

PRESS CONFERENCES.

BOOK 19:

OCT. 6 - DEC. 29, 1941

American Telephone & Telegraph Company

SEE Financing, Government (Defense Savings Bonds and Stamps) - 12/11/41..... Book 19: 213-15

Appointments and Resignations

SEE Foreign Funds Control, re: appointment of Leo T. Crowley as Alien Property Custodian - 12/11/41..... " 221-23

SEE Tax, Legislation, re: appointment of Randolph E. Paul as Consulting Expert - 12/15/41..... " 240-43 & 246-48

Arizona, USS

SEE Financing, Government (Defense Savings Bonds and Stamps) - 12/22/41..... " 264-65

Banks

SEE Financing, Government - 10/9/41..... " 11-16

SEE Capital Markets - 12/8/41..... " 203-06

Belgium

SEE Gold - 10/23/41..... " 61-65

Bethlehem Steel Corporation

SEE Financing, Government (Defense Savings Bonds and Stamps) - 12/11/41..... " 213-15

Bond Market

HWJr favors "natural bond and exchange markets"; leaving them open has worked out well and shows "financial nerves" of US are in very good condition - 12/8/41..... " 199-202

a) Feels that American "patriotism and horse sense" will take care of situation - 12/8/41..... " 202

Treasury and Federal Reserve combine to support market and keep it steady - 12/11/41..... " 230-32

a) Treasury needs to keep market steady as it is in between an offering and settlement date - 12/11/41..... " 231-32

Only necessary to support market for 3 days (December 10, 11, and 12) after which it regained normalcy - 12/15/41..... " 238-39

Bonds, U. S. Government

SEE Financing, Government - 10/9/41..... " 11-16

Boy Scouts of America

- SEE Financing, Government (Defense Savings Bonds  
and Stamps) - 12/18/41..... Book 19: 257-58

Capital Markets

- RWR feels that business needing capital for defense  
needs should be encouraged to obtain it, but not  
for any other purposes - 12/8/41..... " 203-06
- a) Federal Reserve System, SEC, and all banking  
and financial institutions cooperating 100%,  
on informal basis - 12/8/41..... " 204-06
- Commodity Credit Corporation  
SEE Financing, Government - 10/16/41..... " 29-40
- Congress of Industrial Organizations - UAW  
SEE Financing, Government (Defense Savings Bonds and  
Stamps) - 12/22/41..... " 264-65
- Crowley, Leo T., Alien Property Custodian  
SEE Foreign Funds Control - 12/11/41..... " 221-23

Debt Limit

- SEE Financing, Government - 10/16/41..... " 29-40
- Defense Program, National  
SEE Financing, Government - 10/9/41..... " 11-16
- SEE Financing, Government (Defense Savings Bonds and  
Stamps) - 10/16/41..... " 29-40
- SEE Tax, Studies - 10/30/41..... " 74-89
- SEE Financing, Government - 11/10/41..... " 116-21
- SEE Financing, Government - 11/13/41..... " 127-29
- SEE Financing, Government (Defense Savings Bonds and  
Stamps) - 12/11/41..... " 207-18
- SEE Financing, Government (Defense Savings Bonds and  
Stamps) - 12/18/41..... " 250-62
- SEE Financing, Government (Defense Savings Bonds and  
Stamps) - 12/22/41..... " 264-65
- Defense Savings Bonds and Stamps, U. S.  
SEE Financing, Government - 10/9/41..... " 11-16

- D - (Continued)

Defense Savings Bonds and Stamps, U. S.		
SEE Tax, Legislation - 11/6/41.....	Book 19:	90-115
SEE Financing, Government (Defense Savings Bonds and Stamps) - 12/11/41.....	"	207-18
SEE Financing, Government (Defense Savings Bonds and Stamps) - 12/18/41.....	"	250-62
SEE Financing, Government (Defense Savings Bonds and Stamps) - 12/22/41.....	"	264-55

- F -

Federal Reserve System		
SEE Capital Markets - 12/8/41.....	"	203-06
SEE Bond Market - 12/11/41.....	"	230-32
SEE Bond Market - 12/15/41.....	"	238-39

Financing, Government

\$1.2 billion, long-term bonds, designed for permanent investors (insurance companies, savings banks, et al., - not for commercial banks), selling at 3-3/8%, going well - 10/9/41.....	"	11-16
a) Highest that rights have ever sold - 10/9/41..	"	12
b) Carries out principles worked for providing easy term purchases for investors; Defense Savings Bonds for small investors; and bills for banks - 10/9/41.....	"	13
c) EDW explains what "a right" is - 10/9/41.....	"	14-16
EDW announces that, in view of enormity of Defense Program costs, Treasury is studying plan to eliminate any other government agency from going to market and borrowing money at all times; feels Treasury should be only actual borrowing agency and should only go to market every other month - 10/16/41.	"	29-40
a) Treasury will do all borrowing, at cheaper rates than other agencies, and in turn make loans to them as cheap or cheaper than open market - 10/16/41.....	"	29
1. This procedure will save money for government and prevent disturbing market during present crisis.		
b) First agency loan to be so handled is \$112 million for U. S. Housing Authority, which will be paid off in cash; then Treasury will lend them their needs direct - 10/16/41.....	"	29-30 & 39

Financing, Government (Continued)

c) Reconstruction Finance Corporation has \$300 million and Commodity Credit Corporation \$204 million government guaranteed issues coming due in November, which are being studied with view to similar handling - 10/16/41.....	Book 19:	29-30 & 39
d) Approximately \$5 billion debt of government guaranteed agencies, outstanding, will be absorbed over period of 5 years - 10/16/41..	"	30-40
1. Will eventually increase statutory debt limit, but HWJr feels we should be "realistic" about matter.		
2. From figures furnished by OPM for Defense program it is obvious debt limit must be raised considerably.		
SEE Tax, Studies - 10/30/41.....	"	74-89
HWJr to appear before Senate Committee to outline plan for reducing non-defense expenditures - 11/10/41.....	"	116-21
a) Will not go before any more executive sessions to discuss matter - 11/10/41.....	"	119-21
Beginning with week of November 17, weekly bill offerings will be increased from \$150 to \$200 million, so as to go through November without any major financing - 11/13/41.....	"	126-27
"Off the record", HWJr has notified Senator Byrd that when he gets through outlining plan for reduction of non-defense expenditures to Senate Committee, he intends to give press full information - 11/13/41..	"	127-29
HWJr announces major financing will be done first week of December for cash; then in January will do refunding of maturities - 11/27/41.....	"	173
a) Purpose is to separate cash offerings from refunding offerings to obtain better price and to eliminate mixing up "rights" - 11/27/41.....	"	174-75
b) Offerings are now so large such handling makes it easier to price issues - 11/27/41.....	"	175
HWJr issued press statement outlining new regulations for subscribing to Treasury securities (See Press Service No. 28-71 of December 3, pp. 192-93); thanks press for their manner of handling it - 12/4/41.....	"	186 & 192-93

Financing, Government (Continued)

SEB Bond Market - 12/11/41.....	Book 19:	230-32
SEB Bond Market - 12/15/41.....	"	238-39

Financing, Government

Defense Savings Bonds and Stamps:

RMJr to meet with all Defense Savings State Administrators and Chairmen in Chicago to discuss intensification of payroll savings program - 12/11/41.....	"	207-18
a) Of 35 million persons employed in commerce and industry in US, 60% are employed by 16,000 concerns - 12/11/41.....	"	208
b) 8,000 concerns, employing 12 million people have voluntarily established savings plans - 12/11/41.....	"	209 & 13-14
c) Since Pearl Harbor, reports from over US indicate increase in purchases of Defense Savings Bonds and Stamps as much as 500% since Pearl Harbor attack - 12/11/41.....	"	210-13
d) General Motors Corporation one which has installed payroll savings, at cost of several hundred thousand dollars to set up plan - 12/11/41.....	"	213-15
1. Other firms already participating are Bethlehem Steel, U. S. Steel, American Telephone and Telegraph, and railroads.		
e) Program also intended to reach low income workers through Defense Stamps - 12/11/41.....	"	218
RMJr reports that meeting of Defense Savings State Administrators, Chairmen, et al., in Chicago was very successful - 12/18/41.....	"	250-62
a) Hopes pledge cards will be ready for distribution by January 10, 1942 - 12/18/41.....	"	253-54
b) Among people offering to sell Defense Bonds and Stamps throughout US are 200,000 insurance underwriters; 1 1/2 million Boy Scouts of America; and 265,000 Newsboys - 12/18/41.....	"	257-58
RMJr reads telegram received from R. J. Thomas, President of United Automobile Workers-CIO, announcing that drive to raise \$50 million through purchases of Defense Savings Bonds among 700,000 auto and aircraft workers to replace USS Arizona - 12/22/41.....	"	264-65
a) Son of member lost on Arizona - 12/22/41.....	"	264

Foreign Exchange

SEK Gold - 10/23/41..... Book 19: 61-65

Foreign Funds Control

Orders for freezing German and Japanese assets ready for issuance as soon as formal request is received from State Department - 12/11/41..... " 219-21

a) Appointment of Leo T. Crowley as Alien Property Custodian not yet confirmed by President; meanwhile Treasury continues handling freezing - 12/11/41..... " 221-23

France

SEK Gold - 10/23/41..... " 61-65

- G -

General Motors Corporation

SEK Financing, Government (Defense Savings Bonds and Stamps) - 12/11/41..... " 213-15

Germany

SEK Gold - 10/23/41..... " 61-65

Gold

USSR paid balance of \$10 million advanced on gold deliveries in two installments within 65 days (had 90 day limit) - 10/20/41..... " 43-47 & 53-54

a) Less than \$5 million balance due but over \$5 million received, to apply against new arrangement to deliver \$30 million in gold within 180 days in return for advance of that amount of dollars - 10/20/41..... " 44-45

1. Arrangement consummated October 10.

b) No interest being charged, Russian transaction is outright purchase of gold - 10/20/41..... " 53

c) Gold taken in by San Francisco Mint - 10/20/41..... " 54

"Off the record", ECU shocked at Maritime Commission publicizing fact that shipments of war materials from US to Russia will leave from port of Boston - 10/23/41..... " 58-60

Stabilization Fund being used to purchase Russian gold; nothing new in procedure except buying gold against future delivery, as foreign exchange is customarily bought - 10/23/41..... " 61-65

Gold (Continued)

- a) At one time \$200 million gold held in Stabilization Fund, at request of Dutch, to disguise source from which obtained - 10/23/41..... Book 19: 62-63
- b) No US earmarked gold lost to Germany during invasion of France and Belgium - 10/23/41... " 65
- U.S.S.R. has made further payment on gold deliveries - 12/15/41..... " 245

- H -

- Housing Authority, U. S.  
SEE Financing, Government - 10/16/41..... " 29-40

- I -

- Inflation  
SEE Tax, Stamps - 10/30/41..... " 74-89  
SEE Tax, Legislation - 11/6/41..... " 90-115

- Insurance Companies  
SEE Financing, Government - 10/9/41..... " 11-16

- Insurance Underwriters  
SEE Financing, Government (Defense Savings Bonds and Stamps) - 12/18/41..... " 257-58

- L -

Latin America

Mexico:

- SEE Stabilization - 10/6/41..... " 4-8  
SEE Silver - 10/9/41..... " 17-18

- M -

- Maritime Commission, U. S.  
SEE Gold - 10/23/41..... " 58-60

Mexico:

- SEE Stabilization - 10/6/41..... " 4-8  
SEE Silver - 10/9/41..... " 17-18

- N -

Netherlands  
SEE Gold - 10/23/41..... Book 19: 61-65

Newsboys

SEE Financing, Government (Defense Savings Bonds and  
Stamps) - 12/18/41..... " 257-58

- P -

Paul, Randolph E., Consulting Expert  
SEE Tax, Legislation - 12/15/41..... " 240-43 &  
246-48

Production Management, Office of  
SEE Financing, Government - 10/16/41..... " 29-40

Public Debt  
SEE Financing, Government - 10/16/41..... " 29-40

- R -

Railroads

SEE Financing, Government (Defense Savings Bonds and  
Stamps) - 12/11/41..... " 213-15

Reconstruction Finance Corporation  
SEE Financing, Government - 10/16/41..... " 29-40

Russia

SEE Gold - 10/20/41..... " 43-47 &  
53-54  
SEE Gold - 10/23/41..... " 61-65  
SEE Gold - 12/15/41..... " 245

- S -

Securities and Exchange Commission  
SEE Capital Markets - 12/8/41..... " 203-06

Silver

EWG: tells press he has been informed that use of  
silver in US for arts has doubled from 40 million  
ounces to 80 million ounces per year - 10/9/41..... " 17-18

Social Security		
SEE Tax, <u>Studies</u> - 10/30/41.....	Book 19:	74-89
Stabilization		
Mexican Minister of Finance conferred with HMJR re Stabilization Agreement; details will be announced "in near future" - 10/6/41.....	"	4-8
Stabilization Fund		
SEE Stabilization, re: Mexico - 10/6/41.....	"	4-8
SEE Gold - 10/20/41.....	"	43-47 & 53-54
SEE Gold - 10/23/41.....	"	61-65
SEE Gold - 12/15/41.....	"	245
Stock Exchanges		
SEE Bond Market - 12/8/41.....	"	199-202

- T -

Tax

Corporate:

HMJR issues statement that Treasury does not con- template suggesting any change in capital loss and gain taxes on financial transactions for year 1941, nor any further taxes on income earned in 1941 - 11/27/41.....	"	167-68
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Income:

SEE Tax, <u>Tax Notes</u> - 10/23/41.....	"	55
SEE Tax, <u>Corporate</u> - 11/27/41.....	"	167-68
With Japanese attack on Pearl Harbor and declara- tion of war, greater expenditures will be needed, which will mean corresponding increase in taxes - 12/8/41.....	"	196
a) HMJR feels people will now be more willing to pay taxes - 12/8/41.....	"	196

Legislation:

Chairman Doughton (House Ways and Means Committee) announced that HMJR had met informally with them and offered suggestion that consideration should be given to enacting another tax bill, to be effective January 1, 1942, for main purpose of preventing inflation, also to provide additional revenue for national defense - 11/6/41.....	"	90-115
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Tax

Legislation: (Continued)

- a) Mr. explains, "off the record", that they met in executive session, at which time he begged members not to divulge subject of meeting as he was worried about inflation and rate cost of living is increasing - 11/6/41..... Book 19: 106-12
1. Did not want speculators to take advantage of Congress' apparent lack of interest in inflation.
  2. Feared it would discourage buying Defense Savings Bonds.
  3. Wants subject to die down until Congress acknowledges seriousness of situation and does something to remedy it.
- b) Feels taxation and price control will do much to curb inflation - 11/6/41..... " 114-15

Paul, Randolph E., appointed as Consulting Expert, October 22, 1941, to assist Assistant Secretary Sullivan in preparing tax bills, and coordinating various Treasury divisions handling tax matters - 12/15/41..... " 240-43 & 246-48

Studies:

- Study of entire tax situation, including Social Security, continuing: Treasury has estimate of how much purchasing power people have, for which no goods will be available - 10/30/41..... " 74-89
- a) Study covers whole financing program of government; in view of Treasury's borrowing program for national defense, no single agency can be called "able to stand on own feet" - 10/30/41..... " 77-83
1. Inflationary effects must also be controlled.
  2. Other financing programs must give way to Defense Program.
- b) Vast sum of money must be raised for Defense Program through taxes, borrowing and whatever other necessary means, including curtailment of non-defense expenditures - 10/30/41..... " 83-89

Tax

Studies: (Continued)

Treasury studying entire tax question and welcomes any outside advice or suggestions - 11/24/41..... Book 19: 146-66

Tax Notes:

To assist public, HMJR is requesting all banks to insert circular on tax anticipation notes in November 1, statements to customers, which explains what their taxes are - 10/23/41..... " 55

Thomas, R. J., President, UAW-CIO

SEE Financing, Government (Defense Savings Bonds and Stamps) - 12/22/41..... " 264-65

- U -

U. S. S. R.

SEE Gold - 10/20/41..... " 43-47 &  
53-54  
SEE Gold - 10/23/41..... " 61-65  
SEE Gold - 12/15/41..... " 245

United Automobile Workers-CIO

SEE Financing, Government (Defense Savings Bonds and Stamps) - 12/22/41..... " 264-65

U. S. Steel

SEE Financing, Government (Defense Savings Bonds and Stamps) - 12/11/41..... " 213-15

- W -

War Conditions

Inflation: (Price Control)  
SEE Tax, Legislation - 11/6/41..... " 90-115

Ways and Means Committee, House of Representatives

SEE Tax, Legislation - 11/6/41..... " 90-115

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, OCTOBER 6, 1941

- Q. I understand you made quite a hit with the bankers. How did you like it?
- H.M.Jr: I had a very nice reception. They were very nice to me.
- Q. For once?
- A. For once is right. Once every eight years.
- Q. Mr. Secretary, have you had any discussions or considered the possibility in changing the Social Security Law to have the Federal Government take over the entire structure of unemployment compensation?
- A. I am not prepared to discuss details of Social Security.
- Q. I just wondered if that broad plan, the general idea of the Federal Government--
- A. It is a very intelligent question, very well thought out, but I am not prepared to answer it.

- Q. Mr. Secretary, here is a detail that perhaps you can answer. You and many others have discussed the possibility of increasing the rate of the old age tax. The question is whether it would be increased with respect to both the employees and employers or only as to the employees?
- A. I am not going to discuss social security, proposed legislation. I am sorry.
- Q. Could you say how soon the message might go up?
- A. No.
- Q. Mr. Secretary, Congressman Gore introduced a measure today which you probably saw.
- A. No, I haven't seen it.
- Q. It calls for freezing wages.
- A. I haven't seen it, so I can't help you out.
- Q. After listening to you testify, he proposed an eight percent limit on profits.
- So he was going your ideas.

- A. Anything as gory as that ought to let you out.
- Q. Is there anything new on your six percent plan, Mr. Secretary?
- A. I didn't know that you wrote in the funny column of the Tribune.
- Q. Anything new on your plan for limited profits?
- A. No.
- Q. Are you going to press it?
- A. We will skip that one.
- Q. It received sort of a split reception, didn't it?
- A. Well, you gentlemen the other day gave me the compliment of wanting to interpret the press for you. I said I wasn't going to do that.
- Q. Will you talk about Mr. Suarez's visit, Mr. Secretary?
- A. We had our pictures taken.
- Q. Before that, sir, what happened?

- 4 -

- Q. And after?
- A. Well, we are practically in agreement.
- Q. On what, sir?
- A. On a stabilization loan to Mexico.
- Q. For how much, sir?
- A. That will have to wait. We are working on the form of announcement.
- Q. When will it be forthcoming, can you tell us? When do you expect to sign it, Mr. Secretary?
- A. Well, it is going to be, as I understand it - for your guidance - off the record -  
(Discussion off the record.)  
off the record - there is going to be, I understand, a general fiesta, I think they call it, tequila, I think they call it.
- Q. No, that is a drink that produces fiesta. Are they going to have tequila this time?
- A. Well, they ought to. The Mexicans can well afford to. (Laughter)
- Q. That is not a Lend-Lease tequila, is it?
- A. Believe me, if you have it, start slow with it and finish it strong. I will suggest to

- 5 -

the Ambassador that tequila be on hand.

Q. ' Still talking off the record, will it be this week or next week?

A. The guess is that it will be this week. They tell me there is a man by the name of Columbus, who had something to do with America, on the 12th.

Q. That is Sunday, though.

A. Yes. They are trying to tie the two things up together. Why, I don't know.

Q. Columbus wasn't a Mexican, was he? (Laughter)

A. Well, it is a celebration of the Latin races, and still off the record, as the Mexican Ambassador said under his breath, "What is a Latin race?"

Q. Mr. Secretary, off the record, if it isn't on that day, it will have to be on the Day of the Dead, the second of November.

A. I don't think they could afford to wait that long.

Q. Politically?

Could we assume--

A. Are we all together here? There is no Mexican press here, is there?

Q. If there is, there will probably be a declaration of war in the morning.

Will the agreement on the stabilization peso be a straight Stabilization Fund loan or an outright--

A. We lend them dollars and they compensate us in tequila.

Q. I see. Fine. You mean it is going to be like the Chinese loan?

A. Something like that. In that case it was pigs' bristles.

(Resume discussion on the record.)

Q. Mr. Secretary, we can't say that it is like the Argentine or China loans or something?

A. Now, wait for a formal announcement.

Q. We want to give him a build-up here.

A. It is about to come sometime this week.

Q. Can we say some time this week? Should we go that far?

A. "Imminent" is a good word.

Q. We can't spell it.

"Imminent" in these times means within the next twenty-four hours.

The whole thing, the Stabilization and --  
Just the fiesta?

A. That is the fiesta. You had better get that from the State Department. But go easy now, because that is a State Department story.

I am only furnishing --

Q. Well, the silver purchases, that comes here, doesn't it?

A. It is all tied up. You will have to wait for a formal statement.

Q. Yes, sir. Mr. Secretary, can I ask one question?

A. Now, just so we go back. All I can say on the record is, I saw the Minister of Finance of Mexico. We had a constructive conversation and we hope to sign a Stabilization Agreement with them in several days. In

the near future. That doesn't get it down to days. All right?

- Q. In the near future is very indefinite.
- A. Well, that is all right. The near future.
- Q. You wouldn't say whether there would be a loan in connection with Stabilization as well as --
- A. No, I am only in on the Stabilization.
- Q. You are not in on the silver purchase?
- A. I am in on the silver purchase.
- Q. In addition to the silver buying agreement, would there be a cash loan to Mexico?
- A. Well, that is all State Department stuff. Are we all right?
- Q. Mr. Secretary, just one more thing. Was the silver agreement that they used to have with Mexico on silver purchases, which was more or less abrogated in one exchange, was that a public agreement? I mean, can we go back to the records --
- A. I think we made that public.

- Schwarz: We have an announcement.
- Q. We can look back at that.
- H.M.Jr: If you can get it, yes.
- Q. As a technical matter, as of this date that agreement is still in suspension?
- A. You would have to look up just what we called it at the time.
- Q. You said "suspended".
- A. Well, whatever I said.
- Q. You said it was suspended until you could re-examine some things and you were still re-examining them, apparently.
- "The Treasury will defer continuation of the monthly silver purchases from Mexico until further notice," was the way you put it.
- A. Well, that is --
- Q. That is Mexican for out the window, I guess. That is what it meant, isn't it?
- Mr. Secretary, are you doing any negotiating now for a loan to Turkey?
- A. No.

- 10 -

- Q. Or Lease-Lend aid?
- A. I have no business with Turkey.
- Q. Anything doing with Russia, sir?
- A. Nothing to talk about.
- Q. There isn't anything new on financing, is there?
- A. We may have something - we will have something a little more for you tomorrow.
- Q. Are you going to meet with the Open Market Committee?
- A. Tomorrow.
- Q. Terms? Could you state the terms?
- A. Oh, we will most likely have something for you then. All right?
- Q. Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, OCTOBER 9, 1941.

- Q. Mr. Secretary, we had a very touching card from Mr. Scheibel, formerly of the INS. He is in the U. S. Tank Corps now.
- H.M. Jr: Wonderful. May I answer it?
- Q. Yes, he will be very happy. Inasmuch as we have a second communication from him in which he isn't nearly as blithe as that, it won't do for you to read. He doesn't like the food. How is the new bond going?
- A. Extremely well.
- Q. Are the applications coming in from the sources you had hoped to receive them?
- A. Well, that we don't know, but it certainly was designed to appeal to insurance companies and savings banks and investors. It was designed for that purpose.
- Q. Rather than commercial banks?
- A. Rather than commercial banks.

Q. Was that the reason for the unusually long maturity?

A. Well, it is a combination of the rate and the maturity, yes. I mean, the issue was definitely designed for investors who would buy it and keep it, put it away. The rights are selling at considerably over three, which is the highest that rights have ever sold at. In fact, it is too high, so that gives an indication that they are willing to pay - I think I heard three and three-eighths.

Q. Is that a hundred and three and three-eighths?

A. Yes.

Q. Do you want us to quote you as saying it is too high?

A. What, want you to quote me?

Q. Do you want us to quote you as saying that the rights are too high?

A. Well, if you have doubts, I have doubts.

Q. I wish that would stay in the record, Mr. Secretary.

- 3 -

- A. You do?
- Schwarz: Could you say, "Almost too high."
- H.M.Jr: Why? I guess I would leave it out.
- Q. It is the highest on record?
- A. Yes, we have never had rights sell above three before. I mean, it means that we can put away a billion and a half with investors, and that carries out the principles that we have been working here for. We have got a long bond for the investors, and then we have got Defense Savings Bonds for the small man and bills for the banks.
- Q. Could we assume correctly, or rather could I assume correctly, that this policy of long-term issues will continue, as far as this program for the current fiscal year or is it subject to change?
- A. Everything is subject to change. You can say this, that we would like to sell as much of our financing as possible to permanent investors.

- 4 -

Q. Mr. Secretary, when you mentioned rights, it would be difficult for some of us to explain what a right is to people who don't know anything about investments. Would you describe them for us?

A. Well, there is a two hundred and four million dollar issue coming due. If a man has over a thousand dollar bond, he has the right to convert into the new issue. Now, the new issue, I don't think, comes out until the fifteenth.

