

Agreements

SEC Register - 2/11/43
SEC Register - 2/12/43

Allen, Edwin K., Georgia State Industries, Inc.
Business Staff

SEC Financing, Government - 2/12/43

Allied Writers

SEC Registration - 2/12/43
SEC Registration - 2/12/43
SEC Registration - 2/12/43
SEC Registration - 2/12/43

Allied Newspaper Council

SEC Financing, Government - 2/12/43
SEC Financing, Government - 2/12/43

PRESS CONFERENCES

Executive Officers Bureau

SEC Register - 2/11/43
SEC Register - 2/12/43

BOOK 23:

FEB. 11 - APRIL 29, 1943

Executive, Federal

SEC Financing, Government - 2/12/43

Agreements and Regulations

SEC for Finance Reporting and S. M. Standard, Council
E. Wright, and George Hoffmann - 2/12/43

Meeting

"For the purpose" SEC applies that American Bank-
ers Association and a Rural Agricultural Credit
Corporation meeting leads to Farmers to grow and
produce, financial books should be allowed to
take these books without competition from Govern-
ment - 2/12/43

As provided in the Secretary of Agriculture of
this subject - 2/12/43

SEC Register - 2/12/43
SEC Register - 2/12/43
SEC Register - 2/12/43
SEC Register - 2/12/43

Agriculture		
SEE Banking - 2/11/43.....	Book 231	2-5
SEE Banking - 2/15/43.....	"	35-41
Allen, Marion H., Georgia State Administrator, War Savings Staff		
SEE Financing, Government - 3/27/43.....	"	139-68
Allied Nations		
SEE Stabilization - 3/25/43.....	"	134-36
SEE Stabilization - 4/1/43.....	"	181-90
SEE Stabilization - 4/5/43.....	"	202-16
SEE Stabilization - 4/6/43.....	"	217-59
Allied Newspaper Council		
SEE Financing, Government - 3/27/43.....	"	154
SEE Financing, Government - 3/29/43.....	"	180
American Bankers Association		
SEE Banking - 2/11/43.....	"	2-5
SEE Banking - 2/15/43.....	"	35-41
American Federation of Labor		
SEE Financing, Government - 3/27/43.....	"	156-57
Appointments and Resignations		
SEE War Finance Committee re: W. M. Robbins, Harold N. Graves, and George Buffington - 3/2/43.....	"	99-106

Banking

"Off the record", RLW: explains that American Bankers Association oppose Rural Agriculture Credit Corporation making loans to farmers to grow war products; feels local banks should be allowed to make these loans without competition from Government - 2/11/43.....	"	2-5
a) Committee to see Secretary of Agriculture on this subject - 2/11/43.....	"	4-5
RLW: feels that 6000-7000 banks in rural districts, which want to make loans to farmers raising food for war, should be allowed to do so; will help the financing in smaller communities, where results were poor in December drive - 2/15/43.....	"	35-41

- B - (Continued)

Barnum, Jerome T., Publisher of Syracuse		
Post-Standard		
SEE Financing, Government - 3/27/43.....	Book 23:	154
SEE Financing, Government - 3/29/43.....	"	180
Beans		
SEE Morgenthau, Henry, Jr., re: Cuban trip - 2/11/43	"	7-11
British Press		
SEE Stabilization - 4/5/43.....	"	202-16
Buffington, George, Assistant to Secretary		
SEE War Finance Committee - 3/2/43.....	"	99-106
- C -		
Canada		
SEE Stabilization - 4/15/43.....	"	297-302
Cedar Rapids, Iowa		
SEE Financing, Government - 4/19/43.....	"	322-24
SEE Financing, Government - 4/22/43.....	"	332-34
Coins		
SEE Pennies - 3/2/43.....	"	87
Columbia Broadcasting System		
SEE Financing, Government - 4/19/43.....	"	322-24
SEE Financing, Government - 4/22/43.....	"	332-34
Congress of Industrial Organizations		
SEE Financing, Government - 3/27/43.....	"	156-57
Cuba		
SEE Morgenthau, Henry, Jr. - 2/11/43.....	"	7-11
Cuba contemplates opening a Central Bank and has asked that US Treasury send someone to help set it up - 2/11/43.....	"	11-12
Currency, Post-War		
SEE Stabilization - 3/25/43.....	"	174-36
SEE Stabilization - 4/1/43.....	"	181-90
SEE Stabilization - 4/5/43.....	"	202-16
SEE Stabilization - 4/6/43.....	"	217-59

Debt Limit		
SEE Financing, Government - 2/22/43.....	Book 231	62-65
SEE Financing, Government - 3/25/43.....	"	137
Dewey, Thomas E., Governor of New York		
SEE Financing, Government - 3/27/43.....	"	156-57

Hecles, Mariner S., Chairman, Federal Reserve Board		
SEE Financing, Government - 2/18/43.....	"	54-57

Electric Power

Treasury will appear before Public Utilities Commission on March 2, in effort to obtain over-all reduction in power rates in D. C. - 2/25/43.....	"	71-79
a) Government has about 700 installations served by Potomac Electric Power Company ranging from lowest to highest rates; wants single rate equivalent to best commercial rate - 2/25/43.....	"	74-75
b) In 1941, Government used 295 million kilowatts, or 26.2% of total consumed in D. C., at cost of slightly less than \$3 million - 2/25/43..	"	77-79
1. 1942 cost about \$4 million indicating substantial increase in percentage.		

Exiled Governments

SEE Stabilization - 3/25/43.....	"	134-36
SEE Stabilization - 4/1/43.....	"	181-90
SEE Stabilization - 4/5/43.....	"	202-16
SEE Stabilization - 4/6/43.....	"	217-59

Farm Credit Administration

SEE Banking - 2/11/43.....	"	2-5
SEE Banking - 2/15/43.....	"	35-41

Federal Reserve Banks

SEE Financing, Government - 3/27/43.....	"	139-68
--	---	--------

Financing, Government

Statement issued showing sales of War Savings Bonds and Stamps for period May, 1941 - December, 1942, showing greatest dollar volume and number of people participating on voluntary basis in world's financing history - 2/11/43.....	Book 23: 1 & 21-24
(See Release 318, pp. 21-24, giving statistics)	
SEE Tax, <u>Income</u> - 2/15/43.....	" 26-30
April financing must be at least \$13 billion; will be raised 1) through taxes, 2) savings, and 3) banks - 2/15/43.....	" 31-34
President's recommendation, to tax tax-exempt State and local securities, is directly in line with Treasury's plan of December, 1940 - 2/18/43.....	" 42-54
a) Cannot apply to Federal securities as there is binding contract between Government and owner which prevents taxing them; no such contract between Federal Government and owners of State or local obligations - 2/18/43.....	" 44-53
1. Interest rates on State and local securities, if taxed, must be raised from 1/4% to 1/2%.	
b) Mayor LaGuardia has not opposed plan since US entered war, as he realizes necessity of raising vast sums to finance it - 2/18/43.....	" 53-54
Chairman Mariner Eccles, Federal Reserve Board, misquoted by papers as saying, "US is doing bad job of war financing", as he is in accord with raising revenue; 1) by taxes, 2) by borrowing direct from people with savings and 3) as last resort, from banks - 2/18/43.....	" 54-57
April financing calls for \$13 billion new money; debt limit is now \$125 billion; present obligations are \$117 billion; EMW must go forward with plans for financing with thought Congress will raise debt limit in time not to interfere with drive - 2/22/43.....	" 62-65
a) Does not think March 15 tax payments will hurt April drive; but "off the record", fears annual Red Cross drive will be - 2/22/43.....	" 65

Financing, Government (Continued)

1. Sales of E, F and G bonds show little change; February quota is \$600 million for E's - expect at least \$625 million.

HQJr reads statistics on E, F, and G bonds, comparing sales in February 1942 and 43; E bonds show \$633 million, or 59% more in 1943 than 1942 - 3/1/43.....	Book 23:	87 & 98
(See War Savings Release 320, p. 98)		
War Fund drive will open April 12 - 3/1/43.....	"	87-90
Because of lag in March 15 tax payments, Assistant Secretary Sullivan will broadcast from New York on CBS, March 2 - 3/1/43.....	"	92-93
1. Payments have improved recently.	"	
SEN War Finance Committee - 3/2/43.....	"	99-106
First reports on March 15 income tax returns are satisfactory - 3/18/43.....	"	115-17
Bill passed by Congress raising public debt limit - 3/25/43.....	"	137
Daily newspapers have organized Allied Newspaper Council, with Frank Tripp, Elmira, N. Y., directing it, to aid in war bond sales - 3/27/43.....	"	154
In response to inquiry from labor organizations in Atlanta, Georgia, HQJr assures them:		
1. E bonds will continue being sold, after April.		
2. Payroll allotment plan will also continue.		
3. Series E, F, and G will not become negotiable after April.		
4. Cannot now say that War Savings Staff will retain supervision after April (wishes to gain experience from April campaign) but expects it will - 3/27/43....	"	139-68
a) Wants to impress Labor that their support is urgently needed and Treasury has not "sold out" to bankers - only utilizing Federal Reserve Banks, as they are already established - 3/27/43.....	"	140-48
(See Press Service 35-71, pp. 166-68)		
1. Having moved world financial center from London to New York to Washington, feels he can use the banks, without being used by them.		

Financing, Government (Continued)

- b) Largest number of sales to working people, but largest amount naturally from capital - 3/27/43..... Book 23: 148-54
 - 1. Expects April quota of \$13 billion to be subscribed as follows:
 - a. 27 million workers, earning \$7 billion, contribute \$1 1/2 billion.
 - b. Banks, \$5 billion.
 - c. Investors and savings, \$6 1/2 billion.
 - c) All facilities of Federal Reserve, War Savings Staff, banks, women's organizations, farm groups, and newspapers being used - 3/27/43..... * 154
 - 1. Newspapers organized into Allied Newspaper Council, with Frank Tripp at head, assisted by Jerome T. Barnum, to help campaign.
 - 2. Labor unions used to aid in payroll savings organizations.
 - 3. Everyone needed.
 - d) Campaign being opened in New York City with HMJr, Governor Dewey of New York, Philip Murray of CIO and William L. Green of AFL speaking - 3/27/43..... * 156-57
 - e) Payroll savings also helps combat inflation - 3/27/43..... * 157
 - (See wires exchanged between HMJr and Marion H. Allen (Administrator, Georgia War Savings Staff) at behest of Messrs. George L. Googe (Southern Representative, American Federation of Labor), Charles Gramling (President, State American Federation of Labor, Georgia) and Albert Gossett (President, Atlanta Federation of Trades) pp. 139-40 and 165).
 - f) Withholding tax will not effect bond sales and redemptions materially - 3/27/43..... * 157
 - 1. Publicity on withholding tax has not helped bond sales.
 - e) HMJr calls attention to labor publications criticizing Ruml Plan and to article in "The Nation" on subject - 3/27/43..... * 159-63

Financing, Government (Continued)

Commissioner Helvering, Bureau of Internal Revenue, announces that March income tax returns show 40 million filed producing approximately \$250 million more than estimate of \$4.25 billion - 3/29/43.....	Book 231	169-71
SEE Tax, Studies - 3/29/43.....	"	174-76
Total March income and excess profit tax collections \$4.651 billion as compared with \$3.43 in 1942 - 4/8/43.....	"	268
a) Hawaii returns are \$4.94 million against \$3.39 million in 1942 - 4/8/43.....	"	268
"Off the record", HWJr wishes Congress would pass a withholding tax law to go in effect July 1, as curb on inflation - 4/8/43.....	"	277-80
First figures on April financing show 7/8% certificates sold over \$6 billion (3 times over-subscribed) and over \$400 million in bills - 4/15/43.	"	282
a) Of the \$13 billion sought, \$5 billion to come from banks: \$2 billion of 7/8% certificates. \$2 billion of 2% bonds. \$800 million of Treasury bills - 4/15/43	"	284
b) Securities sold to non-banking investors: \$737 million of 7/8% certificates \$749 million of 2% bonds \$783 million of 2 1/2% bonds \$320 million of Savings Bonds \$164 million of Tax Notes \$2.753 billion - total or 1/3 of 8 billion quota - 4/15/43.....	"	284-87
c) Must reach the greater number of people to make quota - 4/15/43.....	"	287
Further reports on drive show good results of \$9.953 billion; but HWJr wishes E, F and G bond sales would increase - 4/19/43.....	"	305-14
a) St. Louis claims to be first city to over-subscribe its quota - 4/19/43.....	"	306-10
HWJr going to Cedar Rapids, Iowa to "talk with people about war" and conduct "We the People" program to aid bond sales - 4/19/43.....	"	322-24
SEE formal statement issued re: Cedar Rapids trip - 4/22/43.....	"	332-34
West Coast, formerly lead in bond sales, now lagging - 4/22/43.....	"	337-45
Sales in drive as of April 21 are \$11.322 billion - 4/22/43.....	"	343

- F - (Continued)

Financing, Government

War Savings Bonds and Stamps:

SEE Financing, Government - 2/11/43.....	Book 231	1 & 21-24
SEE Financing, Government - 2/22/43.....	"	62-65
SEE Financing, Government - 3/1/43.....	"	87 & 98
SEE War Finance Committee - 3/2/43.....	"	99-106
SEE Financing, Government - 3/27/43.....	"	139-68
SEE Financing, Government - 4/15/43.....	"	284-87
SEE Financing, Government - 4/19/43.....	"	305-14
SEE Financing, Government - 4/22/43.....	"	332-45
- 0 -		
Googe, George L., Southern Representative, American Federation of Labor		
SEE Financing, Government - 3/27/43.....	"	139-68
Gossett, Albert, President, Atlanta Federation of Trades		
SEE Financing, Government - 3/27/43.....	"	139-68
Grawling, Charles, President, Georgia State American Federation of Labor		
SEE Financing, Government - 3/27/43.....	"	139-68
Graves, Harold N., Assistant to Secretary		
SEE War Finance Committee - 3/2/43.....	"	99-106
Great Britain		
SEE Stabilization - 3/25/43.....	"	134-36
SEE Stabilization - 4/1/43.....	"	181-90
SEE Stabilization - 4/5/43.....	"	202-16
SEE Stabilization - 4/6/43.....	"	217-59
Green, William L., President, American Federation of Labor		
SEE Financing, Government - 3/27/43.....	"	156-57
Groves, Harold N., Professor of Economics, University of Wisconsin		
SEE Tax, <u>Studies</u> - 2/25/43.....	"	82-85
Gulick, Dr. Luther, Director, Institute of Public Administration		
SEE Tax, <u>Studies</u> - 2/25/43.....	"	82-85

- H -

- Hoar, Dr. Clarence, Professor of Economics, University
of North Carolina
SEE Tax, Studies - 2/25/43..... Book 23: 82-85
- Helvering, Guy T., Commissioner, Bureau of Internal
Revenue
SEE Financing, Government - 3/29/43..... " 169-71

- I -

- Inflation
SEE Financing, Government - 3/27/43..... " 157
SEE Financing, Government - 4/8/43..... " 277-80
- International Stabilization Fund
SEE Stabilization - 3/25/43..... " 134-36
SEE Stabilization - 4/1/43..... " 181-90
SEE Stabilization - 4/5/43..... " 202-16
SEE Stabilization - 4/6/43..... " 217-59

- L -

- Labor Unions
SEE Financing, Government - 3/27/43..... " 139-68
- LaGuardia, Fiorello, Mayor of New York City
SEE Financing, Government - 2/18/43..... " 42-54
- Latin America
Cuba:
SEE Morgenthau, Henry, Jr. - 2/11/43..... " 7-11
SEE Cuba - 2/11/43..... " 11-12

- M -

- Monetary Affairs
SEE Stabilization - 3/25/43..... " 174-36
SEE Stabilization - 4/1/43..... " 181-90
SEE Stabilization - 4/5/43..... " 202-16
SEE Stabilization - 4/6/43..... " 217-59
- Morgenthau, Henry, Jr.
Went to Cuba for rest, only had one official day
there and called on President Batista - 2/11/43.... " 7-11

- M - (Continued)

Morgenthau, Henry, Jr. (Continued)

- a) "Off the record", RWJr says there is lavish spending in Cuba; only poor people are affected by war as cost of living has risen sharply - 2/11/43..... Book 23: 10-11
1. Prices of rice, (imported from US) and beans (from Mexico), which are the basic foods, 3-4 times higher.
- SEE Cuba - 2/11/43..... " 11-12
- SEE Financing, Government - 4/19/43..... " 11-12
- SEE Financing, Government - 4/22/43..... " 332-34
- Murray, Philip, President, Congress of Industrial Organizations
- SEE Financing, Government - 3/27/43..... " 156-57
- Mc -
- McLarin, William, Chairman, Georgia War Finance Committee
- SEE Financing, Government - 3/27/43..... " 139-68
- N -
- "Nation, The"
- SEE Financing, Government re: Rural Plan - 3/27/43.... " 159-63
- Newspapers
- SEE Financing, Government - 3/27/43..... " 154
- SEE Financing, Government - 3/29/43..... " 180
- P -
- Pennies
- RWJr distributes new pennies to press - 3/1/43..... " 87
- Potomac Electric Power Company
- SEE Electric Power - 2/25/43..... " 71-79
- Press, Labor
- SEE Financing, Government re: Rural Plan - 3/27/43.... " 159-63
- Public Debt
- SEE Financing, Government - 2/22/43..... " 62-65
- SEE Financing, Government - 3/25/43..... " 137

- P - (Continued)

Public Utilities Commission
SEE Electric Power - 2/25/43..... Book 23: 71-79

- R -

Radio Broadcasts
SEE Financing, Government - 4/19/43..... " 322-24
SEE Financing, Government - 4/22/43..... " 332-34

Red Cross, American
SEE Financing, Government - 2/22/43..... " 65

Rice
SEE Morgenthau, Henry, Jr., re: Cuban trip - 2/11/43.. " 7-11

Robbins, W. M., Vice-President, General Foods Corporation
SEE War Finance Committee - 3/2/43..... " 99-106

Ruml, Beardsley
SEE Financing, Government - 3/27/43..... " 159-63

Rural Plan
SEE Financing, Government - 3/27/43..... " 159-63

Rural Agriculture Credit Corporation
SEE Banking - 2/11/43..... " 2-5
SEE Banking - 2/15/43..... " 35-41

- S -

St. Louis, Mo.
SEE Financing, Government - 4/29/43..... " 306-10

Speeches
SEE Financing, Government re: John L. Sullivan on income tax - 3/1/43..... " 92-93
SEE Financing, Government re: Governor Dewey, Philip Murray, and William L. Green on 2nd War Loan drive - 3/27/43..... " 139-68

Speeches by HDJR
SEE Tax, Income - 2/15/43..... " 26-30

Speeches by HMJR (Continued)

SEE Financing, Government re: April 12 War Loan Drive - 3/27/43.....	Book 231	139-68
SEE Financing, Government - 4/19/43.....	"	322-24
SEE Financing, Government - 4/22/43.....	"	332-34

Stabilization

"Off the record", HMJR explains that Treasury's plan was submitted to British, who in turn gave it to treasuries of exiled governments in England, where leak occurred - 3/25/43.....	"	134-36
a) Experts of other nations invited to US to discuss plan; if British publish theirs, ours is ready and approved for release - 3/25/43.....	"	135
Treasury has been working on currency stabilization for over a year; "tentative draft" given 34 Allied Nations on March 5 - 4/1/43.....	"	161-90
a) HMJR to appear before Congressional Committee to discuss plan and get advice - 4/1/43....	"	184-90
1. Will request usual 2 year continuance of stabilization fund.		
Before HMJR appeared before Senate Committee April 5, London papers published whole "exploratory" plan - very embarrassing as HMJR appears before House Committee on April 6, and cannot release anything until afterward - 4/5/43.....	"	202-16
a) "Off the record", HMJR believes it was one of Exiled Governments and not British who broke faith and released news - 4/5/43.....	"	214-16
Purpose of "International Stabilization Fund" explained by HMJR and Harry D. White, Director of Monetary Research - 4/6/43.....	"	217-59
a) While legal opinions felt Stabilization Fund had authority to act, HMJR wanted Congress' approval of tentative plan, to assure their support when it reached legislative stage - 4/6/43.....	"	221-22
b) "Off the record", the British plan is compared with US plan - 4/6/43.....	"	245-52
c) Practically all 34 Allied Nations expected to accept invitation to confer on matter - 4/6/43.....	"	252-54
Canada will be one of first countries to send full delegation to study US proposals for International Stabilization Fund - 4/15/43.....	"	297-302

Sullivan, John L., Assistant Secretary of Treasury
 SEE Financing, Government - 3/1/43..... Book 23: 92-93

Tax

Income:

Because of various pay-as-you-go tax plans, March 15 receipts below expectancy; HMW to broadcast February 15, explaining that March 15 payments must be made - 2/15/43..... " 26-30
 SEE Financing, Government - 2/18/43..... " 42-54
 SEE Financing, Government - 3/2/43..... " 92-93
 SEE Financing, Government - 3/18/43..... " 115-17
 SEE Financing, Government re: Ruml Plan - 3/27/43. " 159-63
 SEE Financing, Government - 3/29/43..... " 169-71
 SEE Financing, Government - 4/8/43..... " 277-80
 "Off the record", HMW thinks an informer gave information that caused publicity in Thomas J. Watson income tax investigation case - did not come from Treasury - 4/19/43..... " 319-21

Municipal Securities:

SEE Financing, Government - 2/18/43..... " 42-54

State Securities:

SEE Financing, Government - 2/18/43..... " 42-54

Studies:

In June, 1941, HMW appointed committee composed of Drs. Luther Gulick (Director, Institute of Public Administration), Harold M. Groves (University of Wisconsin), and Clarence Heer (University of North Carolina) to make study of overlapping of Federal, State, and Municipal taxes; report now ready for publication - 2/25/43..... " 82-85
 Report will be distributed to 48 Governors by Treasury and Congress will also publish it - 3/29/43..... " 174-76

Tax-Exempt Securities:

SEE Financing, Government - 2/18/43..... " 42-54

Withholding:

SEE Financing, Government - 4/8/43..... " 277-80

Tripp, Frank (Elmira, N. Y.) General Manager, Gannett Newspapers and Chairman, Bureau of Advertising, American Newspaper Publishers Association

SEE Financing, Government - 3/27/43..... " 154

SEE Financing, Government - 3/29/43..... " 180

War Finance Committee, Treasury

EMJr announces creation of US Treasury War Finance Committee for over-all direction bond sales, work of which will be integrated with War Savings Staff and Victory Fund Committees - 3/2/43.....	Book 23:	99-106
a) W. M. Robbins, Vice-President, General Foods Corporation, on loan to serve as National Director of Sales - 3/2/43.....	"	99
b) Other members are Harold N. Graves and George Buffington - 3/2/43..... (See copy of Press Service #35-55, pp. 104-06)	"	104
c) Purpose is to extend drive, through all means, to every one having funds to invest - 3/2/43.....	"	99-106
SEE Financing, Government - 3/27/43.....	"	139-68
War Savings Staff		
SEE Financing, Government - 3/27/43.....	"	139-68
Watson, Thomas J.		
SEE Tax, Income - 4/19/43.....	"	319-21
"We The People"		
SEE Financing, Government - 4/19/43.....	"	322-24
SEE Financing, Government - 4/22/43.....	"	332-34
White, Harry D., Director, Division of Monetary Research		
SEE Stabilisation - 4/6/43.....	"	217-59

SECRETARY MORGENTHAU'S

Press Conference

February 11, 1943

H.M.JR:

The only thing I have is from War Bonds. They have prepared quite an extensive release here, which I recommend that you read. It is quite impressive.

(Copies of Treasury Release No. 818 distributed.)

That is the only thing I have to volunteer. Have you any questions?

Q

We have lots of those. Does the Treasury have a tax plan yet, Mr. Secretary?

A

Well, I am not going to answer that one. (Laughter)

Q.

Do you believe compulsory savings are necessary, Mr. Secretary?

A

Well, I think that Mr. Paul is up there, and as you gentlemen know - and all the rest of that - we are going along, and we think from what Mr. Doughton tells me has happened since the Committee has met - the cooperation between the Committee and the Treasury - he feels it is the best it has ever been, so it will gradually unfold as the

- 2 -

Committee wishes it to.

Q What do you mean will unfold as the Committee wishes it to, forced savings?

A I mean a complete tax and fiscal program. I mean, it is their job, and we are there in the capacity of consultants; and as they wish it to unfold, it will unfold.

Q. Mr. Secretary, while you were away, they selected two or three successors of yours, Mr. Harrison, Winthrop W. Aldrich - I forget the other chap's name - I guess he is not very prominent. Have you any comment on that? You are not going to resign?

A Who are you backing? (Laughter)

Q Well, I am backing you.

A Well, I think it is safe.

Q Thank you.

A Might even give them odds. (Laughter)

Q You are a member, as I understand it, of the Byrd Committee, and yesterday they voted an investigation of that RACC, Rural Farm Credit Group, two hundred and twenty-five million dollars that they are

- 3 -

supposed to be able to loan. We received many complaints from banks that - particularly country banks - they are losing their loans, and how they are going to sell war bonds.

(Discussion off the record)

A

For your guidance, but not for quotation, because I don't want to beat the gun, I will tell you what happened. Mr. Hemingway, the president of the American Bankers Association, was in yesterday. Their complaint, which I think is a justifiable one, is that they would like to have the banks have the first opportunity to lend this money and show whether they can or whether they cannot, just the way it is with an RFC loan. I mean, if you go to the RFC for a commercial loan, you have to have a sworn statement that the bank first turned it down. I called up Mr. Wickard and told him that my interest was that six or seven thousand banks in the Middle West were going to help us sell our April financing, and I thought that private enterprise should have the first opportunity if it wanted it. They have a big committee, and they want it.

Q That has been your position all along.

A And according to Wickard, that is his position, and I made an appointment for the ABA to see Wickard at ten o'clock Saturday, and they are going over. That gives you the story, but Wickard said they just don't understand. I said that I didn't blame them for not understanding. He said, "I think I can make them understand." He said, "We want them to do the business that they can." That is the thing up to the minute.

Q Thank you.

A I don't want to beat Wickard to the gun. He is seeing them at ten o'clock, and that wouldn't be fair.

Q This is for background purpose?

A Yes, background. They are going over there at ten o'clock to see him, but he assured me over the phone that he was in sympathy.

Q Ten o'clock?

A Saturday morning. Does that take care of that?

Q Thank you.

A It is funny they are reviving that RACC because I put that to bed, I thought, permanently, when I

was head of the Farm Credit.

Q I think it is generally recognized that you did a good job of liquidating.

A. I thought so.

Q Rural Agricultural Credit Corporation, is that it?

A It was formerly a subsidiary--

Q It is Regional Agriculture.

A It is part of the old RFCC in the days of - what was the last President's name? (Laughter)

Q Back in 1933 or '34?

A No, no, it was under President Hoover.

(Resumed discussion on the record)

Q Mr. Secretary, as you probably know, Elmer Davis finally succeeded today in taking over the Agriculture Press Section.

A. No, I didn't know that.

Q There are reports that he is after yours, too. Do you know anything about that?

(Discussion off the record)

A It just so happens that I have a letter here. I will just read you the last paragraph. It says, "I wish to say that your department has been helpful to the Office of War Information, clearing all of

- 6 -

your war releases; and, naturally, we are anxious that the releases of other agencies which in any way bear our official responsibility be cleared with us. With kind personal regards." I mean, it is just a little compliment.

Q What was the last sentence?

A I shouldn't be reading this stuff.

Q That is just before they move in, Mr. Secretary.
(Laughter)

A Anyway, he is writing me a nice letter. It just came in. That is not for quotation.
(Resumed discussion on the record)

Q You don't anticipate any move to take over your section then, do you?

A I don't think so.

Q Will you resist any such intent?

A Oh, would I resist it?

Q Yes.

A If I say anything, we will start a fight in the papers. I mean, it is quick-line attack, and there is time enough to talk.

Q You might be flanked, Mr. Secretary. We hope you resist it.

- 7 -

A I am kind of an old-timer around here. (Laughter)
I have been flanked and taken in the rear, and
parachutes dropped, and mined, and torpedoed, and
strafed from the air and all that thing, and I
still go rolling along. I am kind of used to it.
Once in a while I get a little fun out of it, but
not often. (Laughter)

Q Did you learn anything in Cuba that we might be
interested in?

A No. The only thing I learned down there - I can
recommend it to anybody who wants to get a rest,
but you fellows wouldn't like to go where I went
because it was too quiet. (Laughter) I only
had one official day there, just one.

Q Is Sloppy Joe still open, Mr. Secretary? (Laughter)

A They pointed it out to me. (Laughter) They
took me to a place close by which they said had
just as good Daiquiris, but it was a little cleaner,
called La Florita. It was recommended to us, and
was just around the corner. (Laughter)

Q I want to ask one more question. Did you cure

- 8 -

your cold with rum, or just sun and milk alone?

(Laughter)

A Milk, honey, and rum. It is very nice to have a sugar bowl and just take an extra dip of sugar. We got plenty of sugar down there.

Q Is the coffee good?

A Pretty good. It is Cuban coffee; it is awfully strong. But I just had one official day.

Q Did you see President Batista?

A Yes. In the morning I called on the Finance Minister and I had lunch with Ambassador Brayden. He gave an official luncheon where he had everybody from the Vice President down, foreign ministers, and what have you. Then at four o'clock we called on President Batista.

Q There was no revolution while you were down there?

A No, but I see they have a strike down there now. There was no strike, no police protection; nobody pays any attention to you, it is wonderful. You just walk around - I mean, carry on just as you would in Poughkeepsie. (Laughter)

Q Did you come back with any new bills of sale?

Q Did you get a sugar crop or--

A No, I didn't get in on that.

(Discussion off the record)

Q Mr. Secretary, did you have anything to do with the negotiations to purchase that sugar crop?

