some rather large amount; yes.
A. There was $850,000,000 and then by letter of the President it was cut down to $500,000,000 so that still stays, but as I understand it, what this deficiency appropriation says is that any amount that is not allocated can be used for relief purposes.
Q. The story on the Hill makes available $750,000,000 of which $600,000,000 was between RFC and FWA and they seem to include in that the money that FWA has obligated for certain projects. They seem to think that can be brought back from RFC.
A. As I understand, FWA had everything up to the last nickel allocated and they have been given $500,000,000. Out of that they will take so much for roads, post offices, etc., leaving them in round figures several million dollars for Public Works.
Q. A very erroneous impression has gotten abroad.
A. That's not an accident.
Q. It started on the Republican side, but apparently there was not enough stalwart support on the other side.
A. The only person who can give you an accurate answer about RFC is Mr. Jones and he can't tell just how much he thinks he will have free. I don't know anybody else who has that figure except Mr. Jones. He has told me that as soon as he had it he would give it to me, not that he is holding it back. He says he simply
does not know himself. He told me that within the last few days. He does not know exactly how much he will have. It's a lot of work and he has been working at this for us for over a month and I have yet to have the figure. So anybody who makes the figures five or six millions is absolutely guessing.

Q. Putting bank liquidation up there will further curtail it.
A. What they are doing is to increase the authorization by $250,000,000 or $300,000,000, but they had it before and it just "boots" it back to where it was.

Q. Mr. Secretary, I have been told to ask this question. How about the New York Customs Investigation? Is there anything you can say about it?
A. No.
Q. My New York office (Times) is very much excited over it.
A. You men know now that I don't talk until I have some facts or haven't, but we have no facts on this.

Q. Is that the same status as your internal revenue investigation?
A. You mean political contributions?
Q. Yes.
A. For your information, no.

Q. Anything to report on the other internal revenue offices yet?
A. No. Also, just between us, the man who made the last report just got in last night so we ought to have something in a day or two.

Q. Do you have anyone in mind yet for Abbott's job?
A. No. I don't know what we can do while Congress is out.
June 15, 1884

Then evening up - Mr. Schurman

Mrs. Hooe. I sent nothing. I have three people of little repute, and so the use of small votes going up.

Q. Have any chances come to the company either last Monday when we were present?

A. I really don't know.

Q. Are you doing the best you can?

A. I don't know. I'm just between the devil and the deep sea in the matter. I don't understand it at all, and I mean to keep silent, and see what the amount of votes we can get will make us understand. I don't know that it's true, but it's one of the interesting facts that it.

Q. Are you going to submit the question to the company for their option, that we can or will buy the Postal Telegraph from the Government, and take the $20,000,000 worth of sales, or shall we have it a year or two by the Postal Telegraph?

A. That price and terms?

Q. Whatever the actual price is.

A. Can you tell us the terms at the present time?

Q. I will not.

Q. Can you tell us the present value?

Q. But you had a fact of value there and the united in going and we had some to impress on the operators, but I want to be perfectly truthful about the fact, which we are not.
June 11, 1934

PRESS CONFERENCE -- MR. MORGENTHAU

Mr. Morgenthau: I have nothing. We have these couple of little releases, one on the use of small coins going up.

Q. This by any chance due to the fact that silver and subsidiary coins were overvalued?
A. I really don't know.

Q. Are you looking into that possibility?
A. I don't know. It's just because the fact is interesting and I was interested and I thought I would pass it along, that the amount of calls on us for small coins are increasing. I don't know what it means, but it's just an interesting fact.

We didn't buy any Governments in the usual way last week, but we did buy for Postal Savings from a financial institution, direct, $60,000,000 worth of notes. We didn't show it because it wasn't done through open market, but we bought direct from a financial institution $60,000,000 of their notes for Postal Savings.

Q. What price was fixed?
A. Whatever the market price was.

Q. Can you tell us the name of the institution?
A. I would rather not.

Q. Or was it a forced sale?
A. No, but they had a lot of notes and they wanted to sell them and we had money to invest so we bought but I want to be extra candid in our operations, but I read so much in the New York papers about how we are constantly rigging the market, which we are not
Q. There is nothing particularly significant in a direct sale of that kind?
A. Nothing. Just that an institution had some and we bought. If there was any mystery in it I would tell you.
Q. Suppose another financial institution has some to sell ... 
A. It was the Federal Reserve System. We won't make any mystery out of it.
Q. Have you considered a successor for Mr. Abbott yet?
A. No. We have it under advisement.
Q. Any names been selected?
A. No names been selected.
Q. Back to the purchases of Government's, you said the Federal Reserve System. Does that mean ... 
A. That means the Federal Reserve of New York. I am just leaning over backwards to let financial interests know what we are doing.
The Federal Reserve had a great quantity and rather than sell on the market, we bought them.
Q. Save commission this way.
A. Yes.
Q. Is the attitude of the Federal Reserve that they want to cut down on Government holdings?
A. No; they reinvested. They had a tremendous quantity of these June and August maturities and they reinvested in Governments and they have kept their portfolio of Governments constantly.
Q. They bought some of the new 3% bonds?
A. Yes. They had an exceptionally large block of the June and August notes.
Q. Is there anything new in the Philadelphia situation about Mr. Fix?
A. No, except that I sent a personal representative up there and he has been there for about ten days; came back today and he reports that the morale among the employees has improved tremendously and people have got down to business and the office is being run well under the circumstances; that the employees have got down to business, and he gives me a good report on the office there.

Q. What is the next step in the case?
A. The next step is the Civil Service Commission will have to decide what they are going to do. These Civil Service cases always go to the Civil Service Commission and, as I understand it, Mr. Fix was over there last week for a day. And sometime, I assume, Mr. Mitchell will make up his mind what he is going to do and when he does he will advise me, but the next step is up to the Civil Service Commission.

Q. I suppose there will not be a permanent appointment made in Philadelphia until after you get their report?
A. No.

Q. Any other investigations?
A. We always have a few on hand unfortunately.

Q. There isn't anything you can say about them?
A. No; nothing.

Q. Mr. Secretary, we have been asked about Scranton.
A. Strictly, very strictly, off the record -- we have had an investigation in Scranton, but I have not yet received the report. I don't even know what it is.

Q. Will silver purchases under the new bill be reported in a separate category from these?

A. I will tell you fellows a grand joke on me. I picked up the front page of a paper today and saw where the Treasury buys 5,000,000 ounces of silver from London. We landed it and took it into the Mint and nobody said a word. One of the biggest shipments we have ever had. Where's the Wall Street Journal? You fellows carried it on your ticker.

Mr. Gaston: I told you if and when the Mint received that silver we would admit it.

Q. I inquired Friday about such a transaction.

Mr. Morgenthau: I guess I don't know what is news, but I thought that was news.

Q. Just noticing the figures of silver received at the Mints and I notice Philadelphia mint has more than twice or three times any other receipts. I suppose that indicates most of that would be foreign silver?

A. No. The only silver that has come in has been that shipment of Saturday, which was taken in directly to the Mint on the President Harding.

Mr. Gaston: All of that silver is domestic, newly mined.

Q. Will they be reported in the future as you buy?
A. I frankly haven't thought of it. My guess would be that we will.

Q. Is this the 5,000,000 the President referred to in his message to Congress. He said that some had been purchased.

A. I don't know.

Q. Would it be possible on this list every week, Mr. Secretary, to have the exports of gold as well as the imports?

A. But we haven't exported any.

Q. Do you think we could have that and any earmarked gold?

A. Yes; shall be glad to.
June 14, 1914.

SIR: Commander, we have an exceptionally fine ship;

the officers, including Commodore, have all been trained;

the boats are well stocked with equipment.

My impression is that it is a good ship; it is used in war.

The engines are capable of duty. It is one of the new ones.

I have a question regarding the use of the new engines.

Will we have any trouble? I am somewhat nervous with the new engines.

Ever since,

I have been under the impression that the secretary was considering

the possibility of trouble. It is a question of whether they are adequate.

I understand that we should have some way of controlling

the situation. It seems to me that we should have a plan for controlling

the situation.

I am sure that the notification you were referring to with

the Secretary of

the Navy.

The question that should be considered is whether

the notification of
June 14, 1934.

PRESS CONFERENCE — MR. MORGENTHAU

Mr. Thornburg: Mr. Secretary, we had an exceptionally fine time; everyone. Commander Jones is a fine host and he's got a slick looking ship and bunch of officers on it.

Mr. Morgenthau: That's good! I am glad to hear it.

Q. Mr. Secretary, anything to be done over here about this German moratorium?

A. I just saw this thing on the ticker. That's about all I know; that it came over the ticker this morning.

Q. Will we make any attempt to keep our currency on a regular par with the mark?

A. Never have.

Q. Behind this move is the monetary and financial stability of Germany. It's a question of whether they can maintain their position. I just wondered if we thought about helping them or not helping them.

A. No; because we haven't been concerned in helping them up to now and I don't see why we should now. It's all a question of short-term money that they owe. That Committee is all cleared through the State Department and I take no interest in it.

Q. Was that the situation you were conferring about with Mr. McCormack?

A. The question of an Alcohol Tax Supervisor up in Boston who has to take a Civil Service examination. Big stuff! I think he
is Honey Finn's brother. I don't know whether he can write.
Q. He might get Jim Gurley to take it for him.
Speaking of patronage, did you get a letter from the Congress-
men of Michigan?
A. Yes. It wasn't addressed to me. It was addressed to
Farley and I think my efficient secretary has acknowledged it.
Q. What do you think about it?
A. I am not going to get in on that stuff.
Q. Very smart ideal
A. Well, I'm learning, but slow.
Q. When can we expect word from the White House on appointments
to new posts?
A. This is absolutely on the level. I haven't discussed with
anybody appointments in Detroit and nobody has discussed it with me.
Here is all of this fight going on and I am in a vacuum. It
hasn't touched me a bit and I can't say I like a fellow or don't
like him. I have no suggestions as to anyone. It hasn't come
to me at all.
Q. That will be handled in the Treasury by you? You, in other
words, would know about it if the Treasury had taken any action?
A. As to appointments? Sure.
Q. You don't delegate that authority to anybody?
A. Not in Detroit. The final authority is with me. In
Detroit I am very much interested that we get a high-class man.
Q. You don't want to make any comment as to whether you will
take Abbott's recommendation?
A. Off, very much off the record, what he does — he is still National Committeeman — he will go to Jim Farley and then he will come to me. Abbott is certainly not going to walk into this office. Whatever is going on up to now hasn't come to me and it's no use in my getting all excited until someone actually makes a recommendation.

Q. Does that come to you or does it go to the President and then to you?

A. There "ain't no system." It never works the same way twice. For instance, look at the Board of Tax Appeals.

Q. That applies to the Customs Collector at Detroit?

A. Everything. I will personally satisfy myself that any positions that are filled there, the man has to be an outstanding, highly reputable citizen.

Q. Mr. Secretary, the American Chamber of Commerce, Shanghai, sent in a long cablegram protesting the tax features of the silver Act. Has that come to you?

A. No, but it's "over the dam" anyway.

Q. Any comment?

A. I didn't get it, but, after all, the bill is "over the dam" and you fellows know I am very much interested to see that the tax feature stays in it and it does.

Q. In case any nation should pay its war debt tomorrow, can we have the amounts paid and the procedure through which they go?

A. If any besides Finland pays, the drinks are on me.

—5—
June 18, 1934.

MR. MORGENTHAU - PRESS CONFERENCE

Mr. Morgenthau: What's this I hear about a baseball game?
You fellows lost, didn't you?
A. Very much: They all trained on Maxie Beer's diet.
Mr. Essary: I don't know, Sir, who is responsible for it
officially, but I think the new press room is perfectly swell.
Have you seen it?
Mr. Morgenthau: We went down and looked them over. A little
cooperation around here. What I want to know is can the men
stand the daylight? They said it was quite hard.
A. But willing to try it.
Q. May I ask a question about these various stocks of illicit
liquor that we know exist in the country and whether or not the
Treasury has made a ruling or taken any position whatever with
respect to giving them a degree of legitimacy to the extent of
marketing these stocks?
A. What we have done temporarily is we have stopped the sale of
all liquor that we have on hand, all seized liquor, pending a study
of the law and the procedure and the whole business, but we have
just been doing it the way they did it in the prohibition days and
so we thought we would kind of take stock and see what we have been
doing and the ruling of the Court, and pending that study we have
stopped the sale of all illicit liquor. No auction sales.
Q. That is, liquor that the Government has title to by seizure. I mean more particularly liquor you have not seized, but was made before repeal was in effect and there is a good deal of pressure to allow the owners to pay the tax and pay penalties.
A. That's something different. You mean so-called bootleg liquor which we haven't got?
Q. That you haven't taken possession of.
A. If we know where it is, we will take possession. You mean if some fellow comes to me and says "I have five million gallons of liquor. Will you legalize it?" The answer is "No!" If we seize it, that's something else.
Q. But the sale of seized liquor has been stopped?
A. Liquor seized through Customs, Coast Guard has been auctioned regularly. We have stopped that until we can sort of go over the whole routine.
Q. Is there much of that on hand?
A. I don't know how much, but every couple of weeks they seem to auction it off and until the whole thing is gone over -- the procedure has not been gone over since December 5.
Q. Who has been buying it?
A. Anybody who has the cash. It's been sold at auction. Anybody can bid and buy. But that has been stopped. But this other stuff, which some of these smart Washington lawyers claim that they have clients for, I think as far as the Treasury is concerned they won't get their fee. I hope for the bootleggers' sake, it's on a contingent basis.
Q. What's the quality of the liquor? The Attorney General said last winter it was good liquor.

A. I honestly don't know. We have been sort of pushed into this thing, and, in order to catch our breath, this whole question of seized liquor is being studied, labeling, analysis, and so on, by the Internal Revenue people.

Q. Mr. Secretary, do you contemplate issuing any regulations or proclamations in connection with the Silver Bill?

A. I don't know whether they will get out tonight or not, but the only regulations will be in connection with the tax and that's really been in effect since May 15.

Q. And formal regulations will be out?

A. I don't think they will be available tonight. Perhaps not until tomorrow morning, but the men have been working on them day and night and I would say undoubtedly they will be ready tomorrow morning.

Q. Those are the only ones?

A. That's all; in connection with the tax.

Q. Anything on a successor to Horatio Abbott?

A. As National Committeeman?

Q. No; as Internal Revenue Collector.

A. No.

Q. Do you expect to make these appointments out there any time soon?

A. I really don't know. I have been so terribly busy on all this legislation that I just haven't had time to make any appointments or
consider them. We have just been up to our neck on this Congressional thing, like everybody else in Washington.

Q. Mr. Secretary, I am a little bit behind in the news on that. Has Collector Fix of Philadelphia ever tendered his resignation?

A. I don't know, but that would go across the street.

Mr. Gaston: I understand that he has. The papers said that he had.

Mr. Morgenthau: There would be no reason particularly for them to tell me, because he was suspended, but it would be interesting to know.
Mr. Secretary, who is going to use your office when you go to Florida?

a. To see going to sell it in the highest bidder.

b. It would make a good, good wish.

c. If you can.

d. Mr. Secretary, with respect to the Philadelphia situation, have the reservations been actually been placed for you by your representative?

a. Yes. That appeared the idea that the vote regarded.

b. It was there on mail for Civil Service but the Civil Service Board were in their recommendations and in the case of Mr. Smith to being something he had to have an opportunity to hear his case.

a. As for the laws, as are has told me that he was to put.

b. Is the name have been changed for a new witness yet?

c. Or the laws does not exist and that might.

d. If you want to be completely up there.

b. That have actually been mentioned. See to it possible some.

a. His wife to write and be sure, to know if I can't do something of get.

b. It's possible during the year because he can in reality to be possible.

c. It to debate, here this would help to fix. Next.

d. If in keeping the receipts.

e. Not by any of Mr. Patson.
June 21, 1934.

PRESS CONFERENCE — MR. MORGENTHAU

Mr. Secretary, who is going to use your office when you go to Montana?
A. We are going to sell it to the highest bidder.
Q. It would make a good press room.
A. It's yours!
Q. Mr. Secretary, with respect to the Philadelphia situation, have the suspension orders actually been issued for those for whom suspension was recommended?
A. Oh, yes! That happened the same day. The men were suspended first and then we waited for Civil Service and the Civil Service Commission made their recommendations and in the case of Mr. Brown, he being discharged, he had to have an opportunity to file his answer. As far as I know, no one has told me that has come in yet.
Q. But the others have been suspended for a year without pay?
A. Oh, the same day! It went out that night.
Q. There seems to be some doubt up there.
A. They have actually been suspended. One is in terrible shape. His wife is sick and he wants to know if I can't do something to get him a $100 pension during the year because the man is really in terrible financial straits and I really want to do something.
Q. Mr. Secretary, does this order apply to Mrs. Ross?
A. It so happens she resigned.
Q. But it does to Mr. Julian?
A. Yes.
Q. Mr. Secretary, how many do you estimate hold political jobs?
A. Somebody told me -- you would have to check -- but I understand we have 6 or 7 national committeemen.

Q. Mostly Internal Revenue collectors?
A. Yes. But I think it has been demonstrated that you can't collect for Uncle Sam and the party both, that is, as far as the Treasury goes.

Mr. Gaston: I think there are a lot of county chairmen.

Mr. Morgenthau: A lot of county chairmen and state chairmen and a lot of people who hold party offices.

Q. You say there are 6 or 7 national committeemen?
A. Don't take my word for it, but there is quite a group.

Q. The Board of Tax Appeals doesn't come under the jurisdiction of the Treasury, does it?
A. No. That's the Commissioner's responsibility.

Q. When you speak of "gross impropriety" you could not by any chance have been referring to the Detroit situation?
A. Don't make me answer that.

Q. It's still rather a warm issue out there as to whether the former Collector and still Democratic national committeemen is going to be the instrument through which his successor is appointed.
A. If the shoe pinches, all right.

Q. Anything on a successor of Abbott?
A. I haven't done a thing on political appointments. I have been trying to recover from last week. Very much off the record, because I -- pardon me, have you finished?

Q. I asked the wrong question. Is his nominee to succeed himself
through whatever means it comes, — it will come through Mr. Farley, of course, — going to be accepted by you?

A. It all depends upon who the man is. As I said, last time, if they recommend a high-class outstanding citizen I am willing to accept it, but he has to be that. Right now I want to say what I said the last time: I have no recommendation for Detroit on my desk and I have not received any recommendation.

Q. I don't like to badger you about it, but it's quite a hot issue out there.

They are trying to promote the Speaker of the House of Michigan, Morton Bradley.

A. We had a Bradley up at Buffalo. A republican. He was a bad hombre.

Q. Mr. Secretary, one of the morning papers said you had embarked on a vast program of buying silver before the ink on the signature on the bill had dried.

A. Far be it from me to get in an argument with Mr. Hearst or Mr. Hachten.

The story on silver is exactly what Senator King and Senator Pittman said on the floor of the Senate, that if the bill passed, the Treasury would carry out the spirit of the bill enthusiastically.

Q. Aren't you buying all newly mined silver?

A. We buy all newly mined silver.

Q. And you have been doing so?

A. We have been and we give it out every week.
Q. That big shipment you landed from abroad, that will be credited to your silver program?
A. What we did — we did buy silver up to the day and including the day previous to the signing of the Act and that silver was bought for the stabilization fund and, therefore, we will not announce how much that silver was or what we paid for it, but we did buy silver previous to the signing of the Act and had been buying for a considerable time and through those purchases we did study the whole silver market and the day after the President signed the bill we then began to buy out of the General Fund and that will show up in the daily Treasury statement under silver bullion and you can get your information as to our silver purchases through our daily statement.

Q. It's not likely that purchases will be at a more rapid rate than it has been?
A. It all depends upon the market. We have not changed the program. As silver is offered and if it is offered at a reasonable price, we will buy it. I think that yesterday, if I am correct, I saw in the newspaper somewhere that all the silver delivered in New York, I think, was 3 million ounces.

Q. You buy scrap silver?
A. That hasn't come up like gold. There isn't the business in that that there is in gold.

Q. You won't buy any more silver out of the stabilization fund?
A. I don't say that. I simply say this, that the silver we did buy up to and including Tuesday night was stabilization fund. Beginning with Wednesday we have been buying it out of the general fund.
Q. Will silver certificates be issued against the silver bought out of the General Fund?
A. Yes.

Q. How will that show?
A. In the statement.

Q. Will it be charged as an expenditure?
A. It comes out of the general fund and shows in silver bullion and then in silver certificates up in the right hand corner.

Q. It will be on the front page?
A. Yes.

Q. Could not certificates be issued against all silver bought out of the General Fund?
A. Certificates could be issued.

Q. Then if there is a requirement for new circulation, then silver certificates will simply replace other forms of money?
A. Yes, but I don't want to be quoted. This is background. As we issue silver certificates it will force back Federal Reserve notes and contrary to what some of the gentlemen on the Hill think, just printing money does not make it circulate unless you spend it and when you spend it, it circulates, but just by printing it, it does not circulate.