Schwarz: Twentieth.

H.M.Jr: Twentieth. Well, if he doesn't want to wait, he can sell his right to convert to anybody he wants to.

Q. What he really sells is his note.

A. No, they actually deal in the rights. He gives the fellow a piece of paper and says you can - I suppose the simplest way, I suppose he really sells his note and the man buys the note and

- 5 -

pays him a hundred and three or a hundred and three and a half, and that gives him the right to convert it to a new issue. That is the easiest way to explain it to the man on the street.

- Q. The simplest way, Mr. Secretary, would be to say that he sells his privilege to buy the new issue.
- A. Or he can sell his note. He can sell his note - he can sell this maturing note at a hundred and three plus, and the man that buys it will have the right to convert it into a new issue, but the thing is slightly distorted because it is such a small issue, it is only two hundred and four million dollars, so there is a scarcity value there. So the thing is slightly distorted. I mean, there is two hundred and four million and a billion two hundred million issue, so the fact that there is such a small issue, the value of these things may be distorted.

- 6 -

- Q. Doesn't that really indicate the demand of the market for similar types of bonds?
- A. As of today, it does.
- Q. As of today, yes.
- A. Well, the Telephone issue was another one. I mean, there was this tremendous demand for that American Tel and Tel issue, which was a taxable issue, but as of today, the insurance companies, the mutual savings banks, were hungry for this type of issue.
- Q. Mr. Secretary, can you say anything yet about the Social Security proposals.
- A. No.
- Q. Anything on the Mexican Stabilization situation?
- A. No, we are - off the record --  
(Discussion off the record.)  
We are waiting for the State Department. The next move is up to the State Department. They have got to give us the green light.  
(Resume discussion on the record.)

- 7 -

- Q. For publication, we have a lot of papers in Mexico. Is there anything you could say for publication? Is it terminated?
- A. No, I am sorry, I can't.
- Q. You don't look for a signing this week, do you?
- A. There is one thing that you men might look into. I don't want you to take my word for it, because I haven't had a chance to check it, but it is very interesting. I don't know where you can get it from, but I was told today, and you make a check, that the use of silver in this country - you have got to check my figures because they were told to me by a mining man - for the arts has doubled from forty million and it is up to eighty million ounces. If that is true, that is news.
- Q. That is eighty million ounces a year?
- A. A year in this country, from forty million.

- 8 -

The Bureau of Mines here might have something on it, but I was just told - we are looking into it, but if that is true, that certainly is a very interesting thing. They are using it largely in soldering.

Q. Well, OPM recommended to conserve lead they use silver.

A. Well, they tell me it is being used at the rate of eighty million ounces a year.

Q. Could we ask Chick to see what information the Mint has?

A. Sure.

Schwarz: I will get that.

Q. They collect rather extensive certificates on domestic uses.

A. Wherever it is, but it is a good little story.

Q. May I repeat that question? You don't anticipate signing this week?

A. I can't tell you. You will have to get it through McDermott.

- 9 -

- Q. Anything new on loans to Russia?
- A. No.
- Q. Anything new on six per cent?
- A. No.
- Q. Have you any figure yet as to how much that would draw off?
- A. No.
- Q. Any comment on Vinson's proposal?
- A. No.
- Q. Any comment (laughter).
- A. Can you fellows tell me - what is this company that is making two hundred forty-seven per cent that Vinson is supposed to have? I see that some company - Fulton Lewis, Jr. last night - twice now he has talked that Vinson has found some company that is making two hundred forty-seven per cent, some Navy contractor. Have you heard anything about it? I will have to call up Fulton Lewis, Jr.
- Q. And then verify it after that.
- Schwarz: Vinson made the statement.

- 10 -

H.M.Jr: That is why I am asking you. I don't know, but he has made the statement twice, now.

Q. What did you think of Mr. Vinson's proposal?

A. Well, we will study all those things. That is what we have got a Tax Section for. Meantime, I am just relaxing after three very arduous days on financing.

Q. Thank you, sir.

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, OCTOBER 13, 1941

H.M.Jr: I am working hard on that tequila. I think I got somewhere with the Mexican Ambassador. He was asking why this whole thing was held up, and I said, "We can't sign until the Treasury press room gets that tequila." I got a bottle.

Q. A bottle? We need a case.

A. Well, we work them up. We start with a bottle, and we work up.

Q. You got that in behalf....

A. So as soon as you fellows get the tequila, let me know and we will get ready to sign.

Q. I thought it all depended on the Standard Oil agreement?

A. Well, we oiled it, you see.

Q. How is the status of the negotiation?

Tomorrow isn't going to be the day?

A. *off record* They have a word in Spanish. One word is

"manana", and the other is "manana manana."

I am afraid this is "manana manana", the day after tomorrow.

Q. It will be signed Wednesday then?

A. No. Is there anybody here that speaks Spanish?

Q. I know what "manana" is.

A. Yes, but "manana manana" is something else.

Q. It is a sort of futile tomorrow, isn't it?

A. Well, over the horizon.

Q. <sup>Remember</sup> ~~What~~ What do you want to say on the record, Mr. Secretary?

A. <sup>to</sup> ~~Not~~ Not a word. Tequila is coming up. Not a word.

It is the State Department.

Q. Well, we hope that is either way, with or without the agreement.

A. No, it is all up to the State Department.

Q. The tequila, too?

A. No, I am looking after that.

Q. Mr. Secretary, sometime ago you made some allusions to what you termed "slacker money." I believe it was in connection with the - with reference to getting a raciprocal tax program with the states.

A. Have you been doing research?

- Q. No, I am just building up to a question. Has the Treasury ever figured out any rule of thumb to apply to this "slacker money", that is, what percentage of a man's wealth should be liquid?
- A. You are back on tequila again, are you?
- Q. Not exactly, no.
- A. Well, I don't know who asked you the question, but I don't know how to answer it, anyway.
- Q. The whole thing is, in certain times of national stress and emergency, I should imagine that a man could put his wealth in an extremely liquid position, just to hang on to what he has got, and perhaps it would be to the national interest for that estate to be invested in something else besides Government and state bonds.
- A. So that is where it all ends, is it?
- Q. Yes.
- A. I can't help you.
- Q. Is that final figures on the subscriptions?
- A. I am sorry. Are we going to have any legis-

4  
- 4 -

lation on state and municipals, is that what you mean?

Q. Well, that is part of this. Is there going to be an effort to drive some of the money out of these liquid estates back on to the money market?

A. I don't want to give you any answer.

Q. Any figures on the subscriptions, final figures?

A. No, I don't think they will be in until Wednesday. We are doing an extra policing job.

Q. Are you going to allot more than the billion two hundred million? There have been reports that about a billion six hundred million --

A. I don't know. We will do the job sometime next week.

Q. What is the situation on Social Security?

A. For the moment it is - off the record.

(Discussion off the record.)

... in the "Department of Frozen Funds."

That is off the record.

(Resume discussion on the record.)

Q. Mr. Secretary, there have been reports that the Economic Defense Board would like to take the Frozen Funds Division away from the Treasury and consolidate it with that whole set-up. Has Mr. Wallace approached you on that?

A. No.

Q. And there is nothing to these reports?

A. It is the first I have heard of it.

Q. How about Frozen Funds taking over Wallace?

A. I don't think that would be legal.

- Q. How is the six percent plan coming along?
- A. It is all right. It is under study.
- Q. Did you happen to read about a debate in the Senate the other day?
- A. Which one?
- Q. On who was the farmers' worst something or other.
- A. I don't know which one you mean. That goes on every day.
- Q. Well, this was a question of who was the farmers' worst enemy, or something or other.
- A. That wasn't in the Senate. It was over at the Raleigh Hotel.
- Q. Oh, that is right, that agricultural thing.
- Q. Oh, was it? I thought it was over in the Senate.
- Q. Have the Russians asked for any more funds?
- A. I can't answer that.
- Q. Have you given them any?
- A. I can't answer that.
- Q. Why, Mr. Secretary? You disclosed it the last time.
- A. I just don't want to make a statement. I am not prepared to discuss it.

Q. Are there discussions under way with the Russians?

A. If you don't mind, I would rather not answer the question.

Q. Well, Mr. Secretary, the way you do so implies that something has transpired.

A. Well, I have nothing to say on that.

Q. Do you think we would be good reporters if we drew from this an inference that something has been done?

A. No, I wouldn't guess. It is up to you. I am not going to help you guess.

Q. You would rather we didn't?

A. Yes. That is my answer to you. In other words, I didn't ask --

Q. Our duty calls.

A. Well, that is up to you. I am not saying.

Q. There were published reports from Ecuador that a large loan is in the offing now. I am just wondering if it is going to be a currency stabilization with that country.

A. Too early.

Q. What country was that?

- Q. Ecuador. It is a thirty million dollar Export-Import loan.
- A. That I don't know. It sounds kind of big. That is also Mr. Jones' business.
- Q. Have the Russians paid back any of that original ten million dollar advance?
- A. Well, I announced they had paid back over half of it.
- Q. But I am speaking of the balance.
- A. There has been no more gold since that last gold. We have got all that is coming to us to date.
- Q. Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, OCTOBER 16, 1941

H.M.Jr:

We have three of the Government guaranteed issues coming due next month. There is the RFC for three hundred million, United States Housing for a hundred and twelve, and Commodity Credit for two hundred and four. What is going through my mind is that we don't want to go to the market too often. By that I mean that if the Government went to the market every other month, it would be often enough. So one step we decided toward simplification, looking forward possibly to the time when the Treasury will be the only borrower. We are going to pay off United States Housing Authority with a hundred and twelve in cash. The thing we are studying is the possibility of a time when the Treasury will be the only Federal agency borrowing, and we will lend these other agencies the money

they need. I have discussed this with Mr. Jones and he is sympathetic to this viewpoint.

Q. Mr. Secretary, in the case of USHA, are you going to loan them the hundred and twelve?

A. We will lend them the hundred and twelve or from now on whatever money--

Q. With which they will pay off these maturing securities?

A. That is right. From now on United States Housing Authority will definitely be out of the market. We will lend them whatever money they will need, and we will study the question of--

Q. At what rate are they currently borrowing?

A. I haven't got the figures, but the boys can tell you. One is coming due, I know.

Q. There is approximately six billion dollars of debt of Government agencies outstanding. Is it your idea--

A. I think it is about five.

Q. Is it your idea--

- 3 -

- A. Check those figures. I think it is about five.
- Q. Is it your idea that eventually as they come due all of those would be replaced with direct Treasury obligations and loans from the Treasury to those agencies.
- A. Well, that is what we are studying, and I feel this way, that with this enormous borrowing program that we are facing, we will most likely have to go to the market at least every other month. As I say, that is often enough, and with that in mind we are studying the possibility of borrowing easier and cheaper through this method, because the Government guaranteed agencies have to pay a higher rate of interest than the Treasury does, so if the Treasury did all the borrowing we would do it for less money.
- Q. Approximately what is that differential?
- A. The easiest way is - oh, from a quarter to a

half point more, depending upon the length of the security. I mean, if we can borrow at par, say, they would have to pay par and a quarter.

Q. Could you express that in interest rates?

A. Well, they can get it for you. They can give it to you in basing points and all that kind of stuff. I figure it in terms of pricing of issues. If you want that, George Haas can give it to you.

Q. Will that not, over a period of time, have an adverse effect upon your statutory debt limit, how far you can go?

A. Well, it will increase the statutory debt limit, but I think we might just as well be realistic about it.

Q. What will it do? Will it not increase the amount of the Treasury debt outstanding, but not increase the limit? It will bring you up closer to the limit quicker?

- 5 -

- A. Oh, yes, but we will show on our statement - I mean the plan is in the study state, but I want to talk about it. That is obvious. (Laughter) It would be so much for the Treasury, and then a line under net would be so much for other agencies. A man can do his own adding and subtracting. The net result would be that the Federal debt would rise to the extent that we took over these other obligations, but I think it is more important, and I hope the Congress will agree with me that we borrow as easily and as cheaply as possible. If I have to go to the market every month, I just think it keeps the market in a constant turmoil.
- Q. This plan you have will undoubtedly have

the effect of giving the public generally a much more accurate picture of the total debt than they have had in the past, will it not?

A. Not if they can add.

Q. You will meet a lot of criticism when people see the higher debt.

(Discussion off the record.)

A. Off the record, to be a little facetious, we were joking about this yesterday, and I said, "Well, it is much better to do it now than do it in August, just before next election."

Q. Mr. Secretary, talking about the debt limit, is it your view--

A. This is strictly non-political. This is just for National Defense, see? But I have read a few campaign speeches.

(Resume discussion on the record.)

Q. Is it your view that in view of the large sums that must be borrowed to finance the Defense Program that the statutory debt limit has very little realistic value?

A. No, I wouldn't say that, but you remember we went all through that before when there was a question of raising the debt limit, and my position is that just taking the checkbook away from them doesn't mean that the money isn't going to be spent. I mean, if they take my checkbook away, the money is going to be spent just the same and you remember I said, "I can sit here longer than anybody else could, waiting for Congress to do something." But I didn't have to wait.

Q. Put it this way: Is it your view that the debt limit will have to be raised considerably?

Q. For this Defense Program?

A. No question about it. I mean, take the figures that Mr. Knudsen used yesterday.

Q. How soon do you think that will be or how soon do you plan, Mr. Secretary?

A. It isn't near enough that I have even taken a look at it.

- Q. If you take over these five billion, that will send it --
- A. It will accelerate it. But I think the boys said it would take almost five years to absorb the five billion, not counting on any increase.
- Q. At the rate we are going now, take it for granted that the gradual increase due to your agency issues and also due to the regular mounting deficit every month - how soon do you think we will be up to sixty-five?
- A. I haven't figured it.
- Q. Within a year or two?
- A. Well, I haven't figured it. All I know is that there is five billion dollars which would be added to the national debt over a period of five years if we decided to go ahead with the plan.
- Q. Over a period of five years?
- A. Over a period of five years.
- Q. Mr. Secretary, can you estimate how many different issues there are outstanding of various Government agencies and corporations?
- A. No.

- Q. I mean each little different issue.
- A. No, but Haas could give you a complete list of them. He has got a complete list.
- Q. Does this include all the Federal Home Loan Bank issues and all that stuff?
- A. It would be any agency - the idea that I am working on is that no agency but the Treasury will go to the money markets and if any agency wants to borrow money, they borrow it from us.
- Q. Is this to some extent, Mr. Secretary, restriction of the practices which used to prevail? Didn't some of these agencies used to do that, the RFC, for example?
- A. That is right. We used to lend all the money to the RFC.
- Q. You were shooting for that ideal some time ago, weren't you?
- A. I have had it in mind, but from the agencies' standpoint, we can lend the money to them at least as cheap or cheaper than they can borrow it in the open market. Therefore, they have no objection. We just can't have six or seven people going into the market every week or two. It is just too much.
- Q. Will this require legislation, sir?

- 10 -

- A. No.
- Q. If you adopt this plan, Mr. Secretary, you probably wouldn't convert those issues which are just being retired, and are not to be replaced by other securities. For instance, HOLC is technically in the process of liquidation, and presumably they will never want to borrow again. You wouldn't do anything about the HOLC bonds, would you?
- A. I might.
- Q. You would refund them to save money, you mean?
- A. The ideal I am shooting for, I don't want any competition.
- Q. Well, they are not issuing new securities, they are just retiring old ones.
- A. I know, but they are going to the market and there is money there. The borrowing program is so huge, so immense, that as far as the Federal Government is concerned, it seems to be common sense that the decks be cleared for the United States Treasury.

- 11 -

- Q. Mr. Secretary, so far you have discussed only what you are going to do with the USHA. How about the others?
- A. I haven't made up my mind.
- Q. You haven't made up your mind about the USHA?
- A. USHA, definitely. RFC for next week, and Commodity Credit at the end of this month. It is still in the study stage.
- Q. When are those three issues coming due?
- A. All between November 1st and November 15th, but they are being refinanced. We will do it sometime this month. But everything that I am saying, with the exception of the United States Housing, we are studying. But I wanted to let you know and let the market know what I had in mind.
- Q. Mr. Secretary, yesterday Germany defaulted on her Dawes bond payment. Do you know whether they have made application for any frozen funds to pay that?
- A. I do not, but the men can ask Frozen Funds for you. I don't know.

- 12 -

- Q. Mr. Secretary, could you estimate or get us a figure on the size of the estate tax that the estate of the late Justice Brandeis will have to pay?
- A. I don't think we have ever done that, as far as I know. We have never been asked that before. I mean, as far as I know, I have never been asked the question, so I never have given out any such information. So I don't think I would start now. That is usually given out from whatever state he files with. Wouldn't it be Massachusetts?
- Q. Mr. Secretary, how is the Social Security revision getting along?
- A. I don't know.
- Q. I was speaking, sir, of the Federal inheritance tax now.
- A. What did they tell you? Go ahead. I would love to know.
- Q. I told some of your people this, Mr. Blough, that they were leaving the matter of rates to the Treasury. You are probably doing some studying on it.

- 13 -

- A. Oh, I am studying it very hard.
- Q. How are you getting along with Mr. Altmeyer and the rest of the crowd?
- A. That isn't the way you looked (laughter).  
I don't know, Altmeyer can take care of himself.
- Q. Mr. Secretary, is there any new dope on Mexico?
- A. No.
- Q. You are just sitting tight until the oil question is settled?
- A. Well, that is a little blunt (laughter).  
Fifty per cent of your statement I agree to. I am sitting tight.
- Q. I thought you were waiting for tequila. That is what we are waiting for.  
Well, we certainly are waiting.
- A. Well, I told the Mexican Ambassador. Maybe he is playing safe.
- Q. Perhaps it wasn't aged.  
Mr. Secretary, is there anything new on aid to Russia?

- 14 -

- A. Not today.
- Q. Anything in the last week?
- A. Not that I can talk about.
- Q. Have they asked for more funds?
- A. I can't talk about that.
- Q. Mr. Secretary, I saw in one of the New York papers yesterday that the Ku Klux Klan is now using as one of its slogans, "Buy a share in America. Buy Defense Bonds." They are using that on their membership cards.
- A. Well --
- Q. Distorted patriotism. You are still not going to join, are you?
- A. Unfortunately, some organizations are abusing the use - if what you say is true, then they are abusing the defense program. They are abusing and debasing it. Anything else?
- Q. Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, OCTOBER 20, 1941

- H.M.Jr: A shipment of Russian gold came in over the weekend, so they will have paid us the ten million dollars we bought.
- Q. You say, "And they will"?
- A. They have now, in about sixty-five days, against ninety days that they had. You see, we bought ten million dollars worth of gold, and they had ninety days to pay us back, and they paid us back in sixty-five.
- Q. It was paid in two installments?
- A. In two installments.
- Q. The shipment over the weekend, we may assume, was approximately five million?
- A. It was a little over.
- Q. They owed a little less than five?
- A. And they owed a little less. This is over.
- Q. Do you have any new arrangements with them?
- A. Yes.

- Q. Will you tell us about them, sir?
- A. Yes. I have bought another thirty million dollars worth of gold, and this time I have given them a hundred and eighty days.
- Q. You made the full advance?
- A. I bought thirty million dollars worth of gold, and they have agreed to pay it back over the next hundred and eighty days.
- Q. This just sets up exchange for them to be used as they--
- A. No, I give them a check, dollars.
- Q. You mean it is for future delivery of the gold, that is the way it works, isn't it?
- A. Again, I buy thirty million dollars worth of gold against future delivery of gold.
- Q. And they get the check right away?
- A. They get the check right away.
- Q. Is there any restriction saying that the dollars must be spent in the United States?
- A. No, but that is understood.
- Q. Any interest rate?

- 3 -

- A. No interest.
- Q. And can you give us the date on which this was done?
- A. Well, within the last--
- Q. So we will know approximately when it falls due.
- A. It was consummated on October 10.
- Q. This is the thirty million?
- A. Yes.
- Q. It is a hundred and eighty days dating from October 10?
- A. That is right.
- Q. Did they give you any indication, sir, of what kind of purchases they were going to make with the thirty millions of dollars?
- A. Well, you saw what the President said last Monday in his press conference.
- Q. Monday?
- A. Tuesday.
- A. Well, for your guidance, this was the sinews, you see.

- 4 -

- Q. Is this out of the General Fund, sir, or out of the Stabilization Fund?
- A. I think it is General Fund.
- Q. It would have made it a little more interesting if it were the Stabilization Fund.
- A. If it is wrong, we will tell you.
- Schwarz: I will check it.
- H.M.Jr: You know we talked quite a lot about supplies to Russia and so forth and so on. This is what they are using for money.
- Q. Could you say, sir, that after this arrangement is satisfied there will be other monetary arrangements of this same kind if it is necessary?
- A. I am glad you said "if", because that let's me out. This is all I have got - I mean, the other day you asked me something--

- 5 -

- Q. What I am trying to find out is, is it a continuing policy?
- A. I can't answer. I don't know.
- Q. Who did you sign the arrangement with, Ouman-sky?
- A. He is not here. It was the chargé, whose name I can't pronounce, but Chick can get it.
- Q. He is with the Soviet embassy?
- A. It is the chargé d'affairs of the Soviet embassy.
- Q. Well, it was turned over to Amtorg, naturally.
- A. Well, my field is with the representative of the Russian Government.
- Q. Since when do we have to read the funny papers to know what is going on in the Treasury?
- A. You and me both (laughter). Well, anything to sell a bond. Isn't this on the bond thing, or isn't it?
- Schwarz: No, that is counterfeit money.
- Q. Well, you can probably work in the bonds there somewhere.

- 6 -

They do on all the funnies.

- A. They are streamlining the Treasury.
- Q. "Streamlining" it?
- A. Both.
- Q. Mr. Secretary, --
- A. This is just a little human interest story. When I went up and talked in Boston to a lot of your banker friends, there was one fellow said to another in a stage whisper, he didn't think I heard it, "Have you heard that song they use in the Treasury, 'Any Bonds Today?'" The fellow says, "No, you don't mean to say they use a song?" "They are actually selling bonds with a song. What is the country coming to?" They had just heard about it up in Boston.
- Q. You mean they are not playing the song in Boston?
- A. Well, this banker hadn't heard about it. "They are actually selling bonds with a song."
- Q. Do you intend to eliminate preferential treatment to holders of maturing obligations?
- A. Are you serious?

- 7 -

Q. I was up in New York and everybody was disturbed about the gyrations in the rights back and forth. One day they are up three and a half, and then they drop. There were reports that the Treasury was considering elimination of preferential treatment, and the reaction was much more severe after the disclosure that you will do the financing for the agencies and absorb the guaranteed obligations.

A. Well, the only official announcement on it is what I told you gentlemen the other day.

Q. I wasn't here, Mr. Secretary.

A. Well, I told them and New York jumped to conclusions, and they have these special writers and so forth and so on. I can't help what they do, but I have told you everything that I know. You are not going to quote that "special writers", are you?

Q. No.

A. That is just for your editors. I will have something for you in a day or two.

Q. About the policy with regard to the issues?

- 8 -

A. I will have a statement for you in a day or two, how we are going to handle the RFC and CCC notes which are coming due. I will have in a day or two a definite statement for you, and I will do it through the working press.

Q. Thank you for that "working."

A. Well, that is just a formality. It is a nickname. I don't know how you fellows got it. What else?

Give me a day or two and I will have an answer for you.

Q. Well, then in other words, we can take this as a statement, that you do not deny that you are going to eliminate them?

A. No.

Q. I would be wrong if I jumped to that conclusion?

A. You would be wrong because I am working on the whole question of how I am going to take care of these obligations which fall due on the first of November and on November 15th. The only one I know about is the one that I told you that I would pay off, United States Housing. With that exception I have got an open mind and I am working on it and nobody knows because I don't know, but the minute I do know I will tell you gentlemen, so don't jump to any conclusions, because I just don't know.

Q. Right. What is this talk about defense expenditures will be fifty billion dollars for the years '43 and '44? Have you heard about that?

A. I read it in the papers.

Q. Is there anything officially on it?

A. Well, the only person that can talk on that officially, I think, is the Director of the Budget, as the representative of the President. I don't think anybody else can talk on it officially.

Q. What do you think of any proposal like that?

- A. Well, I am not prepared to talk because I don't know. I have seen it in the paper. I just don't know.
- Q. What is it, a trial balloon?
- Q. Has the Treasury --
- A. It is not a Treasury trial balloon. Are you going to run that?
- Q. Has the Treasury been asked to supply figures on how they would get the fifty billion dollars in a year?
- A. Look, nothing has come to me officially on the fifty billion dollars, nothing, or anybody else in the Treasury.
- Q. I don't think it has even gone to the Budget Bureau, has it, Mr. Secretary?
- A. I don't know.
- Q. Is this some of Stacy May's star gazing again?
- A. I don't know. All right.
- Q. I understand that you are going to expand your Foreign Funds Division, Mr. Secretary.
- A. You ought to let him go up to New York on weekends. He comes back all pepped up. What do you understand?

Q. That you are going to expand the Foreign Funds Division.

A. Why? Why should we?

Q. Well, I hear you are going to go at it more diligently and get these boys escaping the black-list on the freezing.

A. We don't think anybody does escape it. Do you know anybody?

Q. Well, I don't know anybody. I have never had my funds frozen.

A. You can let me have the name.

Q. Is there any interest charge on these Russian things?

A. No. We never have charged interest on gold. The only charge we make is a quarter of one percent in and a quarter of one percent out. I mean, we deduct one quarter of one percent for handling the gold when we take it in and add one quarter of one percent when we sell it.