A Not a thing, no. My only contact with sugar was through the mouth. (Laughter) No, I had nothing to do with it. I didn't get in on it. I went down there to get well, and I succeeded.

(Resumed discussion on the record)

Q Did you notice any evidence of a war going on anywhere while you were there? I mean, does the war reflect in Cuba?

A (Discussion off the record.) Strictly not for quotation, I wouldn't know there was a war going on. I never saw such lavishness, such entertaining, and such complete lack of any knowledge of the war. I mean you see men walking around, and women with silver fox down their coats. Out to the Country Club they are selling twice as much liquor across the bar this year as they did last year, and you just wouldn't know that there was a war. It is amazing.

Q Just like the West Virginia coal fields.

A I don't know about that, but certainly in Cuba. The poor people, on the other hand, are hit very hard because they get all their rice, practically, from the United States, their beans from Mexico; and they are paying three and four times what they did, normally, so that

- 11 -

the poor people are being hit awfully hard through the high cost of living. I can't understand why they don't grow more, but they won't, that's all. They import a terrific quantity of rice and beans, which is the staff of life, there, but they don't grow it. They could grow it, but they won't plant it.

Q There is no rationing of any edibles like beans and rice?

A No.

Q Just the price - they have got inflation?

A Yes. I don't want to be quoted on it.

Q You didn't talk about stabilizing--

A I went there and it was very pleasant; I wasn't doing anything - if I had done any business, I would have taken a couple of Treasury men down with me.

(Discussion resumed on the record.)

Q What is the status of that new Federal Reserve System they were putting in down there?

A The Central Bank, you mean?

- 12 -

- Q Yes.
- A I did talk about that. I did mention it to them, and they have got to get an Act through Congress, and they are seriously thinking about it.
- Q It isn't through Congress yet?
- A No.
- Q Are you sending any advisors down there to help them?
- A They have asked us to send a man to answer the criticisms of the plan.
- Q Have you selected a man?
- A No. Undoubtedly we will send somebody. We did talk about that.
- Q Any financing news?
- A No, we are going to have the first meeting with the Federal Reserve on Tuesday.
- Q That is the Open-Market Committee?
- A That is right. We are beginning to get into it seriously, now.
- Q Is that on the new finance drive?

- 12 -

Q

Yes.

A

I did talk about that. I did mention it to them, and they have got to get an Act through Congress, and they are seriously thinking about it.

Q

It isn't through Congress yet?

A

No.

Q

Are you sending any advisors down there to help them?

A

They have asked us to send a man to answer the criticisms of the plan.

Q

Have you selected a man?

A

No. Undoubtedly we will send somebody. We did talk about that.

Q

Any financing news?

A

No, we are going to have the first meeting with the Federal Reserve on Tuesday.

Q

That is the Open-Market Committee?

A

That is right. We are beginning to get into it seriously, now.

Q

Is that on the new finance drive?

- Q Yes.
- A I did talk about that. I did mention it to them, and they have got to get an Act through Congress, and they are seriously thinking about it.
- Q It isn't through Congress yet?
- A No.
- Q Are you sending any advisors down there to help them?
- A They have asked us to send a man to answer the criticisms of the plan.
- Q Have you selected a man?
- A No. Undoubtedly we will send somebody. We did talk about that.
- Q Any financing news?
- A No, we are going to have the first meeting with the Federal Reserve on Tuesday.
- Q That is the Open-Market Committee?
- A That is right. We are beginning to get into it seriously, now.
- Q Is that on the new finance drive?

- 13 -

- A Yes.
- Q It still is April?
- A Yes.
- Q It will probably equal the last financing?
- A I would say so.
- Q Are you going to begin with about nine billion dollars and get all you can?
- A I don't know yet. It is too early to say, but it will be at least as much, if not more than, last time, and from now on it will take most of my time.
- Q Mr. Morgenthau, to get back to these painful subjects that we have all been struggling with, can you tell us now whether there is any indication what portion of the proposed sixteen billion dollars additional would be savings and what proportion of the new amount would be taxes?
- A No, I can't. We have got to wait for Congress on that.

- 13 -

A Yes.

Q It still is April?

A Yes.

Q It will probably equal the last financing?

A I would say so.

Q Are you going to begin with about nine billion dollars and get all you can?

A I don't know yet. It is too early to say, but it will be at least as much, if not more than, last time, and from now on it will take most of my time.

Q Mr. Morgenthau, to get back to these painful subjects that we have all been struggling with, can you tell us now whether there is any indication what portion of the proposed sixteen billion dollars additional would be savings and what proportion of the new amount would be taxes?

A No, I can't. We have got to wait for Congress on that.

Q When the Administration speaks of taxes as savings, they mean taxes and forced savings, not taxes and voluntary savings?

A I am not going to help you out. I am going to be mean. (Laughter)

Q Well, the President said that is what he meant at his press conference with some promptings from Mr. Smith. Smith said it doesn't make any difference what you call it. The Budget Message says that we expect Congress to enact legislation. He said that no legislation would be necessary for voluntary savings. So then he went on to explain that it can be forced lending, forced savings, or anything you want to call it.

A Was this at his press conference?

MR. SCHWARZ: Smith, but not the President.

Q The President assented to that, though.

H.M. JR: Well, I will still sit tight.

Q Are you planning to appear before the Ways and Means Committee?

- 15 -

A No, not now. There is no reason for me to go up. I have had a nice talk with Mr. Doughton since I have been back, and everything - he is very much pleased with the way Paul has been handling the thing. He went out of his way to tell me so; so everything is going along all right.

Q To what do you attribute that condition, Mr. Secretary?

A What is that?

Q The better relationship between the Committee and the Treasury. You said a moment ago that Mr. Doughton said it had never been better.

A Well, I don't know - just good will.

Q Do you reckon the fact that the Treasury had no pay-as-you-go plan had anything to do with it?

A Now, don't be mean. (Laughter)

Q That is not being mean. I just--

A You know perfectly well that we did.

Q A definite policy?

A You remember when I went up a year ago last November and suggested a one to fifteen percent withholding tax and asked them whether they would consider it. A year ago last November, I went up before--

Q Is that what you are pressing at this time?

A No, but I mean we started talking about--

Q Part of that was forced savings, wasn't it?

A No, we went up there - we wanted to get on the books a withholding tax so we could get the machinery and everything else started.

Q That was the spendings tax, wasn't it?

A No, no, straight withholding.

Q That was the year before last.

A It was a year ago last November that I went up there. But I am not particularly anxious to have anything in the press about it.

Q I just wondered, Mr. Secretary.

A May I interrupt you? I mean, all this talk -

Q A definite policy?

A You remember when I went up a year ago last November and suggested a one to fifteen percent withholding tax and asked them whether they would consider it. A year ago last November, I went up before--

Q Is that what you are pressing at this time?

A No, but I mean we started talking about--

Q Part of that was forced savings, wasn't it?

A No, we went up there - we wanted to get on the books a withholding tax so we could get the machinery and everything else started.

Q That was the spendings tax, wasn't it?

A No, no, straight withholding.

Q That was the year before last.

A It was a year ago last November that I went up there. But I am not particularly anxious to have anything in the press about it.

Q I just wondered, Mr. Secretary.

A May I interrupt you? I mean, all this talk -

- 17 -

a year ago last November - this is a matter of fact. We went up there and I said, "If I come up, see the Committee, and make a recommendation - we want from one to fifteen percent, sliding scale - get the machinery started, will I be received?" and the answer was no, unanimously. But I don't want you fellows to write anything about it. I am just mentioning it. Did we have a plan? Yes, we had a plan eighteen months ago.

Q Is that still the Treasury's plan?

A The thing is changed. I mean, I am just mentioning it, but I don't want to have it written. I said we had a plan eighteen months ago. What I am interested in is results. I want to get the money, and I want to have as little inflation as possible. That is what I am interested in. I don't care about the credit.

Q The thought in my mind--

A I want you to get the point. Look, Mr. Doughton

- 18 -

and Mr. George and I - we have had very good talks, see? I think the answer to your question is that the three of us all realize that we are fighting a desperate war; we have got a big job to do, and we are going to do the best we can at home, and we are not going to let anybody come between us. That is the answer. We came to that understanding before I went away.

Q Is that on the record, Mr. Secretary.

A Yes, that is on the record. Now, we came to that understanding in December, before I went away - the three of us - and nobody is going to come between us.

Q The point I had in mind--

A Have I made any impression at all?

Q Sure.

A Because it is fairly important.

Q I just wonder if, from now on, the Treasury will follow a policy of going to Congress with a group of suggestions that you can do it this way, or you can do it that way, or

- 19 -

you can do it some other way - will you follow that same policy when it comes time to offer a revenue program?

A Well, time will tell.

Q I mean, in the past you have gone up with specific recommendations: "This is the Treasury program."

A No, you are wrong.

Q You mean on the seven point six billion dollar program you didn't have a specific plan, including rate schedules, exemptions, and everything else? You had no alternatives.

A I suppose you are right.

Q And one of the things that some of the committee members had been complaining about in their dealings with this was that the Treasury comes up with one plan, committed with it, and then there is a question of somebody backing down; and this idea of the plan that Paul brought in on pay-as-you-go was very well received because there were a number of alternatives. It was an outline of the problem.

A This is not on the record.

(Discussion off the record.)

A If you will notice, the President's Budget Message was different this time, too. He made no specific recommendation on taxes, and he said he would be glad to hear from Congress, you remember, and all that. That is all part and parcel of the - let's call it "cooperative" plan. Does that clear it up?

Q That is what I wanted to know.

A It is all part and parcel of the same thing. You can interpret it any way you want, but I think we will get along further and faster that way.

(Discussion resumed on the record.)

Q Mr. Secretary, you mentioned the word "inflation" a few moments ago. Do you see any intimation of inflation in the new forty-eight-hour week order?

A I don't want to get into that.

Q Thank you, Mr. Secretary.

Treasury Department • War Savings Staff



NEWS MATERIAL

21

Release No. 318

FOR IMMEDIATE RELEASE

February 11, 1943

WASHINGTON, D. C. — Treasury Department statistics made public today reveal that voluntary War Bond investments exceed any previous government financing in world history, both as to dollar volume and number of people participating.

The facts disclosed are:

1. From the inception of the War Bond program in May, 1941 through December, 1942 one hundred and forty-six million Series "L" War Bonds with a cost price totalling \$7,133,510,000 were bought by nearly 50 million Americans. During 1942 alone a total of 133 million separate bonds were bought. (In addition, \$4,560,657,000 worth of "F" and "G" bonds, designed for heavier investors, were purchased between May, 1941 and December, 1942.)
2. More than 20 million Series "L" War Bonds are now being bought each month — almost a million every working day, as against approximately four and a half million bonds bought in December, 1941.
3. Indicating the extent to which the small investor is supporting the War Savings program and saving for the future, more than twice as many series "E" War Bonds of a \$25 maturity value have been issued than all other denominations combined.

4. From May, 1941 through the calendar year 1942, over 98,000,000 separate bonds of \$25 maturity value have been sold; 21,219,000 bonds of the \$50 denomination; 21,456,000 bonds of the \$100 denomination; 2,923,000 bonds of the \$500 denomination; 2,381,000 bonds of the \$1000 denomination.

5. Through December, 1942 War Bond redemptions, including accrued interest, totalled only \$220,306,000 or approximately 3 per cent of sales, leaving 97 per cent of the bonds still in the hands of the original purchasers.

6. In the same period, small savers purchased 2,779,679,000 War Savings Stamps, with a total value of \$615,422,000.

7. Current sales average 225,000,000 War Stamps monthly, or approximately 50 million dollars worth of all denominations.

8. Since August, 1941, the earliest date for which figures are available, 88 per cent of the redeemed stamps have been turned in for War Bonds.

9. By the end of 1942, twenty-five million persons, including men in the armed forces, were allotting approximately 9 per cent of their wages to Payroll Savings, and at the current rate of increase, 30 million will soon be allotting 10 per cent. This contrasts with December 1941, when 700,000 workers were investing 4.1 per cent of their earnings.

10. To handle the growing volume, the Treasury Department has constituted nearly 50,000 post offices, banks, newspapers, motion picture theatres, radio stations, corporations and others as official War Bond issuing agents for Series "E" War Bonds. Altogether, there are a million and a half outlets of all types for the sale of War Bonds and Stamps.

11. The twenty-five cent War Stamp is the most popular denomination. Americans have bought 1,254,835,000 ten-cent stamps; 1,332,580,000 twenty-five cent stamps; 116,166,000 fifty-cent stamps; 70,445,000 dollar stamps, and 5,553,000 five dollar stamps.

12. It costs three cents to produce a bond, including the two registration stubs which are part of each unit, and seven cents per thousand to produce War Savings Stamps.

Sales of Series "E" War Bonds from the start of the program until December 31, 1942, are as follows:

Sales of Series E War Bonds

23

1941 - 1942

(Thousands of Dollars)

State	Sales 1941 (Last 8 mos.)	Sales 1942 (12 mos.)
Alabama	\$ 8,741	\$ 53,268
Arizona	3,648	17,833
Arkansas	6,593	36,833
California	80,420	438,601
Colorado	9,749	41,729
Connecticut	25,025	133,614
Delaware	2,564	16,125
Dist. of Columbia	13,319	56,775
Florida	12,688	62,753
Georgia	12,339	62,580
Idaho	3,358	18,261
Illinois	95,208	448,658
Indiana	23,554	144,238
Iowa	17,133	128,361
Kansas	11,777	65,468
Kentucky	11,010	57,916
Louisiana	11,668	64,139
Maine	6,196	28,134
Maryland	17,595	77,448
Massachusetts	48,728	222,359
Michigan	49,706	304,089
Minnesota	22,243	121,712
Mississippi	7,090	37,844
Missouri	39,011	139,167
Montana	6,755	27,330
Nebraska	7,956	45,627
Nevada	1,381	7,960
New Hampshire	3,572	20,340
New Jersey	61,199	237,624
New Mexico	2,302	11,457
New York	224,626	846,365
North Carolina	13,248	81,365
North Dakota	3,594	21,388
Ohio	64,481	340,496
Oklahoma	12,888	55,776
Oregon	14,318	67,610
Pennsylvania	98,079	463,729
Rhode Island	7,704	42,311
South Carolina	5,857	36,724
South Dakota	3,402	20,370
Tennessee	11,655	68,732
Texas	48,167	205,357
Utah	3,149	18,636
Vermont	2,590	11,515

- 2 -

Sales of Series E War Bonds

1941 - 1942

(Thousands of Dollars)

State	Sales 1941 Last 6 mos.	Sales 1942 (12 mos.)
Virginia	\$ 18,237	\$ 101,129
Washington	19,198	108,341
West Virginia	9,136	46,022
Wisconsin	26,229	127,752
Wyoming	2,517	11,682
Alaska	441	6,206
Canal Zone		1,130
Hawaii	2,165	48,392
Puerto Rico	504	3,277
Virgin Islands	14	147
Other Poss.	10	4
Unallocated		11,964
Adjustment to deposits	-70,067	+108,936
TOTALS	<u>\$1,144,660</u>	<u>\$5,988,849</u>

SECRETARY MORGENTHAU'S

PRESS CONFERENCE

February 15, 1948

- H.M.JR: What is on the minds of you good people today?
- Q Mr. Secretary, where did Mr. Winchell, do you suppose, get his figures which he used over the radio last night and which were presented to the Ways and Means Committee by Mr. Paul-only today?
- A According to Mr. Schwarz, they are in the published testimony of the Ways and Means Committee.
- Q I haven't seen them, and I think several of the rest of us have not.
- MR. SCHWARZ: I will show it to them.
- H.M.JR: You will have to come through. I was just asking Mr. Schwarz, and he said they were published.
- MR. SCHWARZ: I heard the testimony on that day.
- H.M.JR: Schwarz will produce, as usual -- I hope. (Laughter)
- Q He produces.
- A All right. What other easy questions have you like that? (Laughter)

Q Mr. Secretary, in your speech that you will make tonight you say that a misunderstanding has arisen over the question of the tax payment due on March 15.

To what do you attribute that misunderstanding - Mr. Ruml? Are you referring to him?

A I think that the people, due to this discussion of these various methods of pay-as-you-go and skip-a-year and pay-as-you-earn, and so forth and so on, somehow or other have gotten it into their minds that they could skip March 15.

The returns that are coming in as compared to the same time last year are very strong evidence that the people have it in their minds.

Q How do the returns compare with last year? Can you tell us?

A They just changed the figures on me two minutes ago. I thought I had them. They are in my statement, but they have just shifted the figures again. I think they changed them to four.

MR. SCHWARZ: I think the four is in there.

Q You mean you have received to date four million?

A The last I saw was that there are about half as many returns in now as there were at the same time last year. Those are the last figures that I have seen. That is not correct, but Schwarz will correct it.

Q Has the figure changed to a more favorable one?

A I don't know. Schwarz will check it. That is the last figure I have in mind.

Q Do you anticipate much in the way of defaults, Mr. Secretary?

A May I just go back. Both Mr. Doughton and Mr. George were sufficiently worried about it on their own that they came out with a statement entirely on their own two or three weeks ago. Do you remember the joint statement?

Q I recall that statement. I thought maybe the Treasury had something to do with that.

A I don't think so, as far as I know.

Q Mr. Sullivan was very much concerned at the time.

A My understanding - which may be incorrect - was that they did it on their own. Mr. Sullivan and Mr. Helvering are worried. This is a matter both from the standpoint of getting the money in the Treasury and the fairness to the taxpayer. It is up to us to bring it to their attention.

Q Are you also worried?

A Am I, as Secretary of the Treasury, worried?

Q About the returns.

A Yes. Otherwise I wouldn't be going on the air tonight.

Q You are worried about the inability or about something else - the fear of a taxpayers' strike, Mr. Secretary?

A No, there won't be any - there is no taxpayers' strike. Where did you get that idea?

Q I have been talking around to various people, and their attitude is that the rates are so high that they are not going to bother with returns this year.

A No, I think that there won't be any--

Q I mentioned that to Mr. Sullivan in a talk with him.

A There is no taxpayers' strike amongst the masses.

Q You are certain of that?

A I am. I think it is the foundation of this whole democracy. Amongst the masses I don't think there is any. It is up to us to explain it to them, not only myself but the members of Congress.

Q Mr. Secretary, you recall that at the last press conference I brought up the question of the Farm Credit. You may know or may be interested to know that the bankers called down there but they felt they did not get anywhere at all.

A Frankly, you are ahead of me. They didn't let me know, and I haven't heard from Mr. Wickard. So what is the latest on that?

Q The latest is that they had a very pleasant conference, but they thought that they were unfairly or improperly worried and that there was not any danger, and so forth. They, them-

selves, felt as if they just did not get to first base.

A I imagine I will hear from them soon.

Q Mr. Secretary, if I may get back to this tax return business again, I interviewed Mr. Ruml about ten days ago, and he made the statement that if there is any misunderstanding about the necessity for filing a tax return on March 15 the responsibility is with the Treasury and not with him. You don't subscribe to that statement, I assume?

A I am not going to get into a controversy on that.

Q Mr. Secretary, will Mr. Paul in his appearance before the Ways and Means Committee today give them any indication as to how far the Treasury is willing to go on forgiving 1942?

A I don't know. He will have to answer that for himself.

Q Has the Treasury taken any definite position on that, on how far they would be willing to go on forgiving 1942?

A He was up there for three or four hours. What happened up there I don't know.

Q Well, previously--

A I think I had better let him answer that because there is so much in their testimony every day and every hour. I am not up to the minute on it. He is available, if you want to see him.

Are we all clear about March 15?

Q If you would just tell us where to get the payment now, we will be all right. (Laughter)

Q Anything new on financing, Mr. Secretary?

A No. We are working on it.

Q A meeting tomorrow?

A A meeting tomorrow at eleven.

Q Mr. Secretary, it is a safe assumption, is it, that in the new financing program there will be more emphasis on the non-banking investor than there was in the last one?

A No, because we went all-out on getting the money from the non-banking sources, and I think we were pretty successful. I think we were very successful.

I hope we are as successful in April as we were in December.

Q You probably saw the Federal Reserve Board statement in which they said that you will have to be more successful in the next one.

A Well, if we do as well in April as we did in December, I will be pleased - the percentage. I think it was sixty percent, if I remember. If we hit that again, I think that that will be good.

Q Is there any indication yet how far over December's nine-billion-dollar goal will be established for April?

A I think you gentlemen misunderstood me or I did not make myself very clear. I said that we would have to borrow at least as much money in April as we did in December, and that was just under thirteen billion dollars. Some of the papers wrote it as nine. That was incorrect. What I had in mind was the total. Most likely it was my fault, but what I had in mind was the

figure of thirteen billion.

Q Can you say now how much beyond thirteen you will go?

A No, but the figure I had in mind at the time was thirteen.

Q Mr. Secretary, this Steagall-Wagner bill about giving the banks more money with which to buy Government bonds, wouldn't that be inflationary?

A I don't think so. There are so many things. What we are trying to do in every way that we know how, with the assistance of everybody that we can get, is to borrow as much of the people's savings as they will let us have, and then get as much as we can through taxes - through taxes first, and borrowing second, and the banks third. Now, we are doing everything we can in that order: Taxes first, then borrowing through what people have in savings; and third, from the banks. We are doing everything we can. What we don't get from number one and number two we will have to get from the banks.

Q What was the order of those resources?

A Taxes first, savings second, the banks third.

Q When will you be ready with your general tax program, Mr. Secretary?

A It is the other way around.

Q When will the committee be ready for you?

A Yes.

Q I see. You are ready now, then, I take it, on invitation from the committee.

A I would say so, but we are not -- as I understand it, Chairman Doughton has limited this to this particular thing, getting this question of pay-as-you-earn straightened out. He has limited it to that, and they are not ready for a general tax bill yet. But when he is ready to ask our advice we will be ready. He wants to get this thing out of the way first. I am entirely in accord with that.

Q He said today he thought it would be out of the way in about a week.

- A Fine, the sooner the better.
- Q Any time after this is out of the way you are ready for his invitation?
- A Surely.
- Q Do you think the entire sixteen billion dollars in new revenue can be raised by taxation?
- A It could be.
- Q Are you going to recommend it?
- A You will have to wait a little bit.
- Q Mr. Secretary, getting back to financing, is there any Treasury plan to expand coverage of the next operation to include cities of maybe under a hundred thousand, and also rural communities which, as I understand it, were not covered in the last operation?
- A Well, if you don't mind my differing with you, that is not entirely so. Certainly the cities under a hundred thousand were covered. When we got down into communities of twenty-five thousand or less the coverage was not very good. Now,

we are very conscious of it. That is one of the reasons why I would like to see these six or seven thousand banks in the rural districts which are now worried about competition from the Government take care of the credit involved if they can, which they say they can, because those six or seven thousand banks in the rural districts and in these small communities can be very helpful to us. They can be more helpful, we hope, this coming time than they were last time. The thing that they are worrying about is they say they can take care of these loans for people who raise food necessary for the war - at least they want the first crack at it. I think they should have it. That is the thing which is under discussion. I mean, if they can make it I think they should have it.

Q That is under discussion in connection with the forthcoming victory drive?

A No, the Department of Agriculture. It has revived this RACC, to make loans to people who grow--

Q Production loans.

A For war purposes.

Q I am sorry, Mr. Secretary, but I was thinking more in connection with the victory drive for April.

A That is pertinent. The two things are tied together.

Q That is, they will cooperate if the Government doesn't compete?

A They haven't said that, but they will feel lots happier. All they are asking for is that if they can make the loan let them make it without competition from the Government; and I think they are right. If they can make it, they should be permitted to make it.

Q Have they indicated that if they are not permitted to make it that they will not go along with you in the victory drive? I was just trying to see how that tied up with the victory drive.

A They would just feel happier about it.

Q Feel more cooperative in other Government ventures if the Government lays off them?

A Yes. They are human. They are in business to make money. That is their business. I can see their viewpoint, and I think it is perfectly reasonable.

Q We can quote you on this today?

A Yes, sure. They haven't said that they would not, but they just would feel happier about it.

Q If those banks are in a happier frame of mind, you naturally would expect better results?

A In the smaller communities. That is what I was trying to get. Thank you for tying it up.

Q Would we be going off base to say that through this you will support the efforts of this committee against revival of this corporation?
(Discussion off the record)

A Off the record, I simply told the Secretary of Agriculture that I think it is a great mistake - there are all these public controversies, and I don't want to get into a controversy with him,

but I told him, for your information, that I thought in this thing he was doing he should say to the banks just what the RFC says. If they come to the RFC and want to make a loan, they first have to say that they have been to a bank and the bank turned them down. If they say that in their application they get a loan from the RFC. That is all they are asking for, that before a man gets it from the subsidiary of the Department of Agriculture he should apply to the bank first; if the bank can't make it, O.K., let the Department of Agriculture. I think that request is reasonable. I don't want to get into a controversy in the papers with Wickard because I haven't talked to him. I don't know what he said, and so forth and so on. We have plenty of enemies in Germany without any scraps here in Washington. That is the way I feel. I don't want to get into any public controversy. I don't mind a good knock-down, drag-out fight in the office here. (Laughter)

- 16 -

Q Mr. Secretary, I don't think we are trying to drag you into a controversy. We just want to get it clear.

A I just want to let you know how I feel.

Q I take it that procedure is not being followed at the present time?

A Which procedure?

Q With respect to the RACC.

A I haven't heard from Wickard. It may be that these fellows don't understand him, but I take it they will get in touch with me again and I will get in touch with Wickard again. He is a good guy.

Q We wouldn't be involving you in a fight by saying that you expressed support of this and said that it would aid you in getting the banks' support in this next financing.

A I think Wickard would have to answer me, and then we would all be in a fight.

Q I was just trying to tie up how we could use

what you did say on the record.

A Just as long as you don't get me into a controversy publicly with Wickard, that is all, please. I will leave it to your judgment.

Q Write around it?

A Any way as long as it isn't a public controversy, so he does not have to answer me and then I have to answer him.

Q Mr. Secretary, perhaps off the record, if you prefer, has there been any further evidence that OWI is stretching out its tentacles over here?

A Not the slightest.

Q You still feel the same as you did before about it if they should?

A Wait until I am attacked. (Laughter)

Q Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S

PRESS CONFERENCE

February 18, 1943

Q Get a good tax story for us this morning?

A I don't know. What do you want to know?

Q I would like to know the Treasury plan.

A You and a few others. (Laughter)

Q Doughton says he got one by "insinuenado."

(Laughter)

A Yes, that was a good story.

Q Is there anything you want us to ask you about this morning, Mr. Secretary? I see some papers on your desk. I thought maybe you had something.

A Then would you ask me? (Laughter)

Q What do you construe the President's meaning to be in his statement on taxing tax-exempt securities?

A Thank you very much. You are very helpful.

(Laughter)

That statement is in accord with what the Treasury has been saying and what Mr. Paul has been testifying about before the House ways

and Means Committee. I will read you the exact language, and then Mr. Surrey will answer questions. Mr. Paul is up on the Hill.

It says here: "For the purpose of subsection (a) gross income computed" - Mr. Surrey had better do this and get the thing right.

Q Is that testimony there, Mr. Secretary?

A No, this is a memorandum.

MR. SURREY: The income that would be subject to the tax that the President suggested would include interest on State and local obligations which are presently tax-exempt; but those would be the only obligations which are not now presently subject to Federal tax which would become subject to the war surtax which the President recommended - only the State and local obligations. Consequently, the presently fully tax-exempt Federal obligations - that is, Federal obligations which are neither subject to the normal tax nor to the surtax - would not be affected by the tax which the President

recommended and would still be wholly tax-exempt.

Q How can you hit the State tax-exempt securities and not the Federal?

MR. SURREY: If you will recall, the Secretary last year before the House Ways and Means Committee, and Mr. Paul, pointed out that there is an express contract in the fully tax-exempt Federal obligations which would prevent the Federal Government from taxing those obligations.

Q But with agreement of the Federal Government. Weren't the State obligations and other obligations issued the same way?

MR. SURREY: That is a question which the committee asked Mr. Paul last year and which the committee asked, in effect, the Attorney General; and the Attorney General feels and the Treasury Department feels there is nothing in the way, constitutionally or otherwise of taxing - anything legally in the way of taxing the outstanding State and local obligations.

Q Not legally, but how about moral agreement?

MR. SURREY: That question that you ask raises the same issue as was raised by the committees last year in questioning Mr. Paul, and the Treasury's position was, as stated then and supported by the Attorney General, that there was nothing in the way of taxing the outstanding State securities. The issue under this super tax is in no way different from the issue raised on that question last year before the committees. It was the same question.

Q Mr. Surrey, isn't the difference that in the case of the Federal the Federal Government has a contract, whereas the Federal Government is not a party to the contract between the municipality and--

MR. SURREY: There is no contract at all between the Federal Government and the city.

H.M. JR: There is nothing new in what the President is saying, as far as the Treasury's position is concerned. In other words, he is taking the Treasury position. I took that position the

first time when I spoke in Cleveland. It must have been a year and a half ago. I took that position, and I went through various criticisms.

There was this organization around the Port of Authority of New York which criticized me very severely, and so forth and so on.

The position we have taken is that the Federal Government has a contract with the holders of Federal Securities but we have no contract or moral obligation with people who have bought State or municipal. Is that about right?

MR. SURREY: That is correct.

Q How many wholly tax-exempt securities are outstanding now in the Federal Government, Mr. Secretary?

MR. SURREY: I don't know the exact amount, but it is not very large.

MR. SCHWARZ: I will get the figures.

Q Can you tell me, also, how many people would be affected by this super tax?

H.M.JR: That I don't know, but if it is in the Treasury this morning, you will get it. Schwarz says yes.

Was Schwarz all right the other day? Did he come through?