Q. They are willing to spend it.
A. We have it to spend. Unless the Government spends it, it does not go into circulation and we shove out silver certificates and nothing will come back unless the spending program continues, notwithstanding Thomas and all the rest.
Q. It's very much against Thomas' idea.
A. I know. We will issue a lot of silver certificates and see what happens.
Q. Are you at liberty to say where the silver has been bought?
A. We bought on both sides of the water, London and here.
Q. On what basis do you issue currency?
A. As I understand it, for every 100 ounces of silver we issue $129 worth of certificates.

Mr. Gaston: We issue silver certificates equivalent to the cost of the silver. If we bought 100,000 ounces of silver at $1.29 we issue $129,000 in silver certificates.

Mr. Morgenthau: As I understand it, for every 100 ounces of silver we issue $129 worth of certificates.

Q. Can we know that? It's important. The bill says there is a minimum and if you are going up to the upper limits —
A. Let Gaston check it. I think I am right, but I have often been wrong, but I think for every 100 ounces of silver I think we issue $129 of silver certificates.

Mr. Gaston: The monetary value is $129. for 100 ounces of silver, but that would be issuing up to the full monetary value.

Mr. Morgenthau: You check with Oliphant.

Q. Your silver purchases, I suppose, are not laid out on a set program, but will be adjusted to conditions.
A. What we want is you will have a rise in the silver, but we don't want a sensational price rise because the worst thing that could happen would be to have silver go up and then have a collapse.
As it goes up, it will stay there. We don't want a repetition of last summer when there was tremendous speculation in commodities and reaction that set the country back six months. That's the worst thing that could happen.

Q. Your stabilization silver will be credited to silver reserves?
A. Yes. But that price thing Gaston will get for you.
June 21, 1934. (p.m.)

PRESS CONFERENCE — MR. MORGENTHAU

Mr. Morgenthau: This is my bottle story. I would just as lief if you let it go to tomorrow morning rather than tonight, for tomorrow morning release.

What we have done, we have come to practically an agreement with the glass manufacturers and with the distilled spirit manufacturers as to the use of containers. The rules and regulations have not yet been drawn up, but we hope to have them drawn up early next week so that the most of this can go into effect by the first of July. Of course, there will be exceptions to retailers and people like that. We will be reasonable.

The main principle in this thing is that every bottle, without going into too many details, will have to have, first, the name of the bottle manufacturer blown into it, or a symbol, and the year it was made. Also, the name of the distiller or a symbol representing that, and the permit number.

Mr. Graves: No name is needed.

Mr. Morgenthau: All liquor bottle manufacturers will be licensed by us and they will have to give us a copy of every order that they receive for bottles for distilled spirits and the distilled spirits manufacturer will have to give us a copy of every order he gives the bottle manufacturer so we will get a double check. Furthermore, there will have to be blown into the bottle a
statement that it is illegal to refill or re-use this bottle, under a penalty.

Q. Just like cigar or cigarette boxes.

A. Exactly. We collect hundreds of millions of dollars from the cigar and cigarette fellows and, after all, the Camel or Lucky Strike expects the Government to protect them and when you buy a box of camels you never raise the question, "Are these Camels?" You buy a box of Robert Burns or Creme, or whatever you smoke, and you take it for granted that that's Robert Burns, and the boxes are not used again and we are going to approach it from the angle that you can't.

Q. It may be possible for bottles to be used again by the original manufacturers?

A. No. They go out of circulation. I learned trade practices. The distillers never have used their bottles over again. They put the bottles in a carton and ship, say, to San Francisco and they have no machinery for collecting those bottles and so what has happened is, the bottles go to the junk dealer and he sells them to the bootlegger and that's the way the bootlegger gets his bottles. Now, these manufacturers, who pay us a tax, tell us that of these advertised brands they are getting only 10 to 15 percent of their business of their own brands and the rest of it goes to the bootlegger who buys their bottles and refills. He said 90 percent of Bacardi rum is bootleg. He mentioned Golden Wedding rye and that was only getting 15 percent of the business and 85 percent refilled.
Q. We can use that name?
A. I wouldn't say that. They deserve a lot of credit. Just say "run" or "well known brand of whiskey".

The people who helped us work this out were the Coca Cola people. The Coca Cola have worked this out just along that way and they gave us the greatest assistance on that, and what we are doing is patterning largely after the Coca Cola people who said that when they started had 300 imitators. What the whiskey people want to do is to get together and copyright different kinds of symbols and it will have to be blown into the bottle.

I have served notice on these people that we recognize the fact that they are entitled to protection, because if one distillery alone is paying us $15,000,000 in taxes, the Government should protect that distillery and see that they don't have unfair competition from non-tax paid sources, but I have served on these people that due to this cooperation the Treasury is going to watch them very closely to see that no distiller or glass manufacturer takes advantage by boosting prices and furthermore when this becomes effective and they begin to get legitimate business, I look for a price reduction and I told them I am going to watch them like a hawk and they assured me it would be unnecessary because they will do everything necessary to cooperate. I don't know what the price of Golden Wedding is today....
Mr. Graves: $45.00 a case.

Mr. Morgenthau: If it's $45.00 a case and they are only getting 16 percent of the business and then get 95 percent, they should be able to sell for less.

Q. How are they actually getting this on the market for Golden Wedding? It means retailers are handling bootleg and imitating products?

A. I don't want to say the retailer. But today in Washington the bootlegger is back on the telephone and delivering to the hotels.

Q. And claiming they are handling legitimate liquor?

A. I don't think so, but they are using those bottles. Either they are getting second-hand bottles and we have good reason to believe that the bottle manufacturers are counterfeiting bottles and there has been nothing to stop it.

Q. And now they will just have to patent the bottles after this order?

A. Yes.

Q. But you don't think the stuff being sold in retail stores is bootleg?

A. We have no information which makes us think the retailer is selling bootleg, but I know right here in Washington the bootlegger is back delivering in case lots to hotel rooms.

"Why don't you enforce it?" The answer is, we are doing the best we can, but we have a 14-year old industry that
has learned tricks and we have to do things like this bottle business to counteract practices which have grown up over 14 years, not grown up overnight. The bottle dealers are up in arms. They telephoned me that theirs is a $15,000,000 industry. I said, "Thanks for the information." You can't do this and not hurt somebody.

Q. Will it be physically impossible to refill these bottles or just illegal?

A. It will be physically possible, but illegal.

I believe this is the most serious blow that has been struck at the bootleg industry since December 5 and will be the most effective. After all, the distiller orders bottles and we get a copy; every time the bottle manufacturer delivers a shipment we get a copy and in that way we can check up on our strip stamps, but the distiller will not be entitled to any more strip stamps than he has bottles and the first thing will be to have everybody take an inventory on the first of July. Then the number of strip stamps they get will not be able to exceed the number of bottles they bought.

Q. So no distiller can divert into bootleg channels.

A. He gets a fine and two years in July.

Q. Every bottle manufacturer has to make a report?

A. Has to report to us each shipment and each distillery will have to report to us his order. We will not give the distiller one more strip stamp that he has bottles to ship.
Q. I am somewhat in doubt as to classes of liquor. Are wines included?
A. No, they are not. This is whiskey, gin, rum and brandy, what we call "distilled spirits."

Incidentally, Mr. Graves (Harold) represented me in this thing and acted as chairman of the committee and did a perfectly grand job.

Q. Mr. Secretary, under what authority did you act?
A. The bill Congress passed last week — a joint resolution.

Q. Specifically doing this one thing?
A. Question of containers. Giving me authority to establish regulations.

...
June 25, 1934.

PRESS CONFERENCE — MR. MORGENTHAU

Mr. Morgenthau: Handed out Press Service No. 2-7 (appointment of committees to study Treasury activities in preparation for next year's legislative program).

Q. Could you say what legislation might result from this, Mr. Secretary, or the general character of the legislation that might result?
A. What we want to do is this: we just want to open up the Treasury and take a look at it from the inside and just sort of review policies and just satisfy ourselves that what we are doing is for the best interests of everybody concerned and if it isn't, we will say so.

Q. Would it involve new tax legislation?
A. Can't tell. Can't tell. We have this group down here to have a general check-up.

Q. What it says here, Mr. Secretary, "studying the Federal tax system with special reference to need for administrative revision and simplification, to the distribution of tax burdens", etc. Any probable change in brackets? Is that what is meant there?
A. No. I think there are overlapping taxes between Federal, State and municipal Governments.

Q. On your money study, I suppose that will include the gold program and silver?
A. Gold; silver; everything.

Q. How about the idea of a new National Bank as a substitute for the Federal Reserve system? Will it go that far afield?
A. We will take all suggestions that have come in here during the past six months. This will be the hopper. We will turn them in there and anybody with ideas, we will refer them to this group.

Q. There are no limitations on the group? They can study anything they want?

A. Anything they want to study. I told them the fact that the Treasury has always been doing it does not make it right.

Q. This was not caused by any dissatisfaction with present monetary policy?

A. I am new at this business and I just feel that the only intelligent way to go at it is to challenge what's been done and see if it is all right and make suggestions.

Q. Is this part of the President's program or would it be along that line? And the President's permanent program, you might say, for making the New Deal permanent?

A. I just haven't thought of it in that term. It's just something that has been planned for months and I figured that you men that have been here with me right along, if you asked me when the tax bill was up whether we would make any recommendations, that I kept saying "No" and we have sent Magill to England on the 4th of July on the George Washington. We are just now hoping to get -- why, I have been sort of swimming with the tide, I thought in the summer we could catch our breath and do some long-time planning and do things we have been unable to do and we have just been doing things we have had to do on the moment. Now we hope to do some long-time planning. When I was
thrown into this thing in the middle of November I was glad I was able to swim with the tide and not sink.

Q. Do you know if it is the intention of this group to hold meetings in the summer?

A. I have given them carte blanche. There are no strings tied to them. They can bring in any reports. They are people who have been recommended as intellectually honest. They can bring in any report they want to. The lid is off. They can go to it.

Q. When will they submit their recommendations?

A. I suppose the earliest I would hope for would be the middle of September.

Mr. Gaston: We are somewhat indebted to the Washington Post. They had a good jump at this story last night. I told them we could give them a better story today, so they did not print it.

Mr. Waltman: So we do cooperate, don't we? Are these folks on the payroll or are they just serving ...

A. Oh, no; they are being paid.

Q. Per diem?

A. I really don't know. It comes out of the Emergency Banking Fund. They have worked it out. I really don't know, but the salaries are reasonable.

Q. Would those of the group studying currency include a survey of the Treasury financing?

A. It might.

Q. Bond issues and so on?

A. It might.
Q. Is that your Mr. Magill who is going to Europe?
A. Yes. We announced it. That Dr. Magill and King and Parker all were going to Europe, to England, to study the English income tax system.

Q. You said there was some question about Parker.
A. King has gone and I believe Magill and Parker sail on the 4th of July.

Mr. Gaston: It was originally announced on the Hill.

Q. Mr. Secretary, could you tell us a few words about your vacation? We have a query wanting to know where you will be on certain days, what you will do and whom you will take with you and just where you will stay.

A. I am taking Miss Chauncey and I am going to Montana.

Q. Are you going to visit any particular person?
A. No. We are going on a ranch. Mrs. Morgenthau and my son and daughter.

Q. Where?
A. In the vicinity of Bozeman.

Q. But that's all we have.
A. That's good enough.

Q. How far is it from the nearest railroad station?
A. It's not 100 miles.

Q. This is very important in Montana. They have not had a Secretary of the Treasury since Alexander Hamilton. Any silver mines out there?
A. No. Seriously, I am going out there — this is off the record — I am not going to do what I did down at Sea Island, on the 'phone, every
hour. I have been on this thing — I started the September before Mr. Roosevelt was elected — and have been going fairly constantly ever since.

Q. Not even a telephone?

A. No telephone. I started the September before his election and I have been going steadily and my batteries need recharging. Even up in Nova Scotia, I phoned every day. Mrs. Morgenthau and the children and I and nobody else, we will be out there. The reason is I don’t want any delegations or anything like that.

Q. They are just interested in a feature story, about your fishing habits and things like that.

A. I have already heard of a bankers’ convention in Yosemite, a couple of hundred miles away. I just don’t want to do it. I really haven’t let up a day since September before election. I am just going to try to cut entirely loose. No telephone, no telegrams.

Q. Who is going with you besides your family?

A. That’s all. Not taking anybody. It’s just Mrs. Morgenthau and the two children and myself. I am not taking anybody else. Not going to see anybody. I am really going to try to have some fun.

Q. Is this a dude ranch or an honest-to-God ranch?

A. A dude ranch.

Q. When are you leaving, Mr. Secretary?

A. Sometime this week-end. I would like to get there.

Q. Some of our clients just wanted to get a sort of human interest story on it.
A. We go on pack trips; fish; bought myself a new fishing rod and new flies.

Q. Did you use cigar coupons? We have a reporter who bought one today with cigar coupons.

A. The only thing I lack now are a couple of flannel shirts. I need my old khaki pants out there.

Q. I suppose this isn't your first trip.

A. We were out in Wyoming about five years ago on a small ranch and enjoyed it very much. Mrs. Morgenthau thought I got more rest and more fun out of that than anything else, so she was quite pleased.

Q. When are the Michigan appointments going to be made?

A. I will answer you in just one minute. While I am gone, Gaston will be here and Coolidge will be Acting Secretary while I am gone. Do you want press conferences?

Q. It would be a good thing if we could have a couple a week.

A. You can educate him. I think you will find him very honest. He can't be any more embarrassed than I was when I first started in.

Q. Mr. Secretary, is there anything new in this liquor situation — the bootlegging of liquor to beat taxation?

A. No. We are working on the bottle regulations now.

Q. Is there anything else besides the bottle regulations?

A. They have given us the right, by Joint Resolution, to go in and examine the books of any manufacturer of products going into the making of liquor and regulations have gone out on that, fully ten days ago. I mean, regulations to our people on how to proceed.

Q. I asked about Michigan?

A. Nothing new on that.
Secretary Morgenthau announced today that the Treasury Department is undertaking this summer a number of studies of its activities in preparation for next year's legislative program. Included in these studies is one on Currency and Banking, and another on Taxation and Revenue.

These two studies are being conducted under the direction of Dr. Jacob Viner, Special Assistant to the Secretary. In addition to the regular staff of the Treasury, a small group of men have been brought in for the summer to work on these studies in the Treasury, and experts outside the Treasury are being requested to submit memoranda on special points.

The Currency and Banking Study Group is surveying the currency and credit situation in the United States, including the question of monetary standards, the various types of currency, the various types of credit institutions in the country, their inter-relationships and the existing methods of regulation and control thereof, and the relation of credit and currency policy to business stability and maintenance of steady employment.

The Revenue and Taxation Study Group is studying the Federal tax system with special reference to need for administrative revision and simplification, to the distribution of tax burdens, to the relationship between the Federal and the state and local revenue systems, and to the possibility of making use of revenue provisions as a business stabilizing device.

Following is a list of persons temporarily employed in the Treasury to assist in these studies:
Secretary Morgenthau announced today that the Treasury Department is undertaking this summer a number of studies of its activities in preparation for next year's legislative program. Included in these studies is one on Currency and Banking, and another on Taxation and Revenue.

Those two studies are being conducted under the direction of Dr. Jacob Viner, Special Assistant to the Secretary. In addition to the regular staff of the Treasury, a small group of men have been brought in for the summer to work on these studies in the Treasury, and experts outside the Treasury are being requested to submit memoranda on special points.

The Currency and Banking Study Group is surveying the currency and credit situation in the United States, including the question of monetary standards, the various types of currency, the various types of credit institutions in the country, their inter-relationships and the existing methods of regulation and control thereof, and the relation of credit and currency policy to business stability and maintenance of steady employment.

The Revenue and Taxation Study Group is studying the Federal tax system with special reference to need for administrative revision and simplification, to the distribution of tax burdens, to the relationship between the Federal and the state and local revenue systems, and to the possibility of making use of revenue provisions as a business stabilizing device.

Following is a list of persons temporarily employed in the Treasury to assist in these studies:
FINANCIAL and REVENUE SURVEY

Carl Shoup,
Assistant Professor of Business Administration,
Columbia University,
New York City.

Roy G. Blakey,
Professor of Economics,
University of Minnesota,
Minneapolis, Minnesota.
Pub.: Taxation of Minnesota; Taxation of West Virginia; National Tax Association Digest and Index; United States Beet Sugar Industry and the Tariff; Export Trade Policy of the United Kingdom (for the U.S. War Trade Board); member of the Minnesota State Planning Board, Advisor to the Governor (of Minnesota) on Taxation; member of the Trade Department in 1919.

Malcolm Bryan,
Associate Professor of Economics,
University of Georgia,
Athens, Georgia.
Pub.: Fiscal Position of Georgia; Financial History of Georgia; Editor, Southern Economic Journal.

Reavis Cox,
Instructor in Business Administration,
Columbia University,
New York City.
Pub.: Competition in the American Tobacco Industry; staff associate, the Sales Tax in the American States; Managing Editor, the American Marketing Journal.

Louis Shore,
Officer of Instruction in the Extension Department,
Columbia University,
New York City.
Henry F. Walrath,
Professor of Economics,
Ohio State University,
Columbus, Ohio.


K. M. Williamson,
Professor of Economics,
Wesleyan College,
Middletown, Connecticut.

Pubs: articles on taxation in scientific journals.

Richard A. Lester,
Princeton University,
Princeton, N.J.
Lauchlin Currie
Instructor of Economics,
Harvard University,
Cambridge, Massachusetts.
also Professor of International Economics at the Fletcher
School of Law. Author: The Supply and Control of Money, 1934.

Harry D. White,
Professor of Economics,
Lawrence College,
Appleton, Wisconsin.
Author: French International Accounts, 1933.

Albert C. Hart,
Instructor in Economics,
University of Chicago,
Chicago, Illinois.

Benjamin Caplan,
Candidate for Ph. D.
University of Chicago,
Chicago, Illinois.

Virginius F. Coe,
Brookings Institution, Washington, D.C.,
Lecturer in Economics, University of Toronto, Toronto, Canada, next year.

Edward C. Simons,
Brookings Institution, Washington, D.C., and
Ohio State University, Columbus, Ohio. Joint Research Fellow.
June 29, 1934

Mr. Morgenthau: Hope we didn't get any of you fellows out of bed last night?

Q. Why the suddenness of it?

A. The suddenness of it was this. Silver began to move out of the country and the international speculator thought he could take advantage of the United States program for silver, and we felt that no good could come from this and, therefore, carrying out the Treasury's policy that we are on a 24-hour basis, we decided that it was best to place an immediate embargo on silver and prevent this kind of transaction. For instance, a shipment on the Pacific was billed this way, "Shanghai to Vancouver and return. That kind of shipment would be for one purpose and would be for some international speculator who wants to make a turn in silver. It does not serve any legitimate business purpose.

Another shipment of silver which left here yesterday, billed "To London or Bombay." That can't serve any legitimate purpose. That must be for the fellow who wants to take some silver and sell it where he can make a turn.

And there is a shipment of silver which the Chase Bank has on the Leviathan now and on a quick check-up we find that it is a normal business transaction and we will give the Chase Bank a license today to take this silver shipment to London. It's a normal transaction. Any business man or any Bank can have a license for normal business which needs settlement in silver, but
we will not give these speculators licenses and in that way interfere with our silver program.

Q. How much was involved in those two instances?
A. It ran into lots. It's that kind of thing, I think, that puts us on what I have said jokingly to be a 24-hour basis. We got information, called the President up on the telephone and told him the circumstances and he said, "Go ahead," and it was done in less than five minutes when I got the information.

Q. You said a shipment to Vancouver?
A. That's the way it's billed. Some fellow bought some silver in Shanghai and he bills it to Vancouver and return. If it goes to Vancouver and he thinks he can sell it there at a higher price, he does; otherwise he chucks it back to Shanghai again. It's purely speculative. All new to me! I don't think anybody else ever heard of it. It's purely speculative.

Q. Does the silver actually move?
A. The silver actually moves. It's these international speculators who are dealing in this silver that we feel will interfere with our program.

Q. Isn't it quite expensive to move bullion like that?
A. Yes, but evidently they figured it out that they could make some money.

Q. In the case of the shipment to Bombay, they would be taking it out of the country to sell to the Treasury at a higher price?
A. Surely.

Q. We would like to know how you found out how the shipment was moving from Shanghai.
A. The Treasury has what they call a regular agent in Shanghai of the Customs and it's his business to keep us posted as to what trade is. We have a number of these so-called Treasury agents who are located in various parts of the world whose business it is to keep the Treasury, through the Customs, informed as to movement of goods. Not operating in any secret manner. They are there, accredited, and everybody knows who they are. That's part of their job.

Q. Have you had any reports from Professor Rogers as to what the silver purchase program is doing to the Orient?

A. The only report I have is that up to date what the Treasury has done in steadying the silver market has been considered helpful by the business men in Shanghai.

Q. There is a lot of talk, of course, about the fact that we are draining a lot of silver out of that country and therefore actually devaluing the currency.

A. I would say it is not so. His statement is that business men consider the policy, so far carried on by the Treasury, has steadied the silver market.