Q. Mr. Secretary, am I correct that you call this a purchase and not a loan?

A. I call this a purchase and not a loan.

Q. This gold that came in over the weekend, did it arrive in an American vessel?

A. I don't know. I just was told --

Q. Where was it, in the port of New York or San Francisco?

A. San Francisco.

Q. It arrived in San Francisco?

A. The San Francisco mint took it in. That I don't know.

Q. How did it get here, by submarine?

A. It might have.

Q. Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, OCTOBER 23, 1941

- H.M.Jr: We are preparing a story for the Sunday newspapers based on this little circular on tax anticipation notes which we are just getting out with the idea that we want to get to the people an idea of what their taxes are going to be next year. We will hope to have a Sunday story, won't we?
- Schwarz: For Sunday release, yes, sir.
- H.M.Jr: I just thought I would show you what it is. We are going to ask the banks to put this into every monthly notice on November 1 to their customers, you see. I mean, the job has to be done to get it over to the people what their taxes are. I don't think they have any conception.
- Q. You have already sent these out to the banks?
- A. No, they are just coming off the press now, but we will have a story for you for Sunday.

- 2 -

Q. But there is no story on it until Sunday?

A. I would rather not. The boys thought it would make a good Sunday story, and they will get it out Sunday night.

The refunding issues seems to have been well received.

Q. Mr. Secretary, are you giving any consideration to that thought of a registered bond for savings banks somewhat on the order that Chairman Eccles has suggested a couple of times?

A. Well, we keep working on all the things all the time with the Federal Reserve. We are not particularly working on that. I mean, we are in constant touch with them always.

Q. Have you received any information on that report of the fifty billion dollar a year victory program?

A. No, I haven't.

Q. How about social security, Mr. Secretary.

- A. I have got nothing to say.
- Q. How about aid to Russia, sir. Anything new?
- A. No.
- Q. Jesse Jones said yesterday that they have taken forty-six and a half million of the fifty million dollars which the RFC has agreed to advance them against imports of strategic raw materials. What is going to happen when they have taken the last four million, as they probably will before the end of this week? They will run out of cash.
- A. How much did he say?
- Q. He agreed to advance them fifty million, and they have taken forty-six and a half million already.
- A. Forty-six and a half million. Well, I haven't got any answer to that.
- Q. You don't know of any plans to make more cash available to them?
- A. Nothing I can talk about.
- Q. They haven't taken all that is available of

- 4 -

- that gold commitment yet, have they, Mr. Secretary?
- A. Our gold?
- Q. Gold buying.
- A. Well, we gave them a check for thirty million dollars.
- Q. That is the whole thing?
- A. Yes.
- Q. Do you know what the gold producing capacity of the Soviet Union is, sir?
- A. You ask them that.
- Q. Still no answer on that?
- A. You ask them that.
- Q. As far as you know, they have almost a limitless supply? I mean, they haven't hit bottom or anything close to that yet, have they?
- A. I don't want to answer that.
- Q. Mr. Secretary, in view of the announcement of the Maritime Commission that shipments of materials from this country to Russia

- 5 -

will be shipped from the port of Boston, have you anything to say about how or when or if the Russians will be able to ship gold here in payment of the advance which you made them?

(Discussion off the record.)

H.M.Jr:

Well, strictly off the record, it is none of my business except as a citizen, but why in God's name the Maritime Commission has to notify the Germans that the port is Boston and the stuff is going to go out, up to the other place, is just beyond me. Somebody ought to have his head examined.

Q.

The State Department doesn't get it either.

A.

Somebody ought to have his head examined. But that is just as a man on the street, from one man to another. They talk about - this is just all off the record. Senator

- 5 -

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- 6 -

Wheeler. Well, what is the matter with the Maritime Commission? I just don't know. Somebody ought to send them to St. Elizabeth's to have them examined, but that is just a strictly personal remark. I feel better.

Q. That is fine.

A. I don't know what is the matter with those people.

(Resume discussion on the record.)

Q. Just by way of information, they said this would not apply to Russian ships which will leave - that the Russians would be able to come and go without advance publicity.

A. Well, anything they say now just makes it that much worse.

Q. This happens every once in a while, as a matter of fact.

A. Too often. But as I say, it is none of my business.

- 7 -

- Q. How about the gold?
- A. They came through ahead of time on the other, and I am not worried.
- Q. On this question of Treasury transactions with the U.S.S.R., is that use of the Stabilization Fund to advance dollars to Russia a new use for the Fund?
- A. Well, we are buying gold against future delivery, that is what we are doing.
- Q. Have you ever done that before with the Stabilization fund, sir?
- A. No.
- Q. You described it, I believe, in a previous press conference as a completely new type of transaction.
- A. That is right.
- Q. But Mr. Secretary, the Stabilization Fund has been your usual means of buying foreign gold.
- A. That is right. It all clears through that. It is nothing new to buy gold with it. The only new thing is that I am buying gold

against future delivery, that is the only new thing. You buy your foreign exchange on that basis against ninety day delivery. There is nothing new in that. The only new thing is for us to buy gold against future delivery. We have always bought the gold, as you say, through the Stabilization Fund.

- Q. As a matter of fact, before the war they used to buy it and leave it on earmark in Europe, didn't they?
- A. That is right. It has been done before. They used to buy future contracts in gold.
- Q. I didn't know the Stabilization Fund had been used to purchase gold before.
- A. Oh, as far as I know, all the gold clears through the Stabilization Fund.
- Q. It clears through it, but the Stabilization Fund dollars, as I understand it, were not tied up over night.
- A. Well, we have had as much as two hundred million dollars in Stabilization Fund when we wanted to buy the gold and hold it there,

not to give an inkling where we were getting it, we have held it there - you fellows have asked me about it - we have held up to two hundred million dollars and held it there for a few months just to disguise at that time that we were buying it from Holland, and they were very anxious that nobody know that they were selling, for fear that people would think that they were worried. So we bought a lot of Dutch gold, Netherlands gold, and held it there long enough so that people couldn't find out it was coming from the Netherlands.

Q. You are speaking of earmarked gold held over there.

A. No.

Q. You got actual delivery in gold?

A. Yes. We held it in the Fund instead of letting it go into the general fund, so it would not show up in the statement.

Q. How much of the thirty million advance on gold to Russia is covered by deliveries?

A. Any gold that comes into the country now will be to pay off this --

Q. But can you say how much is --

A. They have already started to pay back some of it.

Q. They have?

Mr. Secretary, you told us from time to time that any new use of the Stabilization Fund would be marked by your gaining approval of Congress for that type of use for Stabilization Fund dollars.

A. No, I am sorry. I didn't say that. It is all in the record, what I have said on the Hill.

Q. Yes, but for instance, when you entered the Argentine and Chinese Stabilization operations, you went on the Hill before the Senate Finance Committee, did you not?

A. No, I didn't tell them about the Chinese or Argentinians until after we had done it. Excuse me, you happen to be wrong. I did not tell them in either case. I didn't

- 11 -

feel I had to. And they never criticized me for it.

Q. Mr. Secretary, have you ever given out any estimates of how much gold the Germans looted from France and Belgium? Do you have any figures on that?

A. No.

Q. Did we lose any of our earmarked gold during the invasion?

A. Not a dollar.

Q. Is it a substantial sum of gold that the Nazis got out of France?

A. I wouldn't want to get in to that at this time.

Q. What can you tell us about the status of the administrative tax business, Mr.

- 12 -

Secretary?

- A. What paper are you connected with?
- Q. Wall Street Journal.
- A. I have just been reading it in the Wall Street Journal. That is your story, isn't it?
- Q. Yes, but that doesn't have anything to do with the administrative bill. That is your excess profits tax plan.
- A. I read this with great interest.
- Q. I want the administrative bill now.
- A. Well, we are going to have to do a little tightening up around here, at least until I see it. I am going to say, "At least give me the courtesy of showing it to me simultaneously when you tell it to Bryant," that is all, just a matter of courtesy. You never can down a good reporter.
- Q. Doughton has said that the administrative bill would be put ahead of the Social Security Act

amendment.

A. I don't know, I really don't know. I don't know what the situation is.

Q. And Rayburn is talking about a recess.

A. I have heard rumors of that. I really don't know.

Q. Mr. Secretary, Jesse Jones told us yesterday that the Export-Import Bank has granted a thirty million dollar credit to Mexico. Is there anything that you can tell us about the stabilization agreement?

A. Well, only what I can tell you for your guidance, that we are just sitting here and waiting for the State Department to tell us when. Did he go ahead and grant it?

Q. He said so yesterday in a press conference.

Q. Completed ten days ago. He thought it was old. He thought this had been announced all right.

A. And they have got the money?

Q. He didn't go into any details. He expressed surprise that we hadn't heard about it.

A. My guess is that he and I are both in the same status. I think everybody is sitting back to wait for the State Department. Well, he ought to know.

- Q. Has yours been finished?
- Q. You say both agreements are in the same status?  
Do you infer that --
- A. No, I am not going to say anything other than that I am just waiting until Mr. Hull tells me that as a matter of foreign policy he is ready, but he is not ready, so we are marking time.
- Q. Are they waiting for Columbus Day next year?
- Q. There seems to be a little question --
- Q. Waiting for that tequila?
- A. What is the great Mexican national hero?
- Q. Juarez.
- Q. They saw a movie.
- Q. The general, a quite famous general.
- A. Well, didn't Juarez try to take --
- Q. He was the Great Liberator.
- A. Well, when did he die or when was he born? You can look that up and fix it up.
- Q. Ha was the Mexican John L. Lewis.
- A. Marvelous. (Laughter) We are not celebrating his birthday nationally yet. (Laughter) Almost, but not quite. Are you all right, fellows?
- Q. Thank you, Mr. Secretary.

Q. One other thing, if that gold is being delivered, are we picking it up or - are we picking it up over there somewhere?

A. No, it is F.O.B. I really don't know a thing about it until they deliver it to the mint, but the Russians deliver it and I am notified and we pick it up.

Q. An interesting picture would be if it were being flown over or something like that.

A. Well, my guess is, it is not. I don't know. They haven't told us. It is their operation entirely and once it is there we just take it over. I am giving you all I know.

Q. Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, OCTOBER 27, 1941

- H.M. Jr:           What is the news?
- Q.                   Down the street Mr. John L. Lewis is holding  
a meeting.
- A.                   Well, I have got nothing.
- Q.                   Any other news on Russia?
- A.                   No. I would love to give you a nice story,  
but I haven't got one.
- Q.                   How is your official tax committee, that one  
that you set up to study the whole tax  
picture, states and so forth?
- A.                   They are sawing wood. They haven't lit any  
fires yet.
- Q.                   No reports coming out.
- A.                   No. I am sorry to have you all come over  
here on such a nice afternoon.
- Q.                   Why didn't you cancel this?
- A.                   Well, I would just as lief cancel it. It is  
cancelled now.
- Q.                   As of now?

- 2 -

- A. As of now.
- Q. Nothing to report on the social security situation?
- A. No.
- Q. On the six percent limit in profits?
- A. No.
- Q. Anything new on financing?
- A. No, not for a while. I just got through one. There was an amazing percentage. I don't know whether they have given that out. It was almost a record. Have they given it out?
- Schwarz: They haven't given it out yet, sir.
- H.M.Jr: They ought to get it. It is almost as good as Ivory soap. (Laughter)
- Q. How about the Mexican situation, sir?
- A. Not a thing.
- Q. When could we expect any financing? Next month?
- A. Oh, I don't know. I haven't decided.

- 3 -

- Q. There have been reports that you might put out a tap issue, a consol tap issue, or do you have anything to tell the fellows who sold the rights short?
- A. You will be amused at the fellow who sold out.
- Q. Really?
- A. Yes.
- Q. Is there being considered a tap issue?
- A. I wouldn't answer it. We study everything.
- Q. I mean, the British have been doing it.
- A. Who?
- Q. The British.
- A. Well, we study anything, all of them.
- Q. Well, how about George L. Harrison's remarks?
- A. We read those too.
- Q. I apparently can't make any news.
- A. I am sorry. Next time I will call it off.

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, OCTOBER 30, 1941

- H.M.Jr: All right, gentlemen, I hear you insist on seeing me, so here I am.
- Q. It is a pleasure.
- A. It is a pleasure for me. What is on your minds?
- Q. Can you tell us anything further about the program to curtail non-defense spending?
- A. No, we had that first meeting yesterday, an organization meeting. I guess the chairman, Senator Byrd, has talked to you.
- Q. Is the Treasury going to make any recommendations on the curtailment at all?
- A. I have nothing to say at this time.
- Q. Mr. Secretary, will the President's Social Security message tell Congress how to allocate the new rates or will that be left up in the air?
- A. It depends upon which paper you read.
- Q. Mr. Secretary, can you tell us what the

- 2 -

Treasury's recommendations on Social Security revision are?

- A. No, I can't because I haven't made up my mind.
- Q. There is no report as yet to the White House?
- A. There is no report yet to the White House.
- Q. You mean no final report. You have talked to the White House?
- A. Well, I was at that meeting which the President announced, but I haven't discussed it with the President since then. That must be what, two or three weeks ago?
- Q. Three weeks.
- A. I haven't discussed it with him since then.
- Q. Any news on financing?
- A. No. There won't be any more this month.
- Q. None this month? I see. Well, today is the thirtieth. (Laughter)
- A. No, there won't be any more this month. We are safe on that.
- Q. Mr. Secretary, is there any disagreement

- 3 -

between Treasury and the Social Security Board on the rates?

A. Well, we are studying the whole thing from the angle of the Treasury and also in connection with another tax program. We are looking at the thing, after all, from the standpoint of how much money will there be next year necessary to mop up through taxes and social security and the whole program.

Q. You haven't dropped your wage separation?

A. We are studying the whole program. We have estimates now of how much we feel is the extra money in the pockets of the people, purchasing power, for which there will not be goods to buy. Now, what is going to happen to that extra money? Now, from our standpoint, that is a tremendously important matter, and we are giving very, very careful study to it.

Q. You have estimates of the amount of money of that kind?

- 4 -

- A. Yes, we now have them.
- Q. Are those the Census Bureau figures?
- A. No, they are figures which have been prepared specially for us.
- Q. Can you tell us how much that is?
- A. I am not ready to.
- Q. Is the national income estimated to be over a hundred million dollars?
- A. I am not ready yet. I just wanted to explain that it isn't just Social Security, it is taxes and how we borrow, the whole thing, the whole fiscal program is all tied up in it.
- Q. Well, Mr. Secretary, some of the people who are interested in Social Security are objecting to that approach to any change in the Social Security program. That is, they seem to have the idea that regardless of what you do in other programs, Social Security program ought to stand on its own feet.

- A. Well, I don't think any program today that has to do with taxes or borrowing can stand on its own feet independent of the Treasury's borrowing program for national defense. That and what effect it will have on inflation, whether it will be anti-inflation - I mean, you just can't say, "Well, this program can stand on its own feet." It can't. I mean, after all we have got a job here of borrowing the money for national defense.
- Q. In other words, all of them are inter-related and each cannot stand on its own feet.
- A. No, any more than I ought to go out and borrow irrespective of the effect it would have on other agencies.
- Q. Well, Mr. Secretary, is it a fair conclusion that the payroll tax increase recommended will be governed more by the desire to check inflation and to meet the financing requirements of the defense program than by the

- 6 -

actual needs of Social Security?

A. Well, I don't want to quite answer your - if I may answer it in my own way, you can come back at me again.

Q. All right, sir.

A. My first job here is to borrow the money necessary to finance national defense. That is my number one job. Now, any move that we can make or help to make which will be anti-inflationary will keep the cost of borrowing down. By that - I don't mean that literally. I mean in the sense of the whole repercussion of inflation. So we are very much interested to keep prices related to the whole program. In other words, I am very much interested in keeping prices as stable as possible, and all of these things come back that my job is to get the money for the defense program and no other program in any other way that might cut into this - ,

- 7 -

I mean, they have to stop.

Now, I have discussed this matter with Mr. McNutt, and I told Mr. McNutt that I felt that they had to take the Treasury's angle and that they had to consider the Treasury's power. He said, "You are absolutely right, and I agree with you."

Q. Pardon?

A. McNutt said he agreed with me, that we had just got to consider the Treasury. He said of course we are right. So I mean I haven't had anybody disagree with me. That doesn't mean that I am in disagreement with the Fed, but we are looking at the whole thing, and when we get it so we are satisfied, then we are ready to present it, but we are not satisfied, and we are working as hard on that thing as we have ever worked on anything in our lives, because it is a gigantic job.

- 8 -

- Q. You are not satisfied with the plan as it is worked out so far?
- A. Well, I mean it is incomplete.
- Q. What seems to be the stumbling block?
- A. Well, it is the size of the problem that is the stumbling block.
- Q. Is it a question of how much you can get out?
- A. No, it is the size of the problem. I mean, here you have got a problem to borrow these billions of dollars. Now, before you go out you have got these various sums of money being spent - curtailment of goods - and you have just got to consider the whole program. It is so big that it is the size of the program it is which is the stumbling block.
- Q. Well, the size of the - your Social Security changes - will that size depend on the extra money which you think is the extra money in the pockets of the nation?

- A. All I can say is that if we had everything that Social Security wanted, that wouldn't begin to take up the money which we feel we have to mop up next year.
- Q. In other words, you have still got to look elsewhere?
- A. We have still got to look elsewhere.
- Q. Is that beyond taxes too, sir?
- A. Anywhere.
- Q. Does this point, Mr. Secretary, to a modified form of enforced savings.
- A. I am talking in generalities and I am conscious that I am talking in generalities, and, if you don't mind, I would like to stay that way.
- Q. When you put this talk on the effect of purchasing power having an inflationary effect, do you have in mind that when you change the taxes, the increase should be heavier on the employees?

- A. In the first place we have got to have a program that I am satisfied with in the Treasury. Then I have got to discuss it with the President, which I haven't done. Next we will want to discuss it with the leaders in Congress, which I haven't done.
- Q. You are shooting at something in the neighborhood of thirty billion dollars a year, one way or another, aren't you?
- A. You don't get me on that one.
- Q. Mr. Secretary, I take it from what you say that it is fair to conclude that it is your studies which have held up the President's Social Security message.
- A. No, because I haven't asked him to hold it up. Now wait a minute.
- Q. The practical way for him to send a message --
- A. Wait a minute. I withdraw that.
- Q. You said you were not satisfied with plans that had been made to date.
- A. Well, he is conscious of what I am doing and evidently it - well, I can't say why he has done it but he knows what we are working on.

- Q. He knows you are still working on it?
- A. Oh sure.
- Q. Well, Mr. Secretary --
- A. Now, what deductions he has drawn, I don't know, but --
- Q. As you increase the Social Security taxes, doesn't that cut in to the amount of revenue that is available for direct taxes, that is, revenue raising taxes?
- A. I am not going to get in to that. I am not going to follow you, I am sorry. I am not going to get in to anything other than just generalities. I have given you an idea of what we are working on and what the problem is. Now, after all, you can get so much from taxes. You can get so much from - and what you can't raise through taxes, one form or the other, you have got to borrow. Then the question is how are you going to borrow it?
- Q. Whether you borrow directly or through Social Security or one of several other ways.
- A. Savings and various other ways we are going to borrow.

Q. Well, in your studies of --

A. After all, excuse me, you have got to raise so much money. You have got to pay the bills for so much. There are so many billions to pay, so many billions of dollars that the Federal Government has to pay. You get so much through taxes and then the difference between it you have got to borrow.

Q. The only question in my mind was this --

A. Oh yes, we mustn't forget. And we can also save some through eliminating non-essentials, non-defense items.

Q. Well, the question in my mind --

Mr. Doughton doesn't think so.

A. Mr. Doughton doesn't think so? Don't overlook that, though.

Q. Out here somewhere there is a limit on how much money the people can reach down in to their pockets and pay in in taxes of any form. Now, if you take a larger cut of that than is necessary to run your Social Security program, don't you in that way set up a future liability that you have got to meet out here somewhere?

In other words, you are going to have to go out again and tax again or borrow again to repay that.

A. I know what you are talking about and I understand English, but I am not going to answer you.

Q. Mr. Secretary, can you tell us in what way your plans handle the problem of those whose incomes, whose purchasing power has not increased? That is, here is one man who, because of the defense program, is earning maybe ten times as much as he used to, but here is another man who isn't earning any more and is paying higher prices and has a smaller income, really.

A. I am conscious of that too.

Q. Mr. Secretary, can you tell us whether your Social Security studies and your over-all studies are being made with the President's victory program in mind?

(The Secretary indicated he would not answer the question.)

It is fifty billion dollars a year. That should change the picture.

Remember that is exclusive of regular expenditures.

- Q. In your discussions on Social Security, you are also studying the new tax structure for next year, are you not, sir?
- A. Oh yes.
- Q. The two are definitely in the problem?
- A. Definitely, the whole tax program for next year is being considered and the whole thing is inter-related.
- Q. Is your tax program next year to be based on the two thirds-one third ratio of spending and borrowing?
- A. I am not going to answer that. Glittering generalities. I have given you some stuff, haven't I?
- Q. Yes.
- Very good.
- Mr. Secretary, might I ask --
- A. No, I have given you something. This is the first time I have said we are working on this whole story.
- Q. It is a good story.
- A. In other words, we have got a figure now of how much has to be mopped up.

- Q. That is a figure we would like to have.
- Can you give us a rough figure?
- Can you give us a range, sir?
- A. No, I think you had better wait.
- Q. Over thirty billion dollars a year is being spent for luxury items.
- A. I think we had better not do it.
- Q. Will the new program be patterned after the fifty-fifty goal, fifty borrowing and paying fifty?
- A. I never heard of that. There is one of two thirds-one third.
- Q. That is what I mean. Do you hope to get up to there?
- A. I am not going to answer that.
- Q. Mr. Secretary, liquor sales is running way ahead of Defense Savings Bonds sales. I wonder if you are going to mop that stuff up?
- Put one on every bottle?
- A. All right, boys?
- Q. Who do you favor in this New York mayoralty campaign? Do you like LaGuardia or O'Dwyer, Mr. Secretary?

- A. I vote in Fishkill.
- Q. If you had a vote in New York City who would you vote for?
- A. How do I know who is running for --
- Q. Can't you not interfere, but.....
- A. I vote in Fishkill.
- Q. Wouldn't it be possible for the President to send the Social Security message to Congress without the inclusion of these studies you are making?
- A. You know the answer to that.
- Q. And then have Congress ask you for details?
- A. He could do it tomorrow if he wanted to.
- Q. But you don't imagine that it will be done, do you, sir?
- (Discussion off the record).
- A. Off the record, I have been surprised too often.
- (Resume discussion on the record.)

Q. Well, Mr. Secretary, just for our guidance, could you say whether it is likely or not that this thing will reach the stage of Congressional consideration before the end of this year?

A. I don't know, because - I don't know whether Congress is going to take a recess or not.

Q. Will it be ready for their consideration before the end of the year?

A. Oh yes.

Q. There is only two months.

A. I know.

Q. The President has sufficient data now to send a message up.

A. On Social Security? You will have to ask him. I don't want to answer it.

Q. Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, NOVEMBER 6, 1941

H.M.Jr: I suppose you all saw Mr. Doughton's statement?

Q. Yes, we did.

A. And that it answered everything you wanted to know?

Q. No, sir.

A. What do you mean, "No, sir"?

Q. Well, Mr. Secretary, some of us have been kind of thinking that perhaps the poor suckers out in the woods are going to have to pay this tax bill and are just about as much entitled to know what it is all about as the lobbyists and others that prowl around. We are going to take up some money and subscribe to one of these services down stairs so we can find out what is going on in taxes.

A. What is that crack?

Q. Well, the objection seems to be - it seems to be the thought with myself and apparently

- 2 -

among the others that there is more concern with the proposed tax program and questions of protocol between the Treasury and the Hill committees.

- A. No, but what is this about - what is that?  
Come on now, Nick.
- Q. Well, the services, these secret letters, got this stuff out before any of us knew it downstairs.
- A. I haven't seen it. I would like to see it.
- Q. Another problem that faces us too, sir, is that after the program has been outlined to Congress, the Congressmen themselves are perfectly willing to tell us, but inasmuch as it was verbal and they weren't given a chart of the thing, there were many errors and inconsistencies in what they have told us; and even after that came out on the Hill, we couldn't get any verification of anything here, one way or another.

- A. Well, that speaks well for Chick.
- Q. I don't think it is a question--  
Perhaps from your standpoint, but not from the public's.  
We have been fooling around with this thing for something more than twenty-four hours now, and it really isn't funny.  
This is a rather serious business to the public, Mr. Secretary.
- A. Let me read you from Mr. Doughton's statement.
- Q. Yes, sir.
- A. "Secretary of the Treasury Morgenthau met informally yesterday with members of the Ways and Means Committee and offered purely as a suggestion that consideration might well be given to the matter of enacting another tax bill to be effective on January 1, 1942, for the main purpose of helping to prevent inflation as well as provide additional revenue for national defense."