Q Since I raised the question - he was about ninety-five percent right. The number of millionaires was not, in that business.

A You can't make him as good as Ivory Soap?
(Laughter) But is it clear - right or wrong - that this part of the President's statement is simply following what we in the Treasury have been saying for the past year and a half? It dated - what I said first - what the Treasury said - to when I spoke in Cleveland before the City Club.

Q In other words, the White House and the Treasury stand together on this particular point at issue?

A On all points. (Laughter)

Q The Treasury is for the super tax program, isn't it?

A Surrey, will you answer that?

MR. SURREY: - The Treasury recommended something of this sort - Mr. Paul did before the Committee last year - the general idea.

Q The Treasury still stands by those recommendations?

MR. SURREY: I would believe so.

Q I may have misunderstood Mr. Helm's question, Mr. Secretary, but did he ask - and if he didn't I now do - is there any estimate of the amount of income which the Treasury would receive if the State and local obligations are made taxable?

H.M.JR: That question hasn't been asked, and if we have the answer--

MR. SURREY: We can get it.

You meant taxable under that tax?

Q Yes. If this proposal goes through, how much more revenue would be received?

MR. SCHWARZ: We will get it.

H.M.JR: We were asked how many wholly tax-exempt securities are outstanding and how many individuals were affected. That was the question?

Q Yes.

H.M.JR: Your question is, how much?

Q I would like to add another - how much would be raised by this imposition of the super tax - the over-all? How much Federal and how much State?

MR. SURREY: We will get that as best we can. The recommendations of the President, you will notice, left some of the points up to the Congress. The way Congress decides those would affect the revenue estimates.

Q I had in mind his recommendation for a hundred-percent super tax on incomes over twenty-five thousand dollars for single persons.

MR. SURREY: He also recommended the alternative suggestion that Congress might want a graduated tax and not a hundred-percent tax. The extent of the graduation would determine the revenue.

Q The teeth is the twenty-five thousand dollar thing, and the other is nebulous?

H.M.JR: When Surrey has it, to make it convenient for you people, I will ask him to go down to the press room and give it to you first-hand. Then if it isn't clear, you can question him direct.

Q Just to schedule our own programs, would that be soon?

H.M.JR: How long would it take?

MR. SCHWARZ: About half an hour.

MR. SURREY: If we don't have it in half an hour, it will

- 9 -

take much longer.

Q Mr. Secretary, won't the tax on these State and local securities affect their sale?

H.M.JR: We went all through that thing, and the statement which I made at the time was that, as I remember it, a solvent state would not have any difficulty in selling its securities but that there are some States and some communities who are selling their securities wholly on the tax-exempt feature.

Q But, Mr. Secretary, won't they have to sell them bearing a higher rate of interest?

A Yes. We figured from about a quarter to a half a percent.

MR. SURREY: Yes. That, of course, was in a situation where they were subject to tax in the hands of everybody. Of course it would only be a relatively small group of people who would be affected by the super tax, and consequently I don't believe that it would have the same effect.

H.M.JR: One of us did not get it right. The question was, what would it cost the State or municipality.

MR. SURREY: What I meant, Mr. Secretary, was this, that the estimates we gave last year dealt with the situation where everybody, even the people in the lower brackets, in effect, would be taxable on the income from these securities.

Q Yes, but wait a minute, most of your State and municipal securities are sold to the large investor, and they are sold at a very low interest rate because of their tax-exempt feature. Now, if you remove that tax-exempt feature, what happens to the interest rate that your States and municipalities have to pay?

H.M. JR: They will refund -- I said from a quarter to a half percent.

Q They will have to pay much higher.

Q Do you think that will cover it, Mr. Secretary?

A We thought so. But there is another side which is much more important than the interest rate, which I have felt, and that is that in a total war everybody from the very rich, with

large holdings of tax-exempt securities, down to the man in the armed forces, who is making his contribution, and the fellow who is the holder of the very large tax-exempt securities is not. We simply felt that on the home front if everybody is going to make equal sacrifices this holder of State and municipals should be called upon to do likewise. That is the way I feel and felt then.

Q The point is they have not been making equal sacrifices?

A . No. We know of instances where the people are large holders of these securities, and they can just -- you remember that I talked about Palm Beach, those of you who covered me then, and the comeback that I got. As I remember it, we said that they sat down at Palm Beach and could sit there and enjoy the climate, and at wherever they go in the summer time - I can't say Newport any more -- and they make no contributions.

They just go through the war without making any contribution. I don't think it is democratic.

Q You haven't come up against the "Little Flower" in New York because of your attitude, have you? He leads the program on the other side.

A I think if you could talk to him - he has not said much about this, you know, since I came out - he has been very quiet on this thing.

Q He was quite vociferous on the Hill about a year and a half ago when this matter was up.

A But since we have been at war he has not said much. I would be surprised if he did. He and I have talked it over. He sees it; he understands it.

Q Do you think you have shown him the light on the subject?

A I wouldn't necessarily say that, but I would be surprised if he would say anything.

Q His whole opposition was that it would cost New York City a lot of money, I think, wasn't it?

Q He was chairman of that committee, too, that

conference--

A The Mayors Conference. He has not said much. In fact, I am not conscious that he has said anything since we have been at war on this subject.

Q He appeared before the Senate Finance Committee and brought that into his testimony.

A Did he, since Pearl Harbor?

Q Yes, sir, when they were considering the revenue act of 1942.

Q He did not emphasize that, but he included it in his testimony.

A But he has not made it--

Q Not a cardinal issue, no.

Q Mr. Secretary, do you agree with Mr. Eccles that the United States is doing a bad job of war financing?

A I read the headlines, and then I read the story, and the headlines and the story did not seem to jibe. Have you got the story?

Q I have the story here.

It says: "Chairman Eccles told the Senate Committee the United States was doing a bad job of war financing by comparison with other countries."

A What was the other?

Q He said that a much larger percentage of our financing was by borrowing through the banks instead of directly from the people than other Nations.

Q Mr. Secretary, I was there when he made that statement, but he was all tied up on the general - I am not making apologies for anybody, but he was generally tied up with inflation questions. There was no direct criticism that I heard.

A Well, he has been sitting here, in that chair over there, and seems to be part and parcel - I haven't heard him make any criticism.

Q As a matter of fact, Mr. Secretary, isn't that approximately your own view, that more money should be raised by taxes than by borrowing?

A You remember that Monday I said there were three ways - I did not see anybody run the

story - I said, first taxes, then borrowing directly from the people, and third, from the banks. That was the formula I gave Monday. I thought it was pretty good.

Q I don't see where Mr. Eccles is any different.

A I don't, either, and he has never said anything to me.

Q You agree with his point of view, that there should be less bank financing?

A I said Monday - and I repeat it - that first we should get the maximum from taxes; second, we should go to people that have the savings; and third, as a last resort, the banks. I said that Monday. That is our program, and, as far as I know, Mr. Eccles is wholly in sympathy with it.

Q There were a lot of questions as to how far you could stop inflation, and he was trying to make it out that nobody, not even the Federal Reserve, the Treasury, or anybody else, could

stop inflation. It was up to Congress.

A As far as I know, he and I see it alike on this thing.

Q In this bulletin - the Federal Reserve Bulletin - they came out just a few days ago and said that the financing program had been worked out in cooperation with the Treasury.

A Which is true.

Q I don't see how he can do very much criticizing.

A I don't think he can, either, and I don't think he has.

Q Mr. Secretary, what is the latest now on the April financing?

A Nothing new to announce.

Q No approximation yet of the amount?

A No, nothing other than what I said the other day.

Q Any meetings scheduled which we might mention?

A No. We are meeting continuously - having continuous meetings.

Q Are the March 15 tax returns coming in any better?

A I don't know. Schwarz, can you find out?

MR. SCHWARZ: We will make another check on that.

Q Any developments with respect to the loans by the Government to farmers direct - anything new in that situation since we saw you, Mr. Secretary?

H.J.JR: I think you people quoted me a little bit too much on the record on that. (Laughter) I made it quite plain that I was talking off the record, and then I read quite a lot about it in the papers the next day.

Q Senator George had something to say about it, too.

A Yes, but that was before that. No, I think I have said enough.

Q Mr. Secretary, have there been any figures compiled yet as to the tax collections this year - how much the lag really amounts to in

Q Are the March 15 tax returns coming in any better?

A I don't know. Schwarz, can you find out?

MR. SCHWARZ: We will make another check on that.

Q Any developments with respect to the loans by the Government to farmers direct - anything new in that situation since we saw you, Mr. Secretary?

H.J.JR: I think you people quoted me a little bit too much on the record on that. (Laughter) I made it quite plain that I was talking off the record, and then I read quite a lot about it in the papers the next day.

Q Senator George had something to say about it, too.

A Yes, but that was before that. No, I think I have said enough.

Q Mr. Secretary, have there been any figures compiled yet as to the tax collections this year - how much the lag really amounts to in

number of returns and on a percentage basis, showing it up to last year?

A The only thing I have seen is what I told you people the other day, and that was that the number of returns were about half what they were for the same time last year. They have not shown me anything since then.

Q I was told yesterday or the day before that they are now a little bit better than half.

A I have not seen anything.

MR. SCHWARZ: I will check it. We will get the latest.

Q Mr. Secretary, this Disney rider to the debt bill--

A Which Disney are you talking about now? (Laughter)

Q Representative Disney, Democrat, of Oklahoma.

A I only know "Donald Duck" Disney. (Laughter)

Q I don't think he would put that rider on the bill.

A We had plenty of excitement last year about it.

Q How would that affect your present salary regulations about the twenty-five thousand?

A I don't know.

Q He has an alternative there that might upset them, I think.

H.M.JR: Do you know?

MR. SURREY: The Disney amendment is susceptible of the interpretation that the salary limitation has been removed on salaries that would, in effect, be less than sixty-seven thousand dollars.

Q It is capable of that interpretation?

MR. SURREY: I certainly believe it is. Perhaps it is more capable of that than of any other interpretation.

Q Just to follow through on that, if that interpretation is a correct interpretation would it be possible to grant general salary increases without Treasury approval in the event his amendment were--

MR. SURREY: If that is a proper interpretation of his amendment, then there could be no limitation on salaries. It is a little ambiguous.

Q If that amendment is passed, I suppose the

interpretation thereafter would be made by the Treasury, or by the courts or by whom?

MR. SURREY: I think in the first instance it would have to be made by Justice Byrnes, who is authorized to carry out these functions. Of course I imagine that in the course of debate the proper interpretation which the Congress wanted would appear.

H.M. JR: Everybody moderately happy?

Q Mr. Secretary, is there anything more that you can say on that Farm Credit matter?

A No. I think they have had a pretty thorough hearing.

Q You still don't know if anything is being done?

A Well, let's see what happens.

Thank you all.

Q Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S

Press Conference

February 22, 1943

H.M.JR: I have nothing to volunteer.

Q. It is a nice day, Mr. Secretary. Thank you, sir. (Laughter)

Q. Anything new on financing, Mr. Secretary?

A. No. I think that a week from today we will have the first announcement - as to when we start, anyway. I will be able to tell you a week from today what day the drive will start.

Q. Mr. Secretary, you can't start your drive, can you, until this public debt bill is passed?

A. Sure.

Q. Well, the Treasury's statement shows a hundred and seventeen billion dollars of debts now. As I understand it, your drive will call for thirteen billion more, which would make it one hundred and thirty. The present limit is one hundred and twenty-five billion, is it not, sir?

A. That is right.

- 2 -

- Q. How then can you start your drive without exceeding the present limit?
- A. Well, technically, you are right, I couldn't, and I couldn't pay any bills.
- Q. Couldn't you put some fire under these fellows in Congress and get that thing through?
- A. You are right. I didn't get it at first.
- Q. Is there anything to be done about that situation, sir?
- A. You can write about it. (Laughter)
- Q. Are you going to start the drive anyway?
- A. Somebody has got to keep going, and I guess it is up to me to keep going, isn't it?
- Q. Certainly.
- A. I think it is up to me to go ahead.
- Q. Isn't it rather up to Congress to pass that bill?
- A. I think it is.
- Q. Are you going to tell them that?
- A. No, just keep going, I guess. No, I don't want to tell them that.
- Q. I suppose it need not interfere with your preliminary plans to start it.

- A. No, we will make our plans and go ahead.
- Q. Would you, theoretically, undertake to go up to the balance of the present limit, pending legislation? In other words, during the course of--
- A. I can't imagine why, when we get this drive started and we see it is getting up to the limit, Congress wouldn't get together and pass the thing. I mean, they are not going to say to the country that the Treasury has got to stop in the middle of a drive because they passed the debt limit.
- Q. Of course, things are complicated by this rider.
- A. I know, but I can't imagine such a thing any more than if they would stop an appropriation for ammunition if we were short of ammunition in the middle of a battle. It is the same thing, except this is dollars. I think they will be all right. They may want to get up a little closer to see the whites of their eyes. (Laughter) But, I never worry about this debt limit thing. I have said that again and again,

because I think if it gets close enough Congress will want the bills paid; and if they don't, their constituents do. It is a nice point.

Q. I was just thinking that maybe something should be done to spur those boys on a bit.

A. You gentlemen can help.

Q. What effect do you think March 15 will have on the results of the April drive?

Q. Do you think that is going to cut into it?

A. No.

(Discussion off the record.)

Strictly off the record, the people who are going to get hurt by it is the Red Cross. I can't understand the Red Cross picking March for its drive. That is what they did. I just can't understand it, but that is their business. They did not have to pick March, either, because, as I understand it, the USO decided not to have a drive. They could have gone to any other month, but they picked March.

- 5 -

(Resumed discussion on the record.)

- Q. What is it going to do to your U. S. savings bonds in March?
- A. So far the tax payment date - we have not seen any noticeable difference with the sale of War Bonds.
- MR. CALLAHAN: You are right. There is some there, of course, but it is very, very slight.
- H.M. JR: It is almost unnoticeable.
- MR. CALLAHAN: Last March the redemptions went from eleven to fourteen million and then dropped back to about eleven.
- H.M. JR: But the sales?
- MR. CALLAHAN: There was not any effect noticed on the sales.
- Q. You are thirty million ahead of last February - on the 19th. The total on the Treasury statement for that date is five hundred and seventy-four million this month.
- Have you set a goal for February, sir?
- H.M. JR: I don't know.

- 6 -

MR. CALLAHAN: I think the goal is around six hundred million. That is on E Bonds.

Q. You will meet that easily, won't you?

MR. CALLAHAN: Yes. We anticipate that we will run about six hundred and twenty-five, on the basis of what we are doing. The goal is six hundred, I think. We have never announced it.

H.M. JR: You don't want to announce it?

MR. CALLAHAN: I don't think it makes any difference.

Q. You practically have it now?

MR. CALLAHAN: Yes.

H.M. JR: Is that E's alone?

MR. CALLAHAN: That is E's alone. There has been no figure set on the others.

Q. How does that compare with last February, do you recall?

MR. CALLAHAN: Our total sales last February were seven hundred million dollars - in that neighborhood. That is for E, F, and G's.

- H.M.JR: That was the E, F, and G's?
- MR. CALLAHAN: Yes.
- H.M.JR: The E's couldn't have been--
- MR. CALLAHAN: The E's probably were about four hundred million.
- H.M.JR: You had better look it up and phone it down, or give it to Chick.
- MR. CALLAHAN: Yes, sir.
- Q. Actually the approaching of March 15 has not made any effect on either sales or redemptions of War Savings Bonds?
- H.M.JR: I think the answer to that is no, we haven't felt it yet.
- Schwarz tells me that the Bureau of Internal Revenue says the returns are coming in a little bit better - the tax returns. They have no definite figures, but they are picking up.
- MR. SCHWARZ: Thanks to the radio talka of last Monday.
- (Discussion off the record.)

- 8 -

H.M.JR: Incidentally - this is just between us - I got a letter from Kenneth McKellar asking what I meant by throwing down his story that there was going to be a strike of the taxpayers.

Q. Was that his story?

A. Yes. So I wrote back that I didn't know it was his story and I didn't know what he was talking about. I sent him a verbatim report of what I had said. He wrote back and said he guessed we had all misunderstood each other.

Q. The son-of-a-gun has been opening my mail. I thought that was my story. (Laughter)

A. He asked what I meant, that he said there was going to be a strike. I told him I didn't throw him down. I sent him this stuff.

Q. Also off the record, I will help you to throw that bird down any time you want me to help you.

A. You never know, I might call on you.

- 9 -

(Resumed discussion on the record.)

Q. Got a good tax story today?

A. I am afraid not.

Q. What do you think of the Knutson proposal,
Mr. Secretary?

A. Bill Knudsen?

Q. No, Congressman Knutson.

A. I don't know.

Q. Pay-as-you-go plan?

A. I wouldn't get in on that. There are almost
as many plans now as there are members of the
Ways and Means Committee. (Laughter)

That is about all I can do by you today,
unless you have something else.

Q. Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S
PRESS CONFERENCE
February 25, 1943

H.M.JR: Mr. O'Connell of the General Counsel's office, who looks after Procurement matters for me, has, I think, something of interest to everybody who lives in the District of Columbia who has an electric light bill. Maybe we will be able to be a little helpful in getting your bill reduced.
(Laughter)

So, Joe, do your stuff.

MR. O'CONNELL: The Department is the purchasing agency for electric energy in the District of Columbia for all Government agencies, and we happen to be much the largest consumer of electrical energy in the District.

We intend to intervene in a hearing which is scheduled for next Tuesday before the Public Utilities Commission and propose to the Commission that they examine the entire power situation. We intend to make representations for an over-all reduction in power rates for

all consumers in the District, in which the Federal Government will of course share since we are a very substantial consumer of current. There is not much more to be said than that. The petition for intervention is in process of preparation and will be filed this afternoon, or, at the latest, tomorrow morning, with the Commission.

We expect to propose that the Commission reexamine the entire rate structure and give consideration to a revision in the so-called sliding scale agreement under which the Power Company has been operating for some years. Somewhat analogous to it is the situation involving the Washington Gas Light Company, in which, you may recall, OPA intervened last fall to oppose an increase in power rates at that time, or in gas rates. After having their application denied by the Commission, they were successful in the

court, although that case has not been finally determined yet. This is a similar situation, although there is no proposal to increase the rates, at this time, as I understand it.

Q Does the Government get any special rate concession?

MR. O'CONNELL: The Government pays all different rates. We have a rather peculiar situation. We are consumers of power in varying quantities for different installations. We pay all rates from the lowest almost to the highest. We have about seven hundred installations; rates vary.

There is some reason to believe that we should be entitled to a substantial reduction in our bill for power, but we would not make that suggestion at the expense of other consumers. We will, I think, primarily argue that the rate structure is generally too high and that if the Commission could be prevailed upon to

reexamine the whole situation and bring about a reduction in rates, then we would argue as to the amount of that reduction in which we should share.

Q Does the Government pay comparable rates for comparable consumptions? That is what I mean.

MR. O'CONNELL: I don't know too much of the detail. We have a lot of technical people in the Procurement Division who have been handling and studying into that situation, with the help of people from Federal Power. I believe that our people think that there are some elements of discrimination in the rates that we pay, but that is the thing that we just don't know too much about at the moment. At least I don't.

H.M.JR: I might say we had a similar situation in New York four or five years ago; we had all kinds of rates, from the highest to the lowest. At that time we took it up directly with the Consolidated Edison, I think it was, and we

succeeded in getting one rate and being treated as well as their best commercial rate. But we had a whole flock of rates, from the very lowest to the very highest for all Federal installations. We were successful at that time.

I think at that time - somebody check me - I know Mayor LaGuardia was working with me, and as a result of that I think that also the City of New York benefited, as I remember it.

Q Mr. O'Connell, the seven hundred installations which you mentioned - that is in all Federal establishments within the District of Columbia?

MR.O'CONNELL: And some outside.

Q Served by the Potomac Electric Power Company?

MR.O'CONNELL: Yes.

Q Does it embrace the Federal only?

A It embraces the District installations, too.

Q Does the Government make any power of its own in the District?

MR.O'CONNELL: Yes, it does. The Capitol is served by a self-contained plant.

Q Does that give you a yardstick of comparison?

MR. O'CONNELL: It has never been used as a yardstick, so far as I know. I only learned today that the Capitol and Senate and House Office Buildings and the Supreme Court are served by a Government-owned plant.

Q Has a proposal for a decrease or lower rate been put up to the company?

MR. O'CONNELL: We have been in discussion with the company for several months. We made very little progress, although I don't believe we had finally decided that it was impossible to make progress. But in view of the fact that the hearing is scheduled for this coming Tuesday to examine the question of rates, the company itself suggested that since we had been unable to come to any satisfactory solution with them that we might wish to take the matter up with the Commission. And that we are doing.

Q Is there any estimate of the total number of kilowatts used by the Federal Government in these seven hundred establishments in a year - just in round numbers?

MR. O'CONNELL: I have the '41 figures, not the '42. There has been a very substantial expansion in 1942. In 1941 the Government used two hundred and ninety-five million kilowatts, which is twenty-six point two percent of the total electricity used in the District. I am informed it will be - the percentage will be substantially larger in '42.

Q Any figure on the Government's electric bill - annual electric bill with the Potomac Company?

MR. O'CONNELL: I understand in '42 in the neighborhood of four million dollars. In 1941 it was slightly less than three million. So, if my information on the four million is accurate, it would indicate a very substantial increase in the percentage.

Q I suppose private consumers, such as myself, living across the line in Maryland, would also benefit from any reduction of rates? It would apply to the entire area?

MR. O'CONNELL: My understanding is it would be an over-all rate reduction of all rates charged by the Potomac Electric Power Company.

H.M.JR: If we didn't, we will include that in our petition - and mention the town. (Laughter)

Q The little town of Riverdale.

A Make a note of that. Any other towns? (Laughter)

MR. O'CONNELL: Mine is Silver Spring, Mr. Secretary. (Laughter)

H.M.JR: What is the household rate, anyway?

MR. O'CONNELL: I don't know.

Q It is cheaper in New York - very much cheaper.

Q We pay a flat rate, Mr. O'Connell, so it wouldn't affect us, would it?

MR. O'CONNELL: You mean in Silver Spring?

H.M.JR: I would say that if it went through everybody would benefit.

MR. O'CONNELL: I think the gentleman means that he and I might not because our rent bill includes our power bill. If our landlord would pass it on to us--

H.M.JR: Is that what you mean?

Q Yes.

H.M.JR: You mean you pay so much rent, including electricity?

Q Yes.

Q The Virginia Public Service, however, over on the other side of the river wouldn't necessarily be affected, would it?

MR. O'CONNELL: No.

H.M.JR: All right. Any questions?

Q We are still after that tax story, Mr. Secretary.
(Laughter)

A You and me both. (Laughter)

Q Mr. Secretary, are you the least bit concerned about the lack of clarification of the tax program on the pay-as-you-go, as the deadline for the first installment approaches?

A You mean this thing about people still thinking they don't have to pay?

Q Yes, a little foggy as to the policy.

A Yes, surely. I went on the air, and I think Mr. Sullivan is going on the air again next Monday night.

MR. SCHWARZ: Tuesday night.

H.M.JR: Sure, and until the Congress passes the legislation it will continue to be foggy in everybody's mind.

Q Mr. Secretary, the Byrd Committee today is to listen to Chairman Fahey on the HOLC. How do you stand on elimination of - winding up - liquidating HOLC?

A I don't stand. I don't know enough about it.

Q Do you favor it?

A Mr. Bell went up there for me this morning.

I don't know enough about it.

Q It is supposed to be an economy measure they started in the House on that basis.

- 11 -

A I would rather you just put me down, "No comment."
I think that is the simplest thing. Mr. Bell
went up there to listen this morning.

Q Have you heard anything more on the Farm
Credit angle?

A No. Have you? (Laughter) What have you got?
(Laughter)

Q I understand there have been some passes made,
you might say, toward a compromise. Have you
heard anything about them?

A No. There have been a couple of meetings with
Mr. Bell on it. He has not brought me up to
date because I have had something else to do.
I mean, it is my fault, not his. So I don't
know just what has happened. I know it is not
settled; otherwise, I would have heard about
it. But they are working.

Q Do you think they will arrive at some settle-
ment?

A They have got to.

Q Mr. Secretary, in the Disney bill for raiding the debt limit there is provision to make commercial banks redemption agents for War Bonds. Would you be in favor of extending that agency to savings and loan associations?

A I would not want to answer that. I don't know.

Q I understand savings and loan associations are very much interested in having it, themselves.

A I don't know.

Q On the theory that they have sold bonds.

A You might ask Bell.

MR. SCHWARZ: I will check it.

Q I have another question. Has Dr. Luther Gulick let you in on the report that his committee, which you appointed, is about to make?

H.M.JR: Yes. We asked Congressman Doughton - this was several months ago - whether the committee

wouldn't publish it as a committee report. He seemed favorably inclined to do so. It is quite extensive. He thought they might. I don't know what has happened, but we did take it up with Chairman Doughton and asked whether they would print it.

Q Evidently they are not because I called Dr. Gulick on it yesterday, and he said it was being mimeographed and would be released after the committee had a last look at it. So I meant, had you seen the report.

A Oh, yes.

Q Did it make impressive recommendations?

A It is a very interesting report. It is about a thousand pages. I skimmed through it.

Q What report is that, Mr. Secretary?

A We had a committee here working - I don't know, six or eight months--

Q In 1941 you appointed them, Mr. Secretary.

- A It was on overlapping taxes between State and the Federal Government. We thought it would be a nice thing if this Joint Committee on Taxation would publish it - print it. Chairman Doughton was interested in it, but you say--
- Q Gulick says they are mimeographing it.
- A That is the answer. Evidently they didn't.
- Q It is going to be made public, you think?
- A We want to make it public because it is a very excellent job, and I think the States - the governors, and so forth and so on - it should be made available to them.
- Q This was a committee of Treasury officials?
- A No. We got people from the outside, of which Mr. Gulick, and this professor from--
- MR. SCHWARZ: Harold Groves from the University of Wisconsin, and Clarence Heer.
- H.M.JR: Where is he from?
- MR. SCHWARZ: University of North Carolina.
- H.M.JR: They had a staff, and they worked on it. It

was a big job.

Q Anything on financing this morning, Mr. Secretary?

A No. That is one of the reasons why I am not up on some of these other things, because I am really concentrating on that.

Q Mr. Secretary, that report would not by any chance go as far as the Canadian Dominion and propose any such thing as the Federal Government taking over all income tax collections and leaving other forms of taxations to the States?

A I think you had better wait until you see the whole report. Then you can take a week off and read it. (Laughter)

Q Did you hear rumor around of some new form of bond that you may offer in the basket of offerings?

A You had better wait. Wait a little bit. Anything else that I ought to know? (Laughter)

You are very helpful.

Q You tell the Secretary what you have heard about the bond, what kind it is, and so on. (Laughter)

MARKET MONTHLY

Q I am afraid it might spoil a good story.

(Laughter)

A W.J.B.: Thank you all. How about the poultry? (Poultry)

Q Thank you, Mr. Secretary.

Thank you.

One-cent sale today. (Laughter)

On War Bonds they have just gotten these figures. I will read them to you. They are being mimeographed.

The sale of 2, 7, and 5 bonds for February was eight hundred and eighty-seven million, an increase of twenty-six percent over February '45.

The sale of 1 Bonds was six hundred and twenty-three million, an increase of almost fifty-nine percent over February '45. Then there are some more figures. These will be copied.

I told the people last evening I would let you know when the results of the sale was going to be. It will start on April 15. The presidents of all the Federal Reserve banks are here in town.

SECRETARY MORGENTHAU'S
PRESS CONFERENCE
March 1, 1943

H.M.JR: Have all of you seen these pennies? (Pennies distributed)

Q Thank you.

A One-cent sale today. (Laughter)

On War Bonds they have just gotten these figures. I will read them to you. They are being mimeographed.

The sale of E, F, and G bonds for February was eight hundred and eighty-seven million, an increase of twenty-six percent over February '42.

The sale of E bonds was six hundred and thirty-three million, an increase of almost fifty-nine percent over February '42. Then there are some more figures. There will be copies.

I told you people last Monday I would let you know when the second financing was going to be. It will start on April 12. The presidents of all the Federal Reserve banks are here in town

meeting with the Federal Reserve, and they are over here today. We have been in consultation with them.

Q What is the goal now, Mr. Secretary?

A We haven't said yet. All I can really tell you today is that the date is April 12. We will begin to give you more information--

Q Any idea how long it will last?

A No, I don't want to say.

Q Any new name for this particular drive - Victory Fund Drive?

A We will have something more for you tomorrow afternoon. There will be some more on this. We are working it out in connection with the Federal Reserve, and so forth.

Q Mr. Secretary, if Congress continues to delay increasing the public debt what situation will that put you in?

A Well, I am glad you asked. I think somebody asked me that a week or two weeks ago, and it helped. At least it got it out of committee.

Q We might get it out of the Rules Committee then.

A Yes. Maybe you can get Mr. Sabath to act. Well, it is up to them. I mean it is something that I am not going to worry about because I am just sure that Congress will do something.

Q Suppose they don't, though, in time?

A The answer is they will. I am not going to get nervous about it.

Q As a matter of fact, Mr. Secretary, just before I left I talked to Mr. Sabath and asked him about it. He said it was behind about four or five other bills, and I told him about your situation - not as a spokesman for you, but just telling the situation - and he said he was still pretty sick.

A Who?

Q Sabath.

A He is still pretty sick?

Q He just made that remark.

A What is he sick about, over this bill?

Q No, I think the complicated situation up there.

A So I see by the papers. But I think they will come through. I am sure they will. We will start the drive, anyway.

Q You can sell eight billion dollars' worth, anyway, can't you?

A Whatever the figure is. I don't know just what it is. I have not been sufficiently worried to look it up. We will start on the 12th.

Q Mr. Secretary, what do you have to say about the progress of the pay-as-you-go plan?