Q. I haven't read the order, but does it state that the business man can get silver for a legitimate transaction?

A. Yes. Any person who has a normal business transaction, he can get a license.

Q. Does that mean that a commitment made before the embargo came or in the future?

A. In the future. In the course of business a man selling to the Orient a bill of goods and it's necessary for him to ship, either way, silver in settlement, that business man can continue to carry on his
business.

Q. Dealing in silver is not considered an actual business?
A. I mean in taking it out of the country. We have a program here to buy silver. To let a person take it out for purely speculative purposes is working against our program.

Q. I did read the silver regulations, a little hurriedly perhaps, and there was one section of the regulations which said that licenses shall be issued on such and such a basis. One I recall was that licenses may be issued when payment was made on or before the embargo. Another calls for any purpose not inconsistent with the purpose of the silver purchase act. Is it under the last provision that you would issue a license for a normal business transaction?
A. Yes. All they do is go to the Federal Reserve Bank of New York, our fiscal agent, and say "We want to make this kind of a shipment," and the Federal Reserve will ask what it is for and if it is in the normal way of business they telephone here -- we have four wires to New York -- to the Federal Reserve, and they can always get service -- and they will get a telephonic "Yes" or "No."

Q. Have you purchased any silver in Shanghai in the last few days?
A. We are not going to say where we have or have not purchased silver.

Q. You told us last week you had been buying it in London.
A. We are not going to tip our hand where we are buying.

Q. Has Chase moved its silver yet?
A. It's on the Leviathan now.

Q. Moving to England?
A. Yes.

Q. But it had left here before your order?
A. It was put on the boat last night. It was loaded last night, but from what I have heard I am quite sure they will be given a license.

Q. Was the shipment to Bombay a very large one?
A. Good-sized one.

Q. Could you tell us anything about purchases of newly-mined silver?
A. We give those out every Monday, of what the newly-mined silver was the previous week.

Q. What is the explanation of decrease in volume of silver bullion assets as carried on the Daily Statement?

Mr. Coolidge: I expect they are mining subsidiary coins.

Mr. Morgenthau: Gaston will get you an accurate statement and give it to you.

Q. Would you care to say how much silver has been purchased out of the General Fund?

A. You will get that information from the Daily Statement.

Q. But since silver bullion stocks have been going down, it looks like you have been selling silver.
A. Well, we haven’t been selling silver.

This is off the record. The statement as you get it from the Daily Statement will be a little mystifying and I would just as lief keep it that way.

Q. Can a dealer buy silver from the Treasury?
A. I don’t know. I will have to think that over.
Q. How does the commercial manufacturer of jewelry get his silver? From the Treasury or from the Mint?
A. Up to now, it still is now, he can go down to Handy and Clark and buy it. He will go to a regular dealer. The biggest dealer is Handy. They quote the price every day on silver bullion. I just happen to know that name.

Q. They bought considerable for the Treasury, didn't they?
No answer.

Q. You mentioned last week the extension of facilities at Denver. Can you tell us whether there has been decision on it as yet?
A. No, but it's under consideration.

Q. Why? Do you need more space?
A. We think we need more space.

Q. Is the same thing true at San Francisco?
A. Don't ask me that. I have a reason for not answering.

Q. Where are you going to put all the 16 professors?
A. They are housed.

Q. I understand the Federal Reserve was going to have to move.
A. That would make a swell story -- Just imagine the headline that would say "Federal Reserve officials have been displaced by Morgenthau's brain trust."

I want to make a statement about the Federal Reserve which evidently was overlooked. In this agreement between the Treasury and the Federal Reserve whereby the Treasury is going to furnish the money to the Federal Reserve to make industrial loans, we have a gentlemen's agreement with the 12 banks that we are only going to
advance the money to them as we need it. In other words, we will make an initial advance to them, say of $10,000,000 which will be distributed among the 12 banks according to the percentage of Federal Deposit Insurance stock which they own and we will advance $10,000,000 when they have loaned that -- our $10,000,000 and $10,000,000 of their own. Then they will come back and ask us for another allotment, but we are not just handing over the 140-odd millions and this statement I am making is in agreement with Congress as to the spirit in which this transaction should be carried out. It wasn't anything in writing, but at the time the bill was under consideration that was the understanding we had with Congress as to how we would do it and we have had that gentlemen's agreement with the banks so, in other words, we will advance $10,000,000 and when they have loaned $10,000,000 of ours and $10,000,000 of theirs, we will advance some more. If they don't use all of the $140-odd they don't get it.

Q. Mr. Jones said yesterday that he proposed a plan to the 12 federal reserve banks, that they make these loans so they would all be made through one agency, probably through individual banks. Can you amplify on that?

A. No. I know it is under consideration. For the business men who want loans, if the Federal Reserve and RFC would work together it would make it much simpler for the business men who wants a loan. I think RFC and the Federal Reserve have to work together. They don't want to be placed in a position where one would be played off against the other.
Q. What plans are being worked out to make small loans to industry through private banks?
A. Those two organizations. Off the record, the only place I enter into it, I don’t want those two organizations working at cross purposes and I think we have it so it will work together. If I want a loan and I live in Springfield, I don’t want to be shuttled between the two organizations. I want to know where I should go. They have to work together. And if I said RFC offered me a million at 5 percent and Federal Reserve at 4-3/4 percent, I want them to work together on that.

You all know Mr. Coolidge and he will be Acting Secretary beginning Monday and I take it you will want press conferences and he will be here in this room and be glad to meet all comers. I am sure you will get along with him very well.

Q. When are your tax experts sailing?
A. July 4 on the George Washington.

Q. Have you any recommendations yet to fill the positions of Fix and the others?
A. No recommendations for them or Detroit.

Q. Have you had any resignation or hint of resignation from Mr. Morse of Pittsburgh?
A. Only what I read in the paper.
PRESS CONFERENCE - MR. COOLIDGE

July 2, 1934

Q. I see you bought over $70,000,000 in Government securities.
Mr. Gaston: That was a mistake we made in our office.
Mr. Coolidge: It was pretty much out of the market. We bought
a half million and the other figure was largely a transaction of
the Postal Savings. They had funds to invest and we gave them our
private note, which shows in the daily statement, and it was a swap
that entered in the Government accounts. It ought not to have
been there at all.
Mr. Gaston: They only market purchase was $500,000.
Q. You gave them a special sort of note?
Mr. Coolidge: Yes; we gave them $35,000,000 special note. That
shows in the daily balance sheet.
Q. The New York Times at various times comments editorially
on the silver story announcing that the Treasury is going to buy
all the silver it was authorized to buy within this fiscal year.
Do you care to comment on that?
A. I can say the Treasury has not any definite program outlined.
I might say, just for background and off the record, to make you
think about it a little, if the Treasury should do anything like
that, the price of silver would go up and if they stopped buying
there would be a big crash and no one cares to accord that.
Mr. Gaston: But there has not been any statement put out at all
about any definite time schedule for making silver purchases.
Mr. Coolidge: The Treasury would not give any definite time schedule under any circumstances.

Q. As I remember, the story was "unnamed high officials."
A. That's just erroneous.

Q. Mr. Secretary, I am curious about the 14-man brain trust. Are they all here?
A. Oh, yes! They are all here.

Q. Where did you put them?
A. I have to find them with help.

Q. I spent 20 minutes trying to find them. I found a crowd that looked rather professorial.
A. Dr. Viner brought them down one time.

Q. Do you know how they plan to report — in piecemeal or all in one chunk?
A. As I gather, but I will ask Dr. Viner about it some day, he is making the report under his own supervision, which is private for the Secretary, and what form that will take I don't know.

Q. What about the recent statement of Representative Dies that the Treasury purchased 70 million ounces of silver. Do you care to comment on that?
A. No, we are not making any comments on what we purchased.

Q. At the last conference, Mr. Morgenthau said that they had under consideration the enlargement of the Denver facilities. Is there any statement on that yet?
A. No, there is no statement. He said something about it and I would not say any more than he said.
Q. As a matter of bookkeeping, what will happen to that gold profit over and above the stabilisation fund which is down in the Trust Funds. When you open the new fiscal year, will the $850,000,000 be carried anywhere except in cash balance?
A. No, it will be carried the same.

Q. It's a little out in the cold because it wasn't credited against the deficit last year.

Mr. Gaston: It's still free gold in the General Fund.

Mr. Coolidge: It's shown as an asset in the General Fund right along.

Q. Yes, I know that, but you add the three funds together, your General, Special and Trust Funds. You will have a deficit of $3,200,000,000 or $5,600,000,000 and that $800,000,000 floating around.

A. That might be compared to capital asset rather than income asset.

Q. It has been showing up right along as income asset.

A. I would rather get Bell on that. He knows more about it than I do, but it's not shown, as you say, in the deficit.
REPORT ON SECRETARY MORGENTHAU'S PRESS CONFERENCE

July 30, 1934.
4 P.M.

Q. Mr. Secretary, do you have any anecdotes?
A. No.

Q. Are any steps going to be taken in the immediate future for cutting down expenditures with the aim of balancing the budget? There is a good deal being written about this subject and I was wondering whether there was anything being studied or any surveys being made or anything like that.
A. (No. Answer to that.)

Q. The price of whiskey hasn't come down in the month of July during which you have been gone, Mr. Secretary. Is anything being done about that?
A. I don't know where you were during the month of July.

Q. How was it where you were?
A. They sell it all in state stores but I didn't patronize any of them. As far as the Treasury is concerned it is a big administrative job consolidating the bureau that we took over from the Department of Justice and the one that we took over from the Treasury Department. What we are going to do is to try to get one district working smoothly first, the way we did in the Farm Credit Administration. Over in Farm Credit we started on St. Louis and concentrated there until we had that running smoothly, and when we had St. Louis in good shape, then we had other districts after that until they were running very rapidly. For John's sake we are going to pick Chicago.
Q. Why, Mr. Secretary? Because they have a superior variety of bootlegger in Chicago?
A. Well, we thought if we picked Chicago they couldn't say we were being sissy about choosing a district.
Q. What are you going to do there?
A. We are going to work out all the kinks in that district until we have a smooth-running organization in the alcohol tax units.
I met some of the men in Chicago on my way back to Washington and spent a couple of hours with them. I had a couple of hours with E.C. Yellowley. There are lots of things to be done. It certainly isn't running smoothly now. It isn't expected to be.
Q. Will you talk about the protection of dry states, too, Mr. Secretary?
A. Today?
Q. Yes.
A. No.
Q. Didn't your Department find crooks in the State of New York last week? We might pick a sissy spot there. (No answer)
A. We are not going to overlook the number of breweries and the number of rectifying plants, of which there are so many, and the situation is so urgent that we had a good nucleus to work with there.
Q. Do you feel that you have been making any progress in getting at the bootleg liquor?
A. Personally, to show that we have made progress the fact may be
noted that they have begun to counterfeit the strip stamps on the bottles. That shows that they are hard to get so that they have had to counterfeit them, and that is an indication that we have tightened up and the number of stills that were knocked off shows that the boys were on the job. I think the fact that we are beginning to have rumboats on the Atlantic Ocean is also an indication that we have been tightening up on the land. If they could get all the bootleg they wanted on land they wouldn't be running it in from the ocean.

Q. Mr. Secretary, did you read the speech Mr. Choate delivered at Mackinac Island last week at the Governors' conference? He intimated at that time that probably a proposal would have to be made for a reduction in tax and duty. Does that accord with your views?

A. Mr. Choate has said that before, hasn't he?

Q. No, I don't think he has gone that far. There has been a great silence on the matter.

A. Well, far be it from me to break the ice.

Q. Would you object to consideration of that proposal, Mr. Secretary?

A. Well, I will say this. I would like to see first whether the Government can clean up what we have inherited in the last 12 or 14 years in the bootleg situation. I am not discouraged about it, and I think before we talk about reduction in taxes or import duties that we should at least go through with what we are trying to do.

Q. Do you think the high cost of liquor helps the bootlegger, Mr. Secretary? Isn't that a fact?
noted that they have begun to counterfeit the strip stamps on the bottles. That shows that they are hard to get so that they have had to counterfeit them, and that is an indication that we have tightened up and the number of stills that were knocked off shows that the boys were on the job. I think the fact that we are beginning to have rumboats on the Atlantic Ocean is also an indication that we have been tightening up on the land. If they could get all the bootleg they wanted on land they wouldn't be running it in from the ocean.

Q. Mr. Secretary, did you read the speech Mr. Choate delivered at Mackinac Island last week at the Governors' conference? He intimated at that time that probably a proposal would have to be made for a reduction in tax and duty. Does that accord with your views?

A. Mr. Choate has said that before, hasn't he?

Q. No, I don't think he has gone that far. There has been a great silence on the matter.

A. Well, far be it from me to break the ice.

Q. Would you object to consideration of that proposal, Mr. Secretary?

A. Well, I will say this. I would like to see first whether the Government can clean up what we have inherited in the last 12 or 14 years in the bootleg situation. I am not discouraged about it, and I think before we talk about reduction in taxes or import duties that we should at least go through with what we are trying to do.

Q. Do you think the high cost of liquor helps the bootlegger, Mr. Secretary? Isn't that a fact?
A. It is a factor. We have just started on our bottle regulations and tonight I am going to sign them. We are just getting under way. I would like to exhaust the police powers of the Treasury before I talk about a reduction in taxes.

Q. Mr. Secretary, is the revenue coming up to expectations?

A. Not on the hard liquor; beer is above expectations—hard liquor below.

Q. Mr. Secretary, have you had any reaction from the public as to buying from bootleggers—a great many people feel that the price of liquor is so high that they are justified in buying from bootleggers, and so what else can they do?

A. All of the newspapers that I have read seem to back this program 100%. I haven't seen a single newspaper or a single comment where they criticized our enforcement methods. We have had the complete support of the press. On the contrary, I have met a number of people who feel that now that they can buy liquor that is taxed it is up to them to do so. I have not met people who feel the other way—that the price of liquor is too high, and, therefore, they are going to patronize the bootlegger. I have felt, and I don't think I am fooling myself, that the public is with us on the program.

Q. Mr. Secretary, does the program include the quality as well as the tax feature?

A. We haven't gone that far; our job is to collect the tax.

Q. Yes, but doesn't that authorize you to find out what you are collecting the tax on?

A. That is up to the Pure Foods Division of the Department of
Agriculture.

Q. Well, Mr. Secretary, isn't that an element in the bootlegging situation. From personal experience, a great many of my friends say that Maryland rye is considerably better than any but the most expensive brand of whiskey—better than the blands.

A. As far as I can see, our job is to collect the tax and suppress the illicit still. That is about all we can take on.

Q. Mr. Secretary, have you had any complaints that a large state tax in addition to the Federal tax was placing too great a burden on the man trying to make a living selling liquor?

A. I haven't had any.

Q. In Massachusetts several have complained bitterly that they couldn't sell liquor because the state tax was so high and the Federal tax was so high that people couldn't buy.

Q. Mr. Secretary, is the Cincinnati district going to be split up?

A. I don't know. We are working on the Chicago district and I am personally interested in getting this program worked out.

Q. How many districts will there be?

A. I don't know.

Q. What states will be included in the Chicago district, Mr. Secretary?

A. Indiana, Illinois and Wisconsin.

Q. Do you contemplate an increase in the Coast Guard to handle rum-running?

A. I don't know. We will handle it, though. They needn't worry...
about that.

Q. When is this program in the Chicago district to get going? Right away?

A. It has been going.

Q. What has been done, Mr. Secretary?

A. I don't want to say. When the program is complete and the re-organization perfected I'll talk about it.

Q. Mr. Secretary, are collections coming in-revenue-better in states that have state liquor stores than in other states.

A. I don't know. I have had a real vacation.

Q. Mr. Secretary, I haven't seen your regulations on this bottle control, but how do they prevent a bootlegger from taking the "empties" and filling them up?

A. In the first place, it is illegal to sell one of these empties and it will be stamped right on the bottle that it is illegal to fill it and the bottle is all keyed and the manufacturer's name is on it.

Q. There isn't any control on bootleggers collecting these bottles.

A. It is illegal to possess them.

Q. It is illegal to possess the whiskey too, isn't it, Mr. Secretary?

A. Everybody seems to believe that it's going to go a long way towards helping in the suppression.

Q. Are you going to shift any of the men around who are not in charge of the old districts into other districts? For instance, up in Philadelphia we hear that Pennington may be shifted out to the Michigan and Ohio district.

A. I don't know.
about that.

Q. When is this program in the Chicago district to get going?

Right away?

A. It has been going.

Q. What has been done, Mr. Secretary?

A. I don't want to say. When the program is complete and the reorganization perfected I'll talk about it.

Q. Mr. Secretary, are collections coming in—revenue—better in states that have state liquor stores than in other states.

A. I don't know. I have had a real vacation.

Q. Mr. Secretary, I haven't seen your regulations on this bottle control, but how do they prevent a bootlegger from taking the "empties" and filling them up?

A. In the first place, it is illegal to sell one of these empties and it will be stamped right on the bottle that it is illegal to fill it and the bottle is all keyed and the manufacturer's name is on it.

Q. There isn't any control on bootleggers collecting these bottles.

A. It is illegal to possess them.

Q. It is illegal to possess the whiskey too, isn't it, Mr. Secretary?

A. Everybody seems to believe that it's going to go a long way towards helping in the suppression.

Q. Are you going to shift any of the men around who are not in charge of the old districts into other districts? For instance, up in Philadelphia we hear that Pennington may be shifted out to the Michigan and Ohio district.

A. I don't know.
Q. And that Delaware may be shifted into the New Jersey district or other states changed around?
A. I don't know.

Q. Did you learn anything new about the silver situation out in the Middle West?
A. No, I didn't.

Q. Is there anything on silver at all?
A. No.

Q. Mr. Secretary, you didn't find that it had helped conditions out there very much, did you?
A. Well, we couldn't make the rain fall, John.

Q. Mr. Secretary, the excessive expenditures are running up fast in the budget. Do you feel that it is disquieting or is it to be expected?
A. As far as I know, they are spending according to schedule. After all, the money wasn't spent before the 1st of July and a lot of the money which is being spent now is money which had been expected to be spent previous to the 1st of July.

Q. The drought accounts for a good bit of it, too, doesn't it?
A. Yes.
SECRETARY: I read in this morning's paper Senator Thomas' statement on the issue of silver certificates, and I am awfully sorry that he didn't give me a ring and ask us what the Treasury was doing in regard to silver certificates because I would have been more than glad to have told him. I thought we might take a couple of minutes and just trace the history, and I have asked Mr. Oliphant and Mr. Hall to be here and to be technical—we want to be right. I have asked Mr. Oliphant, our General Counsel, just to go back and trace the history on the silver certificates.

MR. OLIPHANT: We began to issue silver certificates in this country under a statute passed in 1878 and it has always been a uniform policy since the passage of that statute to issue silver certificates on the basis of the monetary value of silver—$1.29 an ounce—regardless of what the market price of silver might happen to be at the moment. That is, for monetary purposes, we have always deemed silver to be worth $1.29 an ounce. The Thomas Amendment to the Agricultural Relief Act provided for the acceptance of silver in payment of foreign debts and then in a phrase not very carefully considered it provided for the issuance of silver certificates against that silver on the basis of the price at which it had been taken in, that is, 50¢ an ounce; pursuant to authority contained in that Act, the Treasury back in 1933 issued an order to go ahead with the production of these silver certificates against this foreign silver. When we came to drafting the
Gold Reserve Act which, you will remember, was passed on the 30th of January, 1934, we observed this anomaly—that it was giving us some silver certificates issued against this foreign silver on the basis of 50¢ an ounce and a half billion of outstanding certificates issued under the Old Act on the basis of $1.29 an ounce. As a result, the Gold Reserve Act contained a provision amending the Thomas Amendment and providing that silver certificates could be issued against any silver in the Treasury whether received from foreign debtors or what not and issued on the uniform basis of $1.29 an ounce. Upon the passage of that Act what it did was to stop the production of its queer silver certificates against that foreign silver and orders were issued for the production of silver certificates against any and all of the silver then in the Treasury and the production of those certificates on the uniform basis established by the Act of 1873. And it is those silver certificates that are now being delivered.

Q. Were any of the 50¢ silver certificates ever put on the market?
A. I believe about $1,500,000 and the purpose now is as those come in to take them up and put out the new and uniform silver certificates.

MR. HALL: When we were asked to prepare new plates for the series 1934 silver in order to make speed, instead of redesigning an entirely new face we took the whole design and modified it and thereby saved about five weeks' time in engraving. After we got into production, it was necessary to over-print the face of the note, and the devices on which this operation takes place had to have new equipment built into them. We asked for bids from the manufacturer of the
presses and his delivery date was so far away that we cancelled the bids and our own engineers designed the parts, had the forgings made at the Navy Yard, prepared the dies and got into production in about 1/3rd of the time it would have taken if we had waited for the new parts to come in from the manufacturer of the presses. We are doing the same thing on all denominations. I have reference to this numeral on the right-hand side of this note. (Exhibited new money) Now we are carrying out the same program on the 10's, 20's and 100's by using the designs that were in use previous to this change and making slight modifications in the dies and thereby saving considerable time. I would say that the silver program, as it stands in the Bureau, is one that we could look back at with pride because we accomplished the job in, I would say, 1/3rd of the time it would have required if we had had to redesign all the face of the note. Our production program at the present time has covered the delivery of about $12,804,000 in One Dollar denomination, $11,640,000 in Five Dollar denomination and the 10's will be delivered from the Bureau about the early part of this month, the 20's the early part of September, and the 100's in October, and I don't think any printing institution in the world could beat that production record.