- 4 -

Now, I will be serious. I went up there yesterday, gentlemen, in an executive session and my understanding of an executive session is that you don't talk. Now, one of the smartest fellows that used to be around here was Senator Couzens, and Senator Couzens always used to say when they went into executive session, "Excuse me, I will go out because there is no such thing as an executive session."

When I am invited by the Chairman of a Committee to appear on the Hill in executive session, certainly I and the people associated with me, our lips are sealed.

Now, I can't help it if you men are smart enough or keen enough to get some of these people to talk to you. I am not a member of Congress, but I will be here for a little while yet anyway, and I will have to go up on the Hill again and I--

- 5 -

- Q. Mr.--
- A. Just let me finish, if I may, please.  
I observe the ethics of when I am invited to appear in executive session that I keep my mouth shut. I can't help it, what a member of Congress does, and I can't help it if you fellows are clever, and some of you are, and get the stuff out of them, but that still leaves me in the same position. An executive session - I can't walk out and say, "I won't appear in an executive session."
- Q. You have done that, sir.
- A. What is that?
- Q. You have done that, sir.
- A. Walked out?
- Q. Not walked out, but before you went up you served public notice through the press conference that you wouldn't appear unless it was an open meeting.
- A. That is true, and I didn't do it yesterday,

- 6 -

so both my lips - my lips are sealed, and anybody associated with me, their lips are sealed. Now, I can't help it, gentlemen.

Q. Purely from the forensics of the matter, with all due deference to you, over a period of eight years there have been extensive closed hearings. It has leaked out every time. Rather than have a continuation of that and a continuation of these partially true and partially false stories that come out of those things, I should think that the Treasury would desire to have its picture either presented or not presented.

A. Well, that is your side of the story, and my side of the story is, when I am invited up there I don't have any choice in the matter. I mean, I could say, "I refuse to go," or so forth and so on.

Q. Can you tell us some of the details of the outline of the plan that you proposed to Congress yesterday?

- A. I was there in executive session, and I cannot talk. All the pressure in the world isn't going to make me talk.
- Q. Could you confirm any of the stories that have appeared, Mr. Secretary?
- A. I am not going to confirm or deny because it was executive session, and I gave my word and I am not--
- Q. Mr. Secretary--
- A. Now, look, you might just as well save the pressure on me. I am used to it and I am not going to give in because it is a matter of my word and my honor, and I am not going to talk.
- Q. Surely, sir, but--
- A. I am not going to talk.
- Q. It isn't a question of putting pressure on you at all. It is a question of getting some answers to a lot of questions that are in a lot of people's minds outside of this town.

- A. I can't help it. You have got, what is it, twenty-four members - how many members of the Ways and Means Committee?
- Q. Twenty-five.
- A. Twenty-five, and I am sorry, you might just as well be good humored about it, I am.
- Q. Mr. Secretary, can you tell us anything of what you conferred with Mr. Rayburn about this morning relative to the necessity of continuing Congress in session?
- A. He held a press conference, and I read on the ticker that he said he wouldn't talk.
- Q. Was that an executive meeting too, sir?
- A. No, it was in conference between Mr. Rayburn and myself.
- Q. Mr. Secretary, would you answer this question? Can you say whether or not you believe the public is entitled to know the details of the bill or proposals?
- A. The answer, of course, is yes.

- Q. Well, Congress can't give them to us, sir, because they don't have it clear enough in their own minds.
- A. I can't help that.
- Q. That was proved yesterday. They gave us all they had.
- A. I can't help that.
- Q. There are several versions of--
- A. I can't help that.
- Q. ... of what went on up on the Hill, Mr. Secretary, and are you willing to let the public boil over these different versions and not straighten them out? After all, if one side in this executive session has broken faith, don't you think that should release you?
- A. No.
- Q. Mr. Secretary, American business--
- A. I could get a little more picturesque on that.
- Q. In language?
- Mr. Secretary, in view of what has happened in the Committee this afternoon, the American business and industry is going to have to continue to mull over these partial facts that they have got, some erroneous, some correct, for at least two months before they find out what actually is the case.

- A. That is the responsibility of the members of the Ways and Means Committee, who originate all tax legislation.
- Q. Do you disclaim the responsibility for yourself, sir?
- A. Yes. I mean, I have appeared there and I told them. They are the elected members.
- Q. I mean regardless of any specific conversations you have had with them, do you admit a little responsibility in informing the public?
- A. My responsibility is in appearing before these gentlemen. They are the elected people. They make the laws, I don't. I have no responsibility as far as law making is concerned.
- Q. Mr. Secretary, as Secretary --  
This comes before law making.
- A. I mean, I am not a member of Congress.
- Q. You are a member of the Administration, sir.  
As Secretary of the Treasury, Mr. Secretary, you have views of your own on revenues and taxation. Is there any reason why you can't give us those views at this time?

- A. Yes, because I have just given them to a Committee in executive session.
- Q. It sounds almost like a military secret.
- A. No, it is a matter of honor, that is all.
- Q. Mr. Secretary, the other day you disclosed to us --
- A. It seems to me that is pretty important.
- Q. Well, it comes down to a question of where the larger matter of honor lies, whether it is to the Committee or whether it is to the public generally.
- A. Now, listen, you are a smart boy, see.
- Q. I know it, sir.
- A. I have got my own standards and I am sure that if you were in my seat you would be doing just what I am doing, and if I were in your place I would be doing what you are doing.
- Q. You are telling me.
- A. But all the pressure in the world isn't going to change me, and unless Mr. Doughton would want to give out - release information officially --
- Q. Would the Treasury be willing to supply the Ways and Means Committee with a typewritten

statement of what was encompassed in the talks yesterday? We can get it from them, but they haven't got it.

A. What do you mean, you could get it from them but they haven't got it?

Q. They would release it if they had it. Two hours of talk covered the whole thing.

A. I am sorry, I can't help you out. I don't know how many people were there this afternoon. You counted them. You were there. You checked them off yesterday.

Q. I wasn't there this afternoon. I just said there were twenty-five members of the Committee. Mr. Secretary, could I ask you a specific question regarding Treasury tax plans without any reference to what went on at the Hill yesterday?

A. You can ask me anything you want. It is a free country.

Q. No free answers, though.  
Maybe we can get the stuff from Colonel Donovan's office.

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- 13 -

Does the Treasury favor enactment of a withholding tax?

A. I will put it on short wave and you can pick it up on the rebound.

Q. Come again, Buddy.

Does the Treasury favor enactment of a withholding tax?

A. I am not prepared to answer you about any questions on any proposed tax legislation this afternoon.

Q. Mr. Secretary, the other day you revealed at your press conference that you had arrived at a figure that you felt was excess national income and should be, in your words, "mopped up."

A. I revealed a figure?

Q. You said you had arrived at a figure.

A. That is right.

Q. Can you tell us that figure now?

A. No.

Q. Mr. Secretary, has the Treasury received a petition from some commodity houses in

New York asking for a revision in this Foreign Funds Division order regulating foreign funds in the commodity market?

A. Well, I cleared my desk of all the mail today, and there was nothing in it. That doesn't -- if it is in the Treasury, I haven't seen it. If it is in the Treasury, I haven't seen it.

Q. Mr. Secretary, you are familiar with Maynard Keynes' tax theories, notably the so-called "forced savings" through taxation. Are you in favor of any particular tax or revenue raising methods of that kind?

A. It is a good question, but I am not going to answer it.

Q. That was through the back door.  
Mr. Secretary, will you comment on the criticisms of Senator Vandenberg --

A. Now, that is the second time you have said that. I object to that.

Q. To the back door?

A. There is no back door to the Treasury, and if

- 15 -

there is, I want to know it.

- Q. Well, the expression doesn't mean - it isn't derogatory. If you don't favor enforced savings directly by increasing Social Security tax, perhaps I am wrong --
- A. I thought you meant as to information.
- Q. Oh, no.
- A. Because you men know that as far as I am concerned, I have always given you fellows a break. If I have got any information, I will give it to you.
- Q. You misunderstood me.
- A. Oh, all right.
- Q. Mr. Secretary, will you comment on the criticism of Senator Vandenberg about increasing Social Security taxes?
- A. That is nothing new. He has said that a half dozen times.
- Q. Will you comment on its validity?
- A. I will say this much, he just doesn't want to understand.
- Q. Mr. Secretary, I am a little new on all this

- 16 -

argument. What is the reason for the secrecy over taxes? I mean, just that you haven't arrived at the program yet and don't want to reveal it until you get it, or what --

- A. I don't want to try to paraphrase this, but there is no secrecy. I simply went up there yesterday afternoon on the invitation of Mr. Doughton to find out, would the Committee receive a tax plan from the Treasury. Well, they met and they have decided - the statement is here - that they weren't ready, but they didn't-they haven't closed the door, but at the moment they don't want to receive one, but that doesn't say that they won't. Now, that is the whole situation. Now, if I may be - may for the moment go off the record.

(Discussion off the record.)

A.

You have asked me a question and you are entitled to an explanation. The reason that I am not answering your question is this. I begged them and I implored them yesterday not to talk because I am terribly worried about inflation and prices and at the rate the prices are going, if they don't tax, the increased cost of living will take it away from you and me and the Government doesn't derive any benefit through revenue, at the rate that the increased cost is going up. It is much higher. The increased cost of living is going up much faster than any taxes that we have proposed. Now, if it went out - this was my plea that I made to the Congressmen. This is the way I talked yesterday. "Please don't say that I have come up here with a tax program and then have it go out to the country that you people aren't interested in inflation and let it be known to the country that I came up here and gave you a story with the facts and figures of what I think is going to happen next year and you turned me down, because it is simply a signal to every speculator, 'go ahead and buy your commodities,' and so forth and

so on; the 'Congress of the United States isn't interested.'" That is number one. Number two, if this thing is hanging around in the air, people who have been buying our Defense Savings Bonds, it throws cold water on them, and if this thing is bandied back and forth - now both of them, I think, are very valid reasons. Now, unfortunately, I think, for the country as a whole, some of the people up there talked and told about what I would say formally if I came up there, but I was up there informally, under the pledge of secrecy, and begged them not to do this thing. Now, to my way of thinking, there is nothing more dangerous or more vicious than this whole spiral of - it gets everybody and it undermines the morale of the whole country. Now, they didn't do what I begged them and implored them to do.

Mr. Doughton has given out a very fine statement. He did me the courtesy of reading it to me over the telephone before he gave it out and I said I was entirely satisfied. Now, if I

begin to talk and say, "I suggested this," "I suggested that," I just add fuel to the fire. I would rather have the boys for the moment a little angry at me because it is unimportant for the moment, because the whole thing of inflation is terribly important, and they don't stay angry very long. You see, I like them and I think they like me. But I don't want to add fuel and that is the reason why I am keeping so quiet. I could tell you, but I hope that the story will gradually peter out until these men make up their minds that what I told them yesterday is serious, that there is a danger, and they will do something about it. Does that answer you?

Q.

Yes, sir.

A.

Thanks.

(Resume discussion on the record.)

- 19 -

Q. Mr. Secretary, I want to ask you one question on the record. It was only less than ten days ago when you disclosed that you are preparing a bill that you would have the information for submission to Congress by the end of the year. Now, has the situation between the last ten days and now deteriorated to such an extent that you went up there to apprise them of the fact?

A. I will answer you again off the record.

Q. No, answer on the record on that.

A. No, off the record.

We have here a group of about twenty people -- people we have invited in who were specialists in their fields, who have been working day and night on this, and they only gave me the figures Tuesday. Roy Blough came up to the farm and came back with me Tuesday. I got the figures

- 20 -

No, that is just the point. I can talk. I know what he is in my mind, but if I begin to talk, coming down. The figures were so alarming that I asked for this chance to present it to them. Now, just the way you can say, "Well, you were way off last April when you went up and asked for - "

I forget what it was.

I said the spending would be eighteen billion dollars. We honestly thought that. I have been low on my estimates every time. But now that the figures are such that I felt that it was of the greatest importance that we begin to take out more revenue, beginning with next year.

Q. Why not make that on the record, Mr.

Secretary?

A. The last thing?

Schwarz: Do you want to say that the situation is that much worse?

H.M.Jr: No, that is just the point. I can talk. I know what is in my mind, but if I begin to talk, I just add fuel to this whole thing and I told these people - they are talking about re-election and another tax bill. Listen, they don't do something, and the housewife each week can buy less for her dollar. It means a great deal more to them because they are going to know it when they pay their bills every day.

Q. Mr. Secretary --

A. Excuse me. I don't want to be personal but one of the most important fellows over there in this committee told me that he hasn't received a single letter on inflation or the cost of living, and he doesn't believe that anybody is interested.

Q. Perhaps, Mr. Secretary, you could correct some of that if you went on the record with all this stuff.

If it is so dangerous, shouldn't --

How are you going to get Congress to act on this thing if their constituents don't know how serious it is?

A. Because the door is still open and I am still

hoping that the Ways and Means Committee may change their mind.

Q. Well, along --

A. I mean, they didn't shut the door in my face.

Q. Don't you actually consider that pretty much of a no without saying no in so many words?

A. No, I don't, and I have got reason to think that the door is open and may get open a little wider.

Q. These facts that you say are so alarming, if they were broadcast by you they would certainly bring pressure to bear.

A. That ought to be a very careful statement which would take me, working day and night, a week to prepare, so that I wouldn't just scare the people to death.

Q. Have you apprised the President of this situation, Mr. Secretary?

A. Off the record? Of course I have.

Q. Do you think he probably pushed the door open for you?

A. Well now, you know what I do about talking about

- 23 -

the President. Of course he knows about it and I am not out on any limb, either.

Q. Mr. Secretary--

Probably off the record again, hasn't the damage already been done by these stories and isn't it affecting the purchase of bonds?

A. I can't tell. The story was in this morning's papers. I don't know. But certainly as of tonight, until I get a chance to digest this - this thing on the ticker has only been out ten minutes. I mean, I have got to catch my breath because I don't want to say something which is only going to make it worse.

(Resume discussion on the record.)

Q. Mr. Secretary, to get on the record and away--

A. I have been frank.

Q. ... and away from taxes, have you any idea how much money the Government may have to spend in the next fiscal year?

A. Well, that leads all around to the same thing.

Q. Does it go back into that?

- 24 -

A. Yes.

Q. Well, Mr. Secretary, a lot of people have the idea that this price control bill that is kicking around up on the Hill is the answer to a lot of ills.

A. I know. It will help a lot.

Q. You mean if it is properly drawn.  
In its present form?

A. No, it has got to be improved a great deal. I am not going to begin to testify on that, but I have testified on it, but certainly in its present form - I mean, it has got to be greatly strengthened in many directions. Where, I am not going to say tonight.

Q. On the record, Mr. Secretary, can you account--  
Was that on the record?

A. That was on the record.

Q. ... can you account for the Ways and Means Committee's action today in tentatively rejecting the proposal in the light of the serious situation you laid before them?  
(Discussion off the record.)

- 25 -

A. Well, I just don't think that they believe the situation is as critical as I do. But you can't quote me on that.

(Resume discussion on the record.)

Q. Can you tell us, sir, what other steps are under study besides price control and taxation to head off inflation?

A. I don't know, except those two.

Q. Is rationing under consideration?

A. You mean as to civilian goods?

Q. Yes, sir.

A. Well, that might be, but I am not up to the minute on it. I just don't know what OPACS is doing. I don't know. All right.

Q. Thank you, Mr. Secretary.

A. Thank you all.

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, NOVEMBER 10, 1941

H.M.Jr: Well, I hope you didn't walk too far because you drew a blank today.

Q. Another one?

You just had Mr. Doughton and Mr. Byrd in here. They must have conspired something with you.

A. I didn't announce they were coming.

Q. But they were here, and they said you would be able to talk for them.

A. Well, that is easy. I am not going to give you anything. I mean, they were simply here to have a sort of trial run on what I had to say. He has called a meeting for Friday.

Q. What sort of thing is it that you have to say, sir?

A. Well, I am going to say it Friday before the Committee.

Q. I mean on what subject?

- 2 -

- Q. That is Senator Byrd's Committee?
- A. Yes, of which I am a member.
- Q. Are we to infer from that, Mr. Secretary, that you have some plan of reducing non-defense expenditures which you wanted to out-line to them before you outlined it to the full Committee?
- A. That is correct. You can quote me on that. You can credit the by-line to AP.
- Q. You tried it out on them? Did they like it?
- A. Yes.
- Q. There have been reports, sir, that you have specific recommendations amounting to one billion dollars. Is that correct, sir?
- A. I have specific recommendations. I haven't added them up. My recommendations apply as to functions of Government.
- Q. And you haven't determined how much could be saved by those things?
- A. No. How are we doing?

- 3 -

- Q. Will your opinions represent those of the President, sir?
- A. Well, you know the President. He always talks for himself.
- Q. He has been strangely silent with regard to your remarks on non-defense expenditures.
- A. I am surprised.
- Q. I mean, he hasn't publicly adopted them. He still says the Social Security message is going up soon. Is that right?
- A. That is his action.
- Q. Mr. Secretary, before we leave that other subject--
- A. You haven't missed anything yet. I haven't said anything.
- Q. Can we assume then that what you say will be strictly on behalf of yourself?
- A. When I go up before the Committee?
- Q. Yes.
- A. Well, I am going up and talk for myself as Secretary of the Treasury, whatever that

- 4 -

means. You can leave that last part off, "whatever that means." I mean, I am going up and talk for myself.

Q. Well, that excluded certain other people.

A. That is right.

Q. Could you elaborate on the word "functions," Mr. Secretary?

A. Where have you been the last two weeks?

Q. Oh, I have been different places, mostly on the Hill.

A. I have missed you.

Q. Well, I missed being here, of course.

A. Welcome back.

Q. Thank you.

A. No, I am sorry, I can't because they felt that they were only two out of fourteen members and they should save my remarks for that, but, off the record--

(Discussion off the record.)

... believe me when I go up there Friday, I am not going into executive session. I will tell you that.

Q. They announced it as an executive session, sir.

- 5 -

- A. Then I am not going. I didn't want to say that. I mean, this is here. I didn't want to emphasize it in front of Doughton. But I don't have to be knocked over the head more than once to learn a lesson.
- Q. Seriously, Senator Byrd told us it was an Executive session.
- A. Well, I won't go into any more Executive sessions. I didn't want to make a point of it, because I didn't want to hurt the old boy's feelings.
- Q. Is that off the record?
- A. That is off the record. I don't want to hurt the old boy's feelings.
- Q. Couldn't we say on the record that you will insist upon an open session?
- A. No.
- Q. Could we say on the record you will appear in public session?
- That you understand it is a public session?
- Can we say that your testimony will be public, without regard to how the session is held?

- 6 -

Schwarz: Do you want to talk with Senator Byrd first?

H.M.Jr: I think you had better let me talk to him first. I am sure he will comply with my wishes, but it would look as though I was trying to force his hand, but I am telling you men, I am not going to go up there.

Q. Still off the record, Mr. Secretary --

A. I am not going to go through it twice.

Q. Still off the record, is this going to apply to the incomes next time you go before the Ways and Means Committee?

A. I am not going to any more Executive sessions. No more Executive sessions. Me and Senator Couzens from now on (laughter). That is all off the record. You might as well get it right from me as to get it from five other people. How many are there, twenty-five people. It saves you a lot of work and me the grief. What else?  
(Resume discussion on the record.)

- Q. Well, now, Mr. Secretary, maybe you will tell us what you told them.
- A. Well, the rule of the jungle still holds true.
- Q. Mr. Secretary, for background, if not for direct attribution, could you tell us whether it is now your thought that there won't be any tax program before the beginning of next year?
- A. You needn't look for attributions or background or accusation or anything else. No.
- Q. The reason I ask is that you indicated at the last --
- A. The last word is what Senator George said.
- Q. I didn't see that.
- A. He gave out a statement Saturday night.
- Q. What did he say, that there won't be?
- A. You can have what Chick gave me, if you want to see it. This is what Chick gave me. I guess it is UP. Do you want to read it and give it back?

- Q. It is a good story.  
What does it purport to say, sir?
- A. You don't deign to read it? (Laughter)
- Q. The reason I ask is that at the last press conference you indicated that you hadn't given up hope for a tax program.
- A. Well, I think we will just be a little patient now.
- Q. What about the administrative tax bill, Mr. Secretary?
- A. I don't know where we are at.
- Q. That is still under consideration, I assume.
- A. I don't know. I don't know how they feel. I think they met this morning, the committee, and I don't know what they did say or do. They had a meeting this morning.
- Q. Is Representative Doughton on that special committee also?
- A. He is vice-chairman of it.
- Q. Vice-chairman?
- A. Yes.
- Q. He pops up all around, doesn't he?

- A. He is a nice fellow.
- Q. Mr. Secretary, when are you going to spring that Mexican stabilization agreement on us?
- A. The last time was Columbus Day. Any more birthdays coming along?
- Q. There is always next Columbus Day.
- A. You are not asking me when I would spring it, are you?
- Q. How about Thanksgiving?
- A. Who is back there? He is hiding today. What is the matter, has he got a guilty conscience? Your publisher isn't here today, is he? If he is, I will put in a plug for you.
- No, this is off the record.  
(Discussion off the record.)
- The other day the Minister of Finance, Mr. Suarez, being rather restless, having been here for a month--
- Q. He is not going back without something.
- A. I know. So I called up the State Department and asked them what to tell him, so they told me to tell him to keep his shirt on. He said, "Yes, if you will tell him that, it will be wonderful." So I told him that, and he says,

10  
- 8 -

"Oh, that is good news. Then I have hope."

(Laughter) Does that help you out any?

You can talk it over with Mr. Suarez.

(Resume discussion on the record.)

- Q. Mr. Secretary, did you read where Mr. Churchill in London this morning said that they were running out of dollar assets?
- A. Yes.
- Q. Do you have anything to say on that, sir?
- A. Well, he ought to know. That is all I have got to say.
- Q. He ought to know, you say, or you ought to know?
- A. Say it again.
- Q. Did you say he ought to know?
- A. Yes, I said he ought to know.
- Q. Well, Mr. Secretary, will they need dollar assets very much in this country now?
- A. Well, I think I will have to just stop right there.
- Q. Thank you, Mr. Secretary.
- A. Thank you.

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, NOVEMBER 13, 1941

- Schwarz: Mr. Secretary, Mr. Hermann is the new President of the Treasury correspondents Association.
- Hermann: We always like to have the Administration on our side.
- H.M.Jr: Have you got your WPA appropriation?
- Hermann: Not yet. I have only been in office about three minutes.
- Perlmeter: The principal duties of the President are to see what he can get away from you.
- H.M.Jr: I see. The only news that I have got is beginning next week we are increasing our bill offerings from a hundred and fifty million to two hundred million a week. The idea is that by doing that I hope to go through November without any major financing.
- Q. Through November?
- A. Through November.
- Q. Without what, sir?
- A. Any major financing.

- 2 -

The reason I put it that way - well, we will just leave it that way.

Q. Mr. Secretary, does that mean that the two hundred will be only for a few weeks?

A. Well, you know how we are. Until further notice.

Q. But your intention is for a short period?

A. A short period. Well no, I won't even say that. Until further notice.

Q. How many weeks did the hundred and fifty run, sir?

A. I don't know.

Schwarz: Four weeks.

H.M.Jr: It is four, and for your information, off the record.

(Discussion off the record.)

H.M.Jr: I called up Senator Byrd's office this morning, and he was not in, so I left word with his secretary and told him that it wasn't up to me to say whether he let reporters in or out

tomorrow, but I was serving notice on him that whatever I told the Senators tomorrow, I expected to tell you gentlemen afterward.

Q. Thank you, sir.

A. So I said I was not going to go through the experience once more. I don't know what Byrd will say, but I am going to have a showdown. I am not going to go up unless he gives me that privilege, so I am preparing it in such form that I can give it to you.

Q. Do they still intend to have an executive session?

A. Well, then, when I come out I will just ask for a room, and I will go somewhere and sit down and give out the stuff that I gave them.

Q. Well, I meant, was it definite that it would be executive?

A. Well, I don't know in view of this message. He is out. I suppose he is packing apples somewhere, and when he comes in from the farm, he will get my message and I just

told him that it wasn't up to me to say whether he has reporters in or out, but as far as I am concerned, when I leave that room, I am going to tell the reporters what I told them, because you might as well get it from the horse's mouth.

Q. Since we are talking off the record, it would seem to be in his particular self interest to have it public, so you probably won't have any difficulty on that.

A. Well, he is pretty good on publicity, I have noticed.

Q. He does all right.

Mr. Secretary, the President's letter to Doughton --

A. Excuse me, I will tell you a human interest story. All through the meeting the other day we had the stenotype and Byrd never opened his mouth. I thought we were through, so I said, "Well, that is all." As soon as he left, he started to make speeches, Byrd did, but while the stenotype was there, not a word.

(Resume discussion on the record.)

- Q. The President's letter to Doughton very definitely is re-opening the entire tax picture again.
- A. Do you think so?
- Q. Yes.
- A. I had all I could do not to tell you gentlemen the other day that there were such letters.
- Q. I thought there was something in the wind.
- A. I wasn't quite sure which way the wind would blow, but it blew my way, a nice gentle zephyr.
- Q. Have you received any word from Chairman Doughton as to when the Committee is going to take that under consideration?
- A. I read he left town but I am not sure.
- Q. But he is supposed to be due back by the time the price control bill is in definite shape.
- A. Of course I am anxious to go.
- Q. You see, you saw him here after he received the letter from the President and I thought at that time he might have indicated to you when the hearings would begin, approximately.
- A. No, he did not.