A There isn't much to say, is there, as to progress? (Laughter)

Q Don't you think they ought to get working on this pretty soon? You are going to have a lot of trouble getting all this information out if they don't.

A I think we had our say, and Congress knows how we feel.

Q It will take the Bureau about three months

- 5 -

to prepare to collect it that way, will it not, Mr. Secretary?

A I am not sure. I don't know. But it will take time. It is in their hands, anyway. There is nothing we can do about it.

Q In your meetings and discussion on financing, Mr. Secretary, has anything developed which would change your original statement that you would have to borrow at least thirteen billion?

A No, at least thirteen billion - at least.

Q Did you notice the story out of New York the other day quoting bond men up there as saying it would be at least fifteen billion?

A Well, he was guessing. He was making a guess. But as far as we are concerned, it is still a minimum of thirteen.

Q Mr. Secretary, two weeks from tonight, midnight, is the final time for filing returns on '42 income. What do you have to say about that? Are people still hesitant about filing them?

- 6 -

- A No, the returns are coming in better. We haven't any exact figures, but the word I get from the Bureau is that they are coming in better.
- Q People have begun to realize that they have to make this payment?
- A Oh, yes.
Does Mr. Sullivan go on tomorrow night?
- MR. SHAEFFER: Yes.
- H.M.JR: On the broadcast?
- MR. SHAEFFER: Yes, sir.
- H.M.JR: Can you give them the time and the station?
The newspapers love to run it. (Laughter)
- MR. SHAEFFER: We are going to have the speech available early tomorrow.
- H.M.JR: Do you know the time and the station?
- MR. SHAEFFER: Ten-thirty, over--
- H.M.JR: Columbia, isn't it?
- MR. SHAEFFER: Yes.
- H.M.JR: Columbia Broadcasting Company, Incorporated.
(Laughter)

Q Could you make us a little speech about it now?

A No, Sullivan is going to do that. I did it two weeks ago. He will do it tomorrow night.

Q There are about thirty million left to file, aren't there - at least thirty million?

A There are a lot of people, but I hope, for their sakes and ours, that they will file. But it is coming along better.

Q Anything on your general tax program, Mr. Secretary?

A No, just sitting waiting.

Q Mr. Secretary, there has been some talk in New York about revaluing the dollar. Have you any comment to make on that subject?

A No.

Q I noticed some story the other day about that law - there having to be a fight over its renewal. It doesn't come up until next year, does it?

A What?

Q That dollar revaluation law.

- A This year.
- Q It expires June 30?
- A Yes.
- Q It was passed in February, wasn't it?
- A I think it expires June 30.
- Q Are you going to ask for its renewal?
- (Discussion off the record.)
- A Do you mind not asking me that, because if I say I am or if I say I am not - the answer is very much off the record - I don't know. I would like to beg off that question, if I could. When I do know I will tell you. I really don't know. I would like to beg off.
- Q It hasn't been decided yet?
- A That is it, it hasn't been decided. Also I know - very much off the record - if we go in for it, it is going to be some fight. But I would like to wait until it has been decided.
- (Resumed discussion on the record.)
- Q Mr. Secretary, this Disney rider to the debt bill has been interpreted here and on the Hill,

both, as upsetting the President's salary control below sixty-seven thousand two hundred dollars. It is the general feeling on the Hill that that will be passed. Would that not affect your branch offices for salary stabilization?

A I wouldn't know how to answer that. I don't know.

Q You would have a lot of men in the field without much of a job to do, wouldn't you?

A Well, they can pitch in on the other tax work if there is work, and if there isn't we will just have to lay them off, that is all.

Q How many such offices have been established, could you recall?

A I really don't know. If you want the story on it, Mr. Sullivan is available.

Q I wondered if there were any plans being made here.

A No, I haven't heard of anything. If there is no work for them, we won't keep them on the pay roll.

- Q They have been with you twenty years, at least, Mr. Secretary.
- A Who?
- Q Every man assigned to those offices, according to the press release.
- A We will bring them back. A man who has been with us twenty years - I haven't laid anybody off who has been with us twenty years. We will take care of them. Don't worry, we will bring them back.
- Q Going to have plenty for them to do?
- A More than plenty. The Treasury men with twenty years' experience - Internal Revenue - are scarce articles.
- Q Pretty valuable men, I should think.
- A Very. Anybody that has been in the Treasury - the first ten are not so valuable (laughter) but at twenty they get very valuable.
- Q The first ten are the hardest, Mr. Secretary?
- A I think so.

Q Mr. Morgenthau, could you tell us what, generally, you are going to give us tomorrow on the financing, or what will be the nature of that?

A It will be more details on organization.

Q Thank you, Mr. Secretary.

Treasury Department • War Savings Staff



NEWS MATERIAL

98

Release No. 320

FOR IMMEDIATE RELEASE

March 1, 1943

WASHINGTON, D. C. -- Sales of E, F and G Bonds for February were \$887,195,000. The increase was \$183,994,000 or 26.2 percent over February 1942.

Sales of Series E War Savings Bonds in February were \$633,572,000 as against \$397,989,000 in February 1942, an increase of \$235,583,000 or 59.2 percent.

Sales of F and G Bonds were \$253,623,000 as against \$305,211,000 in February 1942, a decrease of \$51,588,000 or 16.9 percent.

The total amount of E, F and G Bonds purchased since their introduction to the public in May 1941 through February 1943 is \$13,821,806,000.

Sales of E, F and G Bonds by months during 1943, at issue price in thousands of dollars, are:

Month	Series E	Series F	Series G
January	\$814,928	\$77,066	\$348,450
February	<u>633,572</u>	<u>48,328</u>	<u>205,295</u>
Totals	\$1,448,500	\$125,394	\$553,745

SECRETARY MORGENTHAU'S
PRESS CONFERENCE
March 2, 1943

H.M.JR: Have you had a chance to read this (indicating Press Service No. 35-55, copy attached)?

Q Yes, sir.

A Are there any questions you would like to ask of Mr. Bell or Mr. Robbins?

Q The appointment is effective today?

A Yes.

Q Is this a permanent thing, Mr. Secretary - it will extend beyond the April financing?

A Yes. Mr. Robbins has got leave from his company to come here until at least the end of the year. Is that right?

MR. ROBBINS: That is correct, sir.

Q Does this supersede or absorb the old Victory Fund Committee that you had in the last campaign?

H.M.JR: I don't think it does either. What this does is tie in everybody who is working for the Treasury selling securities and putting them

- 2 -

all together to work on this April drive.

Q Investment bankers and commercial bankers?

A Everybody.

Q Is the last World War parallel to this - do you know if they had a similar committee?

A We always do the original. This is a New Deal. (Laughter)

Q I beg your pardon, Mr. Secretary. (Laughter) Mr. Secretary, on page two it says, "The entire basket of Treasury securities, including E bonds, will be sold by all forces taking part in the drive." Does that imply an extension of your coverage?

A Yes, because it means that the last time the Victory Fund did not sell anything below five hundred dollars. And they didn't have the E Bond, did they?

MR. BELL: No. It was in the picture, but they didn't push the E Bond at all in the last drive.

Q Wasn't there some conflict in the last campaign about the desire to sell the E Bonds?

H.M.JR: It wasn't a conflict. There was the desire of everybody to help.

Q I meant each one working on their own.

MR. BELL: Overlapping. --

H.M.JR: There was overlapping, and there were instances where sometimes people were solicited a number of times. This way, we think that will be overcome. We think it is better organization.

As I say, everybody in the Treasury will be working for the one thing; that is, to sell every man, woman, and child who has got from ten cents up, to invest - to lend to us.

Q Mr. Secretary, are you going to participate in newspaper advertising? I notice, looking at the Canadian Treasury's plan, that they have even gone so far as to advertise in foreign language newspapers. Nothing has been done in our drive, to that extent, up to now. I meant both American and foreign language newspapers.

A They have had advertising?

- Q Yes, the Canadians in Canada. I was wondering if you might use the same methods in this country.
- A I don't know. If we have overlooked anybody - I think we certainly ought to go into the foreign press - all presses.
- Q Have you decided on the goal yet, Mr. Secretary?
- A No.
- Q I am afraid we are publicizing that minimum of thirteen billion so much that when we come out and say sixteen, people will say, "That can't be. We have been reading the thirteen too long." Can we have it pretty soon?
- A I think it will be another week, anyway.
- Q Did you see the SEC figures on the amount of liquid savings being accumulated in banks, and if you did I was wondering whether you believe that the President's original goal of sixteen billion dollars in this new tax bill is not insufficient to mop up this huge surplus?
- A I didn't read it carefully enough to comment.
- Q It now amounts to twenty-eight billion nine, that is the so-called liquid deposits, which are

subject to withdrawal suddenly or any time.

A No, I don't want to get into that.

If you don't mind, I would like to get - we think this is an important move, and that is why I asked you gentlemen to come in.

Q Any special plans, Mr. Secretary, to get down to the country sections?

A It is a little early, yet. We are working - Bell and Mr. Robbins - we are all working, and when we have something that is positive we will give it to you. This is the only positive thing we have to give you today.

Q On this specific thing, this means that Mr. Robbins will head the committee not only for the second major drive of the war, but for subsequent drives within the period of his leave from his company?

A That is right.

All right?

Q Thank you, Mr. Secretary.

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS
Wednesday, March 3, 1943

Press Service
No. 25-55

Secretary Morgenthau today announced the creation of a United States Treasury War Finance Committee for overall direction of the Treasury's bond selling activities.

Designed to integrate the work of the War Savings Staff and the Victory Fund Committee in the sale of all Government securities, the new organization will be headed by W. M. Robbins who is taking leave from his duties as vice president of General Foods Corporation, where he has been responsible for selling and marketing activities, to join the immediate staff of the Secretary of the Treasury.

As chairman of the War Finance Committee, Mr. Robbins will function with the operating title of National Director of Sales. He will report to the Secretary through the Under Secretary. Other members of the Committee will be Harold H. Graves, Assistant to the Secretary in charge of the War Savings Staff, and George Buffington, Assistant to the Secretary in charge of the Victory Fund Committee. Additional members of the Committee may be announced later by Secretary Morgenthau.

The new organization is being set up as the Treasury prepares for its second big War financing drive, to begin April 12.

Presidents of the Federal Reserve Banks have been asked to serve as chairman of district committees to be organized on lines similar to the War Finance Committee. These district committees will include representatives of the War Savings Staff in each State and of the Victory Fund Committee.

The Committee in Washington will act in an advisory capacity to the National Director in the formulation and execution of plans for sale of Government securities, and the committees set up in the Federal Reserve Districts will likewise act in an advisory capacity to the Presidents of the Federal Reserve Banks, who will act as chairman of such committees, with full authority and responsibility in their respective districts to direct the drive.

The National Director of Sales is authorized to deal directly with the Federal Reserve Banks as Fiscal Agents of the United States in all matters relating to the promotion and sale of Government securities, and in this connection he has authority to utilize all the facilities of the War Savings Staff and the Victory Fund Committee, coordinating their respective activities as he may direct.

All publicity will be enlisted in the joint endeavor, and will include wherever possible the continuous promotion activities of the War Savings Staff.

Every function of the two organizations will be integrated in every productive way in preparation for and during the April campaign. The entire basket of Treasury securities, including $\$$ bonds, will be sold by all forces taking part in the drive.

In announcing the new sales organization Secretary Morgenthau said:

"The general purpose of the new organization which Mr. Robbins is to head is to coordinate more effectively the work of selling Government securities to finance the war. In this great task we shall continue to rely, as we have in the past, on the patriotic cooperation of many willing volunteers, including all those whose unselfish efforts have set such a remarkable record in the sale of War Savings Bonds and Stamps as well as those whose intensive work made possible success in the first Victory Fund drive. This makes us confident that they will meet successfully the greater tasks that lie ahead of us in this and succeeding campaigns.

"Nowhere is there better evidence that here in the United States this is a people's war than in the widespread participation in the purchase of Government securities.

"We are perfecting our organization simply to give to the American people better opportunities and facilities for putting their dollars to work for victory."

W. H. Robbins, appointed today by Secretary Morgenthau as chairman of the United States Treasury War Finance Committee, is a specialist in mass sales and distribution methods.

He has been associated with the General Foods Corporation for nearly 20 years, is now vice president of that organization and president of its distribution subsidiary, the General Foods Sales Company. He will be on leave from his company while assisting the Treasury in its securities sales program.

Mr. Robbins has for the past eighteen months served in various advisory capacities with the War Production Board. He left a position as acting Deputy Director General for Staff Operations of WPB to come to the Treasury, which he already has served since last November as a member of a committee consulting with the Secretary on securities marketing.

Mr. Robbins will have the title of Assistant to the Secretary of the Treasury.

Mr. Robbins was born in 1901, at Greensburg, Pennsylvania. He attended Hill School at Pottstown, Pennsylvania, and Yale University, where he was awarded a Bachelor of Science degree from the Sheffield Scientific School in 1924. He joined the sales staff of the Postum Company upon graduation, this company through various mergers and expansions later becoming the General Foods Corporation.

Mr. Robbins is married and has four children. The family home is at Greenwich, Connecticut. In Washington he lives at the Shoreham Hotel.

A brother of the new Assistant to the Secretary, Edward E. Robbins, is vice president of the Youngstown Steel Door Company.

Mr. Robbins' father, the late Edward E. Robbins, served in Congress during the First World War, and was a member of that body at the time of his death in 1916. Mrs. Edward E. Robbins, Sr. has continued her residence in Washington.

SECRETARY MORGENTHAU'S
PRESS CONFERENCE
March 8, 1943

H.M.JR: Very barren today, I am afraid - very barren.
(Laughter)

Q No financing news?

A I am working on it, but have nothing that I can share with you people.

Q Can you give us any inkling on the basket of securities?

A That is what everybody wants to know. If you could read that (indicating), you might be able to get it. (Laughter)

I am meeting again tomorrow with the Federal Reserve Open Market Committee, and we are making progress. We have been at it all day.

Q Can't you tell us what the goal is?

A No. We are right in the midst of it, and I think it is better to wait. Next time I talk I can give you a fairly complete picture.

Q Thursday?

- A No, I won't promise anything Thursday.
- Q Aren't you going to see us Thursday, Mr. Secretary?
- A Oh, yes, I will see you Thursday, but I won't promise you anything.
- Q Mr. Secretary, can you give us any indication of how many individual solicitations you might make in the next drive as compared with the last?
- A All I can say is there will be more. As I say, we are right in the midst of trying to make up our minds, and until we have it--
- Q How is the income tax situation getting along?
- A They tell me there a lot of people lined up at the various offices waiting to pay their taxes.
- Q They had a four-block line here today.
- A Did they?
- Q Yes.
- A Wonderful. I guess it will come out all right.
- Q Did you notice that story in the Sunday Times about taxing the dollar-a-year man's expense account?

A I read it. I have inquired about it, also.
I have no answer.

Q Mr. Secretary, how much consideration has been given to the issuance of a ration currency in connection with future war financing drives?

A None that I know of. You don't mean an expenditure rationing, do you, of money?

Q No, special currency that will entail, probably, the freezing of all bank accounts.

A No, I don't know of anybody - if anybody in the Treasury is studying it they have never discussed it with me. So throw it down, will you, because as we get closer to the drive it is the kind of thing we don't want around, please.

Q I thought it sounded as if it were a crackpot idea.

A I would say so.

Q What significance do you attach to the Comptroller of the Currency's report today on the fact that bank deposits and investments in Government securities have risen sharply during the last

year while loans and discounts have declined?

A

Say that again, will you? This will be the first time I have gotten it.

Q

What significance do you attach to the report of the Comptroller of Currency today showing that bank deposits and investments in Government securities have risen considerably in the last year - in fact, around eleven billion dollars apiece - while loans and discounts of the national banks have declined rather sharply during that period?

A

I think that is what you would expect during a war. After all, more and more business becomes Government business and war business.

Q

Would it be considered inflationary?

A

I don't think so, not just that by itself.

Q

Mr. Secretary, what is the status now of the spendings tax? Has that been rewritten or simplified in any way?

A

If I could get into that - I wish I could be

more talkative, but it gets into the question of what we are going to say if and when we are invited to go before the Ways and Means Committee. I am not ready to - in the first place, we haven't an invitation, and I am sure Mr. Doughton is not ready, and there is no indication that he is ready to take up a general tax bill. When he does, that will be part and parcel of that picture.

Is that hedging enough? (Laughter)

Q Mr. Secretary, is the Treasury doing any post-war planning?

A Sure.

Q Can you give us any indication along what line?

A No. I told Chick when you came in that this was going to be a bad day. (Laughter) There will be lots of those. Some day we will sit down and it will be lovely - we will just talk freely. (Laughter)

Q Good. (Laughter)

Q How is the public debt situation coming along?

A As I understand it, it is to be voted on next.
What have they got up next?

MR. SCHWARZ: Lend-Lease.

H.M. JR.: Next is Lend-Lease, and then it is to follow
Lend-Lease. It is the next on the calendar.

Q It still has that Disney rider on it?

A Yes. It is to be voted on following the
Lend-Lease.

Q Mr. Secretary, there is no indication that the
Disney rider would prevent its signature at the
White House, is there?

A You would have to ask them across the street.

Q I thought maybe you had heard.

A No.

Can't you give them something juicy? (Laughter)

MR. SCHWARZ: We will dig something up. (Laughter)

Q Would you say on this dollar-a-year man
situation that you received no--
(Discussion off the record.)

A No. I was interested and I inquired, and I think it is a little tough. But they have all these rules and regulations. I can't say because I may be going against the Bureau. I am sorry, but I had better strike it off. I can't go against the Bureau. I have asked them, and I will give them a chance to come back at me. I can't go against my own bureau. But off the record, it seems to me unnecessarily tough. That is the way it strikes me.

Q Of course you know that does not apply to all expense accounts.

A It doesn't?

Q I mean to all dollar-a-year men's expense accounts.

A I have asked. I don't know.

Q Mr. Cann told us today that the policy - there is no ruling on it, but the policy was to apply it to the expense money, which averages around twenty dollars a day, paid to persons who come here with their families, establish their homes,

and are actually living here, but does not apply to those who come in two weeks at a time, go home again, and then come back. Then it is a straight expense.

A That does not seem so unfair, then. The way the story was written, it gives the impression--

Q It looked like a blanket ruling on it all.

A You (Schwarz) follow through on that.

You talked to Cann?

Q Yes.

MR. SCHWARZ: Mr. Cann said it was a ruling in only one case, not a broad ruling.

H.M.JR: Are you going to explain that?

Q Yes, I have done that.

A That goes a long way. Thanks for the information.

Q Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S
PRESS CONFERENCE
March 18, 1943

H.M.JR:

I was just talking to the Commissioner, and I think the news is encouraging. He has been talking this morning, for instance, to Baltimore, Cleveland, and Chicago, and they literally have hundreds of sacks of mail still unopened. They just haven't been able to get at them. Some of them came in this morning, too.

One of the reasons that we don't have more dollars is that a great many people this time are paying just the first quarter, and I can illustrate this with a story that actually happened over at the Bureau the other day. A man came in before one of these clerks and slapped down a twenty-five-cent piece. The clerk was trying to help him out and said, "What is that for?" He said, "I have been reading in the papers that you are supposed to pay a quarter. Here is my quarter." (Laughter)

A lot of the people are just paying their quarter.

But Mr. Helvering said that as far as the number of people he feels it is up to expectation; and discounting the fact that so many are paying a quarter and not the full amount he said that he is satisfied as to the dollars. For instance, Baltimore is running ahead, and they still have all this mail to open. We can't find any trace of any people willfully not paying their tax.

Q Nothing in that Cleveland story?

A No. So I think that on the whole I have every reason to be satisfied, seeing how much confusion there was for months in advance of the 15th of March as to what the people were expected to do.

Q What was that statement again, Mr. Secretary?

A I say, I feel I have every reason to be satisfied, considering how much confusion there was for several months in advance of the 15th of March as to what the people might expect in the way of taxes.

Q There has been no evidence so far of any large-scale defaults coming to your attention?

A No, as I say, none at all. I just called up the Commissioner, and he said that I could say that he is satisfied.

Q Speaking of satisfaction, Mr. Secretary, are you satisfied with the Ways and Means tax bill just reported?

A The answer is yes.

Q Would you care to expand on that word?

A No.

Q The report around is that some Treasury officials who approved of the Willis Robertson plan are drafting a bill for introduction as a substitute to the Committee plan. Do you know of that, sir?

A I am not going to say anything more than I have. I was asked a good question, and I gave the best answer I could.

Q There is another mighty good one, Mr. Secretary.
(Laughter)

A I know. You are not using the right kind of fly.
(Laughter)

- Q We can say this, can't we - or can we? - will the administration get behind the Committee bill?
- A The answer is the administration is behind the Committee bill one-hundred percent.
- Q That is a withholding bill?
- A It is a withholding bill.
- Q What happens, Mr. Secretary, if the bill meets rough going on the floor of the House?
- A Well, that is what the President calls an "if-ey" question.
- Q Presumably it is not so "if-ey."
- A We will wait - nothing else to do but wait.
- Q Mr. Secretary, do you have any idea when there will be a more definite indication of how the income-tax receipts line up?
- A I don't think we will have anything before Monday. We ought to have a pretty good picture by Monday.
- Q Will you have something for us other than appears in the daily statement, which apparently is way behind the times?
- A I will ask for something for Monday afternoon.

I may not be here, but if I am not they will have something for you.

Q Mr. Secretary, in the discussions on the income-tax bill now pending in Congress, has the Treasury ever contended that the Ruml plan would yield less money than was actually collected last year?

(Discussion off the record.)

A Let me go off the record. You know what the answer is on that. (Laughter)

Q I am not an authority, though, you see.

A Well, I take it some of you were at the President's press conference, and he made the statement and he was a little bit mixed up on the thing. That is a thing that can happen to anybody that is handling as many things as he is. Some of the boys - I don't know who - saw Mr. Bell, and he tried to give the background on the thing, and so forth and so on. We brought it to the attention of Steve Early and asked him if he didn't want to correct it. He didn't, and

- 6 -

so far as we are concerned that ends it. That is the whole story. And the President, handling a lot of stuff - millions of things - I am surprised he doesn't make more mistakes than he does. We gave it to Steve Early as soon as it came out on the ticker. Steve did not want to do anything about it, so that is that.

Q That is all off the record?

A That is all very much off the record, please, and I don't want to read about it in some column.

Q I don't think the President was the only one mixed up on that.

A I don't want to read about it in some column afterwards. It is easy to get mixed up. But those are the facts.

(Resumed discussion on the record.)

Q Mr. Secretary, after this Ruml plan gets out of the way I assume you will be in shape to submit your general tax bill - tax recommendations?

A I don't know what Mr. Doughton will do next. It

is up to him. There will be a tax bill.

Q You don't have any ideas as to what time it will be?

A No, and I don't know what - isn't there a coal bill or something coming up?

Q Yes, there are several. They have a coal bill, then they have another measure I wondered if you were ready to speak about, and that is the devaluation of the dollar.

A That does not go before them. That goes before the Coinage, Weights, and Measures.

Q Then they have the trade pact agreement - they have a couple of things.

Q Do you care to comment on the Treasury's course with respect to extension of time on the dollar devaluation?

A Again going off the record--

(Discussion off the record)

We have had these talks that Mr. Somers gave in the papers, to my surprise, that we have been talking with him, and he said to sit tight and he would let us know. We haven't heard yet.

Q As to policy, Mr. Secretary?

A We are going to go up and ask for an extension.

But Mr. Somers - this is his big moment. It comes every two years, and he is going to make the most of it. (Laughter)

Q That is very helpful to know what to look for.

A This is his big moment. It is the only thing the committee ever does every two years, and he makes the most of it. Maybe that is a tactless remark. (Discussion resumed on the record.)

Q When will the three-cent piece be out?

A I don't know.

Q Are you going to have a Victory Garden? (Laughter)

This is big financial news.

A We are going to - is it important? (Laughter)

Q No, but I would like to know.

A I don't know whether you call it a Victory Garden, but there will be a few tomatoes, and if they grow any, maybe a couple of stalks of corn. I don't know if you call that a Victory Garden or not. We will grow a few vegetables. If we have a tomato, I will bring it down and show it to you. (Laughter)

Q How does it feel to own a big farm and be sure of

eating the next year, Mr. Secretary?

A I don't think anybody is going to worry about eating next year; we will all eat. You don't have to worry. There is plenty of food to go around. You may not be able to get a choice out of steak, or some-pineapple juice, or tomato juice, but nobody is going to starve in this country. Nobody is going to starve. I will underwrite that. That is on the record, too.

Q Is that an invitation to hungry reporters, Mr. Secretary? (Laughter)

A You can all come up to the farm and share it. We will share it. I can give you all the milk you can drink. I might even put a - what do they call it - spike it? (Laughter)

Q That is fine.

Has the Department any estimate of yield under the Robertson plan?

A I am going to keep off that. I am going to keep away from that.

Q You have been talking considerably off the record, and I am somewhat confused. I am covering up there, and like to know what to look forward to.

The story we got up there - if you would like

it off the record, all right.

(Discussion not reported.)

Q Mr. Secretary, I assume that you read the Byrd
Committee report on the Agricultural agencies.

Do you concur in all parts of it?

A I wrote a letter on it.

Q So I understand, sir. And I understood the letter
was somewhat critical in spots.

A Well, I have no objection to Senator Byrd releasing it. The letter is to him. But I kind of think it is up to him, don't you?

Q I read the letter, but I didn't use it.

A You can tell Senator Byrd's office that I had a press conference and I said that I had no objection if his office wants to release it. How is that?

Q That will be fine.

Q Mr. Secretary, is there any truth to rumors that John Keynes is going to leave the British Treasury and is coming over to take a job in the Treasury here?

(Discussion off the record.)

- 11 -

- A You mean Lord Keynes? (Laughter) I don't know what I would do with his Lordship. (Laughter)
- Q Those rumors have been sort of--
- A What would we do - who would go into the elevator first? Wouldn't it be terrible? (Laughter)
- Q There is nothing to that rumor then?
- A I would be awfully embarrassed if I had a lord. Wouldn't it be awful? (Laughter)
- Q Just plain Mr. Keynes then, sir. There isn't anything--
- A In the first place, it would be against the law. I can't employ an alien. That is number one. And I am a very law-abiding citizen.
- Q Not in an advisory capacity, Mr. Secretary?
- A It is fantastic - fantastic.
- Q Mr. Secretary, is there anything you can add on financing?
- A Now, you had better soften it when it goes across the water. How are you going to write that? (Laughter)

Write the story so when it is cabled across I can go back to England again, will you, please? I mean, write it that way so that I can go back there again. He is a very decent fellow. Will you all? I mean, please just write it - I would like to go back there some time again and call on the Treasury and not get too cold a reception. Seriously, don't write the story so it will do the Government any harm. Will you? I will leave it to your good judgment. We all want to keep up the good relations between the two countries.

(Resumed discussion on the record.)

- Q Is there anything you can add on financing?
- A No, except we are working very hard and making good progress - are getting organized.
- Q The program is still moving along even though the debt ceiling bill will not be passed - if it be not passed?
- A Say that again, please.

Q Your campaign due to open April 12 will begin even though the debt ceiling bill does not pass?

A The answer is yes.

(Discussion off the record.)

Q Mr. Secretary, you mentioned that you might not be here Monday. Is there anything you can tell us--

A Oh, I thought I might go up and just talk a little bit about my spring planting in the country.

Q Getting your victory garden started?

A We have more than a victory garden up there.

I haven't been up there since Christmas. I thought we had better go up and see if we have our seed, fertilizer, spray material.

Q Spikes - spikes for the milk? (Laughter)

A That is what I hope, to get up there to see if everything is in order. I haven't been there since Christmas.

Q Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S
PRESS CONFERENCE

March 25, 1943

Q Mr. Secretary, the sentiment among the bankers is that they feel your letter to Senator Byrd sort of let them down and you lost touch with their feeling with them on the RACC affair. We have gotten a good many letters that say to this effect, how are they going to get along.

A Mr. Bell is here, and he and I have been handling this thing together. He has gotten a little bit closer to it. So, Mr. Bell, if you will give them a little lecture on it.

MR. BELL: We don't think that the letter that went to Senator Byrd is inconsistent with any statement that the Secretary made at his press conferences previous to that. He never did take the stand that there wasn't some risk credit involved in the food-for-freedom program; but he did say that the bankers should have an opportunity to extend this credit.

We took that matter up with the Secretary of Agriculture, as did the bankers, and they did amend their regulations so that the bankers could participate in the conferences and know exactly what was going on in extension of credit in their districts. That may not have been enough, but that was certainly a step in the right direction and in line with the Secretary's statements.

H.M.JR: Nothing very strange about it.

Q We received letters from bankers which tell about raiding their portfolios - RACC raiding their portfolios for loans.

A What does that mean?

Q It doesn't look as if there is any cooperation going on.

A How could the RACC raid their portfolios?

MR. BELL: I think there is a mixture of the RACC and the production credit corporations. There has been that criticism for the past year and a half on the production credit. We have had a number of

those letters, and we have referred them to the Farm Credit Administration in Kansas City. But they are two separate matters.

I don't think the RACC is raiding any portfolio of any bank because this is new credit for expansion of the food production program.

Q Mr. Bell, we have gotten letters that have come in to us giving details of such operations from mid-western banks.

MR. BELL: I haven't heard of any of the RACC--

H.M.JR: Bring them in. We would like to look at them.

Q The reason it is believed that Senator Byrd was a little disappointed with the letter was the thought that perhaps you would back up Senator George's comment on the situation.

A The letter was very carefully considered. We worked at it very hard, and that is the Treasury's position.

MR. BELL: And we were very careful not to be inconsistent with the Secretary's statements.

Q May I ask if you opposed the bill in any official capacity, that is, as now introduced?