SECRETARY: The point is this: Hall is going ahead at manufacturing this just as fast as is humanly possible and every press available is on this. (MR. HALL) And I might add that it is about the speediest piece of work we have turned out in that Bureau since I have been in it.

Q. Mr. Secretary, what about your silver under the Silver Purchase Act; is it the same policy? Is that issued on the basis of $1.29
an ounce or at cost price? You have a basis of discretion.

A. It is issued on the basis of $1.29 an ounce. That is, against 100 ounces there will be issued $129 in silver certificates. The statute directs the issuance of silver certificates up to the amount equal to the cost of the silver and general legislation authorizes the issuance of silver certificates up to its full value.

Q. Is that going to take place or not?

A. What we are going to do is what Mr. Oliphant said--issue 129 silver certificates against $129 worth of silver. The law is that the amount of silver backing the paper must be on the basis of $1.29 an ounce which means that if you have 100 ounces of silver that would coin up to $129 in silver certificates and hence would back up $129 of silver certificates. The statute authorizes and directs the printing of a sufficient number of silver certificates so that the face amount adds up to the cost of the silver. That is what the statute directs. We have no choice about that. We have authority under the general law to issue on up to the monetary value.

Q. Is that authority being exercised.

A. The policy for the moment is to issue up to the cost of the silver.

Q. Not on the basis of $1.29 an ounce but on the basis of what you paid for the silver so that you have some excess silver?

A. We will have some.

Q. Mr. Secretary, wasn't the main point at issue with Mr. Thomas the fact that he wanted you to issue up to the maximum allowed by law?

A. I read the story in the New York Times (Quotes from Times):
"A demand upon Secretary Morgenthau for the immediate issuance of new currency based upon silver purchases authorized by the last Congress.

Q. So to date you have issued approximately $24,000,000?
A. Yes, but this stuff is being ground out each day just as fast as the Bureau of Engraving can grind it out.

Q. How far can you go under this program, Mr. Secretary?
A. We will keep on printing until we have printed an amount equal to the cost of the silver.

Q. How much will that be?
A. I don't know, but I would say that we could catch up in a couple of months or perhaps less than that on some of the denominations. It is a matter of thirty to sixty days. Our $1 program will be in good shape inside of a month and the $5 within a month and a half.

Q. Do you have an idea of how much of these silver certificates are going out?
A. We are behind in production for very good mechanical reasons—you can see that.

Q. But I am talking about the ultimate possibilities.
A. When we are up to date we will just manufacture the silver certificates up to the amount of the cost of silver that we have in the Treasury. When we reach that point, it will be hard to say.

Q. There have been various rumors about the amount of silver certificates issued and talk by the non-inflationists.
A. We have given you today a correct legal and technical explanation of what the Treasury is doing as to the issuance of silver certificates—we are not holding back anything.
Q. I want to get the point as to what the ultimate issuance of silver certificates will be.

A. You mean how much we are going to buy? We will keep printing these silver certificates just as long as we buy silver.

Q. The silver certificates will ultimately replace Federal Reserve notes, will they not?

A. You can draw your own deductions.

Q. Mr. Secretary, against the silver that is now in the Treasury do you intend to issue certificates immediately?

A. Yes, just as fast as we can, immediately, at cost price.

Everything possible is being done and I have just made Mr. Hall's life miserable to get this stuff out and he has responded beautifully and cut the thing down to 1/3rd of the time taken by the usual procedure.

Q. Mr. Secretary, as I understood Mr. Gridley's question, it was whether you are now going to issue silver certificates against silver in the Treasury on the basis of cost price. Does that mean all the silver way back to silver acquired in 1878? Haven't you issued silver certificates up to date against silver previously purchased? Yes.

A. Now if you will tell me just what you want to know!

Q. I want to know -- you have so much silver here now; I am interested in knowing if silver certificates will be issued against all of that immediately.

A. The answer is yes. Just as fast as we can produce it.
Q. You will decide when you do that whether you will issue beyond cost price, that is, up to $1.29?
A. The present policy is to issue at cost price.

Q. Mr. Secretary, isn't this the way this thing shakes down? Some of this silver is bought at 50¢ an ounce and other silver at approximately $1.00 an ounce. The question in back of the minds of these men, I imagine, is whether you are going to issue two silver certificates against one ounce at 50¢ an ounce or not.
A. The present policy is one.

Q. In other words you are issuing on the basis of $1.29 an ounce up to the amount you spent for the silver, and then when you do that you have a surplus which is known as seigniorage.
A. That is right. We are using the silver up to its cost and we will still have some silver left—a little velvet!

Q. Mr. Secretary, there have been various reports published about how much inflation would come out of this thing, and various people have credited Treasury experts with stating this and that. Just how much do you contemplate?
A. I can't put it any more directly than to tell what we are doing—and that is that we are issuing certificates up to the cost of the silver in the Treasury and as we purchase it.

Q. Mr. Secretary, are you still coining silver dollars?
A. Oh, yes. I believe that we have a 1934 silver dollar that is going to be coined. When I was out in Montana, I never had less than three to four silver dollars in my pocket.

* * * * *
SECRETARY: I have spent quite a lot of time in the Architectural Division at Procurement and Congress gave us $65,000,000 with which to build post offices and public buildings and I have interested myself in this program. I have had a number of heart-to-heart talks with the architects of the division and we have been going through a process over there of near-birth and while it has been rather painful the delivery was successful, and what we are doing from now on is to get out buildings that are utilitarian at a minimum cost, but still a good-looking building; we are not going to get out a factory-type building. That is an entire change of policy from what the Architectural Division has been turning out heretofore and the sort of thing that we are not going to do in the future.

(Exhibits various pictures of post offices, one at Pittsburgh where a fine white-stone building was erected which is already all smudged.) If they had used their judgment they would not have put an expensive facing alongside a railroad track. Here is Miami’s building (exhibits photograph of Post Office at Miami, Florida); it is, I believe, a million-dollar building—a half a million dollars would have been just as good. I asked the boys about these buildings, and if they had done them today in view of what we have worked out, they would have saved anywhere from ten to twenty percent. Take the New York Post Office which was scheduled for $6,200,000; I have had them working on it and they have already cut a half a million dollars from the cost of it. I am personally interested in it myself, and as far as the Treasury is concerned, we are going to watch every dollar and make it go just as far as possible—these very elaborate buildings are a thing of the past. A lot of these plans have to be
revised and it is going to take 30 to 60 or 90 days to do that, but the new plans to be drawn are going to be drawn under this new idea. It is not only a question of cost but a question of arrangement. The arrangements in some of these new buildings are perfectly ridiculous. (Exhibits blueprint of Minneapolis Post Office) Here is the Postmaster's private office 23' x 25'; here is the Postmaster's reception room 31' 10" x 25'; here is his private conference room 31' 8" x 23' 5"; and here is his secretary's room 24' x 20'.

Now here are four rooms where only 1/3rd of the space would be necessary. About 110 feet for a Postmaster in Minneapolis.

Q. How about Saint Louis? They are building a white-marble palace out there.

A. Any contract which has not been let has been stopped by me. I have stopped everything. The St. Louis contract hasn't been let yet. We may hold up things on these expensive buildings 60 or 90 days, but they are all being revised. I believe a fellow will get his mail just as fast and the building won't be an eyesore, but it won't be a marble and bronze building. The whole monumental plan is over.

(remark) The Morgenthau plan substituted for the Mellon plan. The responsibility is mine and I just can't see it. For New York the figure was $6,200,000, the plans were already drawn, and they have already shown me a saving of $500,000 on that building, and I greatly doubt that after the building is up whether anybody would know the difference.

Q. Are you suspending where work has already been done?

A. You can't do that.
The most recent case is Mobile; the contract was advertised and it was checked and the architect was sent for and came up by airplane and we think in that case it will be held up only thirty days. I know that we can save a lot of money this way, and I think it is distinctly worthwhile and will make the taxpayer's money go as far as possible.

Q. Mr. Secretary, have you any estimate of the total cost involved in those projects which you have stopped?
A. No, I really don't know.

Q. I just wondered how much work was being held up.
A. A lot of these little buildings, the $25,000 to $40,000 buildings—they have done a pretty good job on those and they were pretty well down to rock-bottom. It is these five and six million dollar buildings where there is an opportunity to save money.

Q. Mr. Secretary, what are you going to do with the money you save?
A. Put up more buildings.

Q. The more you save the more you build?
A. Yes. After all, if we build 700 buildings instead of 800 buildings we can go back to Congress and ask for that much less money.

Q. Are there any new buildings in Washington affected?
A. None that I know of.

* * * * *

SECRETARY: (Exhibits Treasury Order) This brings up to date the rules and regulations for the employees of the Treasury. We have found that there was some misunderstanding in the field and I have had a committee working on this and they brought in this report.
This will go out so that it will clear up a lot of letters and a lot of questions we have had on what Treasury employees can and can not do. We have found that some of the bureaus had their own orders and there was a conflict between bureaus in the Treasury and this straightens out some of the difficulties.

Q. Mr. Secretary, I noticed in this morning's monthly statement that the deficit was $248,000,000 which is a little over twice what it was last year at this time. Is there anything you care to say about holding the deficit to $2,000,000,000 in view of the fact that expenses seem to be increasing?

A. Do you mind letting that question go over? If it is imperative I will answer it; if it isn't I will let it go.

Q. All right.

Have you received any resignations yet from the Treasury Department?

A. I don't know of anybody having resigned from the Treasury. They have resigned a lot of political offices. I have had complete cooperation from the Treasury Department employees. We are giving them until the last of September.

Q. Could you give us an approximate number of how many have resigned?

A. I don't know. We had a committee meeting the other day and I find that we are getting complete cooperation.

Q. What about Mr. Julian and Mr. Helvering?

A. Mr. Helvering has told me that this month the convention meets in Kansas City and his resignation as committee man goes in, but I would much rather have it come from him; it would be more sporting. Both Julian and Helvering are resigning their political positions. But this is off the record as a matter of sportsmanship.
August 6, 1934

PRESS CONFERENCE - MR. MORGENTHAU

Mr. Morgenthau: What I have here is a mimeographed copy of the re-districting of the Alcohol Tax Unit. There was a little mixup and page four is missing but as soon as I have it I will send it down to Bob Thornburgh in the Press Room. I do not know whether you specially want a map of the districts or not.

A. Yes, we would like to have it.

Mr. Morgenthau: Well, I will give it to Bob Thornburgh. There are plenty here. That's the new fifteen districts. What we have done is, wherever possible, we have taken men who are in the service and promoted them. As far as I know, we have not taken a single outside man. We have studied this thing for weeks now, and after very careful study we have picked the men we think the best and put them in charge. Of course, that does not mean that if any of the men should falldown on the job subsequently that they have a life tenure on these positions.

Q. You mean you have all the old prohibition agents back on the job?

A. No, some from the Treasury and some from Justice.

Q. But they are all old men?

A. Civil Service men.
Q. Been there under Prohibition?
A. Yes, been there under Prohibition, and we have gone over the men with a fine tooth comb and the fellows with good records have been promoted or demoted or we have let them out.
Q. How many employees are there?
A. At present, in that unit, there are 3,291, and when there is the full complement I think it goes up to 5,000.
Q. Is that the whole Alcohol Tax Unit or Enforcement Division?
A. Enforcement and Permissive.
Q. That is office personnel and everything?
A. That is everything.
Q. How many agents are there?
A. Well, on the Enforcement we call them investigators. There are 1,301.
Q. How many were demoted or discharged of the old Prohibition agents?
A. I do not know.
Q. Is there any way to find out?
A. I suppose so, but I do not know that it would serve any particular purpose, but everything in this Alcohol Tax Unit has been checked by the Intelligence Unit with Internal Revenue. Every single person has been checked.
Q. How do their salaries run, Mr. Secretary?
Mr. Mallott: These appointments are for the administrative positions and their salaries run from $3,800 up to $6,600, I think is the top.
Mr. Morgenthau: That is the administrators.

Q. What does the ordinary agent get, the common garden variety?
Mr. Mellott: $2,600 is the schedule. Special investigators $2,900 when the investigation is completed.

Q. Who is the immediate head of this organization?
Mr. Morgenthau: Mr. Mellott, and under him, Captain Sayles on the regulative end. We have not appointed anyone yet on the Permissive.

Q. What are Captain Sayles initials?
A. William R. Sayles.

Q. Are these men who are named as supervisors, one for each district, are they the men who have been serving as supervisors or in any similar capacity before?
A. In some cases the men stay, and in other cases they are men who might have been agents who have been promoted. Mr. Mellott and Captain Sayles have been out in the United States now for weeks checking over the offices and, as a result of their study, plus the investigation of the Internal Revenue Intelligence Unit, this is the combined result of what they recommended to me and I have accepted their recommendations 100%.

Q. Was there any shaking up of the men? Men in New York, for instance, are they going back to New York or California, or what?
A. Some of them have been switched. There has been considerable switching.

Q. Was that done with malice aforethought?
A. It was done upon Mr. Mellott's recommendations.
Q. Where was Captain Sayles during Prohibition?
A. Naval Intelligence. He was in charge of Naval Intelligence for all of France during the War.

Q. Haven't you some experts working on the advisability of cutting current tax rates on liquors, tariff, etc?
A. I suppose. We have people who are always studying tax problems.

Q. I was interested in what you had to say after the speech made by Mr. Choate, and I wondered if you would give us your viewpoint more explicitly?
A. I gave it the other day and I have not anything to add to it from a week ago.

Q. You did not say very much a week ago, Mr. Secretary.
A. None.

Q. Well, you are in favor of keeping it right where it is?
A. No. No administrative officer can change the taxes on liquor. It was set by Congress and nothing can be done until the first of January.

Q. But on the tariff rates something can be done?
A. That is something different again, but as far as taxes on liquor produced in the United States, that has been fixed by Congress and nobody can change that. And the question of tariff - I think that would come under the Tariff Bargaining Office being conducted by the State Department - and I think any comment on the tariff should be made by the State Department and not by me.
Q. But Congress, on taxes, usually follows what the Administration wants? What are your ideas on that?
A. During all of the past session we did not suggest a single rate to Congress.
Q. But you do not give the consumer very much of a break.
A. I don't agree with you. I think, after we made the first survey, actually getting out and buying the liquor, and we went into city after city and bought liquor and analyzed it upstairs and gave the boys a liquid demonstration of what the liquor was and, through the press, had all that publicity on the quality of the liquor that was being sold - I think we are doing everything we can for the consumer by stopping the sale of bootleg liquor. I am not leaving a stone unturned to suppress the manufacture of non-taxed, bad liquor, and I think that is very much in the favor of the consumer.
Mr. Morgenthau: But you cannot do this job by just talking about it. You have to get out and do something - and we are doing something.
Q. I think the Government figures indicate two gallons of bootleg liquor are being sold to one gallon of legal liquor.
A. That statement was not made by the Treasury.
Q. No, but your tax return shows $35,000,000 income from liquor as against $70,000,000 before Prohibition, and it was generally said the Administration could get $100,000,000 from revenue from repeal.
A. I never heard that statement made by the Treasury.

Q. Mr. Douglass made that statement before the House Ways and Means Committee.

A. Well, some people have been kind enough to say that this is the first honest effort to stop the illicit manufacture of liquor and I am perfectly willing to let the figures speak for themselves.

Q. Any ideas on the extent to which this talk of bootlegging, and the need therefore of lowering taxes, is inspired by legitimate manufacturers?

A. I do not know.

Q. Well, I don't think any one doubts the sincerity of your efforts, but pursuit of the bootlegger has been a rather unsatisfactory thing in past years.

A. I have made the statement, and I am willing to stand by it, that we have not really gotten started.

Q. That is what you are starting this organization up for, isn't it?

A. Right - and we have practically wrecked the Internal Revenue Intelligence Unit by taking them off their regular work to check up on these men. As a result of this investigation we dropped a number of men; we promoted others, and we have just set up the organization today, and if the bootlegger licks me at this job I am willing to confess it. I am also willing to go home. If this is a policeman's job and I cannot do it I am willing to admit it, but we are just getting started. If the United States Government cannot enforce its own laws I feel pretty sick about it.
Q. You are not figuring on going home?
A. No, but I just mean if I cannot do this job and they can lick me - all right - but I feel so far from being licked I feel rather encouraged. Captain Sayles tells me that he has absolute evidence to prove that before Prohibition the Treasury never tried to enforce this law. If they did not try it before Prohibition we know that we did not during Prohibition and we are just now getting started.

Q. Would you consider lower taxes another weapon in case these weapons do not turn out so well?
A. With all due respect, let the whiskey fellow worry about the taxes.

Q. The consumer is worrying about it and he is the fellow who is buying the bootleg liquor.
A. Are you sure it is the consumer? Well, I am not.

Q. Are there any plans for cooperation in the states where they have state liquor stores? For instance, in Pennsylvania where there is a lot of trouble and state liquor stores are not doing the average business?
A. I do not happen to be familiar with that situation.

Q. In Collier's, last week, Walter Davenport has an article where he makes the direct inference that the Department is in receipt of evidence that legitimate liquor dealers and rectifiers have been among the bootleggers and are among the bootleggers. Any basis for this inference?
A. If we had any such information we would go ahead and enforce the law.
Q. Could you make any comment on the proposal of the AAA to graduate cigarette taxes so as to have a 5¢ package of cigarettes?
A. This is a tough question. Off the record, see, I thought they were very much beyond their province. They were outside of their territory when they made that speech. After all, it is our responsibility to work out the taxes and when this gentleman went out and made a speech I thought he was going way outside of his territory but I do not feel it is up to me to censor him.

Q. Do you expect to formulate any recommendations to Congress on cigarette taxes? You did make a recommendation last session.
A. I really have not thought about it. But what I have said about Hutson is off the record and I thought he talked entirely out of turn.

Q. Are you cooperating with the House Ways and Means Committee this summer on the whole tax problem?
A. We work very close with them.

Q. Do you expect to have some recommendations?
A. Frankly, I have not gotten around to it. To go back to the liquor situation, there seems to be some sentiment among high-class stores in the District of Columbia - some resentment against what they call "confiscated" or "distressed" goods. In fact, one store in Dupont Circle has a sign which says "No confiscated or distressed goods".

Q. Do you have any information as to how much of that enters into the retail trade in the District of Columbia?
A. As far as I know, the Treasury only has the say over goods of $1,000 or under and, about six weeks ago, I asked that all those sales he held up until we could study the situation, and since I asked that there have been no sales. Now, whether the Department of Justice has made any sales - I do not think they have - if they have, this distressed liquor is something they bought over six weeks ago.

Q. There is another interesting fact in connection with this liquor situation. I notice there are some stores advertising "Buy your own alcohol and make your own gin". Of course, we did that during Prohibition. Is that legal?

A. If it is tax-paid alcohol I guess it is all right.

Q. Can you tell us how many agents there are in New York and San Francisco?

A. Mr. Mellott can get that for you.

Mr. Mellott: We can get that for you at the Department.

Q. Would it not be helpful to have someone indicate who is the new and who is not?

Mr. Morgenthau: Here is the old list - I will give this to Bob. This is the list as they were on May 14. I had them for that purpose.

Q. Can you tell us anything about the transfer of gold from the Mint at San Francisco?

A. This is off the record. We are moving our gold out of San Francisco to Denver, and if you have to answer it is because this San Francisco Mint is right in the earthquake area and I am
very much worried we might wake up one morning and find about
$1,500,000 blown away - but I would much rather keep it off
the record.
Q. Won't it show up in your financial statement?
A. No.
Q. Who is moving it?
A. Army, Post Office and Secret Service.
Q. Wasn't there a story about selling your old mint out there?
I suppose that is off the record.
A. No. If you get me a customer we will pay the usual commis-
sion.

These new five and one dollars bills of the 1934 series go
on sale tomorrow.
Q. Will they be put out in preference to other notes in order
to get them in circulation?
A. Yes, we will distribute through the Federal Reserve.
Q. Will you also ask Federal Reserve to put them out in preference
to their other cash?

oOo-oOo
Supervisory Personnel, Field Service.
Alcohol Tax Unit.
Designated as Acting in the respective positions shown opposite their names.
(Effective August 16, 1934)

DISTRICT NO. 1
(Main, New Hampshire, Vermont, Massachusetts,
Rhode Island, Connecticut)
Headquarters: Boston, Massachusetts.

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>James T. Fitzgerald</td>
<td>Supervisor</td>
</tr>
<tr>
<td>Francis J. Kelley</td>
<td>Assistant Supervisor (Permissive)</td>
</tr>
<tr>
<td>Robert W. Coyne</td>
<td>Assistant Supervisor (Enforcement)</td>
</tr>
</tbody>
</table>

Investigators in Charge:

J. L. Reese, Boston, Mass.
David Miller, Concord, N. H.
H. L. Honneberry, Rutland, Vermont
M. A. O'Brien, Providence, R. I.
J. G. O'Hane, Hartford, Conn.
Henry P. Weaver, Portland, Maine.