Q. Mr. Secretary, would you comment on a plan as described by some of the press to Mr. Wallace under which it would be made compulsory by law as a condition to purchasing certain consumer articles that a proportionate amount of defense stamps be bought?

A. No, all I know - I have had a number of conversations with the Vice-President and he said that they have had a number of plans suggested, including tax plans and he said in his capacity as Chairman of the - OPA, is it --?

Q. Economic Defense.

A. ...He says that any plans that are suggested to him that in any way affect the Treasury, he would send them over to me for my consideration and recommendation.

Q. Has he sent such plans over to you?

A. On the stamp thing?

Q. Yes.

A. I don't know.

Q. You haven't seen it as yet, personally?

- 7 -

- A. Well, would you let me out, because he did send me one, and I am not sure whether that is the one or not, you see, so go a little easy, will you? I am not sure. It is unimportant. But the fact is that he said anything of that kind that comes up, he will send it over here for our study and recommendation.
- Q. Does that carry with it --
- A. He is very good about that, incidentally. He is awfully good about that.
- Q. Does that carry with it also the idea, Mr Secretary, that when you have anti-inflationary plans you will submit them to him?
- A. I certainly would, yes.
- Q. Did you submit your tax plan to him?
- A. - No (laughter), I didn't have time. I was just going up to ask would I be received and I was told in the future - I didn't have time to show it to a lot of people, as you most likely know.
- Q. How are the banks cooperating in that frozen funds campaign? You sent them a letter.

- 7 -

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- Q. How are the banks cooperating in that frozen funds campaign? You sent them a letter.

- 8 -

- A. Fine. We are getting wonderful cooperation from the banks on all fronts.
- Q. Do they make any suggestions that come up to you as to what they should do?
- A. Not to me, but all I can say for the banks is that we are getting perfectly grand cooperation all along the line.
- Q. Mr. Secretary, are you prepared to say at this time whether the freezing of the funds of the Axis countries has gone a long way toward curbing Fascist and Nazi propaganda in this country?
- A. No. That is subversive activities, and that is over in the Department of Justice. I don't know a thing about it. I say that with my tongue in my cheek. That is not for quotation.
- Q. Mr. Secretary, I am sorry to bring up the same old question all the time.
- A. What is this?
- Q. But there are stories going around that that Mexican agreement is getting more and

more imminent.

A. You mean to say it is getting to be a hair shirt? I told you my story, didn't I?

Q. I wondered if there was anything new since that shirt story.

A. Well, how long did - which was the saint who wore the hair shirt, St. John? Who was it who wore the hair shirt?

Mayl: St. Francis of Assissi.

H.M.Jr: Thank you. St. Francis. How long did he wear it?

Mayl: I don't know.

H.M.Jr: A long time didn't he?

Schwarz: A long time.

H.M.Jr: He must have worn it a long time to become a saint. Tell Juarez to look up and see how long St. Francis wore his shirt.

Q. Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, NOVEMBER 17, 1941

- H.M. Jr:           At your service.
- Q.                   What are you serving?
- A.                   Tea.
- Q.                   If you are at our service, you will cut down  
the tax bill, I think.
- Have you received any word from Mr. Doughton  
yet as to whether or not the bill will go  
up and when they will start hearing on it?
- A.                   No.
- Q.                   He is back, isn't he?
- A.                   No, I understood from - I was talking with  
Senator Byrd today - that Mr. Doughton is  
not in town.
- Q.                   He is back for the Neutrality Bill.
- A.                   Is he?
- Q.                   He was back on that.
- A.                   I don't think he is here today and tomorrow.

- Q. Are you aware, Mr. Secretary, of the alleged contrary opinion of the Administration regarding the methods of taxation that ought to be imposed at this time?
- A. No, I am not.
- Q. There were stories that there was considerable contrary opinion.
- A. Do you want to enlighten me?
- Q. Well, I didn't write the story. I haven't any information on the subject.
- A. No, I am not aware of it. Well, it wouldn't surprise me if there are other opinions. I mean, they haven't let me know directly.
- Q. Have you solicited them?
- A. Yes, I have.  
(Discussion off the record)  
How many years is it that I have been here now?  
Whatever it is, it is too long anyway.
- Q. Is that a hint?
- A. No.
- Q. Threat?
- A. No, just a tired feeling, off the record.

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Whatever it is, it is too long anyway.
- Q. Is that a hint?
- A. No.
- Q. Threat?
- A. No, just a tired feeling, off the record.

- Q. Oh, I think you can be tireder in public service than anything else.
- A. Thank you. That is encouraging.  
(Resume discussion on the record.)
- Q. Mr. Secretary, in a recent address at Chicago, you talked about the banks should look over their loans and censor them on certain types of loans that would be non-defense. Mr. Gaston, the other day, reiterated that. Is there anything being planned or going on as to how they shall judge the loans that come before them, applications for loans?
- A. I have no direct report.
- Q. There is a rumor in New York that the Reserve Board may be working with you on a new regulation along that line.
- A. I think it is a rumor. I mean, they may be, but I don't know about it. I think this: I haven't got the thing to the last detail, but if you men want it, Mr. Gaston has it, but these figures which were published on oil going to Spain were incorrect. If you want details on it - and the mistake was made in the Treasury.

- 4 -

- Q. May we ask Mr. Schwarz to check up on that?
- A. You mean as to what?
- Q. What the correct figures are.
- A. Well, the mistake was as to classification.
- Schwarz: I will show them the story. I might explain it was in PM.
- H.M.Jr: Yes, but I mean the mistake isn't PM's. The mistake is on us, and I just want to also say that there were no figures given out to them. I want to make that perfectly plain. We do furnish those figures to a number of Cabinet officers. There were no figures given out here, but I think in fairness to criticisms of the State Department, it is only fair to say that there was a mistake in the transmission of a wire which we received through this ship movement. That is where we get the thing, the ship control in Coast Guard and Customs. In transmitting the wire from Texas, a mistake was made. If you want any more details, you men who are

particularly interested, Mr. Gaston will have it, and you can go down and see him, but I wanted to say it just as a matter of information and fair play.

Q. Referring back to this question of concern over bank loans and the types of bank loans, does the Treasury have any information to the effect that certain types of bank loans, particularly to non-defense industries, is an appreciable factor in this inflation trend?

A. I have nothing to say in that regard. Just to go back, I hope I make it perfectly plain that those oil figures were not released from the Treasury. Do I make that plain?

Q. Well, the mistake was made in the Treasury, is that correct?

A. The mistake was made in the Treasury, in the transmitting of a wire from some - I think--

Schwarz: Port Arthur.

H.M.Jr: Port Arthur, Texas, to here. The Collector

- 6 -

of Customs, in sending us the information, they have certain letters they use for classification. One letter means one grade of oil and another means another grade, and in transmittal of the telegram, there was a mistake in the description of the kind of oil which was being shipped to Spain.

Q. Who released the figures on it, sir?

A. That is a good question, but I can't answer it.

Q. I thought it was some other Department.

A. Well, I say we furnish that information to other Departments. Now, who released it, I don't know. I don't know who released it, but I want to make it perfectly plain that we didn't.

Q. In other words, the figures which shouldn't have been published in the first place weren't right anyway?

A. You have got it. (Laughter)

Q. Mr. Secretary, what can you tell us about this reciprocal tax agreement which is undergoing study

- between Great Britain and the United States?
- A. Well, when I saw that on the ticker, I just called up Mr. Sullivan and he is out of the building, and either you can see him, because he is handling it for me, or Chick Schwarz will get the story for you and give it to you. I am not up to the minute on it, and Mr. Sullivan is. He has appeared on the Hill. You can either see him yourself or Chick will get it for you and pass it along, but I tried to get Sullivan to come into my press conference. It just came off the ticker now.
- Q. I didn't know there was a new development to it, sir.
- A. Danaher has paid his respects on the matter, and as soon as I saw it I called up. The ticker message just came in at 3:05, at least I just got it, but Sullivan is out of the building, but he is available. We will make him available.
- Q. Does it have the Treasury Department's approval?
- A. Really, I haven't followed it. I don't know.

- Sullivan has been carrying the ball on it, and I just don't know what the status is.
- Q. Any new tax developments, Mr. Secretary?
- A. Plenty of guessing.
- Q. There has been a lot of confusion, especially among the guessers. I was wondering if it would be at all possible to get the truth of what was proposed up there. Could the Treasury release a statement and put an end to the speculation?
- A. It is a perfectly reasonable request, and I will give it consideration, but - I will take it under consideration.
- Q. Thank you.
- A. There has been some awful bad guessing, and I think the bad guessing is worse, but I learned my lesson, as you gentlemen saw, when I went up the other day. I don't have to be hit over the head twice.
- Q. Do you think they will reach a decision on that shortly, Mr. Secretary?
- A. As to whether we will release it or not?

Q. Yes, sir.

A. Well, I will try to before I leave here Wednesday to go home.

Q. Well, Mr. Secretary, without regard to the details of the proposals, such information as has been available so far has indicated that what the Treasury proposed was to place the burden of the next batch of taxes on wage earners and other places of smaller and moderate incomes.

A. Now look, I either will give out the exact duplicate of the statement which I read from on the Hill, see, I will either give the exact statement, without any changes, or I won't give anything. I will either go the whole way or not at all. That is fair enough, isn't it?

Q. Have there been any changes since you read the statement?

A. Yes, a lot. There will be a lot more.

Q. Won't they be incorporated --

Is that on the record, sir?

- A. Yes, that is on the record. That is my trouble. You see, I never presented it formally to the Committee. I never presented it formally, but they pressed me, "Well, what would you do?" Well, we gave them what we had as of the moment.
- Q. Will your statement have those changes in it, will you make them public?
- A. That is what I have got to consider. Maybe I had better not ride the storm and wait until I appear formally before the Ways and Means.
- Q. Is there any chance of your appearing before them soon again, Mr. Secretary?
- A. I would like to.
- Q. Have you transmitted that desire to them?
- A. That was the whole purpose of my visit up there. They know how I feel. There was an exchange of letters between the President and Mr. Doughton. They know how I feel.
- Q. Mr. Secretary, if I can go back to this reciprocal tax agreement for a moment, last week the Senate Foreign Relations

- 11 -

Committee held a hearing on it, and Mr. Hackworth of the State Department appeared and urged immediate action. I think Senator Vandenberg asked to have it made public and offered a motion to have it made public. It was carried five to two, whereupon Senator Murray declared that it had been defeated, whereupon four senators walked out of the meeting. Do you see any reason why it should be kept secret?

A. If Sullivan is in, he can come in and answer it, if he is back.

(The Secretary call the operator to see if Mr. Sullivan had returned).

No, he is not back. And that was an honest call, too.

Q. That isn't a dummy phone?

A. No. We will bring Spangler up and let her testify. But you ask John. He can tell you. All right, gentlemen.

Q. Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, NOVEMBER 24, 1941

- Q. How was the turkey?
- H.M.Jr: Very good and no bad after effects, which is important.
- Q. Oh, you didn't rate the tequila?
- A. I didn't get any tequila. Nobody gave me any. I sent it down to the press room. At least I told Chick to. I don't know what he did with it.
- Schwarz: They got some all right.
- Q. There was a defaulted bottle. It was broken.
- H.M.Jr: How was it, was it any good?
- Q. Oh, it was powerful stuff. My hostess got very tight on two drinks.
- A. Your hostess?
- Q. Yes. I gave it away as a gift.
- A. You know what happened to Dewey.
- Q. Mr. Secretary, on a number of occasions, both in press conferences and at public speaking engagements, you have expressed opposition

- 2 -

to any form of forced savings. Do you still feel that way?

A. Well, that is what you call opening up a whole flooded question. I don't think I am going to say much about taxes now until I get before Ways and Means.

Q. Well, Mr. Secretary, we are in this position. In good faith we have printed your various statements about it, and we would just like to know whether we are still correct.

A. Well, I am not throwing down anything that you said, so you needn't get excited.

Q. Can we still say the Secretary of the Treasury is opposed to--

A. Excuse me. Is it your story or is it one of your friends' stories that you are so interested in.

Q. I am not talking about anybody's story, particularly nothing I have written, but there have been some indications that the Treasury

- 3 -

was coming around to a plan of compulsory savings.

- A. There have been a lot of wild guesses, I will agree to that, in the paper the last week or so.
- Q. Are you saying, sir, that any guesses about compulsory savings are wild? (Laughter)
- A. I am only saying, "Aces wild." Did you ever play that?
- Q. No, I have played deuces wild but not aces wild.
- A. Try it.
- Q. Well, how about compulsory savings?
- A. No, I am not going to get in on that.
- Q. Is it in the wind at all?
- A. I am not saying whether I am for or against it or that or anything else that has to do with taxes.
- Q. You won't knock down these stories to the effect that it is coming?

- 4 -

- A. You can write anything you want and I will just smile, I will try to.
- Q. Good.
- When do you contemplate going before the House Ways and Means Committee?
- A. I don't know.
- Q. Mr. Secretary, if that is what you are going to say, the conclusion is inescapable that you have changed your attitude because before you have been very anxious to have it known that you were opposed to compulsory savings.
- A. I am just up to here (indicating) in a study of taxes, and while I am in that condition any move I might make, I might get under water.
- Q. When will you get some fruit from all that work?
- A. I am not going to make any prophecy.
- Q. Has the committee given you any indication of when it will be ready to hear you?

- A. No. Just think what a wonderful chance I have given you. You boys can write anything you want, and I won't deny it.
- Q. Mr. Secretary, believe it or not, we are only interested in writing the truth, and where we depart from the truth it is usually because people won't help us find the truth. We have a hard time.
- A. Well, I can't be as serious as you are today, I am sorry.
- Q. What reports do you get on the attitude of members of the Finance Committee particularly? From conversations I have had, it was indicated to me that there was a good deal of opposition to any additional tax program or any additional tax legislation at this time. The political consequences are beginning to work .
- A. I haven't talked to anybody for a week so I don't know.

- 6 -

- Q. Mr. Secretary, have you talked to any other agencies of the Administration with regard to their views on taxes.
- A. Well, I said last time I saw you gentlemen that we had discussed taxes with other agencies.
- Q. As I recall you said that you had been open to suggestions from them, but hadn't heard any.
- A. Well, I won't argue with you, I will take yours, but the impression - I am most likely wrong on it - that I was trying to give was that we had talked with other agencies who are interested in the tax thing.
- Q. Have you talked some more since then?
- A. I haven't, but I have given Mr. Sullivan the job, as Assistant Secretary in charge of taxes, to serve all agencies in Washington who are interested in taxes except the press.

- Q. Can you say what those agencies are, Mr. Secretary?
- A. No.
- Q. Mr. Secretary--  
Can you say anything about the purpose of conferring with other agencies?
- A. Sure, anybody that has got any good ideas on taxes I would like to have them.
- Q. Why exclude the press?
- A. I said, "good ideas."
- Q. Mr. Secretary, can you tell us anything about the plans for new money financing in December?
- A. No. There will be a financing in December.
- Q. Are you studying any compulsory--
- A. Excuse me, there will be a financing.
- Q. For new money?
- A. For new money, in December, but it is just beginning now to get down to work.
- Q. Any idea of the amounts involved?
- A. No. We are just beginning to work on it.
- Q. Will there be any radical changes in the form of financing? For example, there has been considerable discussion of selling an issue or ear-marking an issue for savings banks.
- A. Well, off the record.  
(Discussion off the record.)

A. No, but I don't want to say anything other than that we have just begun to get to work on it. We have just started. I mean, I don't want to say "No" on this, that we are doing something for the insurance companies or the banks. We have just got started.

Q. Well, the reason I asked you that is because there has been discussion, for example, on this raising the reserve requirements. This created a novel situation in New York. For example, that money market has been depleted as far as the Treasury is concerned to some degree. For example, the last bill offering went to the middle west.

A. That is right. Well, we are watching it very closely. I doubt - for your guidance, I doubt if there will be any new distribution.

Q. No new distribution?

A. I doubt it. I am not going on the record.

Q. That is still off the record, Mr. Secretary?

A. Still off the record.

Q. Would you make some comment on this situation

- 9 -

that has been created by the Reserve Board's action?

A. No, it is too new. As I understand it, you see, they really gave them until the first of December. so the thing doesn't really go into effect until the first of December.

Q. No, I thought it was November first.

A. November first, but they gave some people - I don't know.

Q. It was effective November first, but they promised not to punish anybody until December first.

A. That is right, so you really can't tell. There is nothing very disturbing about it.

Q. Has this action in any way so adversely affected the New York money market that you might have to change your plans to prepare a security for other sections of the country? It really is a decentralization.

A. Well, it is too early to tell.

Q. Was that off the record?

A. Yes, I don't want to go on the record, because

- 10 -

the thing shifts every day. We get out a bunch of bills and somebody else buys them.

The New York banks bought the bills this week and the thing might reverse itself.

Q. On the record, have you any--

A. I just don't know.

Q. That is off the record.

A. It is only one week. All off the record.

(Resume discussion on the record.)

Q. On the record, is there any time by the fifteenth when you think your plans will be completed?

A. For financing?

Q. Yes.

A. It will have to be between now and the fifteenth.

- 11 -

It will have to be before the fifteenth.

Q. Mr. Secretary, in these waters up to your chin which you were just mentioning, included in that water is there any compulsory savings plan?

A. All I can say is there is lots of water.

Q. Any compulsory savings water?

A. No, I am very honest, gentlemen. Unless something happens that I don't foresee, you are going to have a very difficult time with me in getting anything out of me or any of my associates on taxes before we go up on the Hill now, because there have been too many false starts.

Q. No trial balloons?

A. I doubt it.

Q. Do you still expect to go up on the Hill before the end of the year?

Maybe the plans would benefit from some public

advice, sir.

A. I doubt it.

Q. Mr. Secretary, do you still expect to go up to the Hill before the end of this year?

A Well, I went up there and asked them whether they wouldn't have me up there, and what they will do I don't know. I am still available. I would like to be called. Well, the difference between what you and I are talking about is this, that once we in the Treasury think we know what the answer is, then we would very much like to have some public advice, but while we are trying to make up our minds, we would like to keep our own council. That is the only difference.

Q. Well, off the record, Mr. Secretary, when Treasury makes up its mind and publishes its final findings and takes them before a committee, it doesn't change. They bring the same bill back, year after year.

A. Well, if you are referring to the one that I am, last year's suggestion and this one, I

think we were right.

Q. I will probably ask it again.

A. Time will tell.

Q. Does that mean, Mr. Secretary, that the bill will not be directed entirely to individual income taxes?

A. I can't ask you to be charitable, but I am just warning you that as far as I am concerned, there will be very little information forthcoming until I am satisfied what is the right direction to go in.

Q. Then I take it, Mr. Secretary, that you are still opposed to compulsory savings as far as the record goes?

A. No, I am not going to say anything on anything about taxes.

Q. You have said that up to now.

A. I am not throwing down or confirming or anything, just sitting and sawing wood.

Q. Can we use our nice new carte blanche and say that the Secretary had refused to state his opposition to compulsory savings.

For the first time in two years.

A. Don't threaten me, gentlemen.

Q. It is the truth, sir.

A. All right.

Q. At press conference after press conference you have talked about compulsory savings when we didn't even ask you.

A. You say I volunteered something?

Q. Yes, sir (laughter).

Are you satisfied with the American way up to now?

A. Always.

Q. That is the expression which you used.

A. Always.

Q. "We will do it in the American way."

A. I am not saying on what.

Q. I mean on compulsory savings.

A. Oh, you didn't say that. I like the American way.

Q. Aren't higher Social Security taxes compulsory savings in essence?

A. You are asking me just for your own information?

- 15 -

- Q. Not necessarily.  
(Discussion off the record.)
- A. Off the record, the answer of course is yes.
- Q. Talk about back talk--  
You understand, Mr. Secretary, we are talking about other forms besides Social Security.
- A. Gentlemen, we are studying every known form of taxes that has every been used in the civilized world.
- Q. Armenia has a tax on funerals.
- A. If it would pay we - if we could collect - does this go on the record, on funerals? If we could collect, but that is what we are studying and until we in the Treasury think we know what the answer is to get increased taxes, we are going to keep our council.

Q. That, of course, includes compulsory savings?  
Will you be ready to go up on the Hill now  
with a definite tax plan?

A. I am ready any time they call me.

Q. You had a meeting in here just a little while  
before we came in, Mr. Secretary, and as a  
result of that meeting would you be able to say  
yes to that last question?

A. No, but I will be ready any time they send for  
me.

Q. Mr. Secretary, are you getting any reactions  
from your economy proposals to that Byrd  
Committee?

A. The press reaction is unusually good, editorials,  
cartoons.

Q. Do you see any hope of that committee being -  
implementing anything?

A. I don't know. We start again at ten o'clock  
tomorrow.

Q. Mr. Secretary, the CIO Convention went on record  
as endorsing the Defense Savings Bonds thing.  
Have you heard anything about that?

A. Well, after all, we are in contact with not only the CIO but the AF of L and the Railroad Brotherhoods, and they have all been doing everything possible to help us right from the start. They have all been fine.

Q. Have they all gone on record as organizations, like the CIO has?

A. I believe so, as far as I know. I know the A F of L did and the Railroad Brotherhoods and the Teamsters Union did. They have all been fine. And they have put the money on the line.

Q. May I ask you on taxes a very broad question?

A. Fine.

Q. Is this tax program that you are working on predicated on this so-called victory program of expenditures? Everybody has been talking about a victory program and I imagine you must be thinking along these lines in your whole tax picture.

A. Well, I read about a victory program, see, and we try to take everything into consideration. That is why we keep in touch with other departments.

Q. Well, the victory program runs fifty billion dollars a year, practically.

A. Yes, but you haven't heard the President or the Director of the Budget set a figure on the victory program.

Q. Well, OPM is almost the executive set-up of the White House. That is where the stories are coming out on the victory program.

A. Well, I have nothing official on the victory program. But I can make a guess and that is all I can do. I can make my own guess. I haven't received anything official.

Q. Do you care to offer a guess on it?

A. No, it is just my opinion. Somebody else has got to do all the calculations.

Q. Have your consultations with other agencies embraced the armament objective?

A. Armament?

Q. As a basis for determining what you will have to do in taxes.

A. What we do is this here. We try to get all the information from any department or any agency or bureau which is available to help

guide us or anybody else that has got anything they could give to us, and do the best job that we can. We ask and we try to keep abreast of the times and read the papers and it is very helpful.

Q. Mr. Secretary, speaking of being up to your chin in the tax matter, can we say that is engaging your chief attention?

A. You can say that is engaging my chief attention. That is so, definitely.

Q. Is a debt increase involved in this tax program also?

A. How do you mean?

Q. Is there another boost in the debt contemplated?

A. No. I mean, it is not necessary in the near future.

Q. To raise the debt limit?

A. No, it is not necessary. All right, gentlemen?

Q. One more question, Mr. Secretary.

A. Please.

Q. Not on taxes. In your discussions with the Mexican Financial Minister and the Mexican Ambassador here, did the question of the defaulted Mexican

issues held by American investors come up?

A. No.

Q. Not at all?

A. No. You know, you have covered me a long time and I have never taken part in those discussions. Those discussions - with one exception, I think, Columbia, that is the only one I have ever done and when I got through with that I think I said it was the last one, didn't I? I mean, as far as I know, I think that is the only - isn't that the only one I have ever done?

Schwarz: Yes.

Q. Did they indicate to you in any way that they might resume - I mean how can Mexico --

A. I haven't discussed any of their - what I would call from the government standpoint - their private obligations, and no discussion has been involved. What the State Department has discussed with them, I don't know.

Q. I will tell you why I asked that question, because one follows the other. If Mexico is going to get on its financial feet and attract foreign capital and you are going in one direction by

6-60  
- 21 -  
- 20 -

stabilizing the peso and buying silver, it follows that if they resume interest on their debts, both things are complementary to each other, your help and their resumption, so I was just --

A. You are right, but I am only taking one piece of the responsibility, and that is their currency.

Q. When does the purchasing of silver start, Mr. Secretary?

A. There is no change. We stopped that - when did we stop that?

Schwarz: March, '38.

H.M.Jr: I suppose it starts - I don't know, we will check. I suppose it starts immediately. I suppose it starts immediately.

Q. Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, NOVEMBER 27, 1941

H.M. Jr:

We have got a little announcement to make in the Treasury with regard to tax policy, and I thought Mr. Sullivan had better announce it.

Sullivan:

Well, we have had a large number of inquiries as to whether or not we were intending to suggest to the Congress any change in the capital gain and loss taxes on financial transactions taking place during the calendar year 1941. Our answer to that inquiry is that we do not contemplate suggesting to the Congress any change in those provisions as affecting 1941 transactions. Neither do we intend to suggest to the Congress any further taxes on income earned during the calendar year 1941.

Q.

Is that for individual and corporation incomes too?