H.M.JR: I don't know,--

Q It was signed, as you recall, by four Senators.

A I don't know that they have asked us for a report on it.

MR. BELL: No, they have not.

H.M.JR: If they don't ask us for a report, I don't believe we would take any initiative in the matter.

MR. BELL: That is right, we would not submit a report.

Q Do you expect to hear the tax debate today, Mr. Secretary?

H.M.JR: I don't know. Mr. Paul has gone up. I was asking him if it was a good day, and he thought it would be a better day on Tuesday.

Q Have you seen the bill introduced by Representative Forand?

A No.

Q Do you know what it contains, sir?

A Did you see the cartoon in the Star about me and Doughton? (Laughter)

- Q Yes.
- A It almost ruined me. (Laughter)
- Q Mr. Secretary, you told us at the last press conference, I believe, that the Treasury - the Administration was a hundred percent behind the committee-approved bill. Does that situation still prevail, sir?
- A Sure, we don't change. We have no reason to change. Nothing has happened to make us change in that short period.
- Q Reports persist that some members of your official family are very much interested in the Forand bill.
- A Well, we have only one position, and that is the position I stated the last time I saw you gentlemen. It hasn't changed.
- Q Some of the people up there think if it becomes apparent that the committee bill cannot win that the Treasury might put its strength behind the Forand bill.
- A No, I only have one position, and that is -

was it seventeen Democrats, or whatever it was on the committee, plus one Republican - they vote on a thing, and, after all, I am not a member of the legislature - I am an appointed officer - and this is the unanimous report of the Ways and Means Committee.

Q Of the majority.

A Of the majority.

Q I understand that you have had two deserters since that report was signed, going over to the Forand bill.

A You have more information than I have.

Let's talk off the record.

(Discussion not reported.)

Q What can we say on the record?

A That we are one-hundred percent behind Mr. Doughton.

Q That is on the record?

A On the record. You don't hear anything that Morgenthau isn't back of Doughton.

- 7 -

Q To the end?

A To the end, yes, sir.

Q Is that on the record?

A Yes, sir, do or die. (Laughter)

(Discussion not reported.)

Q Mr. Secretary, have any overtures been made to you about post-war currencies - getting together to consider the post-war currency problem?

A Again I have to go off the record.

(Discussion off the record.)

I will tell you the whole story on that. We have had a plan for about a year, and we gave the English a copy of this plan which they submitted to the treasuries of the governments in exile in England, and it leaked out of there.

Q I noticed it had.

A So now we have invited - this is as far as it

has gone - we have invited them to send experts to this country to discuss the thing. We haven't had any answers. If the English publish their plan, then we may publish ours. We don't know yet whether the English are going to publish theirs, even though Mr. Churchill mentioned it in a speech on Sunday.

I have a press release all ready for you people, but we are batting it back and forth to see, from the standpoint of the plan, if the plan will be much more successful if we wait for a month or six weeks until these experts come to Washington and discuss it because you don't know what would come out of it. So I have to wait another couple of days.

But I think by Monday afternoon I either will give you a press release or I won't, or at least I can tell you I have invited these people to come to Washington.

But the leak came out of London when they showed it to these ministers of finance of

these various exiled governments. That is the status of that. The release has been O.K.'d by the President and Mr. Hull and everybody. It is all written; it is all ready. I am just waiting to see whether the English are going to publish their plan or not. It is all premature, but that is that story, and that is off the record.

(Resumed discussion on the record.)

Q What can you tell us on the record about financing today?

A Mr. Bell and I and all are working very hard. The presidents of the Federal Reserve boards are working very hard, and the organization is going ahead. That Saturday meeting was most encouraging. I am sorry that the newspaper publishers don't know how to get publicity. (Laughter) I think it is a grand joke. They gave it out so late that it hardly caught any newspapers. They handled it entirely them-

selves. This thing that they have organized is called the "Allied Newspaper Council." It is most encouraging, and they are going to be very helpful to us. I don't know whether many of you men saw it, but the New York Tribune I think was the only one that got it, and that was a late edition. It was the publishers themselves that handled their own publicity. So we are going along, and the work is encouraging for the drive.

Q They passed your public debt bill.

A Yes. Now don't ask me if he is going to sign it. (Laughter)

Q I had no such intention, Mr. Secretary. (Laughter)

Q In your article on post-war planning, a suggestion is made that perhaps the deduction structure for income-tax purposes might be revised, and the intimation is that the revisions would be more generous to effect a better net income basis by taking into consideration the cost of earning an income. Can you, or do

- 11 -

you care now to elaborate on that - what the future tax proposals might be?

A No. One tax proposal at a time. (Laughter)

Q Mr. Secretary, is there anything on the Stabilization program - going before the Hill, Somers committee?

A No. We are waiting now. I would rather not say anything.

(Discussion off the record.)

There is a lot of maneuvering going on, and Somers is only here two or three days a week. This is not on the record. Now we are waiting to hear from them. I don't want you to run up and say we are waiting to hear from him, and they are maneuvering, and we are waiting to hear. That is what it is, but I would rather you didn't say anything, if you don't mind.

Q Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S
LABOR PRESS CONFERENCE
(For Background)
March 27, 1943

H.M.JR: The reason that I asked for an opportunity to see you is because I got this telegram, which I will read to you, and I just wanted to make sure that this misunderstanding did not grow. Organized labor, as I said before, has been so very good in helping us with war bonds that I don't want any possible misunderstanding between Labor and the Treasury. I like to think that our relationships are excellent.

They had this meeting in Atlanta. The telegram reads:

"At a meeting of the District Chairmen of the War Savings Staff for Georgia held this morning Mr. Albert Gossett, President of Atlanta Federation of Trades designated to attend said meeting by Mr. George L. Googe, Southern Representative of A.F. of L. and Mr. Charlie Gramling, President State American Federation of Labor, insisted that he, thus representing labor, wanted an authoritative answer from you to the following questions: First, whether or not E Bonds are going to continue to be under supervision of the War Savings Staff after month of April. Second, whether or not the Payroll Allotment Plan is going to be continued under War Savings Staff after month of April, and third, whether E F and G Bonds will be negotiable after April stop it was the unanimous opinion of the Committee as a whole that Mr. Gossetts questions be thus propounded. However it was also the unanimous opinion of the District Chairmen and the undersigned that there would be no difficulty in integrating and coordinating the efforts of the War Savings Staff and the Victory Fund Committee for the April drive which will be under the jurisdiction of the War Finance Committee of which Mr. William McLarin

is the chairman. You are assured that the War Savings Staff of Georgia is not only willing but anxious to cooperate in every possible way to further the successful financing of the war program."

I answered this way:

"Metel March 18 you are authorized to advise Gossett, Googe, and Gramling as follows: First, Series E Bonds will continue to be sold after the month of April; second, the payroll allotment plan will be continued after the month of April; and third, Series E, F, and G Bonds will not become negotiable bonds after the month of April. I am unable at this time to commit myself irrevocably to the effect that the sale of Series E Bonds and the payroll allotment plan will continue under the supervision of the War Savings Staff after April, but can advise you that the chances are nine out of ten that this will be the case."

The thing is, I think, a little bit deeper than that, and that is - because another thing is, to call a spade by a spade - some of the people in Labor think we have sold out to the bankers. What I have done is this. We had the War Savings Staff, who built up this very fine pay roll plan, with the help of Labor, and we have been going along selling seven or eight hundred million dollars a month. We are spending over - somewhere around six billion dollars a month - somewhere in that vicinity - for the war effort. We just can't get the money alone through the sources that we have been trying to get it through before. So I had the problem of organizing these fund-raising

committees in some way that we could not only continue to get the money from the people who had savings and wanted to lend their money to the Government, but also from the people who had more money. Also, the country as a whole - we never really have had a door-to-door canvass - so we had to be much, much more thorough.

The Federal Reserve System is a quasi-Governmental organization with a Board appointed by the President with Mr. Eccles as chairman. They have the presidents of the Federal Reserve Banks of the twelve districts appointed by the approval of the Board here, and it seemed to me that they were the logical organization, unless I wanted to build a parallel organization, who could work with the banks and get the cooperation of the banks and still be subject to the control of the Secretary of the Treasury. Now, what we did is, we put this April drive under the presidents of the Federal Reserve Banks, with the presidents being directly responsible to me. We have a release which we will give you on this (indicating Press Service No. 35-71). I am giving

you the details. I am, in turn, responsible to Mr. Roosevelt. The whole thing gets down to the question of whether Mr. Roosevelt's and my record over the past lifetime with Labor is good or bad. If it is good, then you have nothing to worry about, because this thing is completely under my control.

For example, Chester Davis, president of the Federal Reserve Bank of St. Louis - who is going to take his place? This is not - and he raised the question this morning - "Do you have to appoint somebody in the Federal Reserve System, or can you go outside?" I said, "Of course we can go outside." He is recommending somebody outside the Federal Reserve System in St. Louis to help in the drive. I personally am not worried.

As I say, this is just for background. Maybe I am kidding myself, but I think after ten years, and having moved the financial center of the world from London to New York, and from New York to Washington, that I can use these people and not be used by them. I am being frank - very frank - with you. I told my people who were worried about it that it was a question

of who is going to be used. We definitely have the authority here, and it gets down to just a question - maybe I am being fooled - I don't think I am. I am doing this thing with my eyes open. I have got to raise the money. I have got to use the financial machinery of the country. I have to have their cooperation. I have got it, but that doesn't mean I have sold out to them. It would be very stupid on my part, after being here nine years - a year and a half to go - that at this stage of the game, with a perfectly good farm and a very nice family waiting and crying for me to come home, and with no financial ambitions, that I should suddenly, at the end of my career, practically sell out to the bankers - I am being very frank - particularly when all my sympathy is the other way. I am not of them. I am not a part of them. I don't belong to their club and I have no intention of joining - and they don't want me. (Laughter)

So that is my story, and I could go on.

Q Is that quotable?

A No. But that is the whole story, and I can assure Labor,

if they believe in Mr. Roosevelt, and if they believe in what I have tried to do here - I haven't changed. I have no intention of changing, and it is just a question of confidence in the two of us. Am I smart enough to use them instead of being used? I am conceited enough to think that I am that smart. That is the whole story, and that is what I wanted to get over to you. You can ask me anything that you want.

Q Were all the War Bonds during the last war handled through the Federal Reserve - through this System?

A No, I don't--

MR.GAMBLE:They were in the districts, but by citizens' committees under the Federal Reserve, but the administrative setups were in the twelve Federal Reserve Districts.

H.M.JR: They were?

MR.GAMBLE:Yes, but not as tight as you are operating this program.

H.M.JR: But I have complete control. I mean, if anything goes wrong, it is my fault. If the president of the Federal Reserve Bank in New York does something, it is my fault - I mean, ultimately. He is responsible to me on this drive, and not to the Federal Reserve Board.

MR.GAMBLE:That was not true of the first war.

H.M. JR: He is directly responsible to me. Mr. Eccles acts as liaison between me and the Federal Reserve Board here, but each of these twelve presidents are directly responsible to me.

Q You say the chances are nine out of ten that the War Savings Staff will continue to handle this. Why are the chances only nine out of ten?

A. Because when this thing is over, I mean, this April drive, I want to have a fresh look at this thing, you see. We learned through experience in December that there were certain things we did which weren't so good, I mean in the sense that they weakened the December drive. The mistake we made in December was that we got most of the money from the big cities and didn't get it from the smaller communities. We are trying to correct that, now.

Now, we are going through another drive in April, and I want to gain the experience of that, and I want to keep the organization fluid until I see what is what. I don't want to make any commitments about what we will do. I want my hands untied until we get through in April, and then what we decide will depend on what we learned. That is why I don't want to give a

- 8 -

definite commitment on the War Savings Bond organization.

Just to be entirely frank - I am being very frank - I will shock you, Ted - but in New York, for instance, the War Savings Staff - I mean, Patterson says that he is the organization, and I shouldn't go with the Victory Fund and the other crowd - that they are just the bankers. But Mr. Patterson and his three assistants are all bankers, and to me, I can't tell the difference. They all look like bankers to me. (Laughter)

I mean, whether it would be the correct thing when this drive is over to say, "Well, this group of bankers is better than that group of bankers." I don't know. In the meantime, they are all pitching in and they are all going to work, and they all realize that Labor has its place.

Rose Schniederman happens to be on our State committee in New York. I am very fond of her; she is an old friend.

- 9 -

I think you stated - I mean to find that by far the largest amount of sales came from working people, wage earners.

I said, "whatever you do at the Federal Reserve in New York, you have to ask those before you do it."

I don't even know what union she belongs to - or any union, but I know she is a friend of unions and a friend of my family, so where we know people that we have confidence in - I am seeing that Labor has a front seat in this show because we need them.

Q Can we quote that?

A Yes, definitely.

They are having a first row seat in this show because we need them. We can't get along without them.

Q I think you stated from time to time that by far the largest amount of sales came from working people, wage earners.

A No question about it. I mean in numbers but not in dollars.

Q In numbers but not in dollars?

A You correct me.

MR. GAMBLE: That is correct.

H.M.JR: Very, very much so in numbers. But you couldn't expect it in dollars. I mean, that wouldn't be fair to expect, in dollars; but in numbers, definitely.

Q Is there any basis on which you could give it to us which would show the comparison?

MR. GAMBLE: For example, in the month of April the Secretary has to raise thirteen billion dollars. Well, the total wage of all the working people in the country is going to be seven billion dollars, so that just gives you an idea of the magnitude of the job. If they do a perfectly superb job you wouldn't get more than a billion and a half dollars. You couldn't

expect more than a billion and a half from the seven billion dollars. So a billion and a half from the workers would be really everything that you could ask them to do during this drive. That leaves eleven and a half billion dollars that has to be raised, of which five billion can be raised and is expected to be raised from the banks. But it leaves six and a half billion dollars which is going to have to be raised from large investors, individuals, and from people who have the money in savings accounts, people who have funds that it is our job to go after and get.

H.M. JR: Well, the working people - how many do you suppose there will be in April that--

MR. GAMELE: In April there will be not less than twenty-seven or twenty-eight million people, who will be from the ranks of labor and from the so-called white-collar class, and little working people, that will take part in this program.

H.M. JR: And as against the individual investors outside of the banks, if we have a half a million--

MR. GAMBLE: A half a million would be two hundred thousand more than we have ever been able to reach before.

Q What was that?

MR. GAMBLE: Not over half a million.

H.M. JR: If you got investments from a half a million people of the other six and a half billion--

MR. GAMBLE: That would be very good. That would be a high figure.

Q If you get a half a million, did you say?

MR. GAMBLE: If we get six and a half billion dollars.

H.M. JR: Break it down to thirteen.

MR. GAMBLE: The goal is thirteen billion dollars.

H.M. JR: How much from the banks?

MR. GAMBLE: The banks five billion dollars; that leaves eight billion dollars to be raised outside of the banks.

H.M. JR: And how much do you expect from the working people?

MR. GAMBLE: If we got a billion and a half dollars it would be everything that you could expect them to do from this seven billions of dollars of income they will have during that period of time. That leaves

six and a half of the eight which is going to be raised outside of the banks - through individuals.

MR. HOUGHTELING: That would include corporations.

H.M. JR: I think it would be better, if you don't mind - I would rather not use that figure of a half a million. Your twenty-seven million is all right. If we get a billion and a half dollars from twenty-seven million people, leaving six and a half billion to get from the larger investors - and I wouldn't say how many.

MR. GAMBLE: No. We hope that it will be two million.

H.M. JR: No, it would be bad publicity for us. I would say we have to raise six and a half billion from the larger investors.

Q How much have you been raising per month, up to now, in recent months?

MR. GAMBLE: On E, F, and G's we have been running from eight hundred million to nine hundred and fifty million.

Q I mean that has not been the total that the Treasury--

MR. GAMBLE: No, that is the amount--

Q E, F, and G's are the War Savings?

MR. GAMBLE: Yes, War Savings securities.

Q How much outside of that?

MR. GAMBLE: In between the periods of this drive it would run about two billion dollars.

Q You are going from two billion up to thirteen billion?

H.M. JR.: That is confusing. We raised thirteen billion last December, which carried us over--

Q Oh, I see, that will not be a monthly drive.

MR. GAMBLE: This is the peak operation.

H.M. JR.: We had one in December which we could would carry us for a couple of months, and then we did some in-between financing which I don't think would interest you, but if it does the figures are available. I hope Schwarz has them.

MR. SCHWARZ: We have them.

H.M. JR.: It looks as though what we are going into is about four drives a year now. But you can also see when

you get the number of people involved and the dollars involved why it is terribly important for us that labor continue as friendly as they are, because we have to have them.

Q Who handled the last drive in December?

A It was handled from here the same way, except that we kept the War Savings separate, and the so-called Victory Fund, which worked under the Federal Reserve, separate. Now we have amalgamated the two things together. The release goes into the thing in great detail.

Q The War Savings Staff now comes under the Federal Reserve set-up?

A For this drive.

Q Well, I don't know too much about what was, naturally, in the minds of these men who wrote the letter or anything, but don't you imagine that what concerns them most is not any fear that you have sold out to the banker or anything like that, but rather what is the best means of mobilizing people behind this thing?

A I don't know, frankly, what is behind it, but I didn't

- 16 -

want to let that misunderstanding grow, and that is why I asked to see you people today. Getting it from Tennessee and from Atlanta left such a warning that I wanted to at least have a chance to explain to labor what I had in mind so that they could get a correct explanation.

Q But do you feel that the people will be able to be mobilized behind the drive as much under this new system as the other way?

A Oh yes, because we are using all the facilities of the War Savings Staff, all the facilities of the Federal Reserve, all the facilities of the investment bankers, the national banks, state banks, women's voluntary organizations, the newspapers, and the farm organizations. For the first time since the war started the daily newspapers have organized themselves into the Allied Newspaper Council with a Mr. Frank Tripp of Elmira to devote his entire time to it, to help the Treasury with newspapers the way they did on the scrap drive. But they were never organized until this time. We use anybody and everybody who

are honorable people to help us.

Q Who will be heading up the drive in the labor field?

A Well from here it comes under Mr. Houghteling and his people. It is still the same; no change has been made; it is still Mr. Houghteling.

Q There will still be these local labor people on the War Savings Staff?

MR. HOUGHTELING: Our organization works through the unions and the pay-roll savings organizations, which are very largely manned by the presidents of the local unions, stewards, and local committees.

H.M.JR: Right. There is no change?

MR. HOUGHTELING: No change.

MR. GAMBLE: The field armies remain just the same for the purpose of this drive. You appoint yourself twelve new generals.

H.M.JR: It may not have reached you - I didn't want to wait until this thing became a snowball going down hill.

Q I can see there has been some cause for alarm. I think labor has been pretty proud of the war savings drive and felt that they had a voice in it. They would naturally be worried that they might lose it.

A Right. They have my personal assurance of that.

Can we tell them about the New York meeting?

MR. GAMBLE: Yes, although we don't have confirmation yet.

H.M.JR: Tell what we are trying to do on the air - about just the four speakers. This is the pattern.

MR. GAMBLE: A program is going to be launched on the night of April 12 from Carnegie Hall in New York City. It will be a national radio program, and four people will speak, Governor Dewey, the Secretary, Murray, and Green. They are the four people who will speak to the nation. There will be other speakers on the program from Carnegie Hall, but that will give you some idea.

- Q Did you say we could use that?

MR. GAMBLE: You can use that, but it would be much better if you would wait until after it has been confirmed. Mr. Murray has been in Pittsburgh for several days.

H.M.JR: Has Mr. Green accepted?

MR. GAMBLE: Houghteling is seeing Green today.

H.M.JR: I am showing it as a pattern.

Q It shows that they are not being excluded.

A Right. They have my personal assurance of that.
Can we tell them about the New York meeting?

MR. GAMBLE: Yes, although we don't have confirmation yet.

H.M.JR: Tell what we are trying to do on the air - about
just the four speakers. This is the pattern.

MR. GAMBLE: A program is going to be launched on the night of
April 12 from Carnegie Hall in New York City. It
will be a national radio program, and four people
will speak, Governor Dewey, the Secretary, Murray,
and Green. They are the four people who will speak
to the nation. There will be other speakers on the
program from Carnegie Hall, but that will give you
some idea.

Q Did you say we could use that?

MR. GAMBLE: You can use that, but it would be much better if
you would wait until after it has been confirmed.
Mr. Murray has been in Pittsburgh for several days.

H.M.JR: Has Mr. Green accepted?

MR. GAMBLE: Houghteling is seeing Green today.

H.M.JR: I am showing it as a pattern.

Q It shows that they are not being excluded.

H.M.JR: I wouldn't call it that.

MR. GAMBLE: They understand what the objectives are, and they still are expected to play a most important part in the program.

H.M.JR: We are absolutely selfish in this; we need labor; we can't get along without them.

Q I was thinking while the amount obtained through pay-roll savings seems small compared to the total, isn't it highly important in combating inflation, even more so than the amounts obtained from the big investors?

A Definitely. It is most important.

MR. GAMBLE: It is important, too, because before this drive is done every one is going to have to do more. It is going to be just as important for those twenty-six million now on pay-rolls to do more as it is for the large investors to do more.

Q Do you anticipate any considerable fall-off with this twenty-percent withholding tax if that goes through?

H.M.JR: There are two schools of thought in the Treasury; one school thinks that it won't affect us very much; I differ with them. It seems only logical that if they

take twenty percent the people would have to curtail their deductions, but I don't know whether I am right or wrong; it is hard to tell.

Q I think you are right.

MR. GAMBLE: That has not been our experience. The pay-roll savings went up at the time the Victory Tax went in; and, after all, this is not an additional tax; it is simply a systematic savings for the people to pay their taxes, most of whom already understand the problem. It isn't twenty percent; it is a misnomer. It is twenty percent of their taxable income.

Q What is that likely to average? I notice there is a lot of confusion about it. Some workers seem to think they are going to have a ten-percent deduction of their entire income.

MR. GAMBLE: It has been handled badly from our point of view. I think it would run around six or seven percent.

Q Where would the Victory Tax come in?

MR. GAMBLE: It is included in that. On an average it would be an additional two percent - very little more than they are paying now.

Q What would be the average?

MR. GAMBLE: It would vary just as the income tax rates vary.

It would vary from two percent up to nine or ten percent of the income, but you would have to get way up to the high brackets of income before you got up to eight or ten percent of their income.

H.M.JR: Incidentally, while you are on the tax question - if you haven't seen it, there is a little editorial in this week's "Nation" on the Ruml plan and what it does to the working man. It is the best that I have seen in any publication since I have been here. I wanted to bring it to your attention.

Q Who put that out?

A The "Nation." We didn't write it, but it is very, very good. It is only about eight inches long, but it explains - they all talk about skipping a year's taxes, and they don't say where we are going to get the sixteen billion from. You can't get much more from the rich people, so we have to get it from the working person.

Q Is that this week's "Nation"?

A It is just out. I recommend it; it is very good.

I mean, it puts it simply and it is very much to the point.

Q Could we ask you something off the record?

A Surely, anything you want.

Q Why didn't you support the Robertson plan instead of the Committee's plan?

A Well - this is going to be wholly off the record?

There is quite a story - I mean, if I go into it--

Q It will remain off the record, very much off the record.

Q As far as I am concerned, absolutely.

A It is so much off the record, what I am going to tell you, that I wouldn't want it discussed even with your superiors. Can I go that far? I am going to ask you not to discuss it outside or with your superiors.

Q I would rather not hear it then.

A All right. If you will be a little patient I think you won't be disappointed.

Q May I ask you to what extent the workers turned in war bonds to pay for the last quarter's taxes?

MR. GAMBLE: The redemptions went up a little bit, but I think it is more important that sales went up.

Our quota for the month of February was six hundred and twenty-five million dollars, and we sold just over the quota - just over a hundred percent during the month of February.

We set a quota of six hundred and fifty million dollars, against the advice from all over the country, for the month of March, and we are running at the present time ninety percent ahead of our quota for the month. We will sell close to or perhaps even a little over seven hundred million dollars of E bonds in the month of March against six hundred and fifty million dollars, which is the quota, and against the six hundred and twenty-seven million dollars sold in the month of February. It is to be expected that there would be some redemption, because that has been one of the sales points of the E bond. I think it is a tribute to the fact that the savings quality has been sold in connection with the sale of E bonds. We have educated people to set aside - they have been given the privilege of redemption to take care of emergencies. The Kansas City Star,

- 24 -

for example, interviewed all of the people that were redeeming bonds. They asked them such questions as "Are you redeeming these bonds for the purpose of paying taxes?" They would ask them what percentage of their bonds was represented. They would say, one, two, three, or four percent.

One lady said she had nine bonds and that she hated to redeem the one but that there wasn't any way she could pay her tax without redeeming the bond. But she said that nothing short of a calamity or act of God would cause her to redeem the others.

The redemptions are negligible compared to the problem. The sales increased all during that month - up eleven percent.

Q What was the total you wound up with on the redemptions?

MR. GAMBLE: I can't give you that. We won't have it until after the end of March. But we do know something about the daily redemptions. The increase will only be what you would expect.

7
H.M.JR: To me the most amazing thing is that notwithstanding this constant pouring of propaganda out for the Ruml plan and people misunderstanding it - they have every reason to misunderstand - as of last night the money in on returns was in excess of our own confidential estimates. So Barnum and Ruml weren't right, and you can't fool the people all the time.

Q Mr. Morgenthau, it may interest you to know that the Labor press has really gone to town on the Ruml plan in editorials, page-one stories, and everything else.

Q Our paper prodded it every week with cartoons and stories.

Q There is an editorial in the CIO News out today opposing the Ruml plan.

Q You mentioned seven hundred million for March. I thought I had seen a figure of eight hundred million.

MR.GAMBLE: I was talking about E only - the individual's bond.

Q What are the others?

MR.GAMBLE: E, F, and the G. On E, F, and G in March it will go something over nine hundred million. I can't

give you that figure.

Q The F and G's are the larger ones?

MR. GAMBLE: That is right.

H.M.JR: E bonds are what we call the people's bonds.

MR. GAMBLE: The quota is six hundred and fifty, and we expect to sell a little over seven hundred million.

H.M.JR: All right?

Q Thank you very much.

HENRY M. GAMBLE, JR.
Secretary of the Treasury

RY ATLANTA GA MARCH 18 1943

HON HENRY MORGENTHAU JR SECRETARY OF THE TREASURY

At a meeting of the District Chairmen of the War Savings Staff for Georgia held this morning Mr. Albert Gossett, President of Atlanta Federation of Trades designated to attend said meeting by Mr. George L. Googe, Southern Representative of A. F. of L. and Mr. Charlie Gramling, President State American Federation of Labor, insisted that he, thus representing labor, wanted an authoritative answer from you to the following questions: First, whether or not E Bonds are going to continue to be under supervision of the War Savings Staff after month of April. Second, whether or not the Payroll Allotment Plan is going to be continued under War Savings Staff after month of April, and third, whether E F and G Bonds will be negotiable after April stop it was the unanimous opinion of the Committee as a whole that Mr. Gossett's questions be thus propounded. However it was also the unanimous opinion of the District Chairmen and the undersigned that there would be no difficulty in integrating and coordinating the efforts of the War Savings Staff and the Victory Fund Committee for the April drive which will be under the jurisdiction of the War Finance Committee of which Mr. William McLaren is the chairman. You are assured that the War Savings Staff of Georgia is not only willing but anxious to cooperate in every possible way to further the successful financing of the war program.

Marion H. Allen Administrator War Savings Staff Georgia

March 24, 1943.

Re:tel March 18 you are authorized to advise Gossett, Googe, and Gramling as follows: First, Series E Bonds will continue to be sold after the month of April; second, the payroll allotment plan will be continued after the month of April; and third, Series E, F, and G Bonds will not become negotiable bonds after the month of April. I am unable at this time to commit myself irrevocably to the effect that the sale of Series E bonds and the payroll allotment plan will continue under the supervision of the War Savings Staff after April, but can advise you that the chances are nine out of ten that this will be the case.

HENRY MORGENTHAU, JR.,
Secretary of the Treasury.

For Release, Morning Newspapers
Friday, March 12, 1943

Press Service
No. 35-71

Secretary Morgenthau announced today that the United States Treasury will borrow during the month of April the huge sum of \$13,000,000,000 in its Second War Loan drive.

"Eight billion dollars of this total," he said, "will come from non-banking investors and the balance from banking sources, including the increased weekly offerings of Treasury Bills.

"This money, which is needed to back up our armed forces, will be raised through the continuing sale of War Savings Bonds, and Tax Savings Notes, Treasury Bills, and the offering of a number of new Treasury issues designed for every class and type of investor.

"As we move forward into full production in the war effort, it is increasingly important that every American invest in his Government's securities to the limit of his or her ability.

"As announced on March 3, a new organization under the title of United States Treasury War Finance Committee, will conduct the sales campaign beginning April 12 on the several issues of securities offered. In order to combine all of our forces behind the Second War Loan drive, this organization will bring together the Victory Fund Committee, which so successfully carried out the December campaign, and the War Savings Staff organizations, which have done such a grand job in the sale of War Savings securities. The President of the Federal Reserve Bank in each of the twelve districts is Chairman of the War Finance Committee in his district and will be in complete charge of the drive for that area."

The offerings to be sold under the direction of the War Finance Committee will consist of:

1. Twenty-six year 2½ per cent bonds dated April 15, 1943, due June 15, 1969, callable June 15, 1964, to be issued in coupon or registered form at the option of the buyers. Commercial banks, which are defined for this purpose as banks accepting demand deposits, will not be permitted to own these bonds until April 15, 1953. There will be no limit to the amount of this issue and no restriction upon the issuance excepting the temporary exclusion of commercial banks from ownership for their own account. Subscription books will be opened April 12 and will remain open several weeks. The bonds will be sold in denominations from \$500 to \$1,000,000.