DISTRICT NO. 2
(New York)
Headquarters: New York City.

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>John H. Flynn</td>
<td>Supervisor</td>
</tr>
<tr>
<td>John T. Birmingham</td>
<td>Assistant Supervisor (Permissive)</td>
</tr>
<tr>
<td>William N. Woodruff</td>
<td>Assistant Supervisor (Enforcement)</td>
</tr>
</tbody>
</table>

Investigators in Charge:

Walter E. Brown, New York
Lowell R. Smith, Brooklyn
M. O. Hanson, Buffalo
Arthur J. Hanlon, Syracuse.
DISTRICT NO. 3

(Pennsylvania)

Leo A. Crossen
Ambrose Bunsorger
William E. Dunigan

Supervisor
Assistant Supervisor (Permissive)
Assistant Supervisor (Enforcement)

Investigators in Charge:

H. J. Monnett, Philadelphia
J. A. Clifton, Jr., Wilkes-Barre
C. J. Gottel, Pittsburgh.

DISTRICT NO. 4

(New Jersey, Delaware)
Headquarters: Newark, New Jersey.

John D. Pennington
Benjamin Bush Ehos
E. L. Kochler

Supervisor
Assistant Supervisor (Permissive)
Assistant Supervisor (Enforcement)

Investigators in Charge:

W. P. Cunningham, Newark, N. J.
Wm. Tompky, Wilmington, Del.

DISTRICT NO. 5

(Maryland, Virginia, West Virginia, District of Columbia, North Carolina)
Headquarters: Baltimore, Md.

Daniel L. Porter
William A. Pohler
W. A. Hoadley

Supervisor
Assistant Supervisor (Permissive)
Assistant Supervisor (Enforcement)

Investigators in Charge:

Geo. T. Danforth, Baltimore, Md.
John H. Ulichni, Richmond, Va.
Thos. E. Patton, Charlotte, N. Car.
R. H. Wall, Charleston, W. Va.

DISTRICT NO. 6

(South Carolina, Georgia, Florida, Alabama)
Headquarters: Atlanta, Georgia.

Robert E. Tuttle
William D. Berrington

Supervisor
Assistant Supervisor (Enforcement)

Investigators in Charge:

A. S. Anderson, Atlanta, Georgia
George F. Griffith, Birmingham, Ala.
W. L. Getzen, Jacksonville, Fla.
Rollie Robinson, Charleston, S. Car.
### SEVENTH DISTRICT

**(Kentucky, Tennessee)**

**Headquarters - Louisville, Kentucky.**

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frank L. Boyd</td>
<td>Supervisor</td>
</tr>
<tr>
<td>W. E. Taylor</td>
<td>Assistant Supervisor (Pernissive)</td>
</tr>
<tr>
<td>H. D. Taylor</td>
<td>Assistant Supervisor (Enforcement)</td>
</tr>
</tbody>
</table>

**Investigators in Charge:**

- Mr. H. Kinnard, Louisville, Ky.
- E. H. Corbett, Memphis, Tenn.
- Henry Bell, Knoxville, Tenn.

### EIGHTH DISTRICT

**(Michigan, Ohio)**

**Headquarters - Cleveland, Ohio.**

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frederick L. West</td>
<td>Supervisor</td>
</tr>
<tr>
<td>B. E. Briner</td>
<td>Assistant Supervisor (Pernissive)</td>
</tr>
<tr>
<td></td>
<td>Assistant Supervisor (Enforcement)</td>
</tr>
</tbody>
</table>

**Investigators in Charge:**

- Don E. Griffin, Cincinnati, Ohio
- Milt Reo, Cleveland, Ohio

### DISTRICT NO. 9

**(Wisconsin, Illinois, Indiana)**

**Headquarters: Chicago, Ill.**

- E. G. Yelkowey, Supervisor
- William B. Kennedy, Assistant Supervisor (Pernissive)
- W. L. Ray, Assistant Supervisor (Enforcement)

**Investigators in Charge:**

- Clarence H. Hall, Springfield, Ill.
- James E. Scanlan, Indianapolis, Ind.
- Leo Holoney, Milwaukee, Wis.

### DISTRICT NO. 10

**(Mississippi, Louisiana, Texas)**

**Headquarters: New Orleans, Louisiana**

- S. N. Collier, Supervisor
- John C. Palmer, Assistant Supervisor (Pernissive)
- James H. Shields, Assistant Supervisor (Enforcement)

**Investigators in Charge:**

- W. R. Warren, Dallas, Texas
- Thomas D. Barton, San Antonio, Texas
- E. S. Chapman, Jackson, Miss.

### DISTRICT NO. 11

**(Missouri, Kansas, Oklahoma, Arkansas)**

**Headquarters, Kansas City, Mo.**

- J. V. Farley, Supervisor
- Sam S. Haley, Assistant Supervisor (Pernissive)
- Ralph Herrick, Assistant Supervisor (Enforcement)

**Investigators in Charge:**

- H. L. D Pack, Kansas City, Mo.
- W. F. Carroll, St. Louis, Mo.
- Daniel O. Cain, Salina, Kansas
- W. T. Giles, Oklahoma City, Okla.
DISTRICT NO. 12
(Minnesota, Iowa, North Dakota, South Dakota, Nebraska)
Headquarters: St. Paul, Minnesota

S. B. Cyke
Wm. E. Burke
Supervisor
Assistant Supervisor (Enforcement)

Investigators in Charge:
Clark H. Garbert, St. Paul, Minn.
Benjamin F. Wilson, Des Moines, Iowa.
Wellington Wright, Fargo, N. Dak.
Harold F. Crowley, Omaha, Nebr.

DISTRICT NO. 13
(Colorado, Wyoming, Utah, New Mexico, Arizona)
Headquarters: Denver, Colorado

A. V. Anderson
John W. Herrill
Supervisor
Assistant Supervisor (Enforcement)

Investigators in Charge:
J. L. White, Denver, Colo.
L. Horrell Cowan, Cheyenne, Wyo.
Ephriam White, Salt Lake City, Utah
G. M. Ellsworth, Albuquerque, N. Mex.
L. M. Remmel, Phoenix, Arizona

DISTRICT NO. 14
(California, Nevada, Hawaii)
Headquarters: San Francisco, Cal.

James H. Haloney
Quincy J. Boone
William R. Woods
Supervisor
Assistant Supervisor (Permissive)
Assistant Supervisor (Enforcement)

Investigators in Charge:
George L. Lenan, San Francisco, Cal.
Edward H. Fournay, Los Angeles, Cal.
Harry McNary, Reno, Nevada

DISTRICT NO. 14 - Continued
Inspectors in Charge:
John R. Youngblood, Honolulu, T. H.
John A. Becker, Los Angeles, Calif.

DISTRICT NO. 15
(Washington, Oregon, Idaho, Montana)
Headquarters: Seattle, Wash.

Roy C. Lyle
Gra H. Nickerson
Raymond A. Bowman
Supervisor
Assistant Supervisor (Permissive)
Assistant Supervisor (Enforcement)

Investigators in Charge:
L. A. Shirley, Seattle, Wash.
G. A. Orlton, Spokane, Wash.
L. Deen Stidham, Portland, Ore.
Chas. T. Emery, Boise, Idaho
Robert E. Ford, Helena, Mont.
PRESS CONFERENCE - MR. MORGENTHAU

August 9, 1934.
10:30 A. M.

Mr. Morgenthau: I am going to ask you gentlemen that, until I get through with this story, no one shall go out of the room until we finish. Is that agreed? We nationalized silver. I will read this announcement and Mr. Oliphant has copies. (Mr. Morgenthau read proclamation). When silver went to 49½ today we nationalized it.

Q. It reached that figure today?
A. When it reached 49½ at about eleven A.M., New York time, we nationalized.

Q. Did it go over 50½?
A. No, it is between 49½ and a fraction, or about that now, but when it reached 49½ we nationalized it.

Q. How did you arrive at that figure?
A. It was a convenient figure and we felt, from a legal standpoint, that that was the best figure at which to nationalize.

Q. Mr. Secretary, as a matter of fact, you really did not want to pay more than 50½ an ounce for silver, did you?
A. We cannot, under the law.

Q. I know, but if you had not nationalized it, it could have gone up above 50½ and you would have bought the same silver?
A. At present we cannot buy above 50½

Q. How much silver is there available?
A. I do not know - we will know after that is taken over.

Q. Is that why the Government is taking it now when silver is just
short of 50¢?

Mr. Oliphant: The Silver Purchase Act provides that no silver in the United States can be bought at more than 50¢ an ounce.

Mr. Morgenthau: So we did not want to wait until it reached that point.

Q. You say the newly mined silver will continue as before?

A. Just the same - 84½¢.

Q. You will continue to coin silver?

A. Oh, yes.

Q. This is a nationalization of bullion and not of coin?

Mr. Oliphant: That is right. Foreign and domestic coins are excepted. It would mean that the Mexican peso or dollar would not have to be turned in.

Q. Or the standard American dollar?

Mr. Oliphant: Right.

Q. But all silver bullion will have to be?

Mr. Morgenthau: That is right - all silver bullion in the United States. That does not mean that the manufacturer will not be able to get permits for silver for the arts, crafts and trade.

Q. But they will have to get permits just as with gold?

A. Yes.

Q. Your Consular check order had a bearing on this last night, didn't it?

A. Partly.

Q. Does this include silver en route to the United States as shown by your Consular Report?
Mr. Oliphant: Silver located in the United States today.

Q. What happens to that silver when it gets here?

Mr. Oliphant: When it gets here it is free silver. It is not covered by the "Eminent Domain" law. Under that we seize all silver in the United States today.

Mr. Morgenthau: Let me say this: After you get your story out and there are any technical questions you want answered, Mr. Oliphant will be glad to answer any questions and, if in a couple of hours, your newspapers raise any technical questions, get in touch with Mr. Upham.

Q. Without having had time to adjust this, what about the issuance of paper money based on silver? Will it be on the same basis or on a new basis?

A. Everything goes on as it has been, based on the cost of the silver.

Q. Any comment to make on the results of your offerings of Home Owners' Loan Corporation bonds?

A. I gave out a formal statement. I would like to stick to that.

Q. Have you any idea why it did not go over?

A. No.

Q. At what price will the bonds be taken over by the Investment Fund?

A. 99.

Q. You mean at a lower price than the average bid?

A. We'll take them over at the lowest bid. We rejected all bids under 99 so what we take ourselves we will buy at 99. In other words,
we will pay more than the bids we rejected. I would like to point out that we had an option of getting in ourselves and bidding or waiting. We felt that towards the people bidding it was much fairer to let them bid and get all through, and after they got through we decided as soon as some bids were below 99 we would reject them and we would take at 99.

Q. These bonds are fully guaranteed as to interest and principal, aren't they?
A. Yes.

Q. In that respect, how are they any different from any other bonds?
A. I do not know.

Q. In connection with the Mint story the other day, is there anything you can say about expansion of the Mint at Denver? Most of the officials at the Treasury who have that in their charge have shown some reluctance to discuss it.
A. I think we will let the Mint story ride on its own momentum.

Q. Any reaction from San Francisco on the earthquake possibility?
A. No.
Q. Have you bought any silver today, Mr. Secretary?
A. I am really just chaperoning Mr. Oliphant. He is a little bashful.

Q. You say in this press release that there will be made available ample supplies of silver at current prices. What do you consider the current price in relation to the price as nationalized?
A. It will be the price we set. If you want some silver tomorrow to make up some silver candlesticks we might let you have it at 50%. That would be tomorrow.

Q. Imports are unlimited from now on?
A. Yes.

Q. And that imported silver is free silver, not subject to nationalization?
A. That is right.

Q. Will that not mean that you will have two silver markets—the Government quotation of 50.01 and a free market?
A. The 50.01% is the price at which we nationalized.

Q. But that does not necessarily mean the commercial price of free silver which may be imported will be at 50.01%?
A. No, not necessarily.

Q. Will there be a daily silver price set?
A. We will have a price every day.
Q. It will be announced as you did gold?
A. No.
Q. You have had a price every day that you have been going along
buying, so this is no innovation.
A. That is right, no innovation.
Q. That means you will control the free silver market?
A. More or less.
Q. Has anybody estimated the amount of silver, in a broad way,
that you have taken by nationalization? There have been some
estimates from between two hundred and two hundred and fifty
million ounces.
A. We have no estimate. It would be just a guess.
Q. Did I understand you to say this morning that the Treasury
would merely go on and issue silver notes on the same plan that
is going on now?
A. No change.
Q. You have no plan for issuing currency up to the full $1.29?
No definite idea about doing that? I mean up to the full amount
of all the silver you buy?
A. Our present plan is to issue silver certificates against the
cost of the silver.
Q. Any looking forward to an alternative?
A. We still find it convenient to meet the situation from day
to day.
Q. Senator Thomas finds this very satisfactory and has a feeling that it means victory for his legislation. I think Senator Fletcher said the same thing; said it was very mild inflation.

A. I wish someone would write a book on what is inflation.

Q. I do not understand the point about importations from now on on this so-called free silver -- isn't that silver that comes to this country for business purposes?

A. That is for some definite purpose and, under the law, they may send it to be assigned to the Eastman Kodak and does not necessarily become nationalized.

Q. If it remains in bullion form what happens to it?

A. If it comes here for some legitimate purpose it is all right, isn't it Herman?

Mr. Oliphant: I should like to make this general statement -- this is the fundamental law of "Eminent Domain" -- it is part of the exercise of "Eminent Domain". Under this power there is no authority to seize silver out of this country so we have nationalized silver in this country at this time. We could conceivably, thirty days from now, again nationalize silver at that time but what this does is to cover silver in this country at this moment and if other silver comes in it is not subject to that nationalization.

Q. Could you stop that silver at the source?

Mr. Oliphant: We have the power, under the Silver Act, to place an embargo on importations.

Q. But under your present policy, as far as you have gone, could you purchase it or stop it at the source -- that is, this silver shipped in tomorrow?
Mr. Oliphant: Say the International Silver Company of Canada sent a shipment tomorrow - now, your question?

Press: What happens to that silver?

Mr. Oliphant: It is just like wheat or anything else - it is just silver.

Q. Then trading on the silver futures market will not be regulated or controlled otherwise than by Government purchase?

Mr. Morgenthau: There have been no regulations for trading on any market, but I understand trading has been suspended.

Q. Is there any thought in the immediate future of Treasury regulations?

Mr. Oliphant: I understand the Treasury is operating on a twenty-four hour basis.

Q. Your purchase plan is still without any definite code other than that set by law? Just go along and have a steady price?

Mr. Morgenthau: I would like to beg off on that one.

Q. Silver advocates in Congress do not appear to be very much interested in nationalization. Senator Thomas said this is a great thing and heralds the end of the gold bloc. I wonder if that indicates any likelihood of an international agreement?

A. Senator Thomas has not been in communication with me or I with him since I returned from my vacation.

Q. The President has already said, sometime in the past, that he had started certain conferences with representatives of foreign nations in regard to joint action. Have there been any developments?
A. Not recently.

Q. Refineries and smelters are a little worried about their stocks. Will they be allowed to carry their usual stocks of silver?

A. Yes, newly mined silver which is to be handled just the same - 54%.

Q. Is this stabilization agreement of the London Conference actually in effect yet?

A. I believe so.

Q. That you cannot dump more than a certain amount?

A. I believe that was cleaned up a couple of months ago. I believe that is in effect.

Q. You have exhausted everything under this silver bill with this step haven't you, except continuation of purchase?

A. Exhausted everything.

Q. I notice the Treasury statement today, in the general statement, shows $55,000,000 of silver whereas pretty regularly in the past it has been showing 46 or 47 or $48,000,000. Just dumped there overnight. I wonder if that increase represented anything special?

A. I understand from Mr. Bell he moved over that amount of silver to have that much silver back of the new 1934 certificates we are issuing.

Q. He moved it from silver you had been purchasing?

A. No, just silver that was in the Treasury. He set that up as a reserve against the new 1934 silver certificates we are issuing.
Mr. Oliphant: I might explain that the process of issuing certificates involves two steps. First, they are manufactured in Hall's shop; then they come up here in packages. Now, they are just pieces of paper. Then comes the time to issue them. When they are sent to the Treasurer's Office to pay them, silver must be shown to be back of them and at that moment they become silver certificates.

Q. Under which item in the Treasury's statement has silver been carried before it was transferred?

Mr. Oliphant: They have taken some of that silver under the Thomas amendment which allowed foreign debts to be paid in silver.

Mr. Morgenthau: As a matter of fact I think the answer is an accumulation of silver in the Treasury which we could draw on in issuing silver certificates, and when we found this we told them to go ahead and issue silver certificates up to the amount we have, and these certificates are coming out of the silver we had and the Treasury has been a little slow in issuing the full amount.

Q. The last figures we had were something like 62,000,000 ounces, represented by a purchase price of $67,000,000. How many ounces are represented by the $55,000,000?

A. I cannot answer the question. If you want technical questions answered we will get Bell.
Q. It will be very helpful to have someone interpret the daily statement. Is it to be taken for granted there will be some form of money against all silver nationalized?
A. Absolutely. Just as rapidly as the Bureau of Engraving and Printing can print silver certificates, they will be printed.

Q. Up to the cost of the silver?
A. Up to the cost of the silver.

Q. But all of the silver nationalized?
A. Instructions are to print silver certificates just as soon as mechanically possible.

Q. By the way, is there any theory that there is any profit in this to the Treasury as there was in gold? In legal terms it might be argued or at least theorized?
A. Silver which we purchase from the Stabilization Fund has been bought at a price very much under 50%. When that is transferred there will be a considerable profit for the Stabilization Fund.

Q. When will that be transferred?
A. We have not decided yet.

Q. There is a little bit of confusion in my mind as to how seigniorage works out. This charge of 61-8/25%, is that of a $1.29 and does that deduct a little bit more than 49% or about 50%?
A. It deducts enough so that what is left is 50%.
Q. Isn't that artificial percentage? Wasn't that arrived at to get the 60%?
A. Yes.
Q. Where does the 1/100 come in?
A. If you do the fraction, 60-8/25 is the controlling figure. Now take the monetary value of silver, 1.292929-- the circulating decimal, and take 60-8/25% of that and you get 50.010101--.
Q. But as you reason backwards from the 50% anyways I still don't see why that extra one is there?
A. You try to get an even 50 and see what you get.
Q. Is that extra 1/100 of 1% consistent with the Silver Purchase Act?
A. It says that we may not purchase silver at more than 50% an ounce. That is under Section 3. But to do this we nationalised silver and we are bound under the law to pay a reasonable value. We termed a reasonable value 50.01%.
Q. That, of course, leaves us without an answer as to why you nationalised today.
A. None.
Q. There has been a good deal of talk of a possible leak as the result of the price dropping from 49 to 47½ during the last five days, with a jump to 49-5/8 last night. Can you comment on that?
A. I guess that is another job for the Communications Commission.
Q. Senator Thomas said there was a leak. Was there an opportunity for a leak in the Department?
A. Off the record, I am not getting into any argument with Senator Thomas. There was no leak. I am willing to bet anybody there was no leak.

Q. The leak story is perennial?
A. Off the record, we put the price of silver up. It is ridiculous in my mind to talk of a leak.

Q. Did you confer with the President last night?
A. Today.

Q. Was all decided this morning?
A. Yes.

Q. How long were you together?
A. We exchanged a few moments' conversation.

Q. This proclamation has been drawn up for sometime, has it not?
A. Off the record, yes, it was drawn up before he left.

Q. Just got it ready when Thomas was ready to make his speech?
A. No.

Q. Do you know how much silver has been exported from this country in recent months?
A. We have had this order for sometime now forbidding export and previous to that it was not much. When we saw it was beginning we slapped on an export embargo.

Q. I suppose all your regulations on holding and getting silver look forward to another nationalization?
A. Well, I think if you are going to have statistics you might as well have accurate ones. A bank in Shanghai can consign a million ounces of silver to a bank in San Francisco, or any port,
and the bank of San Francisco does not know of that consignment until it arrives there. There has been a lag in the case of Shanghai and Bombay for three or four weeks, according to our information, and we are vitally interested in gold and silver and would like to have twenty-four hour information. Now we have it. Previous to this there was a lag of three or four weeks until a shipment actually arrived and no one would know because they would consign it to a bank.

Q. What is the official explanation?

A. It is our program of rehabilitation of silver.

Q. Mr. Secretary, if a speculator were to import silver tomorrow he has no assurance that it would not be nationalized that same day at an undetermined price?

A. No, and he has no assurance of the price he will get for it either.

Q. Will there be any business left for the silver market?

A. There is legitimate business for the broker who wants to supply the trades with silver. Handy & Harmon no doubt will stay in business for the service they can perform for the manufacturers and by-products of the trade, but I question whether there is any place for the speculator in silver.

Q. About this ultimate objective of a 25% proportion of silver in the monetary stock - it would have to be sometime before the ratio could be made fully effective, wouldn't it? There is not enough silver still available?

A. We are going forward with our program for rehabilitation of silver. I will stick by that.
Q. That 25/75% is practically impossible?
A. I stick by my program.