- Sullivan: That is right.
- H.M.Jr: All clear?
- Q. It would be very interesting, Mr. Secretary, if you could tell us what you do intend to suggest.
- A. I agree with you, but I can't answer you.
- Q. Would you endorse, sir, the suggestions made public by Mr. Eccles?
- A. Well, believe it or not, I haven't seen them.
- Q. You didn't see them beforehand?
- A. Beforehand or after.
- Q. Has your staff acquainted you with some of the over-all proposals embodied in Mr. Eccles' statement?
- A. No, I just asked Mr. Sullivan whether he had seen them, and he hasn't seen them either.
- Q. Aren't you looking for outside advice, sir?
- A. I answered that the other day to you, but I can only learn by outside advice when I am given an opportunity to read it, which I

- 3 -

haven't had in advance or since. I haven't seen a copy of it. Nobody has given me a copy of it.

Q. Would you tell us, sir, whether the Federal Reserve Board was one of the agencies you asked to comment on tax proposals?

A. On what?

Q. On tax proposals.

A. What I said the other day was that I had asked Mr. Sullivan to service the other agencies in Washington who were interested in taxes or any agency that he felt could be of service to us and he took on that responsibility, and I have every reason to believe he is doing it very well.

Q. Yes, but I was trying to get the picture of whether Mr. Eccles didn't propose to make his tax views known via a speech prior to the time he had answered the Treasury's request for his views.

- A. You have asked me something entirely too complicated. I haven't seen Mr. Eccles; he didn't send it to Mr. Sullivan or to me, so that is all I can tell you. All the little innuendos--
- Q. I just wanted to know if you asked.
- A. Asked for what?
- Q. For his views on the forthcoming tax proposals.
- A. I can't go into that. I can't remember whether I asked him or didn't ask him or whether he refused or didn't refuse. Ask him.
- Q. Mr. Secretary, quite without regard to personalities, the nub of his arguments were, to use his own words, "that there were some long purses that ought to be taxed before the short purses." Would you agree with that, sir?
- A. Look, I explained the other day that we are

in deep study on the tax program and there isn't a day that we don't have at least one meeting on it. As I said the other day, until we in the Treasury are satisfied, I won't have any comments to make, and I doubt if I will have any comments to make until I am ready to appear before the Ways and Means. I know what I am saying is repetitious, but you men seem to like to hear it, so I will repeat it.

Q. Have you any idea how soon that date will be, Mr. Secretary?

A. I haven't got the slightest idea.

Q. You never seem to read Mr. Eccles' statements, because, as I recall, on January first you hadn't heard about the --

A. I can't help it, Nick. When I make a speech I very carefully send it to the

- 6 -

President and the Vice-President and the Cabinet and the heads of all the independent agencies. It most likely goes in the trash basket, but we do it. Now, somebody else, if they don't treat me the same way, well, that is what makes horse races. Seeing that you people are so much interested and evidently the speech is worth while, I will have the entire Treasury staff read the speech.

Q. Oh, I don't think you ought to do that, Mr. Secretary.

A. You don't think so?

Q. Oh no.

A. Well, at least I will ask Mr. Sullivan to read it.

Q. Ask him to give you a memo on it.

A. All right, but I can't help it. As I say, the

day is long, and I am not looking for troubles.  
I try to pull the same stroke in Mr. Roosevelt's boat and I just try to make as little trouble for anybody as possible. Those of you who have been around here as long as I have know that it is difficult to get everybody rowing to the stroke that the coxswain calls.

Q. Very good. Would you give us some news on financing?

A. Yes, barring something unforeseen happening in the world situation, we will do a financing next week and it will be for cash, no refunding, and between now and tomorrow night I will give you how much it will be.

Q. Oh, you won't hazard a guess at that now?

A. No, but between now and tomorrow night I will give you how much it will be.

Q. Could we term it a major financing, sir?

A. You may.

Q. In other words, you are putting off those four hundred twenty-six millions of March maturing notes, is that it?

A. Well, the operations are getting so big that what

we feel here is that we will do the cash in December and then do a refunding most likely in January and we feel that we can price the securities better where they are so large now if we separate the cash offering from the refunding offering. We will do whatever refunding most likely that is necessary in January and we think that that is a good plan and we are thinking of trying it that way.

Q. Again, is that going to be a continuing pattern or is this just an experiment for this one time?

A. Well, we will try it. I mean, we think that if we have the cash and the question of rights don't enter into it, you see - it is very important. It eliminates this whole question of mixing up the rights and the cash offering and it may be a very good way to solve it, do the refunding and have their rights and do the cash and there won't be any rights.

Q. Mr. Secretary --

There will not be any rights in the January refunding?

A. No, I say with a cash offering there are no rights involved.

Q. I see.

A. Then the question of the refunding and the rights stands on its own feet and borrowing cash is not involved. Then it makes it a much easier issue to price.

Q. Has that New York banking situation made you change your policy?

A. No, it is the size.

Q. It is the size? Then we can assume from your remarks it will be larger than the last financing, the two and a halves?

A. Oh, you will know the exact figure by tonight or tomorrow night.

Q. Mr. Secretary, when you say it is a major financing, doesn't that mean it would be a billion or more?

A. Right.

Q. What you want to avoid, then, is a price for the rights affecting the price for a new cash issue that comes out, so they won't be going in two directions.

A. That is right. I think it is a move in a good direction.

- 10 -

- Q. And you will continue the two hundred million dollar bill offerings indefinitely, or are you going to cut them down after the December issue?
- A. I don't think I have to settle that until Tuesday. Monday, I think it is.
- Q. You will make the decision on that then?
- A. I will make the decision on that in connection with this financing. In other words, I haven't got all the figures in yet, so I don't know.
- Q. Yes.
- A. But we will give you that just as soon as we can.
- Q. Mr. Secretary, as a member of the Economic Defense Committee, can you tell us anything of the progress that is being made along the lines of perhaps compulsory saving or

- 11 -

some other methods that are being studied to insure that the country does not embark upon an inflationary spiral?

A. Well, that all goes into the tax thing.

Q. Not necessarily.

A. It was a good effort. It was a good shot, but I am not going to rise to the bait.

Q. The reason I ask is my very small pipeline, of course, says that you had lunch with Vice-President Wallace Monday, and I wasn't here at Monday afternoon's press conference, or I would have asked you then.

A. Well, it wasn't on that subject. Your pipeline, if you had seen who I took in there, then you would know what it was about.

- 12 -

- Q. I was over in the Railroad Building.
- A. Get your man on the Hill to tell you who went in. That will mean something. Mr. Wallace announced his luncheon guests, but it was not on this. There was a third party present.
- Q. Mr. Secretary, is there any warrant under the Constitution for enforcing compulsory savings? Would not that question be raised?
- A. I don't know. You are the first person that has raised it. I am sure that if the Treasury recommended it, it would be put in the Constitution. (Facetiously).
- Q. How about the trading with the enemy act?
- A. What is that?
- Q. Well, could you force the country to save under the trading with the enemy act?
- A. No one has questioned the legality of it so far.
- Q. Mr. Secretary, if it was adopted and if it took the form of a tax which was to be rebated later, there wouldn't be any Constitutional question, would there?

- 13 -

- A. Well, in considering the question of taxing people and agreeing to give part or all of it back to them at the end of a given period, no one has raised the question of legality.
- Q. What I mean, sir, technically it would be a tax and not a borrowing.
- A. John?
- Sullivan: He is correct.
- Q. Would you call it a sugar coated tax, Mr. Secretary?
- H.M.Jr: I don't know. It depends upon who it hits.
- Q. Would you say, sir, that the imminence of Congressional elections would affect the decision?
- A. Well, off the record --  
(Discussion off the record.)  
Don't they always?  
(Resume discussion on the record.)
- Q. Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, DECEMBER 1, 1941

- Q. Good afternoon, Mr. Secretary. How are you?
- H.M.Jr: Fine, thank you.
- Nick has on a new necktie for this. That is why we have such a big audience today, going to get your picture taken.
- Q. Will you hand out some roses, Mr. Secretary?
- A. No. All right. Well, thanks for the background.
- Q. Anything on the tax front, sir?
- A. No. I wish the tax front was as good as the show at Rostov.
- Q. Any news on the terms of the financing?
- A. No, we have today and tomorrow, and I am still keeping it open.
- Q. What do you mean by that, sir?
- A. I mean I have not announced definitely that there will be a financing this weekend.
- Q. You said there might be certain contingencies.

- 2 -

- A. Yes. In other words, I have not made up my mind that there will be a financing this week.
- Q. Does that depend on Japan?
- A. No, I would say that it depends on the weather.
- Q. In the Atlantic or the Pacific, sir?
- A. Well now, they fly so fast in such a short time we have to get weather reports clear around the world.
- Q. Mr. Secretary, can you discuss the appointment of new revenue agents on this collection program? There was a story printed there will be about five thousand additional deputies appointed.
- A. Where was that story? You didn't print that did you?
- Q. No, it was in the Washington Post this morning.
- I thought you had an economy wave on.

- A. Well, sometimes we have got to get a hair wave to sort of pick ourselves up. I have heard no estimate and, in fact, have not heard it discussed.
- Q. How would they be appointed?
- A. From Civil Service rolls, but I haven't heard about it, and I have had no estimate--
- Q. Can you tell us--
- A. ... but I will inquire.
- Q. Can you tell of any progress which the Economy Committee, of which you are a member, has made?
- A. Mr. Bell represented me on the Hill this morning. I don't know what happened.
- Q. Can you tell us what your attitude is about the proposed repeal of the automobile use tax?
- A. No, except with no money we can't collect, that is all.
- Q. I didn't get that.

- 4 -

- A. If they don't give us the money that we need to do the collecting with, we can't collect, that is all. If we can't get the money, I will ask to have it repealed. I will not sit here with a statute on the books if I can't carry it out.
- Q. In other words, if the full Appropriations Committee does not put back the four million five hundred dollars, you will ask to have the bill repealed?
- A. Sure, sure.
- Q. That won't break your heart, will it?
- A. No.
- Q. You didn't want the tax in the first place, did you?
- A. I can't answer that.
- Q. You spoke about it in your statement.
- A. What did I say? \

Q. You said it would cost more to collect it than to --

A. I stand on that. Make you a dollar a year man for the Treasury.

Q. Haven't gotten my twenty-five dollars yet.

A. No, but I got you that tequila.

What else?

Q. Are you going to sign any more monetary pacts?

A. Under the same conditions?

Q. Yes.

A. All right.

Q. Did you see Mr. Willkie, Mr. Secretary?

A. I don't expect to. I think Mr. Foley --

Q. Can you tell us why he is here?

A. I think he and several others are representing - you can check me up on this - representing a group of refugees, presenting their case before Frozen Funds.

Q. Mr. Secretary, have you read Mr. Eccles' speech?

A. Now listen, off the record, see, off the record, I took all of that home, and I don't know who my teacher is, but I didn't do my homework, and

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, DECEMBER 4, 1941

Mr. Eccles' speech is in there somewhere.  
But don't tell on me. I might get a scolding.  
I have every intention of doing it before  
Thursday. I had better do it between now and  
eleven o'clock tomorrow, when I see Mr.  
Eccles.

Q.

Thank you, Mr. Secretary.

That is the preliminary report. That is all  
I have got unless you gentlemen have something.  
Mr. Secretary, a foreign writer of fairly  
good repute, in surveying the Chinese internal  
situation, reported that inflation continues  
in China and is getting worse day by day, that  
the Chinese currency is being debased and  
running into nothing. Have you any comment on  
that, sir?

A.

No, that is an internal matter.

Q.

I was thinking in terms of our stabilization  
operations.

A.

No, I don't want to comment on it.

Q.

Mr. Secretary, the other day Senator George said  
that it was his belief that there already were

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, DECEMBER 4, 1941

H.M.Jr:

I just wanted to say that we are all very much pleased with the way the press handled these - the announcement on these new regulations. It was very helpful to the Treasury. The new financing has gotten a good reception. That is the preliminary report. That is all I have got unless you gentlemen have something.

Q.

Mr. Secretary, a foreign writer of fairly good repute, in surveying the Chinese internal situation, reported that inflation continues in China and is getting worse day by day, that the Chinese currency is being debased and running into nothing. Have you any comment on that, sir?

A.

No, that is an internal matter.

Q.

I was thinking in terms of our stabilization operations.

A.

No, I don't want to comment on it.

Q.

Mr. Secretary, the other day Senator George said that it was his belief that taxes already were

near the maximum. Would you comment on that, sir?

A. No, I will still maintain my same silence.

Q. How about plans, sir, for levelling the load over a long period of time?

A. No.

Q. Are you going to revise any of your plans?

A. No, I am just - I am not going to say. I am sorry I can't be helpful.

Q. Nothing about taxes that you want to say, sir, is that right?

A. I have nothing to say to you on taxes.

Q. When do you think you will break your silence on taxes?

A. Well, I don't like to make any guarantee, but I think --

Q. Just for background --

(Discussion off the record.)

A. Off the record, I have said it before, I doubt if I will say anything until I appear before Ways and Means.

- Q. There is a report, sir, that you may go to the White House with some of the Committee members before you go up to the Hill again. Have you had any reports to that effect?
- A. No, only what I saw in the papers, but strictly off the record, last week I read in the papers that Senator George said he was in favor of a withholding tax, and then yesterday he changed his position. (Resume discussion on the record.)
- Q. On the record, is there any indication of when you will go up on the Hill, sir?
- A. I haven't had a hint.
- Q. They don't seem very eager up there to have an early meeting, Mr. Secretary. Some reports say it will be postponed

- 4 -

until January.

- A. Well, your first statement, I would say, was an understatement. (Laughter)
- Q. I always try to be conservative.
- A. Right. You and me both. They haven't communicated with me, so I don't like to crowd myself on them.
- Q. Have you gotten through your homework far enough to read Mr. Eccles' --
- A. Yes. It was a good speech. I told Mr. Eccles so.
- Q. Do you agree with the tax policy he proposes?
- A. Well, I would just say it was a good speech.
- Q. You mean you don't want to limit it to any particular section of the speech?
- A. That is right.
- Q. Mr. Secretary, the House Appropriations Com-

mittee --

A. I am afraid it might get me into taxes. Of course you wouldn't want me to get into taxes.

Q. The House Appropriations Committee persisted in upholding the attitude of its sub-committee and failing to include that four and a half million dollars of the auto use tax. I recall a statement rather vaguely to the effect from you, sir, that you might ask for the repeal of the use tax. Have you any such thought in mind now?

A. No, frankly, I haven't thought about it since I have seen you gentlemen last, because Mr. Bell and I have been fairly well immersed in arranging this financing, so I haven't given it another thought. I have got nothing else to say since whatever I said last time. Gregory isn't here to give me tips, you see. Last time Gregory said it and I okayed it. Where is Gregory, asleep this morning?

Q. He doesn't get up for morning press now.

A. Who helps him out?

Q. How about forced savings, Mr. Secretary, are

- you still not changing your mind?
- A. Well, that comes under the heading of taxes.
- Q. Oh, all right.
- Thank you, Mr. Secretary.

TREASURY DEPARTMENT  
Washington

192

FOR IMMEDIATE RELEASE,  
Wednesday, December 3, 1941.

Press Service  
No. 28-71

In advance of the cash offering of Treasury securities to be announced tomorrow, the Treasury today announced the basis on which subscriptions will be entertained from the various classes of subscribers who will participate in that offering. The primary purpose is, so far as possible, to meet the legitimate investment requirements of the public, and to accomplish that purpose subscriptions will be grouped broadly into four classes, as follows:

Banks and trust companies for their own account--  
not to exceed 50 per cent of capital and surplus.

Mutual savings and cooperative banks, Federal Savings and Loan Associations, trust accounts and investment corporations, pension funds, insurance companies, and similar institutions and funds -- not to exceed ten per cent of total resources.

Corporations organized for profit, and dealers and brokers -- not to exceed 50 per cent of net worth.

Individuals -- not to exceed 50 per cent of net worth or 100 per cent of cash deposited with subscription.  
(Note: No preferred allotment will be made on such full-paid subscriptions.)

Notwithstanding the general limitations outlined above, the Federal Reserve Banks are authorized and instructed to continue to examine applications for cash offerings of securities issued by the Treasury, and to report to the Secretary of the Treasury any which, in their judgment, require special treatment, or which appear to be excessive from the standpoint of the resources or investment practices of the subscribers, or for other reasons, with recommendation as to the acceptance, reduction or rejection of any such applications, which recommendations will be promptly acted upon by the Secretary.

The cooperation of banking institutions, and of the subscribing public generally, is earnestly solicited so that subscriptions forwarded to the Federal Reserve Banks and the Treasury will in each instance be for amounts not in excess of the limitation set forth above. Attention is again invited to the requirement that subscribers agree not to sell or otherwise dispose of their

subscriptions, or of the securities which may be allotted thereon, prior to the closing of the subscription books.

It is also requested that banks and others refrain from making any unsecured loans, or loans collateralized in whole or in part by the securities subscribed for, to cover the initial deposits which are required to be paid when subscriptions are entered.

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SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, DECEMBER 8, 1941

- Q. Good afternoon, Mr. Secretary.
- H.M.Jr: I hope we did not inundate you with too many regulations.
- Q. Everything goes smoothly.
- A. Who is president of the press room?
- Q. Mr. Herman, but he is not here.
- A. Everything go all right?
- Q. I believe so, sir.
- What did you think of the behavior of the Government bond market today?
- A. I was very pleased, very pleased.
- Q. There has been no support, no open market support?
- A. I understand there has not. The last I heard, not even a dollar.
- Bell: That is right.
- H.M.Jr: Not even a dollar natural market.
- Q. It did decline a little, didn't it?

- 2 -

A. Oh, yes, it is off a point and a fraction.

Bell: Back up at the close.

H.M.Jr: Bell says, "Up a little at the close."

Q. The fact there was no support of the bond market today does not necessarily mean anything in the future, does it?

A. No. The Federal Reserve and ourselves are watching it day by day, but at least it took very good care of itself today when you consider we borrowed a billion and a half on Thursday; and I think it was good that we put in stiffer regulations on Thursday and I think we discouraged some people who wanted to get in on a quick ride.

Q. Mr. Secretary, can you tell us what the quick turn of events means to people in terms of taxes?

A. No, no.

Q. You think you will get your six percent limitation on profits now.

A. I still think - I have not had time to think

about taxes. We have been so busy getting out regulations that it took everybody's time.

Q. Aside from details of taxes, can you tell us whether they will speed up or have any influence at all on your program for taxes.

A. I can only imagine that the - I think it makes it easier for the Treasury to get the taxes that we need, the revenue that we need. I am sure that people would be more willing to pay their money under war conditions than they would prior to yesterday.

Q. You imply in that, that stiffer taxes are necessary?

A. Let's put it this way, I think that that will mean certainly greater expenditures for war purposes which will mean a corresponding increase in taxes.

Q. Mr. Secretary, what effect will this have on the Defense Savings campaign?

A. I don't know of any except that we will cer-

- 4 -

tainly increase our efforts.

- Q. Do you intend to change the name from "defense" to "war" savings?
- A. You men helped me word that originally. We worked it out in a press conference.
- Q. Conditions have changed.
- A. But I say you boys helped me. I worked that out with the help of you men.
- Q. Still "defense" isn't it?
- A. Yes.
- Q. Everybody's calling them "offensive" savings bonds.
- A. I hope not.
- Q. Did you hear what he said, that they called them "offensive" savings bonds. Somebody suggested just leaving out the word "defense."

Q. How about the six percent limit now that the country is at war?

A. I am not going to get into details. I am not prepared.

Q. The general theory contained in that statement before the Banking Committee at that time, you still stand by that?

A. I am not going to depart from my plan. As far as I know, I think I will save my statement for the Ways and Means Committee.

Q. Any idea when that will come?

A. No, everybody has been pretty busy for the last twenty-four hours.

Q. Mr. Secretary, I understand that the Federal Reserve Bank of New York asked the banks and the life insurance companies not to liquidate any bonds at this time, government bonds, in order not to disturb the market. Was that at your behest?

Q. The bill is being signed. You can see the flash-lights over at the White House.

A. I don't think, in the first instance, any such instructions went from here and I gravely doubt if any instructions were given.

Q. You doubt it?

A. I know no such instructions were given, and I gravely doubt that any such request was made.

Bell: They did confer with those people this morning, and they may have made some suggestions.

A. I made no such request, and I talked to Mr. Sproul several times and he did not mention it. It was not necessary. Everybody knows what this means, and everybody we have come in contact with is more than willing to do his part and assume his responsibility.

Q. This policy of not throwing any support to the government bond market on the day on which we declared war with the United States, will that policy --

A. Declared war against Japan.

Q. That is right. There are two ways either to support the market or let it alone, and let it decline to its natural level. I remember at the outbreak of the war you particularly favored a natural market

at that time.

That was in '39.

A. Yes, we still do, and two things happened today, decision to leave all markets open worked out well. I mean, nobody has gotten excited, and no necessity to do anything in the government bond market, which I think, through the financial nerves of the country, shows they are in a very good condition.

Q. What was the other thing that happened, Mr. Secretary?

A. Nothing.

Q. You said there were two things; one was the decision to leave all markets open --  
And the bond market.

A. I mean exchanges and the bond market.

Q. Did you reach this first decision to leave all exchanges open?

A. That was reached in consultation with the President and the Secretary of Agriculture and myself.

Q. I see. Lieutenant Stevens is back. Any special significance to that?

A. I need a little help, a little extra help, and

I asked them until we get over this time, if they would leave him here for a while.

Q. It has nothing to do with liason between Navy and Treasury?

A. As a matter of fact, for background, actually what happened, I was about to step on a plane for a week's holiday in Tucson and Stevens was with me, when I got a call from the President to come back. What I said was, "Having been with me, why don't you stay on," and this was the way it happened. I mean I was just about to get on the plane.

Q. Where does the House Ways and Senate Finance now stand with regard to taxes? In the exchange of letters between the President and Mr. Doughton they said the tax program had been temporarily deferred. Have you been given any other notice as to when they might take it up again?

A. No.

Q. Are you going to testify before the Senate on price control?

A. I have not been asked.

Q. The decision to leave the markets open, Mr.

Secretary, that applied to the securities market too?

A. Securities market.

Q. Was the SEC represented at this conference?

A. No, Mr. Bell talked with Purcell, didn't you?

Bell: Yes.

H.M.Jr: Last night, and I talked with Mr. Eccles last night.

Q. That for any length of time continuing under present conditions?

A. Just handling the situation for the moment, it has always been my recommendation when anybody gets excited, let's leave the market open, and I am sure American horse sense will take care of the rest. So far that is proven - you might add, "horse sense and patriotism." So far, I have not been disappointed. I suppose you should say "patriotism and horse sense."

Q. Horse sense is a little rare.

A. They are both good qualities. I have not been disappointed.

Q. Doesn't this thing confirm your utmost fears when you wanted to freeze Japanese assets and

your hand was held when the horse had been stolen?

A. Let's forget all about that, let's forget all about that. We are facing a new situation.

Q. Would you say that from this point on there will be greater control of capital markets to the extent of being more careful where financing goes for other than defense needs?

A. Yes, but I don't want to get the impression out that people always think, control and domination, and so forth - I think certainly that any business that needs capital should be encouraged to get it if it is in connection with defense needs, but I certainly think the various financial agencies will be on the lookout for anybody that is borrowing money for purposes other than defense. If you can write it that Washington steps in, and so forth --

Q. There is a lot of disposition under the present circumstances to expect leadership from Washington.

A. I think they will get it. If you can distinguish between leadership and control and the capitalistic system and so forth and so on.

- Q. From SEC circles, Mr. Secretary, has come already, I think, in the form of a speech by Mr. Purcell, among others, something called a Capital Issues Committee. How do you stand on that, or do you stand on it?
- A. We studied that in the summer of 1939, didn't we?
- Bell: Yes.
- H.M.Jr: We started the first studies here in connection with SEC. I think we had studies here in June and July, 1939.
- Q. You know there was a Capital Issues Committee in the last war?
- A. I know there was. Right now everything seems to be working nicely on an informal basis, just by picking up the phone, and they have been very good in New York. They got together, the Federal Reserve Bank and the Stock Exchange; the whole thing worked beautifully. I think the governor of the Federal Reserve Bank slept there last night.
- Bell: The President and the Vice-President of the Federal Reserve. At least they had a bed; whether they slept, I don't know.
- H.M.Jr: But everybody has a good feeling, good cooperation

between Washington and New York. It has been fine.

Q. How about the Pacific Coast, have you heard anything from out there?

A. No, but everything as I say, all along the line, banking and financial institutions, the cooperation has been one hundred percent.

Q. Would we expect shortly any financing, in view --

A. No change.

Q. You are sticking to your program of no new money issues in the near future?

A. Nothing has happened in the last couple of days to make me change my mind, but I want to be free to change. I don't want you fellows to say, "You told us on December 8th you weren't going to do anything," but I am not thinking of doing anything.

Q. You say everything has worked nicely on a cooperative basis with regard to supervising capital markets. Will this be a good time to formalize that system and it might be possible we would have a committee?

A. It is working pretty well now over the telephone

and sitting down with a fellow over the lunch table, and I personally prefer that to the formal method. If it has to be formal, I will, but right now, between Bell and myself and the telephone and having lunch together with some of these people, it is working very nicely, isn't it, Dan?

Bell: Very nicely, very good.

H.M.Jr: I want to thank you fellows for the nice way in which you handled all of our press releases last night.

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, DECEMBER 11, 1941

H.M.Jr: I thought you men might like to hear about this meeting that we are going to have in Chicago next Tuesday on Defense Savings Bonds, and I have asked Harold Graves, who is in charge of it, to tell you about it.