- 2 -

2. Two per cent Treasury bonds dated April 15, 1943, due September 15, 1952, callable September 15, 1950. This security will be available for subscription by commercial banks for their own account for the period April 28, 29 and 30. It will be available for subscription by all other classes of investors for the entire period of the drive. Sales to commercial banks will be limited to \$2,000,000,000 or thereabouts. Applications from commercial banks in amounts up to \$100,000 will be allotted in full and larger bank subscriptions on an equal percentage basis. All applications from other than commercial banks will be allotted in full. These bonds will be in denominations of from \$500 to \$1,000,000 and will be issued in coupon or registered form at the option of the buyer.

On individual subscriptions of \$1,000 or less, no accrued interest will be charged on the 2% or 2½% Bonds during the period of the drive, but accrued interest from April 15 will be collected on all subscriptions in excess of that amount entered after that date.

3. A 7/8 per cent Certificate of Indebtedness dated April 15, 1943, due April 1, 1944. This security will be available for subscription by commercial banks for their own account for the first three days of the drive, namely, April 12, 13 and 14, and will be available for subscription by all classes of investors during the entire period of the drive. Sales to commercial banks will be limited to \$2,000,000,000 or thereabouts. Applications from commercial banks up to \$100,000 will be allotted in full and larger bank subscriptions on an equal percentage basis, and all applications from other than commercial banks will be allotted in full. The certificates will be in denominations of \$1,000 to \$1,000,000 and will be issued in coupon form only.
4. Tax Savings Notes of Series C.
5. Series E War Savings Bonds.
6. United States Savings Bonds, Series F and G.

Any bank or trust company qualified to hold war loan deposits will be permitted to make payment by credit for securities, whether for its own account or that of its customers up to any amount for which it shall be qualified in excess of existing deposits.

In addition to the foregoing securities offered during the month of April, the Treasury will offer on April 20, outside of the Second War Loan campaign, a 7/8 per cent one-year certificate of indebtedness dated May 1, in exchange for the Treasury certificates of indebtedness in the amount of \$1,506,000,000, and Commodity Credit Corporation notes in the amount of \$289,000,000, all maturing on that day. This exchange offering should not be considered as a precedent for future refunding operations of the Treasury.

cGo

SECRETARY MORGENTHAU'S
PRESS CONFERENCE

March 29, 1943

H.M.JR:

We have a couple of things here. I have a telegram which we are sending out to Mr. Helvering's men in the field. It goes to the Collectors of Internal Revenue, and it says:

"The report on collections to date shows that your district has accomplished a most difficult task under trying and adverse circumstances. I am informed that this record collection was accomplished without regard to official working hours. The result represents a most substantial contribution to the war effort. I extend to you and the employees of your office my deepest appreciation for a job well done."

And that goes for their boss, Mr. Helvering, who has done an exceptionally fine job. Both he and his men have done a wonderful job. We are running considerably ahead of our own estimates.

We will have some more figures for them, won't we?

MR.HELVERING: Thursday morning, complete figures for March.

H.M.JR: Complete figures?

MR.HELVERING: Yes, on returns and money.

H.M.JR: There will be about forty million returns?

MR.HELVERING: Forty million returns, and two hundred and fifty million excess over estimate of money.

H.M.JR: That keeps us going for about a day. (Laughter)

Q What will that be all together?

MR.HELVERING: We will have the tabulation made Thursday morning. It will be about noon before we get it made up.

Q Two hundred and fifty million over what you had expected?

MR.HELVERING: Yes, for the March collections.

Q What will the total be, do you think?

MR.HELVERING: Four billion four hundred million.

Q That was the estimate?

MR.HELVERING: The estimate was about four, two, as I recall.

H.M. JR: The estimate is four billion two hundred fifty, roughly - four billion two hundred forty-seven, to be exact.

Q That is just for March?

MR. HELVERING: Yes.

H.M. JR: You will go about four and a half billion?

MR. HELVERING: Almost four and a half billion, I think - at least two hundred million over that estimate.

H.M. JR: Then we have another hand-out. It is on Mr. Tripp. And we at least try to do better than the newspaper publishers did. They gave it to you so late you didn't get it into anything but the late editions. So we hope that this about the publishers will make the early edition.
(laughter)

(Press Service No. 35-90 attached.)

H.M. JR: Have you all got this?

Q Yes.

H.M. JR: It so happens that Mr. Tripp and I are very old friends. He used to print the American

Agriculturist for me about fifteen years ago. He says we wore out the press; that it is no longer there. (Laughter)

Also I have known Jerome Barnum for years. Now, at your service, gentlemen.

Q Mr. Secretary, there is a very complete story in the New York Times from London today which outlines - purported to be a plan by John Maynard Keynes, which calls for establishment of an international clearing union. Last Thursday you suggested you might have something to say to us on this matter.

(Discussion off the record.)

A I have to stall a little longer. This is off the record. If London keeps putting out stories sooner or later I will have to give in, but I am not ready yet. That is off the record.

(Resumed discussion on the record.)

Q Do you have any comment on that, the British reaction?

A No.

Q Can you give us any idea - is it favorable to the British - I mean, their plan?

I read it very closely, Mr. Secretary, and there is some talk about flexible gold standard, and I am just wondering. You remember our famous monetary talks with the French before the war.

A Very well.

Q And you were accused by Congress of accepting foreign decorations - the order of the double - what was it, the "Order of the Franc" or the "Double Cross"?

A Something like that.

Q Mr. Secretary, how long will this campaign to raise these thirteen billions continue? How long do you anticipate it will go on? I assume until you get the thirteen billion, but is there any further--

A It is an open-end affair. The best I can say is that it will run for several weeks. We don't know. The last one ran for about three weeks, I think.

Q This eight billion from the public, that is equal to all four of the Liberty Loan drives in that other war, isn't it?

A I don't know exactly. Do you know?

MR. SCHWARZ: We can check that.

H.M. JR: Schwarz can check it for you. I just don't know. But it is a good, sizeable sum.

Q I remember they considered two billion dollars a lot of money in those days.

Q Mr. Secretary, do you have any comment on the committee report which you received and have distributed now?

A Well, just this, and this will go along with that release. It is to be released Wednesday morning, isn't it?

Q For Wednesday.

A For Wednesday. I think it is an exceptionally fine, workmanlike job that they did, and I hope that Congress will give it serious consideration, as well as the forty-eight governors in the various municipalities. We have received

assurance from Congress that they will publish it.

Q For distribution to the States?

A We are going to send it out to the governors ourselves, but for general distribution.

It is something which I have been interested in for a great many years, and it is a very important subject, this overlapping of taxes, and particularly now where there are such violent shifts. I mean in States like Florida which are largely dependent on gasoline as a revenue, their revenue practically disappears. Some of the people at Palm Beach who thought the climate and income-tax freedom was very attractive, they found it not quite so attractive.

Q You are not talking about the coupon clippers?
(Laughter)

A Just about the people who like Florida because they don't pay any income tax. There will have to be considerable readjustment.

assurance from Congress that they will publish it.

Q For distribution to the States?

A We are going to send it out to the governors ourselves, but for general distribution.

It is something which I have been interested in for a great many years, and it is a very important subject, this overlapping of taxes, and particularly now where there are such violent shifts. I mean in States like Florida which are largely dependent on gasoline as a revenue, their revenue practically disappears. Some of the people at Palm Beach who thought the climate and income-tax freedom was very attractive, they found it not quite so attractive.

Q You are not talking about the coupon clippers?
(Laughter)

A Just about the people who like Florida because they don't pay any income tax. There will have to be considerable readjustment.

I think this study which these people did will be very helpful to everybody who is interested in raising revenue, whether it is a mayor of a city or a supervisor of a county, or a governor, or various committees, or myself - and the President.

Q Has that report gone to Congress?

A Yes, it has gone up there. Mr. Elough talked with Senator George this morning and Mr. Stam of their staff, and they assure us that the thing will be published by Congress.

I hear you all had a very interesting visit.

Q We did.

A They are very able people. It is a very workman-like job.

Q Mr. Secretary, getting back to this international monetary situation, I understand we have a plan Mr. White drew up. Would you tell us whether that has been discussed with Mr. Eden or any

- 9 -

other British officials here or in London when you were there last fall?

(Discussion off the record.)

A No, I am sorry I can't help you out very much. But I am very conscious of it. We have it, and it is just a question of what is the best thing to do with it - you can't use this, I am sorry - to make sure that the plan will progress. My hesitancy at this time is I don't want to do something premature which will retard it. That is why I am so hesitant.

Q You don't want to say anything on how it might differ from the English proposal?

A In the vernacular, I am not interested in needling them; they seem to be interested in needling me. This is all in the family.

Q The Times story says the British plan is going to be issued in the form of a white paper and serves as a basis for discussion among the United Nations.

A We will use pink so you can distinguish them.

(Laughter)

Q Harry White gave me the impression that these governments in exile just haven't got anything to do and they always talk about monetary stabilization.

A Well, it is a very important thing. If we can get that thing straightened out it will be kind of a keystone for postwar plans.

Q Ostensibly your trip to London was with the idea of stopping any British scheme for devaluation - postwar devaluation?

A No, Mr. Gregory, you are wrong.

Q Really?

A Very much so.

Q I thought that the British already talked about devaluing the pound.

A Now, listen, Nick, you know better. No.

Q Mr. Secretary, red ink wouldn't show very clearly on pink paper, would it? (Laughter)

- 11 -

A Well, I am just kidding. We are kidding about the pink paper. We will print it on good white paper. (Laughter)

(Resumed discussion on the record.)

Q Mr. Secretary, have you any comments on that drive to liquidate the HOLC in one year, brought up this morning before this Byrd committee?

A I haven't written any letters, so you haven't read them. (Laughter)

Q That is unfortunate, sir. (Laughter)

A No, I don't know what happened up there this morning. I had better not say anything.

Q Chairman Fahey said there would be a great burden on the Treasury if they did force liquidation under the pending bill.

A I am sorry, I can't help you out.

What else?

Get the publishers' story in, give them a good play, you know. That is about all I have.

Q Thank you, Mr. Secretary.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Monday, March 29, 1943.

Press Service
No. 35-90

Secretary Morgenthau announced today that Frank Tripp of Elmira, New York, has agreed to serve as Chairman of the Allied Newspaper Council in connection with the sale of Treasury bonds.

Mr. Tripp, who is General Manager of The Gannett Newspapers and Chairman of the Bureau of Advertising of the American Newspaper Publishers Association, was the unanimous choice of the publishers and editors who attended a meeting Saturday, March 20, in the Treasury to consider what newspapers might do to help the Second War Loan Drive starting April 12.

The goal of the drive is \$13,000,000,000, of which it is intended that \$8,000,000,000 will be obtained from non-banking sources. It is the largest war financing campaign in history.

Don Bridge, well-known newspaper advertising executive, formerly of the New York Times and of the Indianapolis News, has been assigned by the Treasury War Finance Committee to work with Mr. Tripp. Jerome T. Barnum, former publisher of the Syracuse Post-Standard, also will give his time to the effort, directly representing Mr. Tripp.

SECRETARY MORGENTHAU'S
PRESS CONFERENCE
April 1, 1948

Q Mr. Secretary, to return to International currency, the President at his press conference the other day, said there was going to be a series of conferences; that one would be food, which would be followed by one, possibly, on finance. I was wondering if you could tell us whether any initial steps have been taken to work out such a conference, or what the conference might involve.

H.M.JR: I don't know whether this is news or not - I can't remember - but I, at least, can tell you the facts. That is that we have been working for a year on a plan for stabilization of currency after the war is over. I don't know whether I am telling you anything new or not. That plan was submitted to the various finance ministers of the United Nations.

Q In Washington, sir?

A It was transmitted to them through their

representatives - through their embassies and legations in Washington, to be forwarded to wherever they are. Of course, a great many of them are in London - governments in exile. We have asked them to send technicians here to Washington to discuss plans with us. But it is all in a very tentative state.

Am I telling you something new?

Q Yes. When was this forwarded to them?

A Several weeks ago.

Q Can you tell us anything about the nature of the plan?

A No, no, it is all very - I wish you people would emphasize that it is all very tentative. It is a draft and I wouldn't even call it a plan - simply a suggestion.

Q Mr. Secretary, some of the English financial magazines and news letters, and that sort of thing, have been discussing this from time to time, and some of their domestic letters here, say that there may be a new change in the rate on the dollar and the pound and the new type of

International currency will be called "bancor."

Can you tell us about that?

A

No.

Q

Those people must be getting some information some place from out of this country.

Q

Well, what you are talking about is the British Treasury plan, and evidently they talked about it in London through American correspondents, there.

Q

There was a very extensive story on it about three weeks ago - about March 7.

A

More recently, too.

Q

But they have been talking.

A

We have not yet, and I don't think we will, because everything is very, very tentative.

Q

Could you tell us the people who have been working on it for the United States - Mr. White, and who else?

A

His staff, and we have been in consultation with other departments - the State Department--

Q

You indicated, Mr. Secretary, about a week ago, that you might submit to us and let us see the plan that you will be working on.

A Well, that still is in the offing. Now, I have asked for an opportunity to appear in Executive Session before the Senate and House - the committees who are interested in this - to tell them in Executive Session what this draft looks like, and ask for their advice.

Q Would it be possible at that time for you to make it available? It will leak out somewhere there, don't you think?

A No, I don't think it will leak.

Q Which committees are you going before, Mr. Secretary - Ways and Means and Finance?

A Yes, and I guess Weights, Coins and Measures; and in the Senate I think it will be Foreign Relations, Finance, and this special committee on postwar - what is it - ten or twelve Senators on it? Senator Connally is chairman.

Q Subcommittee of the Finance Committee?

A Well, I don't think that is exactly correct. It is a special committee. The Senate has been fixed - I mean, that is Monday morning.

- Q You would appear separately before each of the various committees that you named?
- A No, once before the Senate and they are getting about three different committees together in the Senate, and I think they will do about the same in the House.
- Q Mr. Secretary, have you been able to get a date when you might have a meeting of these people on this United Nations--
- A I don't think there will be a formal meeting. I think that their various technicians will sort of drift into Washington as they can get here.
- Q Have you had any reply from those representatives?
- A Not formally, but informally we have. They are all interested, but I want to stress very much that this is all very tentative, and very much in the drafting stage.
- Q Of course, we all realize that these people who aren't acquainted with it will have to study it, and have their views, and so forth.
- A It would be most discourteous to invite them here and have a formal plan. The whole purpose

of inviting them here is to get the benefit of their views, and they may each have a plan of their own.

Q Are there only two plans, so far, in the offing, Mr. Secretary?

A As far as I know.

Q Apparently you have the British plan and the American plan.

A Well, I wouldn't even call ours a plan; it hasn't got that far.

Q Isn't the basis of it the fact that the British think that finances will have to control this postwar world more than economic questions?

A Well, I can't interpret what the British think because I don't know. I don't know.

Q Did you discuss such subjects when you were over in London, Mr. Secretary?

A Not particularly. That wasn't the particular purpose of the trip. I mean, the people here in the Treasury have been working hard on this thing for just about a year.

Q In that connection, Mr. Secretary, have you asked for the stabilization and dollar devaluation legislation, formally, yet?

A This is off the record.

(Discussion off the record.)

We have been talking with Mr. Somers of Weights, Coins and Measures, and we are still waiting on him. I don't want to say something - as though I am trying to push it.

Q He told me that you and Mr. Sullivan had been talking to him about it.

A He wrote a story on it. (Laughter)

Q Yes, sir, but he hasn't introduced the bill yet. I think he is waiting for you to draft it.

A Well, we are still waiting to hear from him. That is the status of it. I don't want to seem, by having a press conference, to put pressure on him, because I am sure he is going to have us come up in due time. It will be all right.

Q Wouldn't it be correct to assume, Mr. Secretary, that this plan does tie in with your request for continuance of the stabilization fund?

A They are related.

Q Essential factors are?

A I mean the stabilization fund would have a most - could perform a most useful service in any postwar plan.

(Discussion resumed on the record.)

Q Has a date been set, Mr. Secretary, for your appearance before the Senate committees in Executive Sessions to discuss this?

A Yes, ten-thirty Monday morning.

Q Mr. Secretary, how long--

A And in the House, the Speaker was to let me know. It would be - I don't know, Monday afternoon or Tuesday, most likely.

Q But this ten-thirty Monday morning--

A It is set, that is right. That is in Executive Session.

Q That is to discuss the plan that has already been submitted to the other countries?

A That is right.

Q And members of all three committees will be present?

A - They have been invited to be present. We want to show it to them and get the benefit of their advice, and so forth and so on. I mean, it is all, as I say, very tentative.

Q Who heads this up in the Senate - Senator George?

A Well, I don't know; you have chairmen of three different committees.

Q George is ranking Democrat on the Foreign Affairs Committee, anyway.

A Anyway, it was arranged through the office of Senator Barkley. He arranged it.

Q Mr. Secretary, on the stabilization and dollar devaluation legislation, how many years are you going to ask for them to continue, at this time?

A Two, I think.

Q Well, you won't have much time to do much on the postwar, will you?

A We will take more if they give it to us.

Q It has been customary to ask for two, hasn't it?

A It has been two right along.

Q But you have gone up and done it every two years?

A Yes.

Q Why do - but you don't think the war is going to be over in two years - postwar problems be handled in that time?

A Well, I am not going to answer that question.

Q I mean, from a practical standpoint?

A I know, but the policy has been to get an extension every two years. They like it. They like to have me come up there and tell them what we have been doing. (Laughter) So if they think it should be four years, that is all right. But I wouldn't ask for more than two years. (Laughter)

Q Mr. Secretary, what do you think of the tax program at the moment?

A Well, naturally I am pleased that they defeated the Carlson bill. I thought it was a very bad bill, and most unfortunate when we are in the middle of a war to bring up a bill which only differed from the committee bill in forgiveness. I don't think this is any time to talk about forgiveness of taxes. I am also very sorry that they re-committed the so-called committee or Doughton bill because if they had passed that we had hoped to be able to start by the first of July to have the twenty percent withholding tax, and it would have been a most helpful instrument to curb inflation at the source. Now, if we don't take up the tax bill right away - and I understand from Mr. Doughton that most likely we won't - I doubt if we can get anything on a withholding tax much before - I doubt if we can get it working this year.

Q January 1, probably?

A That would be the best, I should think, you could hope for. Mr. Doughton and I have talked it over, and I think we see eye to eye that when they do take up a revenue measure again it will be a complete tax bill at that time.

- Q That includes then the sixteen billion dollars?
- A First, very much so - the sixteen billion dollars. I mean I talked with Mr. Doughton this morning, and he and I see the thing eye to eye, and we will have a complete tax program.
- Q Including twenty percent withholding sir, or some kind of withholding - I mean, the Treasury wants that?
- A Oh yes, very much so.
- Q You will have to have more than that to get sixteen billion, won't you?
- A That won't have anything to do with it, the twenty percent withholding. That is just collecting twenty percent - that much at the source of whatever amount that they go.
- Q Mr. Secretary, you said that you doubted if there would be a withholding plan now until the first of the year.
- A Well, if Mr. Doughton takes up other measures - and I think it has all been in the papers that he will be taking up either one or two - he has his coal bill and his trade treaties - if he takes up

- 12 -

those, until he gets to us again, the best you could hope for would be a couple of months. If they get a tax bill through, it will certainly be a couple of months at the best. So I don't imagine you could get anything before next fall.

Q Have you any idea, Mr. Secretary, from your talks with Mr. Doughton, as to about when the general tax bill will be taken up?

A No, he didn't say.

Q According to their program June will be the earliest possible time.

A That would be for him - the closest I can say is a couple of months. I don't know how long it will be. I don't know whether he is going to do just the coal bill, or the trade treaty, or both.

Q One expires in April, and the other expires June 12.

A Your guess would be as good as mine. It will be a couple of months before they get to us.

Q You don't look for any further separate attempt to get a withholding bill through?

A Not from the way Mr. Doughton talked this morning.

- Q Mr. Secretary, what are you going to recommend for the sixteen-billion-dollar tax bill, spendings tax, compulsory lending, and compulsory spending?
- A You will just have to be patient. I hope you will be patient.
- Q Mr. Secretary, Mr. Eccles said that you ought to have a thirty-percent withholding tax. What do you think of that?
- A No, I am not going to--
- Q We want a hundred percent, Mr. Secretary. (Laughter)
- A You are going to out-Eccles Eccles? (Laughter)
- Q No, I have no ambitions along that line, but one looks as reasonable to me as the other.
- A I am not going to - I don't know just - we will have to wait until we appear before the House again.
- Q I am just wondering how people are going to live with a thirty-percent withholding tax.
- A I don't think any of us in this room here have really been deprived of anything yet, and I am sure you agree .
- Q We haven't got the thirty-percent tax yet.

A No, but as of today I don't think you or I or anybody in this room have really given up anything.

Q I want to ask you about your collections on the income tax.

A I mean personally - individually - unless you have somebody in the war - I don't think you have really sacrificed anything. At least that is the way I feel.

Q Mr. Secretary, if you had compulsory savings at all, you would have to have virtually a thirty-percent rate, wouldn't you?

A I am not going to - we have just gone through - we have had two battles, two Romuls (Rommels) now. We have them both on the run. (Laughter) And I can wait now until Mr. Doughton sends for me formally to appear on the Hill.

Q I was just thinking this way, a thirty-percent withholding tax, and on top of that a ten-percent voluntary bond contribution makes forty percent, and on top of that a five-percent deduction for retirement makes forty-five percent. That is an awful levy on a man's income in the Federal service.

- 15 -

A Well, you are not in the Federal service.

Q I know I am not, but I am speaking not only for myself, but I am just going over the thing from the viewpoint of your own employees here.

A We haven't said anything above twenty percent.

Q That makes it thirty-five at that.

A Well--

Q Mr. Secretary, how are your collections for March 15? Can you give us some new figures on that?

A No, but they were even better than when Mr. Helvering was here; I mean, the last few days.

Q This is the 1st, April Fools Day. We would like to have a nice cheerful story about how much your collections are, and so forth. (Laughter)

MR. SCHWARZ: We expect to have figures sometime today.

H.M.JR: Schwarz will have something for you.

Q We were supposed to get the figures today.

Q You said about noon, I think.

A He will come through. They are even better than when he was here. They have been running better the last few days than we had hoped for.

Q Mr. Secretary, there have been reports and some printed statements - and the press association has been carrying them - that you are going to fall shy of your estimated tax collections for this fiscal year by four billions of dollars. That is pretty bad stuff. Can you give us any--

A I just say that our collections for March are even - at the last press conference I said we were going to run two or three hundred million over our estimates. Now they are even going to be more than that. So if that is so for the first quarter, where do you get your four billion stuff?

Q That is what I want to know.

A I don't know.

Q In that very field at the last press conference you told us that collections were running about two hundred and fifty million dollars over the March 15 estimate of four billion, two ninety-seven or two forty-seven. When was that four billion, two forty-seven estimate made? Can you tell us?

A No, but it must have been months ago. I am not trying to withhold anything. Those things are made - it must have been made months ago. But the two or three hundred million figure that I gave you is an under-estimate. It will go over that. I know we passed the four and a half billion mark a couple of days ago.

Q Mr. Secretary, can we have a report on the first victory tax collection for the first quarter in these figures today? There hasn't been any report.

MR. SCHWARZ: They won't show until the end of April.

Q Yes, but they are supposed to be reported. Can we get an estimate?

H.M.JR: I don't know what the story is.

MR. SCHWARZ: I will check.

H.M.JR: See Mr. Schwarz, if you please.

Q Coming back to the Treasury estimate, Mr. Secretary, I think what Mr. Dickson had in mind was the fiscal year rather than March.

A I don't know where they get any four billion.

Q Do you think they will come up to your previous

estimates for the fiscal year as a whole?

A Yes, I have every reason to believe it, and it was based on--

Q You have always been kind of modest on this thing - underestimated these things.

A Conservative.

Q Will today's figures include a breakdown of individual income tax, corporation income, and excess profits?

A I don't know. You will have to wait. Ask Schwarz afterwards. I don't know just how they presented it. They will do the best they can to help you out.

Q Mr. Secretary, as you know, the newspapers are going to do everything they can to help the bond drive. We would like, if possible, to get daily reports on the bond sales. Is that possible?

A I don't know. We will find out.

Q If possible, have them broken down either by States or Federal Reserve Districts - preferably States?

- A We have a very good man here, Mr. Tripp.
- Q He is probably up in Elmira. He is leaving us to do that.
- A Is that what is happening?
- Q Yes.
- A Well, we will certainly meet you three-quarters of the way. I think he is going to give all his time to do this, and Joe Barnum.
- Q I mean we, however, will have to do the covering on it.
- A We will do all we can, naturally. If you don't mind, Schwarz is listening. Take it up with Schwarz. I have given Schwartz lots to do. He can have a second press conference. (Laughter)
- Q Have you said, Mr. Secretary, what you propose to do about this intergovernmental report which has been or is being sent to the committees? Is there any plan to get behind that?
- A Oh, yes, we will get behind it - not too far behind. (Laughter)

- 20 -

- Q Are you endorsing that report now?
- A No, but we are going to see that it gets to the proper committees - Ways and Means, and Finance - and they have assured us they are going to print it. We will see that it gets careful consideration on the Hill.
- Q Are you going to use any of those findings - for instance, you have quite a little bit about business taxes - in connection with the tax bill?
- A We will use - Mr. Groves, who was one of the men who wrote the bill, is a frequent advisor to the Treasury on general taxes so we will get the benefit of his experience.
- Q However, the views expressed herein do not yet necessarily represent those of the sponsors? .
- (Laughter)
- A If you please.
- Q Earlier in the press conference you were asked if while you were in London you discussed stabilization. You said no, that that was not the purpose of your visit. Can you tell us

yet what the purpose of your visit was?

A Oh, we covered the waterfront. (Laughter)
Things will keep popping out from time to time.
We covered the waterfront - very nice visit.
(Laughter)

Q Mr. Secretary, you have told us a lot of good
news. Have you any scandal in the Treasury
Department? (Laughter)

A Lots of it. (Laughter)

Q Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S
PRESS CONFERENCE

April 5, 1943

Q Would you comment on these various plans -
 currency stabilization plans?

A This morning, as you people know, I went up
 before these three committees of the Senate in
 so-called executive session, plus the fact,
 they tell me - I didn't hear it - that most of the
 material came over the radio at eight o'clock
 this morning from London, plus the fact that I
 also got a cable from Ambassador Winant that
 it appeared in the Financial News this morning.
 As most of you know, I am going to appear
 tomorrow before corresponding committees in the
 House, and out of courtesy to them I am not
 going to talk this afternoon. But if those of
 you who are interested would care to return at
 three o'clock tomorrow afternoon we will have
 this draft of a plan, which I wish to emphasize

- 2 -

is purely exploratory. Underline the word "exploratory." We will have a copy of the letter which went out to the thirty-four nations, and we will answer any questions that you people want.

But in view of my appearing again tomorrow in the House, I am going to ask you please to be patient until three o'clock tomorrow, and that will be for Wednesday morning release.

Q There will be copies enough for all of us, Mr. Secretary?

A There will be copies for all of you, and we will give you all the time you want to ask all the questions you want. That I hope is satisfactory.

Q I don't think so, Mr. Secretary; in view of the whole financial district of London knowing about it, I think we ought to know about it.

A I can't help it. I cannot appear tomorrow morning before a House committee that I have asked to appear before - they haven't sent for

- 3 -

me - I have asked to appear before them.

Q Couldn't you check with the Chairman to give you a release on it so we can have it? I mean, everybody - the U.P. has it, the Wall Street Journal has part of it.

Q A.P. has it, too.

A Who hasn't got it?

Q I don't know. The London financial district and thirty-four nations have it, the financial representatives, these members of the committee that you talked to. I think this puts us in a rather bad place on this whole thing.

A I agree with you.

Q Couldn't you check with the chairmen of these committees and get a release on it, tell them you are not being discourteous to them, that the British released it? You saw what Andresen said?

A I saw that.

Q Mr. Secretary, couldn't you release the statement that you made before the Senate committee without breaking any faith with the House committee, since that has been fairly well publicized?

A I mean, you people are pressed for a news story, and I am embarrassed through this thing. Here I asked for an opportunity to come up. I got a very good reception this morning; thirty-eight Senators were there. And then I asked to come before the House. It is not only a question of courtesy. I want to keep faith with them. If I tell all the story to you ladies and gentlemen this afternoon there is not much use of their seeing me tomorrow. I think we had better leave it the way it is. I am sorry. It is no doing of mine.

Q Aren't you leaving the way open, Mr. Secretary, to a lot of confusion and misinterpretation?

A I am afraid so. Yes, I think I am.

Q Will you make the same statement before the House committee that you made before the Senate?

A Exactly the same. And tomorrow afternoon you can have anything that you want.

Q Well, will you confirm this much for us? Is the London report of the five-billion-dollar fund correct?

A If I start in, you are smart and you will go right on down the line, and I might as well give you the whole plan. (Laughter)

Q I appreciate that.

A You will go right on down, so if you don't mind I would rather not start talking at all. Don't think I am enjoying this session with you people. I would love to tell you the whole story. It is no fun for me. It is no fun for me to have on the eight o'clock radio out of London the story that I was supposed to tell in executive session. The whole purpose of this thing was to acquaint

the Congress and then the people, so there would be nothing arrived at secretly. This whole thing is exploratory. There isn't anything which is agreed upon, and I have taken great pains and trouble so that first the Senate and the House could know about it, and then the American public, and then I am scooped. (Laughter) I don't enjoy it half as much as you do.

Q Did you give the plan to the thirty-four nations before you discussed it with the Senate?

A There is no plan.

Q Well, these exploratory--

A Either March 4 or 5 it went out.

Q You distributed these statements to the thirty-four nations?