Q. Is there any way by which the Government can buy silver at more than 50¢ an ounce?
A. That is a difficult question to answer.

Q. The Treasury is permitted to buy abroad at any price up to $1.29?
A. Yes.

Q. Are foreign purchases going to continue?
A. We do not want to tip our hand on that. In other words, we do not want people abroad to make us pay any more than we have to pay.
PRESS CONFERENCE - MR. MORGENTHAU

Mr. Morgenthau: These letters are the ones from the President to me and the one I have written to the President. In simple language it means this - that the one letter the President has written to me covers three kinds of silver that we are buying: (1) stabilized silver; (2) newly mined; and (3) nationalized. The letter that I have written to him simply covers the silver which we are buying from day to day and which I have the authority to purchase under the Silver Purchase Act. Nothing new in it. I think I have explained it all to you before. It simply puts into writing an understanding the President and I have had straight along as to how we would treat the silver we purchase.

Q. This then does not change the situation as we have understood it?
A. Not at all. It simply puts into writing the verbal understanding the President and I have had since before he left and this is the first opportunity to put it in writing. Absolutely nothing new in it. It just puts in writing the verbal understanding between the President and me.

Then there is the other statement. I think it is the biggest week we have had. 440 stills seized and 504 arrests, and the capacity of the stills, I notice, is up. They have seized more this week than any other week.

Q. Mr. Secretary, on the silver, have the Mints and Assay Offices been given instructions to accept the silver?
A. Yes. This is off the record. What a New York paper did was to call up 15 minutes after we gave out the announcement on Thursday and ask the mints whether they were ready to accept silver. Naturally, the fellow got rattled and to protect himself said, "I haven't heard from Washington" and the paper went ahead and said he hadn't received any instructions. On the record, instructions went out immediately and they have taken in silver to date.

Q. Any idea how much?
A. It was just a moderate amount.

Q. This will be the first day silver would be accepted?
A. Yes, the first day, but again off the record, if that same paper had been friendly, they might have guarded our movements so closely that even the Assay Office would not know. That would have been a friendly press.

Q. Anything more that can be said about the silver situation?
A. No. I think that conference you people had that Saturday afternoon seemed to clear everything up.

Q. Has there been any international reaction to it? For instance, London dispatches indicated that it appeared to be very little more than an American domestic issue. Has there been any reaction showing international interest?
A. Not that I know of. But I think now, through the cooperation of you gentlemen and lady, I think everybody understands it now and I think giving out these letters simply confirms what was said verbally.

Q. Take this letter from the President to you, dated today, which I take it may be regarded as the controlling letter. He refers to the
Gold Reserve Act. He speaks of the issuance of silver certificates against silver in the Treasury not then held for the redemption of any outstanding silver certificates and in a face amount equal to the amount returned for silver received at the mints, etc.

Just so there will be no doubt about it, at least as far as nationalization is concerned, it means 50%?

A. That's right. His letter to me covers three kinds of silver-stabilized, newly-mined and nationalized.

Q. That is the last letter, August 18?

A. Yes. It covers all three and my letter to him covers daily purchases of silver.

Q. That is your letter to the President?

A. My letter to the Treasurer which was approved by the President.

Q. Why do you say that this relates to the purchase of silver?

A. That is the fourth kind of silver that I may buy from day to day. I have authority to do that without being directed by the President, under authority of Congress under the Silver Purchase Act. But I just wanted to cover all four kinds of silver. I might buy three that the President directs me and on the fourth, my daily purchases, I have authority to go ahead. So we wrote the letter and the President approved it, so that covers all kinds of silver.

Again off the record. The reason we did this was that some financiers in New York still could not understand it after yesterday's story, so we decided the best thing was to get it down in writing. Yesterday's story helped a lot to clear it up, but there are still some people today who either did not, would not, or could not understand it.
Q. In order to make it absolutely clear, could you give us specifically the four classes of silver and the disposition of them?
A. My letter to the Treasurer covers the daily purchases of silver. Mr. Oliphant, suppose you state.
Mr. Oliphant: The Gold Reserve Act authorizes the issuance of silver certificates against any silver in the Treasury. The Silver Purchase Act authorizes the Secretary of the Treasury to issue silver certificates against silver under Section 3 of the Silver Purchase Act. That means that the Secretary's letter to the Treasurer covers silver certificates to be issued against silver purchased under Section 3 of the Silver Purchase Act and that would include silver which the Treasury purchases from the Stabilisation Fund and silver which it purchases from any other source.
Q. And those purchases would have been made between the 19th of June and to date - purchases in this country?
Mr. Oliphant: The Gold Reserve Act, passed on the 30th of January, 1934, authorized the President to issue silver certificates against any silver in the Treasury.
Q. Regardless of where it comes from?
Mr. Oliphant: That's right. The Silver Purchase Act authorized the Secretary of the Treasury, not the President, to issue silver certificates against any silver bought under the Silver Purchase Act; that is under Section 3. Now, of course, up to June 14th, which was the
out-off date as to old silver, there had been no purchases under the Silver Purchase Act because the Act had not been passed. So to get the whole story, then, the letter of June 14th that you have before you was a letter from the President to the Secretary, authorizing and directing his issuance of silver certificates against any silver then in the Treasury not already pledged against outstanding silver certificates?

Q. Just to complete that, didn't you have at that time only one potential base for the issuance of that silver?

Mr. Oliphant: We always have since we have had silver certificates in this country issued certificates or coined silver on the basis of $1.29 in spite of market fluctuation or silver price. I might add that during McKinley's Administration, we coined silver and issued certificates at $1.29, although silver was only 60%. During Taft's Administration, we did the same thing, although silver at that time was worth only 60%. Throughout the monetary history of this country, we have issued and coined on the basis of $1.29 an ounce and that is the law as it now stands. As I pointed out the other day, there was only one exception and that was the Thomas Amendment for silver taken in payment of foreign debts and that was wiped out of the statute by the Gold Reserve Act which provided that the President was authorized to issue certificates against any silver in the Treasury, including foreign debt silver, according to the law at $1.29.

Q. To get back to the four classifications of silver on the Treasury books, it is divided, as distinguished from purchased silver, into nationalized silver, newly mined silver, and other silver in the Treasury?
Mr. Morgenthau: Yes.

Q. So you have four categories of silver:
A. You are quite right in grouping them, because Stabilization Fund silver will be bought by the Treasury from the Stabilization Fund. It will have to be bought in order to have silver certificates issued against them, so technically, we acquire stabilization silver under Section 5, the purchase section, of the Silver Purchase Act.

Q. Would you buy that at 50.01¢?
A. It has not been determined.

Q. Do you mean none has been bought for the Stabilization Fund by the Treasury?
A. That's right.

Q. That is a policy to be determined very soon in the future? Do you intend to take it over very near in the future?
A. We have not decided.

Q. How much is there in it?
A. That is a good question, but no answer.

Q. Just why was there any clean-up of this old silver which accounts for your $30,000,000? Was it for a lot of reasons, for instance, to clear the decks before you started off on the Silver Purchase Act?
A. For reasons I don't know, there was this accumulation of silver permitted in the Treasury and it just seemed the logical thing to do to clean up all the silver we had and issue silver certificates for them before we started on the new program.
Q. Why did you handle one batch of silver on one basis and another on a different basis?
A. Mr. Oliphant can answer it very seriously.

Mr. Oliphant: Remember that the Thomas Amendment provided we should take silver in payment of foreign debt and it also provided that silver certificates should be issued against it, but on that analogous basis 80¢ was the price at which it was taken in. When it came to changing that it was felt here in the Treasury that it was not our purpose to change our policy under the Thomas Amendment, but merely we wanted to carry out that policy. So it seems to me, we were on more or less of a moral obligation, so far as foreign policy was concerned, to get out silver certificates and when we were covering up that silver we cleaned up odds and ends in the Treasury. So any discussion of whether or not silver certificates should be issued on the cost of silver as opposed to have them issued against all silver, did not arrive until long after this decision to clean up the odds and ends had been made. It was made back in January and when we approached the debates on the silver bill, was when this question of issuing only to the cost came up at all. Prior to that in the past when issuing silver certificates against silver, it never occurred to anybody except to issue against all silver involved.

Q. But the Thomas Amendment contemplated silver on the basis of cost of the silver which would make that 22,000,000 ounces, supported by $11,000,000. in circulation. Now, you really did change the policy when you went ahead and issued, not what they contemplated, $11,000,000 but 2-1/2 times that.
Mr. Morgenthau: What we did, we didn't want to get out a little dab of silver certificates as compared with 1/2 billion silver certificates, so in conference it was agreed that we should change that basis back to the old $1.29 basis.

Q. I assume the ultimate policy is to issue $1.29 in the silver certificate against all silver you have? It is not declared here, but that is the ultimate policy; that is the law?

A. Policy is to take excess silver in the form of silver bullion and add it to our monetary stocks in the Treasury.

Q. At cost?

A. At cost. The difference between cost and $1.29 or excess.

Q. But that is still carried at the cost price and not $1.29?

A. That's right.

Q. But at least this excess is available to be issued against if and when you decide to do that?

A. It is there to be added to the monetary stocks of the Treasury.

Q. Is it possible for the Treasury to pay more than 50¢ an ounce for silver purchased in the United States from now on?

Mr. Oliphant: Silver not situated in the United States on the date named in the Act. What Section 3 said was that we could purchase silver until the monetary stocks equal 1/4, but as for silver situated in the United States, then we could not pay more than 50¢ an ounce.

Q. You have now purchased that under the Nationalization Plan?

Mr. Oliphant: No, we don't purchase under the Nationalization Plan. Under Section 7, we are not purchasing silver. What we are doing is taking silver by eminent domain and we shall pay a reasonable compen-
sation, so 50.01¢ is not the price of silver at which silver is being bought; it is "reasonable value" as determined by the Secretary of the Treasury in seizing the silver under power of eminent domain. You see, under that power to seize, we are not limited to any particular price. The Secretary would have to take it at a reasonable price at the time of taking.

Q. Since you have presumably taken all silver located in the United States on August 9th, the Treasury from now on may pay any price it sees fit for any silver located in the United States?

Mr. Oliphant: Silver coming to the United States subsequent to August 9th. That’s right.

Q. If a person wanted to buy silver futures in some market abroad through a broker in New York, could he do that? Would he be permitted to get the proper exchange to make that transaction?

Mr. Oliphant: I think the answer is "yes" if convinced that it was for a legitimate purpose.

Q. If it really wanted to invest his money in silver abroad?

Mr. Oliphant: I think we will wait until we get an application. Incidentally, he would have to pay the tax.

Q. Somebody in New York inquires whether we are now on what you would call the "bimetalism standard" and looking into the financial dictionaries, we apparently are, but they say they want to know whether the Treasury thinks we are, or not.

Mr. Morgenthau: I will let New York answer that one.

Q. And they also ask if silver is remonetized and I assume that it is not.
A. Let's get back to liquor, I feel safer.

Q. As to the issuance of certificates under your own authority covered in your letter to the Treasurer, wouldn't it be fair to say of "their issuance" that it would be at 50% or thereabouts?

A. No, because it depends upon what we pay for it. It will be at whatever we pay for it; at whatever the cost price is.

Q. But it might be less than 50%?

A. It might be. I would rather stick to the word "cost price".

Q. Yes, but I think it should be made clear that all four are going to be made on this same basis.

A. Everything since the 16th of June will be on the same basis, moving together.

Q. In your letter to the Treasurer, you direct him "to issue" and so on. Does that mean he shall issue immediately all of the silver that comes into his hands, or will he have some time?

A. It will be some time until we print.

Q. But not more than a few weeks or a few months?

A. I would rather say it is a matter of several weeks. We have got to get these $80,000,000 out of the way. I would say just as fast as the Bureau of Engraving can do it.

Q. Then the daily statement will show, some time later, your actual purchase through that manner?

A. It will show up there.

Q. I note Government bond purchases were $45,096,000, in addition to $22,000,000 of Home Owners' Loan Corporation. Can you tell me if
that is the largest single operation since you have been reporting it?
A. I think once before we reported $40,000,000 or $50,000,000. I think there was a week we reached between $40,000,000 and $50,000,000.
Q. Now I have a question in connection with it. Have you any comment on the effect of the recent Home Owners’ Loan Corporation bond issue and the recent behavior on the Government bond market?
A. No.
Q. These college professors will have to be going back to their jobs soon. Do they have a report for you?
A. I understand I will get the stuff before the first of October.
Q. If we could revert to liquor for a moment here, I would like to get a definition of “spirits”. Does that mean pure alcohol as well as pure liquor?
A. I think so.
Q. About two weeks ago, you issued a summary statement in which alcohol and liquor were separated. It was my impression that this statement did not include alcohol.
A. If it didn’t, it should. I will be glad to have it checked. Mr. Upham, look that up and find out if “spirits” is both alcohol and whiskey or one or the other?
Q. Could you explain the reason for rescinding wood alcohol as a denaturant?
A. I will give you the reason, off the record. Off the record.
There was some mixup. The thing never came to my desk. It was one of those things that happened and somebody made a perfectly honest
mistake and announced that the thing had been done, but it never happened. It never got to my desk. If it had got to my desk, I never would have signed it, because the amount of wood alcohol is infinitesimal and for us to go back and put the cross-bones and skull on the thing and go back to this idea that we have to make something poisonous to kill people before they can drink it is one of the things that I could not subscribe to and it would be the kind of thing which I would not agree to. It is just one of those things that will happen in a big department and somebody just beat the gun on it and announced it was new policy, but it never came to my desk and it was purely accidental and something I could not subscribe to. But I don't want to announce it because it looks like I am letting some of my people down.

Q. Then as I understand it, it is finished?
A. It is finished. I will never sign it.

Q. Industrial alcohol manufacturers, of course, are very much interested?
A. Naturally, but I am not going to poison any alcohol. I never believed in it and have criticized it.

Q. But they want it?
A. It's business with them; money in their pockets.

Q. A good many who met with you were wood alcohol manufacturers?
A. Yes. They were down here and employed people to try to get us to see it. If I were in business, I would try to get it too, but for every other reason, I think it was a mistake, so I can't subscribe to it. It looks as though I was scolding my own people and it was purely accidental, so I don't want to say anything on the record.
Q. Have you decided how much this $525,000,000 relief fund for agriculture, that is, drought relief, can be augmented under the present laws? Have you talked relief with the President since his return?

A. You know my policy. I never talk about something I have talked over with the President. That has to come from him.

Q. What I was getting at was whether the $525,000,000 would be sufficient to wait until Congress gets back in January.

A. The Boss will have to answer that.
PRESS CONFEERENCE - MR. MORGENTHAU

Mr. Morgenthau: I haven't got much this morning - you have this liquor hand-out. Off the record, within the last day or two, Upham has been asked the question whether or not any of those $45,000,000 of bonds we had last week did or did not include purchases for the Stabilization Fund. Off the record, we did not buy any Governments for stabilization, but I will never answer that question again. I am always tickled to death to answer when I can, but I won't answer that again. But that $45,000,000 was everything we purchased, but did not include stabilization.

Q. You list that as "bought for investment". In the future, will that include the Stabilization Fund?
A. The Stabilization Fund is sacred and you asked me once whether we had or had not bought gold or silver direct. I explained at the time that I would not answer.

Q. The statements as they come out from week to week will include Stabilization purchases, if any? Will they be lumped in there or not? In the future will that appear in the figure you give us each week?
A. We will never make any announcement on what we will do with Stabilization.

Q. Then it did not include the fund?
A. (No answer).

Q. Has Stabilization ever invested in silver?
A. Off the record - Yes.

Q. How do you make a profit? Don't you invest the Stabilization Fund for the reason of making a profit for the Fund?
A. We made a profit when we nationalized silver.
Q. I think you previously said that; you previously said that on the record, that the Stabilization Fund had bought some silver.
A. That's right. I did say that and I also said that we hadn't taken over the silver, but to answer you, off the record, I think it is only fair that when we do take it over, it will be at the market price.
Q. Can you invest in anything else besides gold, silver and straight-out Government securities? For instance, could you invest in foreign exchange?
A. Yes.
Q. Or in bonds or stocks?
A. We can't buy Radio.
Q. Could you invest in Home Owners'?
A. I don't think so. My guess would be straight-out Governments, gold or silver or foreign exchange.
Q. But not private securities?
A. No. Government-guaranteed securities. Is that what you mean?
Q. I mean that and also private securities.
A. I am sure we could not buy A. T. & T.
Q. You couldn't buy U. S. Steel?
A. No.
Q. You couldn't buy Radio?
A. Or Radio.
Q. Will we ever hear of the operations of the Stabilization Fund?
A. We have 2-1/2 years to report.
Q. But Congress may ask for a special report before that.
A. All they have to do is call for it. We have the record.
Q. In those Governments bought for investment purposes, were they also bought to support the market for Government securities?
A. I will talk off the record. For reasons that I don't know, there was a peculiar combination of circumstances which may have been an accident and may not have been, but everybody decided to sell their Governments over a period of two days. There was nothing happened that couldn't make me believe that Governments were not as good on Thursday or Friday or Saturday last week as on Monday or Tuesday of this week. But for those three days, they went down and when people get together and suddenly decide they want to sell, I think it is profitable to invest when we have the money to invest. We had the money, so we invested and I think I am a good enough business man to buy on a falling market. That's good business. With apologies to the ladies, nobody seemed to have the guts last week, except ourselves. If we had not, it would have been much worse.
Q. Wasn't the silver announcement responsible for that?
A. I don't know. I don't want to get in on that. It was a most unusual combination of circumstances. Still off the record. I picked up this little piece today in which it spoke of "inept handling by the Treasury last week". Well, now the people know what happened on that Thursday. I am still talking off the record. They know. One Government bond dealer on the Stock Exchange that handles ten different Government bonds, the last hour on Thursday - $21,000,000
worth of Governments were dealt in that day, and the last hour
$14,000,000, while a normal day is $15,000,000. He got rattled. He
is handling ten different Governments, and he got rattled and he
suddenly bid 1/2 point above the market. That's what happened. I
got a good laugh out of this.

Q. Did he get the bonds?

A. I don't know what happened, but they had a heck of a time.

Q. Can you tell us on the record how much of that $45,000,000
was bought for P.D.I.C.? They told us they were turning over
$75,000,000 for investment.

A. I don't actually know, but it was divided among various groups.

Q. You told us sometime ago that you had a paper profit of $10,000,000
on your Government purchases. Is that higher now than what it was?

A. I really don't know. I really haven't figured it. Now we are
on the record?

Q. On the record. Has this denatured alcohol been straightened out?

A. No. Just indefinitely postponed.

Q. Can you give us your reasons?

A. I think the industry ought to be able to find some denaturant
that would not be poisonous to human beings.

Q. They had a hearing here two weeks ago. Can you give us a
reason for your decision?

A. That's the reason. I don't want them to use a denaturant
that will be poisonous to humans.
Q. Won't it cut down on bootlegging, if a denaturant were used?
A.- No, I don't think so. As a matter of fact, there are five other denaturants they can use besides wood alcohol.
Q.- They don't like them. They told Mr. Graves that a couple of weeks ago.
A.- Well, that's up to them.
Q.- They said they smelled bad.
A.- I think it would smell worse if we killed a few people with wood alcohol.
Q.- They did a good cartoon some years ago. It was a mellon-colic Cocktail.
A.- Wood alcohol went "against the grain" with me.
Q.- Is somebody in the Treasury or in the White House going to be named Chairman of the Federal Reserve Board?
A.- You will have to ask the White House.
Q.- Have you a candidate?
A.- That's a Presidential appointment.
Q.- There has been a lot of talk for a central bank plan. Can you comment on that?
A.- That's one of the many subjects which the group upstairs is studying. I have no private notions on it.
Q.- Have you talked it over with Dr. Viner?
A.- One since recent publicity.
Q.- Have you reached any conclusion?
Q. Can you tell us about Governor Black's post as Ambassador of Good-Will?

A. I think it is a fine idea and I think he will be most helpful.

Q. Does he go out of here with any preconceived program of what he will have to do?

A. I don't think so.

Q. Have you anything in mind you would like to have him do?

A. No, but I am sure if a situation came up and there was a question or possible misunderstanding, I don't know a better man than Governor Black that I would be glad to call on to ask him to be the liaison officer.

Q. Is there anything pending now that you might undertake right away?

A. No. Because we have no particularly critical problem right now.
During the month of July 389 liquor seizures were reported by the Bureau of Customs of the Treasury Department. Thirteen thousand, eight hundred and sixty-six gallons of alcohol were seized during the month, a slight increase over the previous month. Three thousand, one hundred and twenty-six gallons of liquor were seized in July as against 935 gallons during the month of June. Nearly two-thirds of the total amount of alcohol seized was apprehended in the Gulf Coast Area.

A belief that alcohol, rather than liquors of foreign origin, is the chief commodity handled by smugglers at present is borne out by the fact that the seizures during each of the last two months were greater in amount than the totals of this commodity apprehended during the entire fiscal years of 1931 or 1932, but slightly under the alcohol figure for the fiscal year 1933.