Graves: We have asked all of our State Administrators and State Chairmen with their associates to meet with the Secretary in Chicago Tuesday and Wednesday for the purpose of discussing an intensification of the Defense Savings program.

We have organizations now complete in all the states with State Committees and with Committees in most of our cities and counties. The program that we intend to lay out in Chicago will involve our using these State and Community Committees to reach every citizen in the country with a view to bringing every citizen into this bond program on

on a regular investment basis. Our principal immediate object is to induce employers throughout all the states to adopt payroll savings plans to make it easy and convenient for their employees to save for the purchase of Defense Savings Bonds.

Q. Pardon me, Mr. Graves, would you go just a little slower so we can catch it all.

Graves: Yes.

There are, we estimate, about thirty-five million persons employed in commerce and industry throughout the country. About sixty percent of that number are employed by relatively few employers. Sixteen thousand concerns employ sixty percent of the number that I have just mentioned, and our object will be to concentrate on those sixteen thousand concerns first, induce them to put in a payroll savings plan; and then, in cooperation with management and labor, our hope is that we can in that way reach the bulk of the personnel employed. So eight thousand concerns employing

about twelve million people have already set in payroll allotment plans.

Q. Pardon me, what were those figures again?

Graves: About eight thousand employers employing, as we estimate, about twelve million people, have already adopted payroll savings plans, and as to those employers as well as those that we now intend to bring in, our immediate purpose will be to intensify our effort so as to reach all of the employees of those concerns and have them actually come in on the basis of making a regular investment in Defense Savings Bonds every payday.

We will, of course, consider ways and means also of reaching persons who work for smaller concerns where the adoption of systematic payroll savings plans will not be practicable. Our plans will include also ways and means of reaching the agricultural population in each state. Our intention is to use the facilities that we

- 3 -

about twelve million people have already set in payroll allotment plans.

Q. Pardon me, what were those figures again?

Graves: About eight thousand employers employing, as we estimate, about twelve million people, have already adopted payroll savings plans, and as to those employers as well as those that we now intend to bring in, our immediate purpose will be to intensify our effort so as to reach all of the employees of those concerns and have them actually come in on the basis of making a regular investment in Defense Savings Bonds every payday.

We will, of course, consider ways and means also of reaching persons who work for smaller concerns where the adoption of systematic payroll savings plans will not be practicable. Our plans will include also ways and means of reaching the agricultural population in each state. Our intention is to use the facilities that we

have established and to expand those facilities as may be advisable so that we can actually reach every citizen of the country and our hope, of course, is that we can induce every citizen to take part in the Defense Savings program on a regular and systematic basis. Now, that is roughly the scope of the discussions which we intend to have with our state organization people in Chicago.

Q. Do you have any weekly or monthly goal in the matter of dollars?

Graves: We have, as far as we have thought this out, we have our goal in terms of the number of people reached rather than in terms of dollar volume of sales, and I stated the goal before, I think, when I said that our hope is that we can reach everybody.

H.M.Jr: Harold, tell the men what has happened this week in a few of the isolated spots that we have heard from.

- 5 -

Graves: Yes, sir.

In every part of the country from which we have had reports, as you gentlemen would suppose, there has been a great increase in the volume of buying of Defense Bonds. Mutual Savings Banks of New York City, for instance, have reported that their sales have doubled since Monday.

Q. New York City, you say that is?

Graves: That is right.

H.M.Jr: Mutual Savings Banks.

Graves: I recall a report from Detroit from certain institutions there in which they say their sales have gone up five hundred percent.

Q. That is the rate, is it, sir?

Graves: That is the dollar volume of sales since Monday. Our information is very scattered but it is accurate to say that there has been a very great increase in the sale of bonds.

Q. Does that mean they had sold twice as many in those two days as they had all the previous time?

Graves: Five times as many in those days as in the corresponding days of the preceding week, that is as I recall that particular instance.

H.M.Jr: Didn't you give me one case where they sold in one day as much as they had in the previous two weeks?

Graves: Yes, I did. Mr. Sparks gave you that. I forget what that case was.

H.M.Jr: I think on one day, Monday, they sold as much as they had for two weeks.

Graves: That is right.

H.M.Jr: This may be just the first repercussion, but at least I think it is very interesting to get what the reaction of the people is to this attack of Japan upon us. I mean, the first reaction of the people, as far as the financial reaction is concerned, is that they want to buy many, many more times as much as they have before, and I think it is sufficiently important to report it.

Q. You are doing this by payroll deductions in the corporations, aren't you?

Graves: That is right. As I say, there are about eight thousand concerns that have adopted payroll allotment plans and our hope is--

Q. And there are about sixteen thousand more you want to reach right away, is that the idea?

Graves: That isn't exactly right, because the eight thousand concerns include all big and little. As a matter of fact, the figure I gave of sixteen thousand concerns is concerns employing more than one hundred, where there is a great concentration of people, but you are right, our object is to reach all of that sixteen thousand, which includes some of the eight thousand that have already - includes many of the eight thousand that have already adopted the plan. As a matter of fact, most of the big companies have already adopted such plans. For instance, all of the railroads, employing a million and a quarter people, have set in, I think without exception, payroll allotment plans. Such large industrial concerns as

General Motors, Bethlehem Steel, United States Steel.

H.M.Jr: American Tel and Tel.

Graves: American Tel and Tel, Boeing Aircraft, Douglas Aircraft, and so on. The big employers have already adopted payroll savings.

Q. What percentage of their employees subscribe to the plan?

Graves: That we don't know. It is - ranges all the way from seven percent to a hundred percent. These things in many instances have been established so recently that we have no adequate statistics as to the rate.

H.M.Jr: And the trouble is, the companies all do this at their own expense, and I think in the case of General Motors, just to set it up - do you remember what it cost General Motors?

Graves: I don't know, but it is a very large cost.

H.M.Jr: I know it ran over a hundred thousand dollars, and, as I remember, it cost them several hundred thousand dollars just to set up the machinery and then when we go and ask them, "Now, please

give us - " I mean General Motors - "your weekly statistics and the breakdown," we are asking them to do something which means money out of their pocket, but everybody has been very cooperative.

Q. Mr. Secretary--

A. I mean, I just wanted to explain it. It is an expense of operation to these companies, but, as I say, so far everybody has been fine and fortunately we have this head start so that now we are really going to need some money, and it is encouraging to me that the first few days' reaction is that the people on their own begin to pour the money in.

Q. Well, Mr. Secretary, since it is expensive to set up these plans, that is for the big companies, is that expense treated as just a business - regular business expense of the company?

Graves: That is right. They bear that expense as a part of their operating cost.

Q. And it is deductible as any other business expense in the net income tax?

- H.M.Jr: I suppose so.
- Q. How about the companies themselves? All these companies are pretty big holders of defense orders. Are they putting any of that dough back?
- A. Are they doing what?
- Q. Are they putting any of their money back?
- A. Well, some of those companies have been amongst the biggest purchasers of our tax anticipation notes. Now, whether - how many Government bonds they have bought, I don't know.
- Graves: Of course no one company could buy more than fifty thousand dollars. That is the limit on it--
- Q. You are not contemplating making any change in the fifty thousand limit for individuals?
- H.M.Jr: Well, we don't guarantee anything beyond today.
- Q. Are you going to bring the new war-time posters up, Mr. Secretary, or are you going to continue using the Minute Man?
- H.M.Jr: Well, all that is under study. You saw those notices that went out to the newspapers.

Practically all of the newspapers published it. I thought our people did a swell job, and I thought the newspaper response was swell. We have completely changed all our announcements on the radio and everything is - the boys are moving very fast. I haven't seen any of the work yet, but the announcements in the newspapers and the radio, they started it Sunday night and as of Monday the whole thing was - the line-up was changed.

Q. Are you going to issue a so-called "Victory" bond instead of a Defense bond now?

A. I don't know. Just as fast as we have the - but the response from the newspapers and what they published during the last three days, I have never seen anything like it, and I wish you men would tell your respective editors and managers how much I appreciate what the newspapers have done in the last few days.

Q. Mr. Secretary, is there any thought that prospective buyers of these bonds would like to have

- 12 -

a twenty-five dollar bond at par with a fixed interest instead of the present plan?

A. Well, those things are continuously under study, and we are open for suggestions. We want to raise the money now, and anybody that has got a good suggestion, if you have got something, Graves will be delighted to sit down and talk it over with you.

Q. Does it apply to stamps as well for low income workers?

A. How do you mean?

Q. The plan, for defense.

Graves: Yes, it will, it will. That will be largely used in our approach to the low income groups.

Q. What is the Government bond market doing today, Mr. Secretary?

H.M.Jr: No one has told me, so my door has been wide open, so it can't be too bad. I mean, Bell haan't been in since ten o'clock, and the door has been open. I told him to walk in.

- 13 -

Q. So I guess everything is under control. Mr. Secretary, have you prepared yet the appropriate orders for freezing German and Italian assets, and so forth?

A. Just as soon as the State Department notifies me officially, the orders are all prepared, and early this morning I have signed a whole flock of orders, and just as soon as they get them mimeographed, they will give them to you.

Q. Have your men already moved in on the Italian and German owned properties and business enterprises?

(Discussion off the record.)

A. Well, we will wait until the release, but for instance, we are taking over the Italian banks. I have signed that. I think there are two or three Italian banks that we are just taking, but don't put it on the ticker until you get the thing. And I signed a telegram - I mean, this will all come along - on all German businesses. And those are a category we have to keep open, which under the - because they have war contracts. There is a certain group that we have to keep open, a certain group we have to keep closed. That has all been done. I have done it all this morning. It is just a question of getting the stuff out. But on the German and the Italian freezing of the assets, everything is written and signed and waiting for an official notice from the State Department.

Q. Will you be appointing a custodian of enemy property, do you suppose?

A. Well, that is something which hasn't been worked out yet. I just don't know which way --

Q. Mr. Secretary --

A. That will go, excuse me, but in the meantime,

- 15 -

I talked to the Attorney General, and until the thing is settled, we are operating, and once the President makes up his mind just how he wants - in the meantime, we have gone ahead and just as soon as the - we are notified officially, everything is signed. In fact, I think the wires are out, you know, pending the order. But this alien property custodian thing is something which is to be settled later on, but in the meantime we are doing business.

Q. Well, didn't Mr. Biddle announce that Mr. Crowley was going to have that responsibility?

A. Well, as I understand it - all of what I have been saying in the last few minutes is off the record.

As I understand it from Mr. Crowley to Mr. Foley to me, that Crowley was to sit on this inter-departmental committee.

Q. The Economic Defense or the Freezing --

A. No, this committee that meets with Foley, Acheson and Shea and Foley. This is all off the record. And Crowley was to take Shea's place. Now, beyond that we don't know anything and nothing has been settled here.

Q. Well, the Attorney General issued a press release that Mr. Crowley had been appointed in charge of a new division which would have that function.

A. When was that issued?

Q. Yesterday.

Mr. Secretary --

A. Well, as of yesterday - as of 10:20 this morning, the Attorney General told me that nothing was settled and nothing would be settled until he talked to me about it.

Q. Apparently all the press release said was that when the machinery was set up that Crowley would be the man in charge of it.

A. Well, as far as we know, all he is doing is

- 17 -

substituting for Shea. Now, as of 10:20 this morning, the Attorney General told me nothing had been settled, so I am just talking to you as friends now.

Q. The official statement said he would have duties similar to those of a property custodian. It didn't say he was appointed actually. Mr. Secretary, could we get back on the record on another little matter?

A. Sure.

(Resume discussion on the record.)

Q. Tomorrow, I believe, you are supposed to see Chairman Doughton and Chairman George. Will you have a tax program, a war tax program ready to go over with them at that time?

A. Well, being a member of the Congress of the United States gives you certain privileges which I don't enjoy.

Q. Well, let me ask you this question. Yesterday --  
(Discussion off the record.)

A. I was amazed when Doughton gave that out. That is off the record. That is what I call a

- 18 -

talkie lunch.

(Resume discussion on the record.)

Q. May I ask you a question on the same subject?

A. Sure, I don't mind. You know what you are going to get out of me.

Q. Yesterday Mr. Knudsen was asked at a press conference where, on this Victory Program, the Secretary of the Treasury was going to get the hundred and fifty billion dollars.

A. What did he say?

Q. He said, "Where did Hitler get his?"

(Discussion off the record.)

A. Well, off the record, I don't think that is so smart, because I am not going to get mine the way Hitler did his. I don't think that is smart at all. I will leave that to you.

Q. Mr. Secretary --

A. I mean, this whole - where is Harold Graves?

- 18 -

This whole explanation of what we are doing is just the difference between day and night. We are going to the working men and saying, "Now look, here is your opportunity. It is your privilege to do this thing, but nobody is going to hold a bayonet at your stomach and say you have got to give up so much."

Q. I don't think he meant that. He said money was of secondary importance, but production and planes and tanks and --

A. Oh well, that is a language I have understood for nine years, that money was of secondary importance. (Laughter)

Q. Would you please explain it? (Laughter)

A. That is a language I can understand, beginning with Harry Hopkins in WPA and down to Mr. Knudsen today. If that is what he meant, I understand that perfectly.

(Resume discussion on the record.)

- Q. Are you going to follow that line with Mr. Doughton and George tomorrow?
- A. That is a line I get at the receiving end.
- Q. Oh.
- Would you issue a statement following the conference tomorrow?
- A. I doubt it..
- Q. Mr. Secretary, the War Department --
- A. I mean, I won't.
- Q. Will Mr. George?
- A. I definitely won't.
- Q. Will you ask your conferees whether they would like to issue a joint statement of some kind? I think it would be helpful to the country as a whole if something could be said, perhaps not in great detail, but something.
- A. I agree with you. I think as long as Doughton announced he was coming down, I think he ought to say something. I agree with you.
- Q. Would you on our behalf remind him of it?
- A. I won't forget. I will try to get you something from them.
- Q. Thank you.
- A. I think they should say something.

Q. Mr. Secretary, the War Department seems to have a definite conviction that the only way they can speed up the work and put factories on a full work week is by extending far beyond the present work week the length of time a man works, and I spent most of the day checking yesterday and find that there is no plan other than to continue at time and a half for over-time. What do you think about that as the financier of the Victory Program? Do you think that is necessary?

A. What is necessary?

Q. Time and a half, way up for fifty-two and fifty-five hours a week.

A. Well, I am going to make a statement and then somebody can say whether it is on the record or not afterward.

(Discussion off the record.)

My statement is, why the hell didn't somebody think of seven days a week a year and a half ago?

(Resume discussion on the record.)

- I guess that had better not go on the record.
- Q. Why not? That is a perfectly --
- Schwarz: Take out the blank.
- H.M.Jr: Where are some of those fellows?
- Schwarz: If you take out the blank.
- Graves: There wasn't any blank.
- Schwarz: Put in a blank.
- H.M.Jr: Would you leave it on?
- Schwarz: Leave it in.
- H.M.Jr: The statement?
- Q. Without the "hell."
- H.M.Jr: I guess not.
- Schwarz: Without the "hell."
- H.M.Jr: I guess not. I won't say that. We had better do our fighting with the enemy and not within our own ranks.
- Q. Mr. Secretary, do you think something should be done to modify that time and a half work when it gets up to fifty-five hours?
- A. That is on another front.
- Q. But don't you think it is germane - not to be too insistent, but don't you think it is germane to consider the question of economy both on farm

expenditure and labor expenditures in the sale of these Defense Bonds?

A. No, somebody somewhere has got the responsibility of turning out tanks and guns. That is their responsibility and it is up to them to do the job, and my responsibility is to raise the money. I don't want to tell them how to do their job and I don't want them --

Q. You don't feel you should stick your neck out for government economy?

A. Oh, that is something else again, but I think - I mean, I am against waste, but I don't know that it is wasteful to pay time and a half. I mean, whoever's job it is has got to get the stuff out. I hope he will get it out and do it in a business like manner, but I am not going to tell him how to do it.

Q. What do you think of the continuance of farm subsidies, now that we are in the war? Do you think it is necessary?

A. Look, don't - not today. Not that line today, do you mind?

Q. O.K.

A. We have just gone to war with two more countries,

and I don't want to get on that line today.

Q. You don't want to take on the farmers too?

A. I don't want to take on, if you don't mind, the line of thought you have got. I would rather skip that today.

Q. Has there been any government support to the bond market, Mr. Secretary, or is it still a natural market?

A. No, we have been buying.

Q. You have been buying? What is it, Stabilization Fund or the Open Market Committee?

A. We have been doing it, a combination of the Federal Reserve Board and ourselves operating through the Federal Reserve of New York.

Q. Not the Stabilization Fund?

A. No, it has nothing to do with it.

Q. Right.

That would be for the investment accounts?

A. For our various investment accounts, but we have been doing a joint account with the Federal Reserve Board.

Q. When did you throw your support in, yesterday, was it?

A. What was yesterday, what day?

Q. Wednesday. War broke out on Monday and you said you still wanted a natural market. Tuesday, I believe - well, we don't know. Monday you said that.

A. Monday was - I was telling you the truth the way I always do on Monday. We started Tuesday.

Q. Are you still continuing, sir?

A. I don't know, but if necessary, we will. I mean, I haven't talked to Mr. Bell because he hasn't asked to see me.

Q. Would you say, sir, what the motive of that buying is? I mean, just sort of explain it better.

A. Well, the motive is simply this, that at the moment some people seem to be a little bit nervous and we are simply standing there to keep an orderly market.

Q. There has been no large institution of selling, has there?

A. No, it is just - you see, we find ourselves in the peculiar position of being between an offering and a settlement date, which is the 15th, you see. They haven't paid for this and there are some people, I take it, who don't want

to pay for the bonds they subscribed to on the 15th and therefore they are disposing of some of their holdings. They have just caught us between the day they subscribed, which was last Thursday, and the 15th, when they have to pay for it. Now, there are some people who don't want to pay. It is just scattered selling and we are standing there ready to buy and keep the market orderly and demonstrate that there is plenty of confidence around. The whole thing is - there is no - as one Government bond house said in New York, if we in the Treasury would take care of the false air raid alarms, they would take care of the Government bond market.

Q. Thank you, sir.

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, DECEMBER 15, 1941

(Discussion off the record.)

H.M. Jr:

There has been a misunderstanding up in Schwarz's press room which is most likely my fault. Two or three months ago we had a study made of the press room and at that time they made very good recommendations as far as Schwarz was concerned in the work that he was doing, but they felt that some of the men should be transferred out into other parts of the Treasury from the press room, and I said, "Fine." I am just telling this story the way it happened. The other day when I asked for somebody I was amazed when Chick was away to find out - oh, this was fully a month ago - that nothing had happened, so I told Thompson to carry out the orders. I guess he took me literally, and I understand - I just learned this minute from Chick that these boys were given notices. Now, what I meant, and I am not blaming Thompson,

but I had in mind a month ago that these four men would be placed in different places and as soon as he comes down off the Hill, I am going to tell him that his recommendation of a month ago is what I wanted them to do. He might perfectly well have misunderstood me, but that is what I had in mind and that is what is going to happen, because I have never done anything like that and after nine years I am not suddenly telling people to go find places for themselves. I am glad that Chick brought it to my attention, because I have never worked like that, and I am not going to start now. Thompson may have had very good reasons for misunderstanding me, but on the other hand it was fully a month ago, wasn't it, that a decision was reached, and I was annoyed that it took so long to move because this thing is at least three or four months old and what I want is to give Chick the kind of assistants that he needs so that he doesn't have to carry the whole load

himself. He has been carrying entirely too much himself, and he is entitled to good assistants and what I am trying to do is to get first class people. Without trying to be personal, I don't think he has the kind of assistants he needs. We will find jobs somewhere for these other people, and replace them as quickly as we can. If it is anybody's fault, it is mine.

Q. Mr. Secretary, were these men - when you say place them in other places, will they still be press men?

A. No. We will get them jobs. I mean, if they can get jobs as press men all right, but we can't use them as press men, but we will find them work in the Treasury if possible at the same salary, but I have got to get Chick first class press men, which he hasn't had and on that I feel very strongly and I was quite annoyed the other day and told them to get busy, and this is the result, but there is no harm done other than the shock that these

- 4 -

Schwarz: fellows got, and we will try to make that up. Since this is a press conference, will we let that be off the record?

H.M.Jr: Yes, this is purely personal. I don't think it interests anybody but Chick and myself. I mean, I have never just told them to go ahead and clean house, I have never done that.

Q. As long as we are talking along that line, Mr. Secretary, do your plans contemplate--

A. That is a loudspeaker.

Q. All right. I hadn't seen one.

A. No, you can rent it from the telephone company for three dollars a month.

Q. Mr. Secretary, as long as we are talking along that line--

A. Excuse me. Should I tell you? This is also off the record. Oumansky was sitting here and suddenly I saw him watch and look at that thing, and I said, "Don't worry, Ambassador, I just have it so I can ask the girl what time is it." She came on the wire, and I said, "What time is it?" I said, "I know what you thought

it was, but I don't have them in my office. 237

(Laughter)

All right, go ahead.

Q. It wasn't important.

(Resume discussion on the record.)

Q. When do you expect to leave for Chicago,

Mr. Secretary?

A. Tomorrow night.

Q. Do you have an address for us?

A. Yes; I hope it will be finished tomorrow morning, but it will be finished before I leave.

Q. Mr. Secretary, there has been some speculation in New York Government bond circles as to the possibility that the Treasury may hit upon a one issue which proves good and continue issuing bonds of the same issue. That is what is called a tap issue? Is that under consideration? For example, they thought that your two and a half's of '67 - '72 might be the same issue, but then you closed the books on them, and I was just wondering.

A. Well, I told Bell to tell Schwarz that that issue was closed.

Q. Oh yes, I know that, but prior to the closing

- 6 -

of that issue the impression got about some  
how that you might use the two and a half's.

A. Well, that particular issue--

Q. Yes, I know about that issue.

A. It is closed. We won't reopen it. But are we  
going to use a tap issue? I don't know.

Q. The reason I asked, there has been considerable  
speculation.

A. Well, I don't know. We won't have to bother about  
that again for a while now, but that particular  
issue is closed and the Government bond market  
has been taking care of itself now for several  
days.

Q. Is there any more buying - are you still sup-  
porting it?

A. Didn't have to now.

Q. You said Thursday that you began on Tuesday,  
last Thursday.

A. And I think we finished Thursday night.

Q. Finished Thursday night?

A. Yes.

- Q. From Tuesday through Thursday?
- A. From Tuesday to Thursday, inclusive. That means that Friday, Saturday, and today it is taking care of itself.
- Q. There has been no support at all?
- A. No.
- Q. Was the magnitude of the support very large?
- A. Oh, I would call it a goodly amount.
- Q. Mr. Secretary, are you going to any other spots than Chicago on this trip?
- A. No, I will leave Tuesday night and get back Thursday morning.
- Q. Anything new on taxes?
- A. No. We are working hard and there is nothing other than what Senator George and Congressman Doughton had to say.
- Q. Doughton said up on the Hill that the Treasury wasn't ready, that was the reason for the delay. Would you make some comment on that?
- A. No.
- Q. Mr. Secretary, the conferees, Congressional conferees, have agreed to retain an appropria-

tion of a million and a half dollars for collecting the auto use tax through the Post Office Department, with stamps to be issued by them. Will not that necessitate a change in your plans?

A. You will have to ask John Sullivan. He is following that. I don't know. You will have to ask John Sullivan. I have not been following it.

Q. Mr. Secretary, can you tell us just where Mr. Paul and Mr. Sullivan will fit into your new set-up?

A. Yes. It is a partnership arrangement which is agreeable to both of the gentlemen, otherwise I wouldn't do it. In England they have what they call two kinds of lawyers, a solicitor and a barrister. One prepares the case and the other presents it. The thing has gotten to be just too big, that is all, and as we get more and more money the problem becomes more and more difficult. By the time we get half way through a tax bill, everybody connected with it,

- 9 -

including myself, are either in the hospital or ready for a hospital, so we thought we would divide up this work and the question of the preparation of a bill and handling the people that have to do with it would be Mr. Paul's work with Mr. Sullivan sitting in. When it comes to going on the Hill, Mr. Sullivan will present the bill and Mr. Paul will sit at the table as counsel. I think it is--

Q. Mr. Sullivan will remain in charge of the Bureau of Internal Revenue?

A. Yea, he will. But this thing is getting to be - it is a very, very intricate and difficult business and we hope to add a number of people. We will ask for more money so that we can enlarge our staff considerably. After all, we have been going along with the

- 10 -

same people collecting two and three times the amount of money, and we haven't added to our staff at all.

Q. That makes for greater efficiency, doesn't it, Mr. Secretary?

A. Well, it doesn't, because it breaks the people physically and that isn't efficiency. That isn't efficiency when you break them physically.

Q. Well, Mr. Secretary, in mentioning more people here, there has been some talk that Mr. Paul will bring in his own staff with him. Is that correct or will he work with the --

A. He is going to augment both Mr. Blough's staff and Mr. Tarleau's. Tarleau is the man who prepares the - actually does the drafting of the tax bills.