A Yes.

Q Was that the basis of the invitation to them?

A That was the basis of the invitation, and I again repeat it is purely exploratory, asking them to send technicians here to discuss this thing.

Q Mr. Secretary, will you--

A Not ministers of finance, but technicians.

Q You didn't know if there would be a conference until they replied?

A I didn't know whether there would be any conference or anything else.

Q Have you had some acceptances, Mr. Secretary?

A Yes.

Q How many?

A A number. We have had no refusals. I haven't read your story yet of Sunday. They were reading that in the committee. I haven't read it yet.

Q They tell me it was pretty accurate as far as it went, but it didn't have all the details. (Laughter)

Q Everything is exploratory now. The President says some things are exploratory; you say it is exploratory.

A That is right.

Q Well, will the press be barred from these conferences, or will the OWI come before us? I understand that is what is going on with these

- 8 -

food and economic conferences. I am just wondering whether to tell my office I shouldn't be there. (Laughter)

A No.

Q How do those things get out in England?

A I don't know. Ask OWI that question.

Q One more question, Mr. Secretary, is it bancor, or unitas, or wampum? (Laughter)

A If you don't like any of the three names, we are open to suggestions.

Q No, sir, I am not a financial technician. (Laughter)

Q Mr. Secretary, on the acceptances, we have heard on the food conference that at least a half a dozen of them have definitely accepted. I wonder if you could tell us some of those that have accepted for your conference.

A It isn't even a conference. There is no fixed date. They will drift in whenever they can get transportation.

- Q A lot of them will be here at the same time, won't they?
- A They might be. I am not trying to avoid you. I just don't know.
- Q Can you tell us if Russia and China have accepted?
- A I will tell you tomorrow. I haven't got the list, but I will tell you tomorrow afternoon.
- Q Mr. Secretary, you mentioned thirty-four nations, and I have been reading about thirty-eight nations.
- A The figure is thirty-four.
- Q Does that include the Latin-American nations, too?
- Q How about Russia?
- A I am sure Russia was in. I haven't got the list before me, but I know there were thirty-four because I used the figure this morning.
- Q It must have included some Latin-American countries, Mr. Secretary, because there are only thirty United Nations.
- A It must have.

Q Could we have those names of all those countries tomorrow?

A You can have everything that I have, - everything, including your story. (Laughter)

Q Would you care to comment on Representative Andresen's remarks?

A No.

I have only one little thing I would like to volunteer, and that is there was a story, which reads as follows. I am reading from the New York Times. It is United Press. "Furthermore, the Treasury will urge the people to dig into all the surplus money they save to send their dollars to war." This is the part: "People will be asked to reduce their savings accounts to just enough to cover emergencies." I don't know where that story comes from, but I will have to contradict it because we are not going to ask people to draw on their savings accounts to buy war bonds. Those of you who are interested in

helping us on our war bond drive, it is very important because the savings banks are all upset about it. So will you tell the four Associated Press men who are helping, and the United Press, and everybody else. That has gotten the savings banks, particularly in the East, really bothered. I don't know who got the story or where it comes from, but I have to throw it down, I am sorry. But it is important to us.

Q Mr. Secretary, what committees are you going to appear before? Is it going to be a joint committee tomorrow, too?

A I know that Mr. Bloom, Foreign Affairs; and Coinage, Weights, and Measures,--

Q And Banking and Currency?

A Just the two.

Q On this savings matter, Mr. Secretary, is it correct to assume that you will proceed the same as you did the last time in connection with savings accounts, that you leave it optional and there is no pressure?

- 12 -

A There will be no pressure on people's savings accounts. It doesn't help us one bit to go to the savings banks and draw the money out and buy war bonds - I mean as far as the anti-inflation is concerned it doesn't help us one bit. So there will be no pressure from us on people who have savings deposits. It is important because a lot of people are worried.

Q Mr. Secretary, is there anything new in tax legislation?

A No.

Q No more new ideas?

A Oh, that is something else again. Nothing to talk about.

Q Any comment on the Bankhead bill on the newspaper advertising?

A The answer is on that, no comment.

Q Mr. Secretary, were some of the neutral countries of Europe invited or informed of this? I have in mind Switzerland.

- A No, the neutral countries I know definitely were not invited.
- Q Mr. Secretary, I understand Chairman Wagner has asked you to comment on this bill in this RACC affair - report on it. Have you received--
- A Chairman White?
- Q Chairman Wagner.
- A No. You are not stimulating something, are you?
(Laughter)
- Q No, but I understand the other agencies have also been asked. I didn't know whether you were going to--
- A No. We have had a kind of hectic day around here trying to catch up with the London press and radio. (Laughter)
- Q Will you follow your practice of letting the British know what you are doing without letting us know?
- A Nick, I object to that. You know perfectly well--
- Q I know you are sincere about that.

A Wait a minute, you said, will I follow the practice of letting the British know first. Now, I haven't followed any practice. Somebody has broken faith, and I don't think it is the British.

(Discussion off the record.)

There are ten, I think, so-called governments in exile, and I have very good reason to believe it was not the British because the most recent draft - this is just for information - the most recent draft they never sent out of the country. So when you say, will I follow the usual practice--

Q I didn't know that.

(Resumed discussion on the record.)

Q In taking the governments in exile into consideration - I remember we had so much trouble with the French and their stabilization.

A But no practice. I can't - after all, it is a most unfortunate incident.

Q Very embarrassing.

A Very. I haven't set any precedent, and it is

much more embarrassing - I would love to tell it to you. Don't think I enjoy this. Anyway I am going to ask you please to wait twenty-four hours - twenty-three hours - and I will tell you everything that I have. I will answer any questions you want to know.

Q Mr. Secretary, would it be breaking faith if you would let us go down the list of what has been published and you go off the record and confirm or deny it so we can--

A It wouldn't be breaking faith, but it might break me physically. I don't think I could take it. (Laughter)

Q Mr. Secretary, this isn't basically much different from the broad outline that Dr. White gave that group of economists here, is it, in January?

A What group?

Q American Economic Association.

A I am not familiar with what he gave. I just don't know.

Q Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S
PRESS CONFERENCE
on
INTERNATIONAL STABILIZATION FUND

April 6, 1943

H.M.JR: I told you people yesterday that I would give you everything I gave the Senate and the House. There is this preliminary statement which I gave which is available. Then there was sort of a condensed version which we have had mimeographed, and then there is the plan itself as it went to the various thirty-four nations. It is a correct copy. I think you all understand this is for tomorrow morning's papers.

I will do this thing any way that you want, to make it easier for you.

Would you like to have Mr. White get up and give you people a resume of this, and then you could interrupt him if you wanted to. Harry, you benefited by the experience of two hearings, why don't you get up and give these people a summary of this and then, as you go along - I am sure they will be interested - explain the difference between this and the English plan.

MR. WHITE: Do you think we ought to discuss the English plan?

H.M.JR: For background, but not for quotation, because everybody wants to know the difference. As I say, it is for your background, but not for quotation.

MR. WHITE: I think this brief summary which Mr. Schwarz has had prepared gives the highlights of the plan. I might read a paragraph at a time and then ask for any questions. (Reading)

"The purpose of the proposed Stabilization Fund is to stabilize the value of the currencies of member countries. The Fund would fix the rates at which it will buy and sell member currencies. Changes in exchange rates could be made only with the approval of the Fund and only to meet an extreme situation. Because changes in exchange rates would be the result of international consultation, competitive currency depreciation among the member countries would be prevented."

Q What is an extreme situation, Mr. White?

MR. WHITE: An extreme situation would be one in which a particular country was confronted without any foreign exchange resources, in which it had exhausted much of its

possible claims on the international fund, and in which the disequilibrium under which it was operating was such that it would continue unless something drastic were done. It could be described only in such general terms.

Q Well, Mr. White, is there any thought of "re-jiggering" the various exchange rates prior to the consummation of such an agreement? I am thinking particularly in terms of Canada and the United States.

MR. WHITE: "Re" what?

Q Realigning the currency relations prior to the consummation of this.

MR. WHITE: That is not involved in this. It would doubtless be a problem that the International Stabilization Fund would be confronted with either at its inception or right along.

The question of what are the most appropriate rates for a postwar period is something that would be impossible to say now.

Q I understand that there have been reports of the fact that the United States and Canada were about to enter discussions to bring Canadian currency up

to par with those of the United States.

MR. WHITE: I have heard a good many of those reports, but the source of my entire information has been in the press. I don't know whether the Secretary has anything. We have nothing official. It is all rumor, and so far as I know, has no basis so far as this Treasury is concerned. It absolutely has no basis.

Q There are no preliminary negotiations?

MR. WHITE: No, sir, none whatsoever.

Q Mr. White, to clear up a point, this power over the fixing of the exchange rate, and so on - is that anything that requires legislative authority?

H.M.JK: What I told these gentlemen on the Hill is this. Our attorneys - there are attorneys in the Treasury who advise me that we could have gone ahead with this whole program without legislative sanction. But we, here, don't want to proceed that way, and therefore we asked for the opportunity to appear before the appropriate committees in the Senate and the House to explain this very tentative draft and get their views. At the right time we hope for their support, because I wouldn't want to proceed on this program unless

we did get legislative approval, and I made that very plain up there. I mean, just the same as why we have had the use of the two billion dollar Stabilization Fund, and there were certain things that I was advised legally I could proceed on - certain loans - but I went up to the Hill and explained the thing to the Congress and got their approval before I made them, where it was something new.

Now, this is something very, very distinctly new, and that is why I made it. And I think it is interesting that in both the Senate and the House they liked the idea very much of our coming up there, and we got a very good reception.

Q This is not off the record?

A This is on the record.

Q In other words, under your present authority under which the Stabilization Fund was created, you could do this sort of thing?

A Some of the attorneys, not all of them - some of the attorneys in the Treasury advised that we could do this kind of a thing, but I wouldn't consider it because it is a totally new departure and therefore I would only proceed if I could get legislative

action from Congress.

Q Where does that authority come from?

A In connection with the Stabilization Fund.

Q That expires--

A June 30.

Q Well, Mr. Secretary, does that mean that in connection with the renewal of this authority you will ask for a different form of legislation expressly granting this authority?

A No, we will not change it. We will ask, in connection with the Stabilization Fund - I mean, simply a renewal. If and when enough of the United Nations agree on a plan, then we will go before Congress and ask for legislation. But in the meantime we are waiting for the various technicians to drift into Washington. No date is set and we will sit down with them. They have got some very excellent men. We will listen to them. We are going to be very careful not to act the part of the big brother or the rich brother, or anything else, in this matter. I mean, I hope that the way we conduct this will be the way all United Nations matters will be conducted. There will be a real spirit of cooperation and

interchange of ideas, and not the United States or any other country trying to force its ideas on the smaller or less rich nations.

Q How many nations, Mr. Secretary, would you need supporting a plan, to feel warranted in going ahead?

A They asked me that question this morning. It is a little bit difficult to answer. I don't know. I am not trying to avoid the question. My guess is, I would say two-thirds. It is an answer for your question.

Q I didn't know whether you required all of them or only two or three. You would require a considerable number.

A My guess would be that unless we could get about two-thirds to say that they agree - and I have just thought up the answer to your question - I don't think it would be worth while to go ahead.

Q It wouldn't be a thing of just two or three or four big nations?

A No, no.

Q If and when this legislation is adopted, Mr. Secretary, it would mean the abandonment of the old two-billion-

dollar Stabilization Fund, plus the tripartite agreement of 1934.

A I didn't hear the beginning.

Q If and when this legislation is adopted, you will abandon the Stabilization Fund, the two-billion-dollar fund - the Act creating the fund - plus the tripartite arbitrary agreement - they would be dissolved, would they not?

A I wouldn't say they would be dissolved. Certainly what is left of the tripartite would go out of existence in place of this new agreement; and if Congress renews the Stabilization Fund for two years, then you might just as well let it run for two years. Then if during the next two years this new fund came into being there would be very little use for the old Stabilization Fund.

Q Mr. Secretary, what will be the United States'

dollar Stabilization Fund, plus the tripartite agreement of 1934.

A I didn't hear the beginning.

Q If and when this legislation is adopted, you will abandon the Stabilization Fund, the two-billion-dollar fund - the Act creating the fund - plus the tripartite arbitrary agreement - they would be dissolved, would they not?

A I wouldn't say they would be dissolved. Certainly what is left of the tripartite would go out of existence in place of this new agreement; and if Congress renews the Stabilization Fund for two years, then you might just as well let it run for two years. Then if during the next two years this new fund came into being there would be very little use for the old Stabilization Fund.

Q Mr. Secretary, what will be the United States'

contribution to this fund?

A Well, that hasn't been settled yet.

Q Any estimate?

A No. It will be substantial because we are, in terms of gold, the richest nation in the world, and it is as much to our interest, or more so, to make this thing go, than any other country; because we have been so fortunate, so far, that none of our physical properties have been injured. We are here with all of our factories intact. We will be in a position to export, most likely, quicker than anybody else. So a thing like this is of more interest to us, selfishly, than anybody else.

Q Do you have in mind making it a billion two hundred and fifty million, which would be twenty-five percent of your five billion?

A I don't think - I just don't know.

- 10 -

- Q Mr. Secretary, in normal times the rate of exchange is governed by international trade, is it not, sir?
- A Yes, the flow of--
- Q The purpose of this agreement is to have the governments step in during this post-war agreement and supersede the normal government of the rates; is that correct, sir?
- A Let me try to explain it in my own language. If it doesn't satisfy you, you ask me again in your language. When this war is over and we have an armistice and time passes until we have peace, but after an armistice there will be no reason why a manufacturer couldn't begin to import or export - not a manufacturer - and you have all these blocked currencies, all these frozen funds - everything is tied up in a knot. Now is he going to proceed? He goes to his bank and says, "I can sell a thousand bicycles to England," or, "I can sell a thousand typewriters." Well, the bank doesn't know. I don't know what the rate of exchange is going to be. Now, if this fund is ready and in operation, governments will act as insurance agencies for the banks,

- 11 -

and for the importer and exporter, acting as a guarantor so that on his exchange rate he can proceed and do business. This will be a shock-absorber so that neither the bank nor the importer nor exporter has to take the risk which he does normally. For a man in private enterprise it has all the advantages. He can go ahead, make his trade without government interference, and make his profit, but he doesn't have to take the risk of the foreign exchange. That is what this super-body does for him. His government does it for him. Does that answer your question?

Q That does, and leads to the second question. How long do you contemplate this agreement would last, this artificial arrangement of government control?

A Well, again, I wouldn't use that language; but if it isn't satisfactory, we will go back.

Q I am not criticizing, but--

A No, no, but you are asking me questions, and I would just rather phrase it my own way. I don't consider it necessarily artificial; I consider that the Government is stepping in to be of assistance to its citizens, to tide over what certainly

- 12 -

from the last war was chaos. The thing would last just as long as it could serve a useful purpose. Now, it is going to be responsible, certainly in this country, to the Congress of the United States; and when it is no longer useful, they can terminate it.

Q That is what I was asking, whether it is a temporary or permanent arrangement.

A If it were up to me, I would call it an open-ended proposition which could be terminated at the will of Congress.

Q You would call it what, sir?

A An open-ended - I mean, have no terminatinn.

Q Mr. Secretary, would it be that way in effect - wouldn't that be in effect as long as you have to ask for the continuation of the powers under which this will begin - this is two years.

A They could do it for two years, or they could give it a charter, good until cancelled. I mean, it is up to Congress. They can say that this will run, good until cancelled. They could ask for quarterly, semi-annual, or yearly reports. Any time they don't

like what it is doing, they can say, "It isn't being run the way we want it, and we will terminate it."

Q Wouldn't the temporary aspect of it, sir, have the effect of possibly one nation after another individually dropping out of the arrangement?

A I don't think so.

Q As they came up to the point where they felt it was no longer useful to them?

A Well, certainly in the early days this thing will be useful. Just as I pointed out to you people when this World War started in September '39, no American businessman suffered through foreign exchange irregularities. When we went into the War, the same thing was true. The work that had been done by this Administration on stabilization of currency stood the test. We have had a lot of experience on this thing. I don't think it is immodest to say that the experience we had worked when the test came. I mean, there is no - we didn't close the stock exchange, no banks had to close, business went on as far as usual in the world market where there was a customer and where there was somebody to sell something, and the thing that we

are trying to do here is to get ready so that when the armistice is over, you can resume normal trade.

Q Could we say that this is the financial aspect of the Atlantic Charter, that is, the monetary rates?

A Grandiose for me to say, Nick, but if you want to say it--

Q Mr. Secretary, is there any difference between this fund and the international bank? I notice some have referred to it as a bank.

A Yes, we don't loan any money.

Q There is no international bank in these proposals that you submit?

A There is no bank.

Q I believe you do - you can purchase securities of different countries, can't you?

A No, we don't lend any money. This won't help rebuild devastated Europe. It won't help feed them; it won't help clothe them; it won't do any of the things which have to be done. This is simply stabilization of currency.

Q Will the main office be here, or would you have branches, for example, here, Europe, South America, and the Far East, or would they all have to come

here to participate?

A Again it would be a question of consultation.

Q Do you assume that the organization would operate at a profit much as our stabilization fund has, in so far as the physical set-up of it is concerned?

A As far as the set-up is concerned, I would say that the chances were good that it would - they would operate at a profit.

Q This in effect really is a dual currency scheme? The countries can keep their own currencies internally and trade internally, and they have this Unitas to settle trade balances?

A That is right.

Q Is this a development of a previous similar arrangement? There was some talk several years ago of involving the Western Hemisphere with, I believe, Great Britain.

A You mean this North and South America?

Q Yes.

A That was a bank. This is purely a question of stabilization of exchanges. This does not include a bank.

Q This will put world currency on a gold basis, won't it, Mr. Secretary?

A It would put as a yardstick - in settling international balances, gold will be the yardstick.

Q Where does this term "Unitas" come from, Mr. Secretary?

A United Nations. It is an abbreviation.

Q Our contribution to that fund would be in gold, I assume?

A That would be--

Q How about the nations that would not contribute gold, sir?

A They can contribute gold - they can contribute their own securities, their own notes.

MR. WHITE: Their own currency and their own government bonds.

Q Mr. Secretary, how about the suggestion of Mr. Dewey, that they be permitted to contribute critical materials?

H.M. JR Well, after all, I should think that whatever critical materials they have to contribute would be contributed in the form of settling on Lend-Lease.

Q I fail to see where a gold fund, Mr. Secretary, would stabilize unless each nation contributed

gold. I can't imagine that securities or bonds would help the stabilization.

A Well, each nation puts up what it can, in oversimplified terms, what its wealth will permit. Some countries won't have any gold; some will. Then it gets down to a question of X country wanting to do business with us, and there will be an opportunity for them to buy and sell between X country and ourselves up to the amount of currency that they can have, depending upon how much they put into the kitty.

Q But you have substituted currency for gold, which is the basis of the fund, sir?

A Well, back of it will be gold where they can put up gold, but the gold is important primarily as a yardstick of settlement. Now, depending upon which country has a favorable balance, and what you are going to measure it in - what we are recommending is, if you wish to call it that, an old-fashioned way, an orthodox way. We think that the best unit to measure debts as between nations is gold. But that doesn't necessarily mean that we, who have so much gold, and another country that doesn't can't measure the differences in our balance of trade in gold.

- 18 -

Q You don't apprehend any difficulties where nations put up securities instead of gold?

A No. I mean, we have been - we are trying to be very realistic here. We realize perfectly - I will use a country - you can use anything. Let's take Yugoslavia. After she comes out of the hell that she has been through, are you going to say to her, "You can't do business unless you put up gold?" after she has been raped by the Germans and everything else. There is nothing else. You have to set a country like that up on its feet. And the only way you can set it up on its feet is to say, "Well, your currency is good. We have faith in you," or any other country, Belgium, or Holland. I mean, they are not as good examples, because they have gold over here.

Q It is a splendid arrangement. I was just thinking of the technical part of it.

A Well, you have to sit down and give these people confidence. You have to give them a chance to do business. The other way - there are two alternatives. One is, you don't let them do any business in the world market, or you let them start a competitive race in depreciating their currency,

Q I see what you are up against.

A So when we say, "All right, now, we have confidence in Yugoslavia, you put up some currency; you put up what you have and we will assign you a quota. You can do so much business within a year," it gives them a chance to buy and sell.

Q Then it is the business of the fund to see that the Yugoslavian currency does not depreciate in value.

A That is right. Now, why should Yugoslavia come into that? It gives her a chance quickly to get back into the world trade. The other way she would start a race in depreciation, go right through what we did in '31 and '32. And chances are America would suffer the most, the way we did in '31 and '32.

Q Would the United States undertake in any instance to lend money to one of these nations, or to lend gold to one of these nations in order to enter the--

A I don't think so.

Q You said there was no credit, Mr. Secretary, but in a sense isn't it a granting of credit if in return for currency of a local government you give them

- 20 -

dollars or the equivalent in gold?

A You give them--

A Give them access to foreign markets?

A You give them access to foreign markets. You say to this country that has no gold, "You put up your currency. We have confidence in you, and we assign you - allocate you so many Units. Then you go ahead and do business."

Q They are good anyway?

A They are good anyway.

Q Isn't that the particular weakness of the plan, Mr. Secretary?

A How?

Q That one country puts up gold and others put up currency, bonds, and so forth?

A No. Another way we can do is what we did the last time. We can let them sell bonds in this country. You know what happened to those.

Q If there is a market for them?

A Well, there are always, unfortunately, plenty of suckers who are attracted by high rates of interest. (Laughter) And you can have the other way of letting

- 21 -

them flood this country with a lot of bonds.

Q That is the alternative?

A Well, that is one alternative. I mean, it is another alternative. Or you can just freeze them and let them have a revolution; don't let them do business, just freeze them. "We have no confidence in you. Go ahead and sweat in your own juice." But one of the most important things about getting this plan, and getting it through you people of the press, is - if I explain it to you I am sure that you will be in agreement and help me - if, again using Yugoslavia as an example, this story by short-wave radio can get into Yugoslavia that there is a chance for them when this war is over and we are worrying about them, that will help those patriots up in the hills of Yugoslavia keep on fighting. They will know there is something to fight for.

Q There is every reason why it should be done, Mr. Secretary. I see, though, that you are up against certain technicalities that I didn't make or that you didn't make but just prevail.

A There are plenty, but again, if I may stress the point that one of the important thoughts in this scheme is,

let these people who are under Hitler's heel or the Philippines under the Tokyo heel feel that when this is over we are worrying about how to help them in a business-like way, that they are not just going to have to wait for American charity, or something like that.

Q Mr. Secretary, would you say that this fund then would prevent an economic collapse after the war?

A This fund alone can't do it. This cannot be a panacea, but it can go a long way towards getting a good start.

Q Would this be all-inclusive after the war, that is, take Germany, Italy, and Japan, which really actually are economic aggressors to begin with, and military secondly, - will they be invited to attend - to become members of this group?

A In this group of thirty-four we have not included, naturally, Germany or Japan, and we have also not included the neutral nations. Now, when the neutral nations, or particularly the aggressors, should be invited would be something that Congress would have to decide. I mean, I wouldn't know how to answer that. I mean, what is the right time to ask those people to sit in with us is something that Congress would have to say.

let these people who are under Hitler's heel or the Philippines under the Tokyo heel feel that when this is over we are worrying about how to help them in a business-like way, that they are not just going to have to wait for American charity, or something like that.

Q Mr. Secretary, would you say that this fund then would prevent an economic collapse after the war?

A This fund alone can't do it. This cannot be a panacea, but it can go a long way towards getting a good start.

Q Would this be all-inclusive after the war, that is, take Germany, Italy, and Japan, which really actually are economic aggressors to begin with, and military secondly, - will they be invited to attend - to become members of this group?

A In this group of thirty-four we have not included, naturally, Germany or Japan, and we have also not included the neutral nations. Now, when the neutral nations, or particularly the aggressors, should be invited would be something that Congress would have to decide. I mean, I wouldn't know how to answer that. I mean, what is the right time to ask those people to sit in with us is something that Congress would have to say.

- 23 -

Q If this plan were put into effect while the war is still on, what would be the effect on neutral nations?

A Well, I think that we here in the Treasury think that this is an attractive plan, and we think that neutral nations would be influenced by knowing that there is such a plan.

(Discussion off the record.)

This isn't for quotes. I think they would be more apt to behave themselves.

(Resumed discussion on the record.)

Q It is a post-war plan, isn't it, Mr. Secretary?

A True, but a lot of things--

Q It might be put into effect before the war ends?

A Well, yes, I would like to get the plan through now if I could.

(Discussion off the record.)

Let's off the record, take Spain for instance.

It is no secret. Everybody is worried about what Spain is going to do. They have a lot of troops across Morocco. We have a lot of troops watching each other like cats across the fence. If they know this looks good, it is one more reason to come in on our side.

(Resumed discussion on the record.)

Q Then I understand it would be open to any neutral that wanted to come in provided they--

A Yes, subsequently. I mean, when the war is over, after the armistice.

(Discussion off the record.)

But what I said about Spain and the rest of that is not on the record. I think it is attractive bait.

Q Significantly, France is left out completely from this list, Mr. Secretary.

A Off the record, you tell me who to do business with. (Laughter)

Q The State Department seems to have known who to do business with.

A Well, I am only Secretary of the Treasury. (Laughter)
(Resumed discussion on the record.)

Q Then, Mr. Secretary, the door is not closed to the Axis nations' participation after peace is established?

A No. Well, that isn't up to me to open or close it. It would be up to the Congress of the United States. I will let them open and close it.

(Resumed discussion on the record.)

Q Then I understand it would be open to any neutral that wanted to come in provided they--

A Yes, subsequently. I mean, when the war is over, after the armistice.

(Discussion off the record.)

But what I said about Spain and the rest of that is not on the record. I think it is attractive bait.

Q Significantly, France is left out completely from this list, Mr. Secretary.

A Off the record, you tell me who to do business with. (Laughter)

Q The State Department seems to have known who to do business with.

A Well, I am only Secretary of the Treasury. (Laughter)
(Resumed discussion on the record.)

Q Then, Mr. Secretary, the door is not closed to the Axis nations' participation after peace is established?

A No. Well, that isn't up to me to open or close it. It would be up to the Congress of the United States. I will let them open and close it.

Q Mr. Secretary, I don't like to bring up the matter of the American contribution again, but I think that that is the one thing that people would like to know.

MR. WHITE: No specific amount has been set for it, and none is set forth in the proposal. In our own minds we have some idea of what we think the magnitude might be, but there is no proposal.

Q Would it be the two billion that we now have in our own stabilization fund, or more than that?

MR. WHITE: I don't know. It would have to be substantial. It would be somewhere in that magnitude. Some think that more is required; some think a little less is required. Much will depend on the kind of a document which emerges; before a statement could be made as to how much is needed, you would have to know what are the quotas, what are the restrictions and limitations that the plan will finally have. At this stage of formulation that isn't definite, and therefore you really can't give a specific answer to your question.

Q Five billion is mentioned, Dr. White.

MR. WHITE: They mention the aggregate assets as at least five billion.

H.M.JR: Everybody.

Q Twenty-five percent limitation--

MR. WHITE: No, there is no twenty-five percent limitation.

Q Would you expect several countries to put in gold?

MR. WHITE: Every country has to put in gold - some gold.

You will find many answers to your questions if you study the document. I will be glad to go into some details, but you will also find the answers in there. It is specified what countries have to put in how much gold. It depends on how much gold they have.

Q If they have no gold--

MR. WHITE: No country has no gold. Maybe one or two small countries - even Yugoslavia has a little gold.

Q Mr. White, then our contribution probably will run around two billion dollars, unless there is need for more.

MR. WHITE: I wouldn't be surprised if it ran somewhere in that neighborhood - if it ended up with that, if that suited Congress.

Q Has there been any thought of a percentage allocation as between the major nations and the part of the contribution they put in? That is, taking five billion dollars as a hundred percent, as an example, what percentage would Great Britain put in and what percentage the United States?

MR. WHITE: I will tell you, we purposely avoided it in the formulation which we sent to the various countries - being specific about that. We thought that that would be a matter of considerable discussion, and possibly some contention. Therefore, what we did say was that the contribution that would be made by each country would bear some relation to certain significant factors. It would be based upon a formula. We have a formula in mind which we might like to suggest for discussion, but we haven't done so there because we would prefer that that

formula seem to emerge from joint discussion. But any formula that would be arrived at would give weight to certain factors. Among them would be the gold holdings of a country; national income; the degree of variations in its balance of payments from year to year; possibly its aggregate of foreign trade.

Q How about its traditional percentage of export trade?

MR. WHITE: That would be a factor, but it would only be one of the factors and not the largest.

Q Could you give us, Mr. White, some of the main differences between this plan and the British plan?

MR. WHITE: I would be glad to. I think the hesitation that the Secretary had is having a discussion of the British plan by us when they are going to publish their plan in a couple of days.

Q It is simply for our own guidance in trying to follow it.

H.M.JR: This is off the record. Give them the stuff. Be

as helpful as you can.

Q Background material - background, not for attribution.

H.M.JR: All right.

MR. WHITE: You will first be impressed with the apparent dissimilarity in the two plans, but don't be misled by that. After you study it more carefully you will find that there is a very great area of agreement. The objectives are the same; much of the approach is the same. A great many of the technical details vary. There are, however, certain basic differences. I might run over those very briefly.

One, the British plan has no assets - no contribution. It is called an international clearing union. What happens is that credits are given to countries who have favorable balance of payments and debits are given credits with unfavorable balance.

Naturally they will be equal since they are both opposite sides of the same phenomena.

A country receiving a favorable balance of payments will receive credit on the books of the inter-

national clearing union, and it will be in terms of a unit that they call "bancor." Debits will be in similar terms. A country having a credit with bancors has the privilege of spending those bancors in any one of the participating countries, but the fund will have no assets.