Seizures of beer have fallen off greatly within the last few years. During the fiscal year 1931, 77,295 gallons were confiscated by the Customs Bureau; during the fiscal year 1932, 68,253 gallons; during the fiscal year 1933, 33,520 gallons, and during the fiscal year 1934, 8,910 gallons. In June, 1934, only 16 gallons were seized; in July, 578 gallons were taken.

The most valuable seizure made by the Customs Bureau during the month was at Portland, Maine, when agents seized a British oil screw, FORUM. This vessel was appraised at $30,000, and her cargo at $7,135.50.

Immigration officers along the Mexican border made 7 seizures during the month of July, confiscating 18 gallons of liquor and one gallon of alcohol. Narcotic officers reported 8 seizures which included 27 gallons of liquor during the month.

The attached table shows the location and amount of seizures made by the Customs officers during July, 1934.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Maine &amp; N. E.</td>
<td>9</td>
<td>1,080</td>
<td>50</td>
<td>4,716</td>
<td>1 $30,000</td>
</tr>
<tr>
<td>Vermont</td>
<td>2</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>St. Lawrence</td>
<td>*</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Buffalo</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ohio</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Michigan</td>
<td>2</td>
<td>30</td>
<td>-</td>
<td>1</td>
<td>15</td>
</tr>
<tr>
<td>Duluth &amp; Superior</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dakota</td>
<td>2</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Montana &amp; Idaho</td>
<td>5</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Washington</td>
<td>4</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>MEXICAN BORDER:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Diego</td>
<td>23</td>
<td>8</td>
<td>-</td>
<td>122</td>
<td>2 195</td>
</tr>
<tr>
<td>Arizona</td>
<td>80</td>
<td>28</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>El Paso</td>
<td>18</td>
<td>56</td>
<td>1</td>
<td>88</td>
<td>3 80</td>
</tr>
<tr>
<td>San Antonio</td>
<td>82</td>
<td>227</td>
<td>525</td>
<td>68</td>
<td>9 400</td>
</tr>
<tr>
<td>ATLANTIC COAST:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New York</td>
<td>114</td>
<td>403</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>5</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Connecticut</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Maryland</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Georgia</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GULF COAST:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Florida</td>
<td>10</td>
<td>40</td>
<td>-</td>
<td>5,669</td>
<td>3 1,300</td>
</tr>
<tr>
<td>Mobile</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>New Orleans</td>
<td>8</td>
<td>1,035</td>
<td>-</td>
<td>3,198</td>
<td>3 2,350</td>
</tr>
<tr>
<td>Sabine</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,700</td>
<td>1 1,700</td>
</tr>
<tr>
<td>Galveston</td>
<td>4</td>
<td>6</td>
<td>-</td>
<td>1</td>
<td>1 1,700</td>
</tr>
<tr>
<td>PACIFIC COAST:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Francisco</td>
<td>2</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>11</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>OTHER DISTRICTS</td>
<td>6</td>
<td>200</td>
<td>-</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>389</td>
<td>3,126</td>
<td>578</td>
<td>13,866</td>
<td>9 $35,365</td>
</tr>
</tbody>
</table>

NOTE -- * Report not received.


The British government alleged that the Anglo-French plan should have been implemented on a broader scale with more active cooperation between the two nations. The British called for a stronger commitment from the French to support their military strategy. They believed that by working more closely together, they could achieve a more effective outcome.

The French, on the other hand, argued that although they had worked closely with the British, they could not change their strategy without the support of their own nation. They maintained that their policies and actions were in line with their national interests and goals.

Despite these differing views, the Anglo-French plan eventually led to a more coordinated approach to the conflict. The increased cooperation between the two nations helped to strengthen their military positions and ultimately contributed to the resolution of the conflict.
SECRETARY MORGENTHAU’S PRESS CONFERENCE
August 20, 1934

Mr. Morgenthau: We have this press release here and storekeeper-gauges are going to work for us exclusively from now on. In the past they have worked for us in the distillery and then the distillers would hire them to do some work on the side, but we think they had better work for us entirely.

Q. No overtime?
A. No. We wanted to transfer a fellow and give him more money, but he did not want a transfer and we offered him more money to be a storekeeper gauger and when we looked into it we found that he was getting more money from the distiller than he was from us.

Q. He is out of a job now?
A. I don’t know. I don’t think so, because it has been a practice which goes back for a considerable time.

The other press release shows receipts of silver and gold.

I wish you would read what’s at the bottom of the page. It is small type. You might miss it. Our purchases. You see we had no room for our sales. We had some sales. Last week the twenty-two million Home Owners’ Loan Corporation bonds that did not look so good to the bankers the week before, looked good enough to them last week, that they paid us a point above what we bought them for. We paid 99 and they paid us par and they bought them all last week.
Q. How much was the issue?
A. There was 150 millions that we offered and the week before for reasons they know, but I don't, on twenty-two million they bid below 99. Those offers were rejected and we bought at 99. Last week we sold them at par.

Q. Mr. Secretary, that makes a net loss of over twenty millions in the Governments, doesn't it?
A. What do you mean, net loss?

Q. If you sold the twenty-two million, it would make a net loss of over twenty-two millions in Government securities?
A. These were Home Owners' Loan Corporation notes. We sold twenty-two million.

Q. That means you sold a little over twenty-two million? That is you sold the twenty-two million that you bought?
A. But don't forget, we sold at par. They paid us a point profit.

Q. Who gets the profit?
A. Postal Savings.

Q. In round numbers, about how many storekeeper-gaugers are there at present?
A. I don't know. If you want it, Upham can look it up and get it for you.

Q. Would it be a fair conclusion to draw that if it had been found that gaugers had been receiving more money from
distillers than from the Government that perhaps the Government had been losing money on reports sent in?

A. No. They are isolated cases. Nothing illegal. Just a practice which has grown up. They permitted these storekeeper-gaugers to do work on the side, but it was brought to our attention when we wanted to give this fellow an increase in salary and he didn't want it.

Q. What I had in mind was whether a gauger receiving money from a distiller might be tempted to turn in an incorrect report, so the Government would be gyped on it to the benefit of the distiller.

Grant, he means.

A. Well, you can write your own story.

Q. How many cases were there like that?

A. There was just one brought to my attention.

Q. How is the profit coming against silver?

A. Last week the total through August 17th was 33,465,000 ounces. This is the first time we have shown these figures. We will show them each week.

Q. Has this figure changed your estimate on the possible amount of silver which may be nationalized? I think the figure was around 150,000,000 or 200,000,000 ounces.

A. I never made that estimate.

Q. That's the general estimate around?
A. I am feeling all right today. Whoever made that estimate, he can answer. Do you have a hat pool on it? We'll see. We'll tell you every week.

Q. We have to wait a month to find out.

A. Well, that's a short time.

Q. Is that the total silver held now by the Government?

A. No. But the recent proclamation, which took place Thursday a week ago (at the time the President was making his speech), since that, there has been turned in 13,465,000.

Q. How does that differ from the silver turned in - receipts of silver by the mint. That's newly-mined silver in the first category.

A. Yes. Off the record, there is everything there, but the one thing and that's the silver we are buying under the Silver Purchase Act.

Q. Ever going to put that in?

A. I don't know.

Q. But do you show the silver purchased under the Silver Purchase Act?

A. We are showing everything except silver under the Silver Purchase Act.

Q. But not all that the Government holds?
A. No. That's on the daily statement. We have not yet shown silver from the Stabilization Fund or silver under the Silver Purchase Act. The only new thing here is we are showing how much we have taken in under nationalization.

Q. What's the difference between silver purchased and silver acquired? Are you still purchasing when you are acquiring it?

A. I don't see that.

Q. You just said silver purchased under the Silver Purchase Act is not shown there.

A. This is silver we take under nationalization.

Q. Would there be any opportunity for silver besides that?

A. World market.

Q. That's purchased under the Stabilization Fund?

A. No, I wouldn't say. We can purchase silver with Stabilization funds or under the Silver Purchase Act.

Q. But if you purchased it under the General Fund, that would show, wouldn't it?

A. We wouldn't purchase from the General Fund. It is under the Silver Purchase Act. It has not shown up in the daily statement.

Q. In other words, you haven't given any accounting of any secret purchasing you have done?

A. We have not disclosed how much silver we have purchased under the Silver Purchase Act or the Stabilization Fund.

Q. You haven't disclosed the total silver held?
A. No.
Q. Will that be transferred later?
A. Possibly.
Q. This item of Government securities, that reflects only purchases made by the Treasury as such for the account of other agencies?
A. Yes.
Q. I take it there must be some other purchases made by some other agencies?
A. This is the accurate figure. You know I told you last week I wouldn't say we are buying for the Stabilization Fund.
Q. But this covers only Treasury purchases?
A. It would cover everything purchased except Stabilization purchases.
Q. You are getting pretty close to the deadline on your resignations from political office, and so on? Can you give us any idea how many there will be?
A. As far as I know, everything is going along very well. Do you know of any?
Q. I was wondering particularly about Mr. Lawrence. I have heard, both ways, that he was going to resign one job and resign the other.
A. I take it for granted that on September 1st, he will resign either one or the other.
Q. Have you received the resignation of Mr. Julian and Mr. Helvering? Do you know whether they have resigned?
Q. Mrs. Ross?

A. She has.

Q. Sometime ago, I asked you if the weekly figure includes alcohol as well as spirits.

A. Yes, it does.

The collection of the tax on distilled spirits is based on the gross value of the spirits, as defined by the excise laws.

The text of the Treasury Decision follows:

"Except as required in the performance of his official duties, an excise officer or other officer, or employee, of the Internal Revenue Service, shall cause or superintend the gauging of, or distilled spirits or other liquors, or salines, or vinegars, or spirits reduced to proof, provided that such spirits are reduced in proof at the bonded warehouse at the time of removal, or the spirits may be reinspected by the excise officer, but in no case, or other compensation, shall he demand or accept for such reinspections.

Paragraphs 15, 15A, and 15C of the Reorganisation, effective January 1, 1934, and all other regulations, orders or instructions supplemental hereto are hereby revoked."
TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
August 20, 1934.

Press Service
No. 2 - 64

Storekeeper-gaugers in the employ of the Treasury Department will not be permitted hereafter to gauge distilled spirits or other liquors and accept compensation for doing so from commercial concerns, according to a treasury decision announced today by Wright Matthews, Acting Commissioner of Internal Revenue, and approved by the Secretary of the Treasury, Henry Morgenthau, Jr.

The practice of permitting storekeeper-gaugers to accept pay for gauging spirits commercially, when not assigned to official duties, arose at a time when such employees were paid on a per diem or fee basis. They became full-time employees, on an annual salary basis, in 1929.

The collection of the tax on distilled spirits is based on the gauge made by the storekeeper-gauger.

The text of the Treasury Decision follows:

"Except as required in the performance of his official duties, no storekeeper-gauger or other officer, or employee, of the Internal Revenue Service, shall gauge, or supervise the gauging of, any distilled spirits or other liquors, or reinspect any spirits reduced in proof; Provided, That where spirits are reduced in proof at the bonded warehouse at the time of removal, the spirits may be reinspected by the storekeeper-gauger, but no fee, or other compensation, shall be charged or accepted for such reinspection.

Paragraphs 153, 154 and 155 of the Gauging Manual, effective January 1, 1934, and all other regulations, orders or instructions inconsistent herewith are hereby revoked."
TREASURY DEPARTMENT
Washington

MEMORANDUM FOR THE PRESS:
August 20, 1934.

RECEIPTS OF SILVER BY THE MINTS:
(Under Executive Order of December 21, 1933)

Week ended August 17, 1934:

Philadelphia.......................... 154,249.79 fine ounces
San Francisco.......................... 490,276.26 " "
Denver................................. 5,231.00 " "
Total for week ended Aug. 17... 649,757.05 " "

Total receipts of silver through August 17, 1934: 11,321,000 fine ounces.

SILVER TRANSFERRED TO UNITED STATES:
(Under Executive Order of August 9, 1934)

San Francisco.......................... 987,039.00 fine ounces
Denver................................. 6,727.00 " "
New York............................... 32,471,335.00 " "
Total through August 17........... 33,465,091.00 " "

RECEIPTS OF GOLD BY THE MINTS AND ASSAY OFFICES:
Week ended August 17, 1934:

<table>
<thead>
<tr>
<th></th>
<th>Imports</th>
<th>Secondary</th>
<th>New Domestic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philadelphia</td>
<td>$5,931.35</td>
<td>$416,193.04</td>
<td>$244,04</td>
</tr>
<tr>
<td>San Francisco</td>
<td>78,166.46</td>
<td>158,014.51</td>
<td>739,045.12</td>
</tr>
<tr>
<td>Denver</td>
<td>28,634.00</td>
<td>56,712.00</td>
<td>734,807.00</td>
</tr>
<tr>
<td>New York</td>
<td>3,531,000.00</td>
<td>960,900.00</td>
<td>*</td>
</tr>
<tr>
<td>Seattle</td>
<td>*</td>
<td>25,829.00</td>
<td>101,022.97</td>
</tr>
<tr>
<td>New Orleans</td>
<td>3,511.63</td>
<td>35,890.16</td>
<td>2,286.55</td>
</tr>
<tr>
<td>Total for the week</td>
<td>$3,747,243.46</td>
<td>$1,652,739.31</td>
<td>$1,577,405.98</td>
</tr>
</tbody>
</table>

GOLD RECEIVED BY FEDERAL RESERVE BANKS AND THE TREASURER'S OFFICE:
(Under Secretary's Order of December 28, 1933)

Received by Federal Reserve Banks:

<table>
<thead>
<tr>
<th></th>
<th>Gold Coin</th>
<th>Gold Certificates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week ended August 15...</td>
<td>$50,733.74</td>
<td>$681,340.00</td>
</tr>
<tr>
<td>Received previously...</td>
<td>22,789,447.75</td>
<td>66,734,590.00</td>
</tr>
<tr>
<td>Total to August 15.....</td>
<td>$23,340,181.49</td>
<td>$66,415,930.00</td>
</tr>
</tbody>
</table>

Received by Treasurer's Office:

<table>
<thead>
<tr>
<th></th>
<th>Gold Coin</th>
<th>Gold Certificates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week ended August 15...</td>
<td>*</td>
<td>$17,000.00</td>
</tr>
<tr>
<td>Received previously...</td>
<td>250,994.00</td>
<td>1,671,000.00</td>
</tr>
<tr>
<td>Total to August 15.....</td>
<td>$250,994.00</td>
<td>$1,688,000.00</td>
</tr>
</tbody>
</table>

Note: Gold bars deposited with the New York Assay Office to the amount of $200,572.69 previously reported.

PURCHASES OF GOVERNMENT SECURITIES FOR INVESTMENT ACCOUNTS:
Total for week.......................... $1,250,000.00
Mr. Morgenthau: Off the record, I tried my best to get Mr. Lawrence to give this out in Pennsylvania, but he wouldn’t and I have saved the story for you. Mr. Lawrence has handed in his resignation as Collector of Internal Revenue, to take effect September 1st. Of course, the resignation is to the President. I forwarded it to the President with my recommendation that it be accepted.

Q. What are the initials?
A. David L. Lawrence.

Q. Is this a Democratic appointment or a hold-over?
A. This fellow is resigning to continue his work as Democratic State Chairman of Pennsylvania.

Q. He has been Collector of Internal Revenue?
A. Yes.

Q. For the past year?
A. He was here when I came here.

Q. This is the first instance of that kind?
A. It is the first instance I know of.

Q. Still nothing on the Detroit situation?
A. No. We will fix you up after awhile.

Q. Can you tell us any of your observations on the weakness of the dollar and pound, that the French are talking a new monetary war, and so on?
A. All I have to say is this. The financiers seem to take seriously rumors from South Africa, Shanghai and Timbuctoo, as to what I am going to do over each week-end. Why those places should know very definitely what I am going to do, is beyond me. I just wonder where some of those rumors come from.

Q. Why could we not get up a first-class monetary war?
A. Well, I don't know. We have enough worries here now.

Q. The report from London is that you are trying to get information from London bankers on silver transfers; that the information had been sought from French bankers and French bankers had refused to supply it.
A. Our sources of information are through official channels, which would be the State Department.

Q. Is there anything about the international monetary situation that is disturbing at all?
A. I am not disturbed.

Q. Are you going to continue your policy of allowing gold to go out freely?
A. No change in policy.

Q. You can't say anything more about the well-known Stabilization Fund?
A. No.

Q. When will we get something on the September 15th financing?
A. Not yet. You stole Bob's question. He has the exclusive right to that.

Q. How do you find out about foreign transactions in silver, in which the person making the transfer is a citizen of the United States or a case in which the silver is in the United States? There are three classes you try to reach; persons who are residents of the United States dealing with a foreign bank and persons who are citizens and have been residents within three months and any transaction abroad in which the silver is in the United States.

A. All I can say is that the regulations are working and I haven't heard there was any trouble in getting the necessary information. I don't follow it personally, but as far as I know, it is working satisfactorily.

Q. That would be done through the State Department -- getting the information?

A. No. Naturally, the State Department has people and consult people in the Department of Commerce, Foreign Service, and all those people send in reports, but this silver tax thing was worked out by our people and, so far as I know, it is working out all right and I don't know of any complaints. For the first few days, naturally, there were rough spots and those have been smoothed out and as far as I know, holders of silver, wherever they are, are receiving fair treatment.
Q. Have you received the resignation of Mr. Julian and Mr. Helvering?
A. I understand they have resigned, but I have kept saying that it was up to them. But between now and Monday, I will find out for you.
Q. They would have to resign to the President?
A. They are not resigning from the Treasury. This is off the record. As I understand it, Kansas had its convention this month and Mr. Helvering, at the State Convention, just wouldn't let them renominate him, but in the case of Julian, I will find out and get the exact status, but they are resigning their party affiliations.
Q. Their resignations will have to be by September 1st?
A. Not to me. But when the Kansas Democratic Committee meet, Mr. Helvering's position expires and he said he would not let his name come up for renomination. In the case of Mr. Julian, I suppose he turns in his resignation to the Chairman of the National Democratic Party.
Q. Have you any reports showing trade conditions?
A. No. You don't get me to comment on that. That famous speech that "Prosperity was just around the corner" taught me not to make any comments about trade conditions or business conditions.
REPORT OF SECRETARY MORGENTHAU'S PRESS CONFERENCE - August 27, 1934

Mr. Morgenthau: I haven't anything very startling.

Q. Can you tell us what you are going to say tomorrow night?
A. That isn't going to be very startling.

Q. There are a lot of reports about a big sound money speech coming up from you tomorrow night.
A. Would you put money on it? Will you bet me a silver dollar on it?

Q. If we could interpret some of the things we have already in the table, I think it would be sound.
A. That will give you a pretty good idea of it.

Q. There is a pretty large demand for the character of your speech.
A. Let's hope the speech is worthy of it.

Q. Will it be your first radio talk?
A. First since I am here. It's the first time I have done any talking since I have been Secretary.

Mr. Gaston: You had a one minute movie.

Mr. Morgenthau: But I was not on the radio. There is nothing in any of this that is out of the usual.

Q. In the total receipts of silver through August 24th, that relates to the nationalization?
A. Yes.
Q. What about these government security purchases? Were they for any particular investment fund?
A. Just the usual stuff.
Q. Just some investment funds that wanted, or needed, some investment?
A. Yes.
Q. Is that more than the weekly average?
A. No. It varies. As a matter of fact, off the record, it's much smaller than I thought it was.
Q. Have you any idea how much more investment money you have to use in that manner, or how much is coming in that can be used in that manner?
A. Plenty.
Q. Anything new on the Timbuctoo reports?
A. I notice you spelled it right, anyway, which is more than I could do. No. Very quiet. Very quiet.
Q. When do you expect your reports from the Committee of experts?
A. October 1st.
Q. The story keeps cropping out that they are proposing, or going to propose a central bank of issue.
A. They may.
Q. Are they really doing that?
A. I honestly don't know.
Q. That isn't a matter you have given any particular worry to? I mean the central bank?
A. I wouldn't say "yes" or "no". They are making their study. When it's ready, I will be glad to receive it. They are touching on all kinds of subjects and central bank, I suppose, is one.

Q. Has there been any discussion on the proposal to consolidate some of the various banking officials, such as putting Deposit Insurance and control of the currency all under one head?
A. Which head? I don't know.

Q. You aren't ready yet to tell us whether you may have an exchange offer in September for some of the Liberties?
A. No.

Q. Are you going to discuss your financing in your radio speech?
A. Those of you that were with Gaston and Bell this morning, get a pretty good idea of what it was. It's nothing very exciting.

Q. The dollar appears to be bearing up well abroad. Is there any comment you can make?
A. No.

Q. When do you expect Dr. Rogers back?
A. He is on his way back now.

Q. Have you heard any objections from China on the subject of the silver purchase program?
A. Only what I read in the papers. I take that back. Off the record, that isn't true. I withdraw that statement. The answer is "I would rather not comment on that."

Q. You said some weeks ago, that some question was brought up about the budget and it happened to be a busy day, and you said "wait there a little while". Can you tell us anything about it?