- Q. How do you spell that, Mr. Secretary?
- Klots: T-a-r-l-e-a-u.
- H.M.Jr: And both Blough and Tarleau are simply delighted.
- Q. You mean that any people that come in with Mr. Paul will just fit into one side or the other of this staff downstairs?
- A. Yes, and then we have got that other staff downstairs doing the overlapping, Federal and State.
- Q. State and local?
- A. And he will take that on also.
- Q. You say he will?
- A. Yes, he will supervise that as well.
- Q. Could you give us any more details on your trip to Chicago, I mean what your program will be? You will be there Wednesday?
- A. Wednesday morning.
- Q. And what is your program going to be for that day?
- A. Well, I am going to sit with the various groups. They have got a two day program for people coming in from forty-eight states and then there is a luncheon at which I will speak.
- Q. Where is that, do you know?

- A. Federal Reserve Bank is giving it; I don't know where. I think they are paying for it too. I hope so. They are rich.
- Q. Can't pay their taxes.
- Well, they are going to lose this building on Constitution Avenue.
- A. This is Federal Reserve in Chicago.
- Q. You say sit with the various groups. Do you know what they are?
- A. They have broken them up, I think. They have got a regular schedule. I can't give it to you but they have got a regular plan, just like you would have in any sales organization who comes in. There is something for them to do every minute. They have got some people to speak to them from here. B.M. Edward is coming to talk to them about banking and they will ask questions and it is a regular - like you bring in any other bunch of salesmen.
- Q. You mean a series of round tables?
- A. Yes, a series of round tables. What I hope to do is say - while I am out there, is to go to as many groups as possible.
- Q. What is your schedule for the rest of the day?

Are you going to do anything outside of this Defense Bonds?

A. I wanted to, but they told me I couldn't.

Q. Have you set any goal for the Defense Bond issue in dollars and cents?

A. That will be in my talk. You will have to wait until my talk if you don't mind.

Q. Is the Treasury contemplating any change in the capital gains and losses?

A. That is under tax bills, isn't it? What do you do, take turns taking a shot at me and say, "Well, maybe he is getting a little feeble"?

Q. Honest, it isn't premeditated, Mr. Secretary.

A. You mean there is no combination?

Q. No, not at all. We are rivals.

A. I can't answer that. I am sorry.

Q. Have you loaned the Russians any more money, Mr. Secretary, on future gold deliveries?

A. No, but they have paid off some more.

Q. They have? How much?

A. You had better find out, Chick.

Schwarz: I will get it for you.

H.M.Jr: They have paid down some more. Find out, Chick.

Q. Mr. Secretary, as a member of the Byrd Committee,

can you tell us when that report will be made, sir?

A. Well, what have they told you, anything?

Q. Well, sir, they have been holding executive sessions and saying nothing. We can't find out any more about that than we can taxes down here.

A. Well, I can talk about that the way they talk about me.

Q. It is your chance to get even with them.

A. All I can say is for your - what do you call it - tip?

Q. Guide.

A. I was asked to come up tomorrow to a special special meeting. They are very anxious to have me up there.

Q. Did you notice that gesture of contempt the Japs made toward us today? The Diet was asked to approve an initial war budget of six hundred eighty-five million dollars.

A. Million or billion?

Q. Million.

A. I see.

Q. Mr. Secretary, to go back to the tax staff set-up here, what it amounts to is that Mr. Paul

is here in the Treasury and is in charge of what you might call the preparation of the policy, the working out, determining the policy and then when the scene shifts to the Capitol Mr. Sullivan submits the Treasury's recommendations and deals with Congress, with Mr. Paul sitting in.

- A. That is right, but in the question of deciding each one of these steps, Mr. Sullivan will sit here with me. He will be here and in on the policy making, but the responsibility and the day and night work of drafting a bill with the staff, we have asked Mr. Paul to take that on. Then the job of working day and night, once they go up on the Hill, will be Sullivan, but if he says, "I need this, I need that from the staff," it is up to Paul and the staff to feed it to him.

Q. Paul is responsible for preparation of the Treasury's plan?

- A. That is right. It is a perfectly feasible plan. It just brings one other person in; I mean, you are asking one man to prepare a brief and to deliver it. Now, it is just too much, that is all. It is too much for a man to be up there

on his feet all day long, so to speak, giving the Treasury side and then expecting him to work all night drafting the answers for the next day.

Q. Mr. Secretary, are you contemplating asking for a new debt limit?

A. Not until we need it.

Q. When do you think that will be, sir?

A. It isn't close enough to figure it.

Q. Just ten billion off.

A. Well, that is quite a lot of ceiling.

Q. The rates have been stepped up?

Not at the rate they are talking about on the Hill. They are spending five and six billion a month now.

A. Well, all I can say is more power to them.

Q. Does that go back to the illustration you used of the little boy's eyes that were bigger than his stomach?

A. I didn't use it, but I am willing to adopt it.

Q. Mr. Secretary, the rumor is around that you may move the Comptroller out somewhere because you need a lot of room down there. Is there anything in that?

A. Well, I hadn't thought of it, but it is an idea. I hadn't thought of it. Tell them to rest easy down there. You go back and tell him, "I asked the boss that, and he says, 'rest easy.'" (Laughter)

Q. Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, DECEMBER 18, 1941

H.M.Jr: We had a fine meeting out in Chicago. It really was very inspiring to me, to go from one group to another and find all the enthusiasm and the desire to go forward.

Q. I understand even General Dawes--

A. Oh, he got quite - he said that it was quite - it was quite interesting to me - that he attended a similar meeting - I guess it was twenty-five years ago, on a Victory Loan and it was at that time that he got the inspiration to do something about the war and it is now - whatever it is - twenty-four or twenty-five years later that he got the same inspiration. He was quite an orator. I didn't realize it. When he gets going, he goes right into high gear. He doesn't stop in low.

Q. Shake his finger as usual?

- A. Oh, yes, he came right over to the table and shook his finger.
- Q. Just as a matter of information, Mr. Secretary, I noticed one dispatch from Chicago quoting Mr. Graves as saying that they hoped to sell a billion dollars worth of bonds a month.
- A. No, Graves was misquoted. There was no figure used.
- Q. That is why I asked, because we have been given to understand there wouldn't be any such figure.
- A. No, that was wrong. The only quote was the kind of quote I gave in my talk, which I take it you boys have received.
- Q. Yes. Just what did Graves say about the billion dollars, in case it comes up again?
- A. I don't think he said anything. What happened, as I understand it, the only person who used that figure was Namm, Chairman of the retail group, and he got all pepped up, and he said,

- 3 -

"We will go out - we, the Retailers of America, we will sell a billion dollars worth of your bonds." Ben Namm.

Q. A month?

A. A year, I think, isn't it?

Q. Oh, a month.

A. Oh, I think a year, but it was Benjamin Namm of the retailers group who used that figure.

Q. How do you spell his last name?

A. N-a-m-m, Namm Department Store, Brooklyn, New York, but he is Chairman of the retailers group. He got - I mean, we had quite a meeting out there. It was good for me. It did me a lot of good.

Q. You wouldn't feel offended if they should sell a billion dollars worth a month, would you?

A. Neither offended nor insulted, but I don't expect it.

Q. Can you say anything about the appointment of Mrs. John Alden Carpenter of Chicago as head of the women's division of the Defense

- Bond set-up?
- A. In Chicago?
- Q. Yes.
- A. I have got to plead ignorance.
- Q. I had a query on it.
- A. In the first place, I don't know who she is, which I suppose I should, and in the second place I don't think they would appoint anybody without at least telling me. I think that - I don't think that is right. I question it. I wouldn't use it anyway without getting it verified.
- Q. Mr. Secretary, when do you expect this Defense Bond thing - selling plan to get into high gear?
- A. Well, they expect to have these pledge cards ready by January 10, and I should say January 10 on they ought to go to town.
- Q. Who expects it?
- Pledge cards for individual purchasers?

A. Yes.

Q. To be used in payrolls?

A. For everything, irrespective of whether a man has signed up or not, the idea is to get everybody to sign a pledge. Now, I haven't got one, but they ought to get one. Where is Chick?

Schwarz: Right here.

H.M.Jr: You ought to get one of those and show it to the boys, and if they want more details - don't ask me too many questions. You can ask some of the boys that came back from Chicago who are here, either Kuhn or Buffington. They both were there. Kuhn, I think, would know. He was out there with me. But if the boys want more details on that pledge card, let them get one and show it to them, and I think Kuhn could explain it.

Schwarz: We will get a proof of one.

H.M.Jr: Yes.

- 6 -

- Q. I have got a customer for you, Mr. Secretary. The President of the Press Club has asked me to try to make arrangements for the sale of stamps at the Press Club. Who should I see about that?
- A. Well, in the absence of Graves, I would see Eugene Sloan. I am sure they would be delighted. I would see Eugene Sloan. Graves didn't come back. He had a lot of odds and ends to clean up.
- Q. Are there any particular new ideas or any ideas being used in connection with the sale of Defense Bonds in Honolulu? I thought they were - they said they had jumped way up there.
- A. No, I just think it is the response to being bombed.
- Q. That was evident.
- A. The people out there are letting their patriotism be demonstrated through their pocketbook.
- Q. Yes, but I thought that Delegate King had made some sort of request for - of course, I guess

they haven't got the bonds on hand, but they are being subscribed for at least.

A. I haven't heard that they haven't got them on hand.

Q. Well, Mr. Secretary, you authorized them to sell the bonds and give receipts pending delivery of the bonds.

A. Did I?

Schwarz: You did, yes.

H.M.Jr: Good for me. (Laughter) Thank you.

Q. Have you anything on refunding for the first of the year?

A. No. It is a little hard to keep up with these Defense Savings Bonds boys. They go to town and - fortunately we had the organization built and it was built soundly so now when this thing, war comes, they are ready to go to town, and it is a good organization.

Q. Did you see Mr. Eccles this morning, Mr. Secretary?

A. No, he - our boys are going over there this morning and they are coming over here at three this afternoon.

Q. What is up, Mr. Secretary?

A. Somebody will have to help me out. I think it - isn't the Open Market Committee meeting?

Q. Right.

A. Is that right?

Q. Right.

A. Open Market Committee. They are meeting over there this morning and they are coming here this afternoon.

Q. This is the full committee, isn't it?

A. Do you know? Is it the full committee?

Q. Most of them, I understand, practically all of them.

Coming back to Defense Bonds, Mr. Secretary, have you any estimate or did you hear any estimate as to the number of people that will be engaged in selling these bonds throughout the country?

A. No.

Q. A hundred thousand or two hundred thousand?

A. Oh, the life insurance underwriters alone have got two hundred thousand. They have offered

their services. There are two hundred thousand there. The Boy Scouts of America, with a million and a half, they have offered their services. I don't know how many people there are in the investment bankers.

Q. Two hundred sixty-five thousand newsboys.

A. Two hundred sixty thousand newsboys, which come first. I was tickled to death out there. Somebody from Buffalo was complaining that the man who worked in the plant came home at night and said he had gone in for the payroll deduction plan at the factory and his wife says, "Well, I have already subscribed with the newsboys," and the payroll deduction plan fellows were complaining that the newsboys were getting in there first, and I said fine.

Q. You ought to get some buttons and say, "I am buying."

A. Well, they have gone through that and they, for the time being, think that the pledge card will take that place. They have been shying off a little bit from buttons, but they think that the pledge card - but it doesn't make me

mad if the wife is solicited at home and the husband in the plant, so the newsboys are doing very well. I can't add up the - it is running into big figures.

Q. Has any date been set for your appearance up on the Hill in connection with the tax measure?

A. No. I go up either tomorrow or Monday before this Appropriations Committee. I don't know what is in this speech yet, but they suggested that I say that I hope there won't be the usual leaks.

Q. Is it executive session tomorrow?

A. Yes.

Q. What is this, the Appropriations Committee?

A. Yes, sub-committee. Have you got any pipelines up there?

Q. Yes, sir. (Laughter) A very good one. I hope it isn't --

Are you going to distribute that before or after your appearance?

A. That is the trouble, what has always happened, I go up there and read this thing and it doesn't

appear in print for three months. They don't make the report for three months afterward. So I will try to eliminate any news out of it.

Q. Would it be permissible, sir, to ask permission of the Committee to make your statement public?

A. Well, I think I will tell them this, that if there are any leaks I will make it public. When I get down and somebody has run out and told any part of it, I will simply say - if any part of it appears on the ticker you will get the full copy.

Q. Ways and Means are clams compared with them. Don't you think you might as well give it out now to the newspapers, Mr. Secretary?

At least have it mimeographed.

And let it go in the first bulletin to the Hill.

A. Let's see what effect the war has had on these committees. Maybe they have learned something.

A lot of other people have.

Q. Is that a House or a Senate committee, sir?

5  
A. House.

Q. I know the leak will be to U.P.

I want to get my pipelines up there in shape.

Have you ever thought, Mr. Secretary, of using the Defense Bonds as a tap issue, taking the fifty thousand --

A. It has been suggested. We are studying it all the time. For the moment there is nothing in sight.

Q. Mr. Secretary, have you heard anything from these railroad brotherhoods yet? Are they going to contribute their pay raises?

The seventy-five thousand?

Seventy-five million.

Million?

A. I haven't heard yet, but on the train last night the Pullman conductor stopped me and said that he was making a railroad regular deduction, the Pullman conductor, and then he said on the eighth of December he went in, the day after Pearl Harbor, and bought ten more bonds. He was saying, couldn't we make their Disbursal Office of the Pullman Company an agent. He said

he went to the bank and they were too busy, so he went to the post office, but couldn't we make the Pullman office their disbursing agent, and I said we would take it up; and then in the dining car they handed out, "Know Your Taxes," that leaflet. I thought we were pretty good. It was the only thing on the train, as far as I could see, that they were handing out -- (laughter) free, except that you got a very excellent dinner for a dollar and a quarter. I recommend it very highly. You don't want to read this speech, do you?

Q. I just want to see the heading.

A. I thought I would make it easy for you.

Q. I didn't see very much on that front page.

(Laughter)

A. I hope you didn't.

Q. Mr. Secretary, it would be --

A. You wouldn't use it even if you did read it, would you?

Q. No, it was only for my information and background.

(Laughter)

There undoubtedly will be leaks from the Committee, Mr. Secretary.

A. You see how I trust you? I would let you read it if you gave me your word you wouldn't use it.

Q. I would rather not do it.

A. That is the way I trust a news man.

Q. I say there undoubtedly will be leaks from the Committee, and in the interest of accuracy --

A. Well, the first good leak that I hear about, I will give out a copy.

Q. Any particular quote in that, Mr. Secretary, that would start this?

Have you defined your good leak yet?

A. No, but I will also see it isn't a phony one.

Q. Any quoted paragraphs will be all right, will it?

A. If they have anything which comes out I will give you boys the correct copy. Thank you all.

Q. Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, DECEMBER 22, 1941

H.M.Jr:

I got a nice telegram here from R. J. Thomas, President of the United Automobile Workers, on Defense Savings Bonds.

"As part of the defense of America from aggressor nations, I am anticipating today a drive among seven hundred thousand auto and aircraft workers to sell our entire membership and officers within as short a time as possible fifty million dollars' worth of Defense Bonds.

"The son of a UAW-CIO member went down on the Arizona. He was killed in action. We are answering that dastardly attack by purchasing these Defense Bonds to replace the U.S.S. Arizona as speedily as possible in order to stop forever the brutal aggression of our enemies."

Signed R. J. Thomas.

It is a nice telegram.

- Q. It is a little short of the cost of a battle-ship though, isn't it?
- A. Well, the spirit is there.
- Q. The Treasury will make up the difference. It is a pretty good-sized cruiser.
- A. The spirit is there. It is a nice idea.
- Schwarz: Mr. Thomas is in town, Mr. Secretary.
- H.M.Jr: Is he? Good. That is the only thing that I have got.
- Q. Do you have figures on Bond and Stamp sales for the first two weeks?
- A. Only what is in the daily statement. Doesn't that come out every day in the daily statement?
- Q. There is quite a time lag though, sir, so it doesn't show very much.
- A. I think we will have to stick to those.
- Q. Would there be any way of getting the figures on Hawaii for the time since the bombing that you might fit in with this?
- A. You might inquire, Chick.

- 3 -

- Schwarz: I will check that.
- Q. Mr. Secretary, I would like to have a temporary certificate as a souvenir of the Bonds issued when they ran out of them in Hawaii. Kanne issued a statement saying that the sales have gone up so much that they ran out of them. I would like to have one of the temporary ones for a souvenir if you could get one for me.
- A. That means about ten, doesn't it?
- Q. Yes, I think the other boys would like them.
- A. We will find out, I would like one myself. So would Mrs. Klotz and Miss Chauncey. I don't know whether we can get them, but you might inquire. They are most likely issued locally.
- Q. It would be a collector's item.
- A. You might find out, Chick.

- 4 -

Schwarz: I will do that.

Q. Have you anything to report on the tax front?

H.M.Jr: Nothing that I can talk about.

Q. Tell us what you can't talk about.

Are you still opposed to the sales tax, Mr. Secretary.

A. I am not - I hope not to weaken on information until I have a full story.

Q. I believe you were opposed to it once before.

A. Well, the Administration has always been opposed to it.

Q. Mr. Doughton said, according to the Associated Press, that the question will come up before the committee, and I was wondering, in view of the emergency and the still higher cost of financing defense, whether you had changed your mind.

A. Well, we are too close to the President's budget message to release anything.

Q. One phase of the tax branch that you could mention, there was a story in New York that you changed your plan on taxing of municipals and states--

A. Well, that would come under the same thing. They have got all kinds of rumors around. I will just have to let them die.

Q. Will there be any censorship of Treasury news under this new set-up, Mr. Secretary? For example, the question came up of publication of gold imports and what on one hand - well, what are the factors?

A. Well, the nearest I have come to censorship of news, I was asked by Byron Price to name a representative on the committee and that is the first - as near as I have come to it. What he is going to do I don't know, but I named Gaston, but if Mr. Gaston walked in here and said, "What do you want me to do," I would tell him to scratch his head, because I don't know.

Q. I mean, there will be no change in the freedom of news out of your press conference or either sitting down and writing a story or as to guessing about something involving Treasury affairs?

A. Well, to answer you, Nick, I have no plans.

No one has raised anything. You are the first man that has raised it. I hope your guesses will be as good in the future as they have in the past.

(Discussion off the record.)

Q. Well, I have had an experience about censorship today at Annapolis and about Mr. Churchill. That is why the question came up about financial news.

(Resume discussion on the record.)

A. Well, to be serious, no one has raised it. I haven't raised it with anybody and there has been no occasion for raising it. As far as I am concerned, I have got no reason to raise it. If something comes up I will sit down and talk to you about it all beforehand.

Q. Well, for example, in war time the - this is what I had in mind. When the Axis powers declared war they abolished publication of their financial statement. For example, the Bank of Italy and the Reichsbank. There is no figure as to the circulation for some time. I am just wondering whether the Treasury will take the same step.

- A. I don't have to hide under censorship's skirts for that. I mean, I have got nothing to hide. They may have had something to hide; I haven't. I am not going to hide behind the censor on my financial statements.
- Q. Until you have something to hide. (Laughter)
- A. I feel very bold today.
- Q. Well, for example, the question of repayments by Russia, you made --
- A. I have given you that.
- Q. Yes, I know, but I am talking about the future, whether you will stop disclosing as to whether Russia repaid some of the --
- A. Listen to me, don't look for trouble. I am not looking for it. There is nothing right now that I can't tell you.
- Q. Except taxes.
- A. We have all got plenty of trouble so don't look for any here.
- Q. I am afraid you are going to have some troubles, Mr. Secretary.
- A. I am sure we are, but I am telling you now

before I put in the first censorship I will sit down and talk it over with you boys, before I put in anything. How is that?

Q. Is the Economy Committee going to report before the budget message?

A. You will have to ask Senator Byrd on that.

Q. Are you through with your part of it, sir?

A. Yes. You will have to ask Senator Byrd.

That committee has been pretty good, you know.

There haven't been any leaks out of that committee.

Q. That other committee hasn't leaked yet, either.

A. I didn't go.

Q. Oh, didn't you? (Laughter) That is an explanation for it then.

I saw a story in Sunday's papers to the effect that the Economy Committee had recommended - was reliably reported to have recommended cuts totalling one billion five hundred million.

A. Well, he has been handling the publicity. I am willing to let him handle it.

Q. Smothering the publicity, you mean, Mr. Secretary.

- A. Pardon?
- Q. Smothering the publicity?
- A. Whatever you want to call it.
- Q. How is the Treasury going to operate under this new Section 5 (b)? The new presidential powers that were passed last week with regard to foreign properties here in the United States.
- A. That hasn't been settled.
- Q. Who was supposed to handle the alien custodianship during this war? Wasn't it the Treasury?
- A. No, I think it was Justice. . But that whole thing is in the air.
- Q. I thought Mr. Crowley was appointed to that, Mr. Secretary.
- A. He is, but this committee is still functioning, State, Treasury and Justice, and he is simply taking Mr. Shea's place. As I say, the thing is still in the air.
- Q. Thank you, sir.

SECRETARY MORGENTHAU'S PRESS  
CONFERENCE, DECEMBER 29, 1941

- H.M.Jr: All right, gentlemen. I have nothing to offer.
- Q. No New Year's message or anything?
- A. Well, it happens I am sending out to the Treasury employees, I am wishing them all a happy and victorious New Year. That is my message to them.
- Q. Anything unprosperous?
- A. Why?
- Q. Do you put in something about spending money on Defense Bonds?
- A. No, I think, personally, if everybody will just think about winning this war, that should be the number one thought. Everything else will fall in line.
- Q. Anything on taxes?
- A. No. You people will ask and I will have to say no until I go up on the Hill.

- 2 -

- Q. Do you concur wholly with the Economy Committee's report?
- A. Do you mean the Byrd report?
- Q. Yes.
- A. Well, I made my exception in the letter.
- Q. What was that about?
- A. Well, in the Byrd report there is a letter from me with my exception, and, if you haven't got a copy, I will be very glad to give you one. I had certain very definite exceptions to the report.
- Q. Have you ever been before the House Ways and Means Subcommittee on the Treasury appropriations bill?
- A. I am scheduled, I think, for next Monday.
- Q. Next Monday?
- A. I think so, next Monday. Five dollars worth.
- Q. Do you know when you are due to go before the Committee on taxes? Is that going to be early in January?

- A. When Senator George and Congressman Doughton were down here they talked about the middle of January.
- Q. There is some talk of making that date the twentieth. That hasn't been fixed so far as you know?
- A. No, because - well, I haven't heard a word from them.
- Q. Do you know when the budget message will be delivered?
- A. No. It usually follows his annual message doesn't it?
- Q. By several days.
- By one day.
- Mr. Secretary, has anybody had time to figure out how much the war is costing us per day?
- A. No, but it would be very easy. I think Chick can do that for you. He is a good mathematician. I think it shows our daily expenditures.
- Schwarz: There is a national defense subhead, Mr. Secretary, every day.
- Q. That would cover everything, would it?

- H.M.Jr: I think so.
- Q. With the exception of RFC.
- A. And you could add that in. Isn't that in there?
- Q. That doesn't show in the daily report, how much they are loaning and so forth.
- A. You take the last monthly report to Congress, you could take a monthly report and divide it by thirty. Chick will do it for you. He loves to figure.
- Q. Mr. Secretary, you said a moment ago everybody should be thinking about winning the war. From the Treasury viewpoint, what should we be thinking about?
- A. Well--
- Q. It is a pretty large order, but I thought it might make a pretty good story if you would care to indicate something.
- A. Well, our principal job, after all, is to raise the money, and we can raise it through taxes, and we will try to do it in a way

- 5 -

without disrupting society too much. We can't raise the amount we will have to raise without doing a considerable amount of re-arranging of people's finances. And then our work in Defense Savings Bonds, we just had a meeting here devoted to people all over the country on the payroll deduction plan, and I think the voluntary payroll deduction plan - from the standpoint of the Treasury, the people who are participating in it is one of the real contributions that can be made in the sense that it is voluntary. These people who have come in are very hopeful as to what can be done and what has been done. I think very briefly that is it. Of course, we do a lot of buying through Treasury Procurement on the war basis. I mean, we buy all the non-military items now, certainly for Lend-Lease. I don't know what the exact figures are, but our purchases per month, and the increase each month over the previous month in Lend-Lease,

are quite creditable. They run into very considerable figures. We buy all the steel and copper and a thousand and one items over there.

Q. You say there has been quite an increase in the past month.

A. Each month over the previous month. It is really getting to be a very, very big buying job.

Q. In connection with this Canadian agreement that was proposed the other day, does - do you have to pay tariff duties on Ordnance items coming in from Canada?

A. Can you hold that a minute?  
And also the Treasury, I mean, my own feeling as Secretary of the Treasury is that after all, the President's job as Commander in Chief is to fight this war and my job is to provide the sinews with which to fight this war and we are prepared to do that. Now, on that question.

- Q. I was wondering, do we have to pay tariffs on ordnance items that we import from other countries, for instance, Bren guns from Toronto?
- A. I don't know, but Schwarz will find out. I can't imagine that we do.
- Schwarz: I will check it.
- Q. You don't know whether we would have to pay it on nickel going in?
- A. I really don't know, but if you will ask Gaston, he has got the Customs under him, and he will find out for you and give you an answer this afternoon. I just don't know.
- Q. Thank you, Mr. Secretary.
- A. Thank you. If I don't see you again, I wish you all a happy and victorious New Year.
- Q. The same to you.