A. Well, Mr. Douglass is back today and we just haven't gotten around to seeing each other.

Q. Could you not say something about the budget?

A. The President is in Hyde Park and we are all scattered and it is kind of hard to get together.

Q. Rogers went to India, didn't he?

A. Yes.

Q. And he isn't coming back via New York?

A. Directly.

Q. But he is coming back by way of Europe?

A. I don't know how the boat comes, but his study is completed.

Q. Is Dr. Warren on any official mission from the Bureau?

A. No. I happen to know he is attending the World Congress of Agriculture Economists.

Q. Still got a chair around here?

A. Anytime he wants it. Nice comfortable chair, too.

Q. A committee, studying the question, estimates that it costs the Government employees about $35. to get their Government checks cashed and they have a petition of several thousand names, asking that cash payments be resumed.
A. Only what I read in the papers. I take that back. Off the record, that isn't true. I withdraw that statement. The answer is "I would rather not comment on that".

Q. You said some weeks ago, that some question was brought up about the budget and it happened to be a busy day, and you said "wait there a little while". Can you tell us anything about it?

A. Well, Mr. Douglass is back today and we just haven't gotten around to seeing each other.

Q. Could you not say something about the budget?

A. The President is in Hyde Park and we are all scattered and it is kind of hard to get together.

Q. Rogers went to India, didn't he?

A. Yes.

Q. And he isn't coming back via New York?

A. Directly.

Q. But he is coming back by way of Europe?

A. I don't know how the boat comes, but his study is completed.

Q. Is Dr. Warren on any official mission from the Bureau?

A. No. I happen to know he is attending the World Congress of Agriculture Economists.

Q. Still got a chair around here?

A. Anytime he wants it. Nice comfortable chair, too.

Q. A committee, studying the question, estimates that it costs the Government employees about $35, to get their Government checks cashed and they have a petition of several thousand names, asking that cash payments be resumed.
A. I will certainly give it a careful hearing.
Q. It has been estimated with bank charges and loss of time from work and leave, that $35 a year is a fair estimate.
A. I will give it careful attention when it comes.
Q. When do you expect the appointment of a new Chairman of the Federal Reserve Board?
A. If my memory serves me right, the President said he had no one under consideration.
Q. That was a week ago?
A. That's a White House appointment.
A speech to be delivered Tuesday, August 28, 1934 at 8:00 p.m.,
Eastern Standard Time, by the Secretary of the Treasury, Henry
Morgenthau, Jr., over a nation-wide joint hook-up of the National
Broadcasting Company, Columbia Broadcasting System, and American
Broadcasting Company.

THE TREASURY'S FINANCES

I propose tonight to discuss with you the cost of the New Deal. I will
avoid the jargon of the usual financial statement and will try to give you in
plain language a concise but complete explanation of the essential facts.

On March 4, 1933, when the present administration came into office, the
gross public debt of the United States stood at a little less than
$21,000,000,000. By June 30 of this year it had increased to $27,000,000,000,
or an increase of about $6,000,000,000. This is the gross increase in the
national debt during the first year and four months of the new Administration.

Some observers have concluded that it also represents the cost of the
New Deal during that period, in so far as such cost is reflected in a growth of
the public debt. This assumption is easily made, but it ignores the all-
important fact that, while we have increased our debt, we have also increased
our assets, many of them in realizable form. By this I mean assets which in
due time the Government will turn into cash, thereby making them available for
reduction of the national debt.

A good business man takes a periodic inventory of the stock of goods on
his shelves, to see if his inventory has increased or decreased. Let us do
A speech to be delivered Tuesday, August 28, 1934 at 8:00 p.m. Eastern Standard Time, by the Secretary of the Treasury, Henry Morgenthau, Jr., over a nation-wide joint hook-up of the National Broadcasting Company, Columbia Broadcasting System, and American Broadcasting Company.

THE TREASURY'S FINANCES

I propose tonight to discuss with you the cost of the New Deal. I will avoid the jargon of the usual financial statement and will try to give you in plain language a concise but complete explanation of the essential facts.

On March 4, 1933, when the present administration came into office, the gross public debt of the United States stood at a little less than $21,000,000,000. By June 30 of this year it had increased to $27,000,000,000, or an increase of about $6,000,000,000. This is the gross increase in the national debt during the first year and four months of the new Administration.

Some observers have concluded that it also represents the cost of the New Deal during that period, in so far as such cost is reflected in a growth of the public debt. This assumption is easily made, but it ignores the all-important fact that, while we have increased our debt, we have also increased our assets, many of them in realizable form. By this I mean assets which in due time the Government will turn into cash, thereby making them available for reduction of the national debt.

A good business man takes a periodic inventory of the stock of goods on his shelves, to see if his inventory has increased or decreased. Let us do
the same tonight. Let us take an inventory of the Government’s assets and see how those assets have changed since March 4 of last year.

We begin with the Treasury’s cash balance. This is the Government’s equivalent of cash in the merchant’s drawer. If a merchant should find that, at the end of sixteen months his gross debt had increased by $1,000 but that he had $250 more in his cash register, he would, of course, take into account the increase in his cash when figuring the change in his financial condition. We can follow the same practice in measuring the real financial position of the Government. These are the facts:

On March 4 of last year, when this Administration came into office, the Treasury’s cash balance amounted to about $200,000,000. By June 30, 1934, this cash balance had risen to nearly $1,800,000,000 – an increase of about $1,600,000,000. If this gain in cash is deducted from the gross increase in the public debt, the net increase becomes $4,400,000,000, instead of $6,000,000,000.

But we have another cash drawer in the Treasury, in addition to the drawer which carries our working balance. This second drawer I will call the “gold” drawer. In it is the very large sum of $2,800,000,000, representing “profit” resulting from the change in the gold content of the dollar. Practically all of this “profit” the Treasury holds in the form of gold and silver. The rest is in other assets.

I do not propose here to subtract this $2,800,000,000 from the net increase of $4,400,000,000 in the national debt – thereby reducing the figure to $1,600,000,000. And the reason why I do not subtract it is this: For the present this $2,800,000,000 is under lock and key. Most of it, by authority of Congress, is segregated in the so-called Stabilization Fund, and for the present we propose to keep it there. But I call your attention to the fact that ultimately we expect this “profit” to flow back into the stream of our other revenues and thereby reduce the national debt.
We have, then, in effect, two cash drawers in the Treasury—one containing our working balance, which is $1,600,000,000 larger than on March 4 of last year, and the other containing $2,800,000,000 representing the "profit" on devaluation. But in addition to cash drawers, we also have a safe. And in that safe we have some very valuable securities—securities consisting of notes and other obligations held by various agencies in which the Government has an interest.

A complete statement of the net assets of this kind has never before been published by the Government. I am giving out such a statement this evening for publication in tomorrow morning's newspapers. From now on I will do this regularly once a month. I am doing so in order that you can always have access to an accurate, full, and up-to-date account of the financial position of our Government.

The assets I am now describing may be classified in two groups. The first group consists of assets of agencies which are wholly owned by the Government and wholly financed with Government funds. In this group belong the Reconstruction Finance Corporation, the Public Works Administration, the Export-Import Banks and a number of other agencies financed entirely by the Government. Between March 4 of last year and June 30 of this, the net increase in the assets of these agencies amounted to $1,095,000,000.

What are these assets, and can we rely on them to contribute in due time to reduction of the national debt? They consist for the most part of such items as preferred bank stock and capital notes, cash, investments and other property, and loans made to public and private borrowers.

In the Treasury we recognize, of course, that it may later be necessary to write off certain losses. But the quality of the collateral which secures the various loans; the good credit of our State and local governments; the record of private business in meeting its obligations, all combine to give assurance that the losses of the national government will not be substantial.
So much for the first group of assets — those which will eventually be available for reduction of the national debt. There is also a second group, representing assets owned by agencies which are in part financed by the sale of their own obligations to the public. In this group belong the Federal Land Banks, the Home Loan Banks and other similar agencies. These assets have a somewhat different status. They will not be available, as will those in the first group, for reduction of the national debt. But we may note, while we are taking an inventory of our position, that the Government's share in the net assets of this second group has increased by $766,000,000 during the present Administration.

We may also note, outside of the present inventory, other very real and tangible assets in the form of better roads, better housing, huge new dams and power plants, modern public buildings and other projects which, financed in whole or in part by Federal funds, have increased the real wealth of the country.

Finally, to complete the picture, it needs to be pointed out that the Government has, in addition to its public debt, a contingent liability on obligations issued by the Home Owners' Loan Corporation and by the Federal Farm Mortgage Corporation. But these obligations were issued in exchange for mortgages on homes and farms, conservatively appraised at values in excess of the amount of such obligations.

Let me sum up at this point and recapitulate the figures I have used in this stock-taking of our position:

The gross increase in the national debt between March 4, 1933, and June 30, 1934, amounted in round numbers to $6,000,000,000. Against this gross increase we can offset, either now or ultimately, the following assets:

(1) An increase in the Treasury's cash balance of $1,500,000,000; (2) the "profit" of $2,000,000,000 resulting from the reduction in the gold content of the dollar; (3) the increase in the net assets of the agencies wholly owned
and financed by the Government, amounting on June 30, 1934, to $1,095,000,000. This is wholly aside from an increase in the capital investment of the Government in agencies which are partially financed by funds raised outside of the Treasury.

From this survey of our assets and liabilities — this inventory of the Government's financial position at the close of the last fiscal year on June 30 — let us turn now to the new fiscal year beginning July 1, 1934. We find that in July and August, the first two months of this new year, the Government's expenditures continued to exceed its revenues and hence the national debt continued to increase. But this had been anticipated. Let us note the landmarks by which we have been charting our course.

The President estimated in his first Budget message to Congress, that the national deficit, including both ordinary and emergency expenditures, would amount during the six months from January to June, 1934, to about six billion dollars. He also estimated that the deficit for the twelve months from July, 1934, to June, 1935, would be about two billions. The total deficit thus forecast for the eighteen months from January, 1934 to June, 1935 — the eighteen decisive months in which the Federal Government expected to be called upon to meet both the heaviest expenditures for relief of unemployment and the largest expenditures in its recovery program — amounted to eight billion dollars.

This is the basis on which the Administration planned last January, and, with one exception, it is the basis on which funds were requested of Congress. The exception consists of an additional $325,000,000 appropriated for drought relief. So severe a drought could not possibly have been foreseen when the budget estimates were prepared. The President, therefore, requested an additional appropriation for this purpose. But at every other point, requests for funds were held strictly within the eight billion dollar estimate. In this policy Congress cooperated.
Six billion dollars, then, was the estimated deficit for the six months from January, 1934, to June, 1934, and two billion dollars for the twelve months from July, 1934, to June, 1935. How large a deficit did the Government actually have for the six months from January to June, 1934?

Some of our plans moved into action more slowly than had been anticipated; emergency expenditures were accordingly less than had been forecast, and the deficit for this period was about three billion dollars instead of six. Authorization has, therefore, been carried forward into the new fiscal year to spend the three billions which were not spent in the period from January to June, 1934, plus the added provision for drought relief.

Whether we shall actually spend these three billions, as well as the additional funds which the President estimated would result in a deficit of two billion dollars in the fiscal year ending June 30, 1935, will depend upon developments which cannot be foreseen at this time. But, even if the deficit for the new year, exclusive of drought relief expenditures, should reach five billions instead of two, the combined deficit for the period of eighteen months from January of 1934 to June of 1935, would still be no more than the eight billions on which we originally planned.

A word in conclusion. If after listening to my talk tonight you have any detailed questions relating to what I have said, I hope you will feel free to write to me. Goodnight and thank you.
Six billion dollars, then, was the estimated deficit for the six months from January, 1934 to June, 1934, and two billion dollars for the twelve months from July, 1934 to June, 1935. How large a deficit did the Government actually have for the six months from January to June, 1934?

Some of our plans moved into action more slowly than had been anticipated; emergency expenditures were accordingly less than had been forecast, and the deficit for this period was about three billion dollars instead of six. Authorization has, therefore, been carried forward into the new fiscal year to spend the three billions which were not spent in the period from January to June, 1934, plus the added provision for drought relief.

Whether we shall actually spend these three billions, as well as the additional funds which the President estimated would result in a deficit of two billion dollars in the fiscal year ending June 30, 1935, will depend upon developments which cannot be foreseen at this time. But, even if the deficit for the new year, exclusive of drought relief expenditures, should reach five billions instead of two, the combined deficit for the period of eighteen months from January of 1934 to June of 1935, would still be no more than the eight billions on which we originally planned.

A word in conclusion. If after listening to my talk tonight you have any detailed questions relating to what I have said, I hope you will feel free to write to me. Goodnight and thank you.
REPORT ON SECRETARY MORGENTHAU’S PRESS CONFERENCE
August 30, 1934

Q. Mr. Secretary, the other night you said a mouthful. But one point when you were talking about retiring the national debt with the gold profit — could that be interpreted in any way as inflationary?
A. Where are those books you were going to send me on inflation?
I thought you were going to supply me with a library.
Q. Well, is it or isn’t it?
A. I guess we have got to go back to what I said a couple of weeks ago — What is inflation.
Q. We issue twice as much money on the same collateral.
A. Well, I have worked very hard on this. It will have to stand as is.
Q. You’ve said more than any other Secretary has said in a public speech — I think, clearer and more accurate. Have you had any fan mail?
A. A little.
Q. How was the reaction?
Mrs. Klotz: A batch of mail came in this morning and it was very, very good.
Secretary: Any kicks?
Mrs. Klotz: No.
Q. The Sun this morning said you may use the $2,800,000,000 gold profit to retire the $1,200,000,000 4½’s.
A. The speech will have to stand as it is. I will leave it to you to interpret it.
Q. You are not ready to drop your stabilization fund right now, are you?
A. Not just this minute. Now this is off the record. I talked to the President about it and he said what do you mean by "nest egg"? He said, "Don't you know a nest egg is a china egg and you have to handle it carefully or it will break." I said, "Please note that my references are neither biblical nor agricultural." That's off the record.

(Remark) - But a china egg won't hatch.

Q. Mr. Secretary, aside from your speech can you say anything about the September and October financing?
A. No, I have got a good story when you fellows are ready. I will not try to get you off this speech but I want Dr. Viner to tell you what is being started in the Chicago district. I think you will be interested. Dr. Viner: On the initiative of the Secretary of the Treasury and with the cooperation and the technical advice of the Federal Reserve Board, the Reconstruction Finance Corporation and the Federal Deposit Insurance Corporation, we are trying to find out more definitely than we now know, or than I think anybody knows, just what is the situation with respect to the availability of bank credit to small and moderate-sized business concerns including, possibly, farmers on their commercial operations or their marketing operations, but mainly city, small town and village businessmen. We hear all sorts of reports as to what the situation is, as to what is responsible for it, and I think we have made up our mind that nobody knows which of these reports is accurate, and, therefore, we
are starting a fact-finding enterprise. It is going to be carried on in the Seventh Federal Reserve area -- the Chicago area; it is going to be carried on in the large cities and small towns and we hope to get into the villages. We are going to accumulate a record of 2,000 cases of persons who have been refused loans or bank credit and we hope to get 2,000 cases from the banks and get 2,000 cases from the individuals. The Federal Reserve Bank in Chicago is being asked for its cooperation and we are going to ask everybody else that could possibly help by giving us any information to discover just what is the real situation in that area as a representative area -- for instance, the Chicago Association of Commerce, the local Chambers of Commerce, the Credit Men's Associations, and trade associations particularly, in getting up a list of the 2,000 businessmen who have been refused credit. Even letters from the public will be of value. We will send men into the field out of which we hope to get 2,000 cases. We also intend to make a more intensive study of a hundred banks of different types -- member banks and non-member banks -- along the same lines as an additional check. We also intend to use all the applications which have come in for loans in that area. We have already made investigation of the New York material to see what sort will be available. I have been, in a general way, supervising the study, but I am a very poor administrative man. However, the Treasury Department has gotten Mr. C. C. Hardy, of Brookings, to administer the study directly from Chicago -- he comes from that area.
The University of Chicago has loaned us the space and other facilities without charge. For the field work we are hiring 40 to 50 men -- instructors in banking, graduate students in banking -- from the University of Chicago, University of Wisconsin, University of Michigan, and University of Indiana, and we hope to get a few men from the University of Minnesota although it is really outside the area. We hope to get the field work done in three weeks, although I am afraid that is a little optimistic. These men are hired on a per diem basis at $11.40 a day. It is really $12.00 but the 5% reduction makes it $11.40.

(Dr. Viner): I don't know whether I should tell this -- it is off the record. When we sent out the telegrams offering them the rate, the telegrams got typed correctly and got down to the transmitting office correctly but were transmitted at $20.00 a day and it is the first mistake made in transmitting financial telegrams from the Treasury in fifty years. Telegrams had to go out then reneging the first telegrams.

Can't this stay on the record?

Dr. Viner: I think it is all right. (Concurred in by the Secretary) The telegraph man is rather proud of his record it being the first one in fifty years.

We already have two or three hundred men at work in Chicago and most of the detailed planning is being done in Chicago so as not to have too much telegraph or telephone load and to administer and handle it most effectively. On Labor Day these men will receive their instructions and will be sent out into the field that afternoon, we hope. I am
going out to Chicago. Dr. Hardy is already there and an assistant who has been hired for him from the Chicago area. I am sending out this afternoon one of my assistants, Mr. Riley, who is experienced in work of this type. Professor S. H. Nerlove is assistant to Mr. Hardy in Chicago.

Dr. Viner, you mentioned something about having material from New York.

Dr. Viner: Well, we just sampled it to see what sort of material we would get so as to plan it better. We may ask the N. F. C. and Federal Reserve banks all over the country to make that material available to us. In the course of this study we are going to keep our eyes open for cases of interest to them and we will notify them. It is a purely fact-finding operation. I have about half a dozen theories now as to the possible answers we may get as to the statistical analysis of the results. In other words, are there a great number of legitimate enterprises unable to obtain credit from banks, is it that too many businessmen have had their credit status impaired by the depression and are not good risks? Is it because banks want to retain their liquidity, or are the bank officials unduly strict? Or, are other Federal agencies supplying funds with which bank loans are being liquidated? Or is it simply that the bankers are going into the government bond investing business instead of into the credit business? We haven't answers to any of those questions and the best way to find out is by going into the field and talking to the
individuals. We are compiling it into two sets of cases -- one set of records from the bank and one set from the individuals. We will make up a docket and case record for each individual application -- we will get the bank's story and then we will get the individual's side of it and check them together. The other 2,000 we will get initially from the applicant whose loan was refused and he'll report which bank refused and then we'll go to the bank. We can't tell you what banks will be visited until we have the reports. Similar studies on a small scale have been made but I think this is much more elaborate. We are going to check these data as far as possible from the rediscount records of the bank. We will ask for cooperation from certain credit agencies also. So far, the bankers as well as the borrowers from the banks are welcoming the study, and I can't see myself what possible objection there could be to it. The only criticism might be because it hadn't been made a year ago.

Q. What is the purpose of it?

Mr. Morgenthau: I think Dr. Viner has answered that question. I think that is evident.

I mean, you have these records, facts, etc. but what will be done after they are compiled:

Dr. Viner: The study, we hope, will suggest itself whether it is a problem which can be solved and whether there are existing facilities for dealing with that problem and, if not, which way to handle it.
Secretary: Either the Federal Government has the facilities and hasn't been using them, or if they haven't got the facilities to take care of anything that is disclosed, then we can make recommendations on new legislation.

Q. Then there is a possibility that this will be used to formulate new legislation?

A. Yes.

Dr. Viner: It may throw needed light on the credit situation of the country. We may find small defects which may be remedied.

Q. Why select the Chicago district?

Dr. Viner: We wanted a district that had at least been touched by the drought; we wanted an important industrial and agricultural city and a large city and a city in which various Federal agencies have been operating to a certain degree. Experts from the Federal Reserve Board and the R. F. C. threshed over with this Department the appropriate area. And also, there are good men available there especially during the summer when they are not working. I think this is the most economical way. We discussed the Richmond area particularly, but decided that this was a more representative area.

Q. Still, by confining yourself to one district you couldn't get as thoroughly reliable data as you might otherwise.

Dr. Viner: But it includes four states -- Illinois, Michigan, Wisconsin and Indiana and a large part of Iowa. We wanted it concentrated in one area so that it could be supervised closely and checked closely.
If we gathered the information in bits from all over the country there wouldn't be good supervision, there would be tremendous trans-
portation costs and other disadvantages.

Q. Doctor, will these cases post-date the provisions made for these industrial loans?

Dr. Viner: No, not necessarily. We are going to try to get twenty cases from the 2,000 cases collected from the bank -- twenty cases per bank -- we may have to go back six weeks or six months to get twenty cases of refused loans, but we want the most recent ones.

Q. How long will it take to digest the material?

Dr. Viner: At least a month.

Q. Will it be announced in October or November?

Dr. Viner: I think so. The announcements will be made here in the Treasury.

Q. Will these 4,000 cases be those of small business firms?

Dr. Viner: Small and moderate; we are ignoring the large corporations. Elevator concerns, grain marketing concerns, farmers, etc.

Q. Mr. Jones told us the other day that apparently where a business firm or an individual could qualify for a loan at the R. F. C. he should be able to get it at the commercial bank. Does that appear to be true?

Secretary: I don't want to interpret what Mr. Jones says.