The American plan fund has assets, as already indicated. That is one big difference.

Q They pull it out of thin air?

MR. WHITE: That is not a fair statement. Don't under-estimate the quality of Keynes' plan. You will find that it is very good.

Q Or is it based on assets like commercial paper?

MR. WHITE: It has no assets whatsoever. It is a clearing arrangement on books.

Q Has such a clearing house ever stabilized currency?

MR. WHITE: There has never been such a multi-lateral arrangement. They have had bilateral clearing arrangements of that kind, but there has never been a multi-lateral arrangement.

Q What do you mean by "bilateral?"

MR. WHITE: Two countries.

Q Can you give us an example of bilateral?

MR. WHITE: Germany used to make a bilateral arrangement with every country. England has a bilateral with Sweden.

Q Wouldn't this part of the plan result in practically hard and fast allocation of volume of world trade?

MR. WHITE: There is another difference. I was coming to that. Their allocation of what they call the quotas - and also the control, which is a third important difference - are determined by the proportion of each country's world trade - the proportion that its trade bears to the total world trade.

Q It would be pretty inflexible, wouldn't it?

MR. WHITE: It is not inflexible in the sense that there are features there which provide for an adjustment every few years. Such comment or criticism as it may be subjected to is not on the basis of inflexibility.

Q On what basis would it be started?

MR. WHITE: I think they are suggesting the use of a pre-war three-year average.

Q England's share of the international trade was very high then, was it not? (Laughter)

Q It is a very British plan, isn't it, Mr. White? (Laughter)

H.M.JR: You don't have to answer him. (Laughter)

Q What are the control features?

MR. WHITE: There are a large number of controls. You mean as to who controls the fund?

Q You mentioned the control features. I just wondered if you would amplify it.

MR. WHITE: It wasn't a good characterization of it. I meant to say that the control of the fund would be by--

Q What fund?

MR. WHITE: The clearing union. You are speaking about the British?

Q Yes.

MR. WHITE: Control of the decisions of what they call the governing board would be by votes. Now, the number of votes that each country would have - or

the representatives of each country - would bear a direct relation, a function of the proportion that each country's trade has to the world trade. They have another wrinkle that is not important in that connection, but I might mention it, and that is that the small countries do not have, as they envisage it, a direct participation. The small countries are grouped together and have one representative - many blocks.

Q Under that plan, Mr. White, how many votes would Great Britain have on the governing board and how many would the United States have? Have you figured that out?

MR. WHITE: I haven't taken the trouble to figure it out. I think it is rather an academic practice, but there would be substantially more - Great Britain would have substantially more than we.

Q Would they have a majority?

MR. WHITE: In '38, if I remember the figures, roughly they had a total trade of about nine billion dollars, for that one year. Earlier years were approximately

the same. We had about six and a half.

Q What year was that?

MR. WHITE: And that was just the United Kingdom alone, not the rest of the Empire.

H.M.JR: Could I just say something. It is just these kinds of questions that made us hesitate about publishing any plan. We haven't even had a chance to sit down and talk with them. And now, as I said yesterday, we have been scooped, and there have been these leaks out of London and our hand has been forced.
(Discussion off the record.)

I hope that you people won't - I mean, make it look as though the English were trying to do the thing, and, off the record, that they are trying to be - well, let's call it--

Q Hoggish?

H.M.JR: Selfish.

Q How about horse-trading?

H.M.JR: And you have this thing. We are all in this war together, sink or swim, and we don't want to have it set up as though they were trying to out-trade

us, or we them. As a matter of fact, the British treasury has not published their plan yet. And, for your information, the copy that we gave them never left this country. So there couldn't have been a leak from the British treasury. I would feel very badly if the thing was set up as though they were trying to out-trade us, and we do this and do that, because, quite frankly, my experience with them since I have been here is that they have put up a good case and we try to put up a good case, but after we have a chance to rub the edges off they have been fair. I would feel badly, as I say, if we sort of set up a competition as between the two plans and the two nations.

Q May we quote you on that, sir? I was going to ask you a question, whether you--

H.M.JR: What I said up to now is not quotable.

Q May we quote you that you are hopeful there would not be any competition? I was going to ask you a question along that line.

H.M.JR: You put your question new now.

(Resumed discussion on the record.)

Q Had you hoped that the differences between the two countries could be ironed out in conferences before the publication of either plan? Had you hoped that?

H.M.JR: Yes, I had, very definitely.

MR. WHITE: And other plans.

H.M.JR: And other plans, and I am still hopeful, given time - not hopeful, but I am confident that given time we can work out a plan agreeable not only to the English but to other countries, in conjunction with them.

Q Mr. Secretary, can you tell us which of the nations listed here have accepted?

MR. WHITE: Canada, Australia, Venezuela - I would like to put it this way. We have heard from every country which could have sent us a letter and we receive it. A good many of the countries have not sent us letters yet because the material was sent to them by mail, and it takes anywhere from one week to

- 37 -

four weeks for them to get it, and an equivalent amount for us to get it back.

My own judgment is that we will get an answer as quickly as it is possible to get it by mail from almost all the countries.

H.M.JR: Nobody has said no.

MR. WHITE: On the contrary, they all seem to be very interested and very enthusiastic.

Q Can you give us an estimate of the number of countries that have replied so far?

MR. WHITE: We have already heard, I think, from about ten.

Q All unanimous in acceptance?

MR. WHITE: Yes.

Q Is Russia among those ten, Mr. White?

MR. WHITE: The Russians have not spoken to me. I think they have spoken to the Secretary. But they would be one of those who would have to forward the document to Moscow. It is a pretty long document, and I suspect they sent it by diplomatic pouch. I am sure they did.

H.M.JR: It was the Chinese that spoke to me, not the Russians. I have not spoken to the Russians. I met Mr. T. V. Soong the other night, and he is very much interested. I just haven't happened to have met the Russians.

Q Mr. Secretary, are all the experts of the other countries coming here, or are some of your experts going to other countries?

H.M.JR: They are all coming here.

Q Have any of them come and gone?

H.M.JR: No.

Q Dr. White, I presume this plan is an outgrowth of your experiences under the tripartite agreement. I was just wondering if you could summarize briefly the differences between this plan as set up and what you had under that agreement.

MR. WHITE: As the Secretary said, the experiences that we gained out of the tripartite agreement would naturally form part of the background of our consideration of this larger problem. What might

- 39 -

be said, briefly, in that connection is that this is a far greater extension in point of view of coverage, number of countries, that would be involved, and it is a far more potent instrument than the tripartite. It aims to accomplish much more than the tripartite could do as an initial agency, and it has powerful resources which the tripartite had only insofar as the participant countries had.

Q Is this a federal reserve system for the world?

MR. WHITE: That would be a very erroneous characterization because the federal reserve system for the world would imply providing of credit for various purposes.

Q Would you call it the FDIC for foreign exchange?

MR. WHITE: The only thing I know that it could be called would be the international stabilization fund designed to promote stability in foreign exchange.

Q I wonder if you would be so good as to clarify the difference between this bancor and Unitas, in terms of gold?

MR. WHITE: It is a very simple and not important difference. "Bancor" is a name that they selected tentatively, and "Unitas" is a name that appealed to us tentatively. The Unitas is defined in the proposal as being equivalent to ten dollars in gold at current gold content. That happened to be a very, very convenient measure when compared with a number of other currencies. I don't think they define the actual gold content of the bancor.

There is one important difference, however, that the bancor in terms of gold is subject to modification from time to time, under certain conditions.

Q Dr. White, this system would not preclude a world federal reserve later on, would it?

MR. WHITE: No, not at all.

Q Did you conclude the comparisons of the two plans, Dr. White?

MR. WHITE: I think in the light of what the Secretary said that any further comparison would be rather fruitless because it would be stressing the differences. I gather what you are chiefly interested in is under-

standing our plan.

Q One of the reactions from Great Britain on our plan has been that having a substantial amount of gold this country could obtain its twenty-five percent voting share; and because it would take four-fifths of a vote to pass any program that it would have veto power over any action the other countries jointly would desire.

MR. WHITE: I am sorry, I did not hear the first part of your question.

Q Because if we obtained a twenty-five percent voting share--

MR. WHITE: That is the maximum that any country can obtain.

Q ... and presumably with our amount of gold we might be able to obtain that amount - and the set-up provides that a four-fifths vote is necessary to establish a program, that we would have a veto power.

MR. WHITE: On many important decisions?

Q Yes.

MR. WHITE: On decisions that are regarded as very important,

we have a veto power. That was one of the purposes of putting the percentage in.

Q Would Great Britain also have a veto power?

MR. WHITE: She could have if she wished, either alone, which is not likely because she may not have enough to contribute, or in conjunction with other countries.

Q You mean other countries would--

MR. WHITE: They could bunch together.

Q With her dominions, for example?

MR. WHITE: Even with her dominions she may not have a veto power. It depends entirely on how much participation the final selection calls for.

Q Dr. White, would not the adoption of this plan, or any similar plan, make it practically impossible for the nations of the world to repay their lend-lease commitments in any form at all after this war?

MR. WHITE: Did I understand you to ask whether it would or would not?

Q Well, it would have the effect of preventing--

MR. WHITE: No. All that can be said of the connection between

- 43 -

this plan and Lend-Lease repayments is that this plan should make a substantial contribution toward the maintenance of a high level of international trade and a high level of international movement of productive capital and a high level of prosperity in each country.

Q Does the Secretary believe that this may lead to, possibly, elimination of aggression through the constant watch which the directors would keep on each country and their expenditures? I mean, they can do secret things that the Germans did, for example, and is it a hope that it might be--

H.M.JR: I don't think that - that is something else. I just want to say that the thing that we are outlining is difficult enough to do without taking on anything else.

I think that you people want to go to the White House. I don't want to stop you.

Q Is this all for eight o'clock release?

H.M.JR: Eight p.m.

Q Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S

PRESS CONFERENCE

April 8, 1943

H.M.JR:

I think I may have another press conference for you tomorrow. I won't promise to come myself because I don't think it is necessary, but I will if you like. It will be in connection with my talk for Monday night, which is supposed to be sort of a keynote for the drive, and I have spent a lot of time on it. It ought to be ready tomorrow.

Those people that are covering - who have been designated to cover War Bonds by your press associations, we are going to give you for the first time the basic figures on which we work, how much we expect from the insurance companies, how much we expect from the corporations, how much we expect from each, and how we arrive at this thing. In other words, this is the study of the availability of the market, which we have

- 2 -

never released before, and the speech is based on that. I have only twelve minutes, and I can't go into a lot of statistics; and we thought we would have Lindow, who has prepared this, sit down with you people and explain it to you. You can get it out for Tuesday morning. It is quite heavy stuff.

I am sure that those people who are interested in finance--

Q

The figures will be available to use?

A

These figures will be available for use of the editorial writers or the financial writers or the news writers, and you can write your own story on it. I can't put it in my speech because I don't know how lengthy it will be. It is the stuff which we have never given out: For the rest of the year where do we expect to get this and from whom. I have decided we might just as well tell the public. We may miss it. If we expect so many millions from the insurance

companies, supposing they don't come through. It is going to be a failure? I don't think so. The public will then say, "If the Treasury has fixed a quota for the insurance companies, why don't they come through" - or the corporations or the individuals.

Q They will know at whose door to lay the shortage, if there be one.

A That is right, if there be one.

Q Mr. Secretary, the magazine, United States News, for which I work, comes out on Monday. Will those figures be available for use in that issue?

A No.

Q That is, it appears on the newsstands on Monday.

A No, you would scoop my speech. I don't want to be scooped again. (Laughter)

Q I understood you to say you would not get this into your speech.

A No, but it goes with the speech for Tuesday morning release. No, you would scoop me.

- Q I don't want to do that. I just want to be clear on it.
- A This is to be in the hands of the public on Tuesday morning.
- Q I am afraid you will put me in the dog house, and I don't belong there. (Laughter)
- A No, I agree with you, but I have been in it all week. (Laughter)
- Q Mr. Secretary, would this be broken down by cities, populations, and groups, and so forth, so that, for example, the country banks--
- A No, we don't go that far.
- But I want to say this, scoop or no scoop, I am delighted with the press I got on this World Stabilization Fund. I mean, there really has not been a sour note. I got a swell press. I am very much pleased. I am particularly pleased I haven't seen anything of competition between the English and ourselves. There is a little something this morning, but a minimum.

Q Sir Frederick Phillips I believe is having a press conference this afternoon on it.

A Is he?

Q Yes, two-thirty.

Q Mr. Secretary, will it be all right if we say today that you are going to announce those figures for next Tuesday?

A Let's wait until tomorrow. Can you wait until tomorrow? Wouldn't that kind of take the edge off the story? I would like to handle it just the way we handled this overlapping taxes story. We give you the material and give you a chance to put it out, and then it is for Tuesday morning's release. I think it is best that we follow the same procedure.

Q Mr. Secretary, have you any figures showing the number of tax returns received in March - not the amount but the number of returns?

A I don't know, but if we have there is no reason in the world why you can't have them.

- Q I would like to get them, if possible.
- A If we have them I would be surprised, because it is one thing to telegraph in the figures showing so much in the bank but it is another thing to count all these returns.
- Q It is quite a point because it was raised, you recall, before the first of March. The point was raised that a great many would not file returns.
- A Whatever they are, we will give them to you. I don't know if they can give them to you today, but Schwarz will get started on it for you.
- Q You probably have just answered the question I was going to ask, and that is, is there any indication yet how many taxpayers paid a full year's taxes instead of just the first quarter?
- A Nothing has come to me.
- Q It is still too early?
- A The only thing I have gotten - it was given to me yesterday afternoon - is the final dollar

amount by districts of the taxes paid in March.
Has that been given to you?

Q No.

Q We had a dollar-amount-by-district story, but I think that was more or less tentative.

A This was final.

MR. SCHWARZ: They had an incomplete report.

H.M.JR: That came through late yesterday. There is no reason why you can't have it.

Q Do you recall the total, Mr. Secretary?

A I wouldn't want to trust my memory on it, but I think it was divided up into twelve sets of figures on the page.

Q That will be available later?

A Yes.

Q Mr. Secretary, on the matter I questioned you about, our famous RACC, I understand that the various agencies have been asked to render a report on it. One of the agencies, at least, has sent a report in. It agrees with the Byrd Committee report on the basis of the country

banks. Now, the figures that were given on the Hill - House Banking and Currency - showed that the country banks' earnings have dropped to something like two percent - from about four percent to about two percent. The comment up there by the Federal Reserve Chairman indicated a very strong feeling that they should be relieved of that.

My point is, are you going to make available your report to the Senate?

A

I am perfectly willing to give to - I would particularly like to help you - if it is agreeable - I wrote a letter yesterday to Mr. Hemingway, president of the American Bankers, on this very subject. If it is agreeable to Mr. Hemingway, Chick, give these people my copy on that subject. How would that be?

Q

That would be very helpful.

A

They can write back and say that that is still not satisfactory, then you come after me again next week. (Laughter)

I have the income-tax figures. It shows a grand total of - this year, March - four billion six hundred and eighty-one million, as against three billion forty-three million last year. May I draw your particular attention to the Territory of Hawaii, this time four million and ninety-four thousand as against three million and thirty-nine thousand a year ago, which I think is fine. It is, roughly, a little over a million dollars more this year than last year.

Q Is that just for the month of March?

A This is for the month of March.

Q It covers final figures of all tax collections?

A "Income and Excess Profit for March 1943 as Compared with March 1942, by Federal Reserve Districts."

Q Covering all collectors' offices?

A It must be. Let Chick get it mimeographed.

MR. SCHWARZ: We will get it mimeographed and explain it. There are some not received because the figure

is less than the total that we had tentatively.

H.M.JR: Well, get it right. What does it say at the head of it?—

MR. SCHWARZ: For March 1943, but there are some reports not yet received.

H.M.JR: Let them have it, anyway. They want something. They haven't had any news out of the Treasury this week. (Laughter).

Q Not much! (Laughter)

Q Are you anxious, Mr. Secretary, about the FDIC assessment bill up in Congress?

A I would like to have it passed, very much, and I wrote a letter to Mr. Steagall to that effect.

Q It was reported out favorably yesterday.

A He got a letter from me yesterday morning on it, supporting the bill. That letter is available if you want it. I would very much like to have it.

The letter to Chairman Steagall is available, again checking with the chairman. I will be

- 11 -

glad to make it available.

It was reported out yesterday?

Q Reported favorably.

A Powerful letter I wrote them. (Laughter)

Q Weren't you supposed to go up there, Mr. Secretary?

(Discussion off the record.)

A Very much off the record, I told them to have a heart, that I had a lot to do. Wright Patman wanted to see me. He was very nice about it. He said, "Mr. Morgenthau, we know you are very busy and have got this War Bond drive coming. If you will write us a little letter we will excuse you." He was very nice about it. I told them I had all this stuff to do, and speeches, and things were coming just too fast, and I couldn't handle it; that if they wanted me I would be there. But I had heard what they did to Eccles; for the first time they got him down. (Laughter) They did. He was absolutely flat

- 12 -

on his back - exhausted. They just got him down. I didn't want to go through the same thing. (Laughter)

Q They would want to ask you about noninterest bearing bonds and if you had a plan. (Laughter)

A Yes, and Trans-America and Bank of America, and the whole business. So I just asked them. I asked if they would let me off.

(Resumed discussion on the record.)

Q Mr. Secretary, what is the prospect with respect to the next step toward continuing the President's power to devalue the dollar? I am in somewhat of a state of confusion after this White House conference the other day.

A I was confused. I read the report of a man - maybe you can help me out - who covered the thing for Chick, and that said one thing, and then I read some stories in the newspapers which said the opposite.

Who was there? What did the President say?

Q I wasn't there. I read the ticker.

A I read, particularly, Nick's story, in which he said the President did not want it, and Chick's man said that he did want it. I don't know what he said.

Q That is what I am inquiring about.

A I wasn't there. Was anybody there?

Q Mr. Secretary, it started out by saying he didn't even know the power expired.

A Most likely what happened was he didn't know and he was caught unaware.

Q I think so.

(Discussion off the record.)

A What we are doing - and this is off the record - we are still waiting for Mr. Somers to invite us up there. We are still waiting to hear. But he told me the other day - this is all off the record - that after my testimony before the House he felt very much - the committee felt very much encouraged that they could get the power on the gold devaluation. The point is, the

- 14 -

Administration is not going to make a big fight over it. If we can get it easily, O.K. Somers said to me the other day he thought we could get it. He has been kind of nervous about it. Nobody questioned the stabilization fund being extended - they say we can get that. Also, Walter George said he thought we could get both. So I am still waiting. Somers leaves Wednesday afternoon and comes back Tuesday - he spends his week-end in Washington. (Laughter)

Q Mr. Secretary, is the gold devaluation power part of the stabilization act?

A Yes. I guess somebody caught the President a little unaware.

Q If there is any fight on it, somebody would move to straighten that out.

A Then they talked about introducing the bills separately and introducing them together, and Somers is maneuvering - he is working on the thing. As I said before, it is the only thing he does, bi-annually, and it is a big thing. (Laughter) We will see what happens.

- 15 -

(Resumed discussion on the record.)

Q Mr. Secretary, there is another one of the special powers that expires June 30. That is the pledge of Government securities in back of currency. Are you going to ask for that to be renewed?

A You have got me unawares. I don't know. That is what?

Q That is the two-year proposition, if I recall correctly. Anyway, it expires June 30.

A I don't know. No one has mentioned it to me.

Q It hasn't come up yet?

A Not yet. We could find out about it.

MR. SCHWARZ: We will check.

Q Have you done any work recently on how to find sixteen billion dollars?

H.M.JR: Sixteen billion? Thirteen.

Q No, the President asked for sixteen billion dollars in taxes.

H.M.JR: Oh, I still - I am looking for thirteen.

(Laughter)

- 16 -

Q Mr. Secretary, if the response to this loan - this second war bond drive - is very large with respect to Series E Bonds, isn't there a possibility that you may not have to raise as much as sixteen billion dollars by taxes?

(Discussion off the record.)

A No, we have to raise it.

Q You have to raise it just the same?

A We have to. I am personally convinced - I don't want to be quoted on this - I don't want to get the people's minds off this loan, and I am being very frank, I don't want them to be thinking-- they have had enough tax muddling, and so on--

Q I think they would feel honored if they knew by a tremendous subscription to these Series E Bonds they might not have to--

A Somebody wrote us a letter - this is true - and said, "Now that 'Ruml' is retreating, does that mean we still have to take up his plan?" (Laughter)

Q Which "Ruml"? (Laughter)

- 17 -

- A They didn't know. (Laughter) They had it completely mixed. I didn't try to straighten them out, either. (Laughter)
- Q It is still fairly accurate, isn't it, Mr. Secretary, that--
- A For your own information - I would like to say what you want me to say, but I can't at all, truthfully - for your own information, not attributed to me, the sixteen billion dollars is definitely necessary.
- Q In addition to whatever you may raise from this?
- A Yes, but I don't want--
- Q That is off the record?
- A That is off the record, not to be attributed to me. I don't want to start a tax discussion.
- Q In other words, you don't want that reference printed?
- A No, I don't. I want people in the next three weeks thinking about lending me some money.

- 17 -

- A They didn't know. (Laughter) They had it completely mixed. I didn't try to straighten them out, either. (Laughter)
- Q It is still fairly accurate, isn't it, Mr. Secretary, that--
- A For your own information - I would like to say what you want me to say, but I can't at all, truthfully - for your own information, not attributed to me, the sixteen billion dollars is definitely necessary.
- Q In addition to whatever you may raise from this?
- A Yes, but I don't want--
- Q That is off the record?
- A That is off the record, not to be attributed to me. I don't want to start a tax discussion.
- Q In other words, you don't want that reference printed?
- A No, I don't. I want people in the next three weeks thinking about lending me some money.

- 18 -

(Resumed discussion on the record.)

Q Mr. Secretary, can you give us a story this morning? (Laughter)

A I have been talking for twenty-five minutes.
(Laughter)

Q Maybe there is some subject that we haven't touched on yet that is in your mind.

A I have touched on plenty.

Q Nothing on income-tax collection - pay-as-you-go?

A No. This is what - the fourth press conference we have had? (Laughter)

(Discussion off the record.)

Q Mr. Secretary, in reference to collecting your thirteen billion, do you mean you do not want the tax legislation to come up in the House again? Would you just as soon it did not?

A No. Well, I mean - I am being practical - I don't see how they can do this coal bill and this trade treaty bill - if they got it through in a month it would be wonderful. What they

- 19 -

are doing up there, they want them to cool off - this Ways and Means Committee. They are pretty hot under the collar and they would like them to cool off.

MR. SCHWARZ: The tax discussion is off the record, Mr. Secretary?

R.M.JR: Yes, I am just telling you what the situation is up there. Maybe they will change their minds, but Mr. Doughton feels everybody up there - they are very much excited, and if they have a month to cool off it would be better.

Q It is really better for your financing drive, isn't it?

A True, but I would very much like to have had the withholding tax start on the first of July. On the whole inflation picture it would have been very, very helpful.

Q Mr. McCormack says he thinks it is possible yet.

A You know McCormack and Doughton are like this or like this (indicating) - at sword's ends.

Q Mr. Anderson circulated a letter and got thirty-

- 20 -

nine signatures to it, asking Doughton to reopen this at once. I don't think they are cooling them off with ice.

A I don't think thirty-nine signatures or Mr. McCormack will move Doughton. What it means is they are going to have to drop the coal and trade treaty bill and go into the tax thing again. And they may do it. I mean, my sincere desire, financing or no financing, would be to get a withholding tax by the first of July. It would be wonderful; it would help us. That is what I would like.

Q There is some talk up there, Mr. Secretary, about simply knocking out the discount provisions of that committee bill and putting the withholding tax bill on the House floor alone.

A Wonderful. Then we are that much ahead. It is another measure which would retard this inflation.

- 21 -

Q Can we quote you as saying you approve--

A No, you cannot. It is unfortunate. The feeling is so bitter up there that I just go along like a tightrope walker and hope I don't break my neck. (Laughter)

(Resumed discussion on the record.)

Q What time will the press conference be tomorrow?

A We will notify you. We will know by noon tomorrow. Chick will call you as to what time. Thank you all.

Q Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S
PRESS CONFERENCE

April 15, 1948

H.M.JR:

I thought you ladies and men might be interested in getting the latest figures on our war financing. If you will bear in mind two things: One, that some of the figures in the field that they release are ahead of us because we can't count them until they are in the bank; also, these figures look so good, and they say, "Well, the push is over." But it isn't. At the beginning it is always easy, and then, as I have tried to emphasize, what we want to do is reach the people, and it is the numbers that are going to count; and that job is yet to be done.

I mean, the big fellows come in quickly, but then we have to reach the working men and women of the country, and that is something else again and that is still ahead of us.

So with that little introduction, Mr. Bell, if you would tell them just what it is as of last night.

- 2 -

MR. BELL: As you know, the thirteen-billion-dollar figure applied to the entire month of April. We have already sold four hundred million dollars of bills up to yesterday, and the subscription is for the banking; the seven-eighths-percent certificate is more than three times over-subscribed. But we still have the mail reports coming in. That came in last night.

H.M.JR: You won't have the final figures on the certificate until Saturday?

MR. BELL: Saturday morning we will make allotments and publish the final figures on the subscriptions.

Q It will be somewhere around two billion?

MR. BELL: Two billion is the figure, yes, or thereabouts.

H.M.JR: In the shop last night we had for the seven-eighths certificates over six billion dollars' worth of subscriptions, and the mail is still to come in. We take anything that is mailed up to midnight.

Q There is no limit on how much you can take, is there, Mr. Secretary?

- MR. BELL: It is around two billion.
- H.M.JR: We asked for two billion, and the chances are that we will take two billion to two billion one, depending on where the percentage falls. It will be somewhere between two billion and two billion one.
- MR. BELL: We stay within the five or ten percent over.
- H.M.JR: But that is the first offering, and that was through the banks. I think that is the biggest response we have ever had - in a long time, anyway.
- MR. BELL: We had an eight-billion-dollar one before. Of course we don't know where this one will go until we get the mail report in.
- H.M.JR: During the war?
- MR. BELL: Yes, I think it was. I will look it up.
- Q One of the largest, anyway?
- MR. BELL: It will be one of the largest.
- Q You are actually going to turn down money if you are offered it?
- H.M.JR: We always do on a thing like this.

- Q Thirteen billion will be the limit?
- H.M.JR: Oh, no. We say we want two billion dollars from certificates.
- Q But the tap issues?
- H.M.JR: We will take all that comes, and more. (Laughter)
- MR. BELL: The limit is put on the banking issues in the April drive; that is, the two billion dollars for the seven-eighths-percent certificates and two billion dollars for the two-percent Treasury bonds, and eight hundred million from Treasury bills.
- The Secretary announced that of the thirteen billion, five billion would come from the banks, and that is a limit.
- H.M.JR: But from the public, from those other issues--
- MR. BELL: We will take all we can get from the other issues.
- H.M.JR: The more the better.
- MR. BELL: On the securities sold to nonbanking investors, up to last night we had subscriptions totalling seven hundred and thirty-seven million on the seven-eighths-percent certificate. We had

seven hundred and forty-nine million on the two-percent Treasury bond; seven hundred eighty-three million on the two-and-a-half-percent Treasury bond; three hundred and twenty million from savings bonds; and a hundred and sixty-four million from tax notes. That makes a total from non-banking funds, of two billion seven hundred and fifty-three million, just a little over one-third of the eight-billion-dollar goal.

Q That is for nonbanking?

MR. BELL: That is right.

Q Does that include insurance companies?

H.M.JR: No.

MR. BELL: It includes some insurance companies, but certainly not the big subscriptions.

H.M.JR: Not the big subscriptions that were mentioned Monday night - the billion dollars. That has not come in yet.

Q Announced in New York and carried by the morning papers this morning?

- H.M.JR: We haven't received that yet. That is what I explained. This is money in the bank; and when New York announces, they get it or somebody says they will get it,--
- MR. BELL: These subscriptions are actually in the Federals and reported to us.
- H.M.JR: We drag a little bit behind.
- MR. BELL: That is all.
- H.M.JR: Any questions on that?
- Q The three hundred and twenty million from savings bonds, that includes war bonds - the three series?
- MR. BELL: The three series, E, F, and G, and that represents the subscriptions since April 1.
- Q Does that include pay-roll allotments?
- H.M.JR: Everything. I hope you will stress that these big subscriptions always come in in the beginning, and they are very nice to have; but it is far from a success - the loan is - until we hear from the people.
- Q All the nonbanking figures which you have just

given us date from April 1 and not necessarily from April 13?

MR. BELL: The only ones dated from April 1 are the savings bonds and the tax notes. The others all went on sale April 12.

H.M.JR: Treasury bills?

MR. BELL: Treasury bills are the whole month, too. I thought he was talking about nonbanking.

H.M.JR: Which are you talking about?

Q The nonbanking totals.

H.M.JR: You had better state that over again so it will be clear.

MR. BELL: In the nonbanking funds, the savings bonds and the tax notes figures are from April 1 up to last night.

Q Mr. Secretary, a lot of people ask when they are going - they are waiting for the canvasser to come around from house to house. They ask, "Are you going to deliver the bond now, or what?" A lot of these people are expecting these people

to call in the home, and a lot of them have already expressed - I know it is impossible to get all around, but there is a disappointment in not being called on. I think a little general statement along that line of whether they get the bonds right there--

H.M.JR:

Well, we have I don't know how many volunteers - somewhere between a million and a million and a half people - who are volunteering their time, and we can't just stock them up with a lot of merchandise. So what we do is that a man or woman rings a doorbell and then takes an order for a twenty-five-dollar bond, turns it in, and they do it either one of two ways. The person either gives them the check or order, and it is supposed to clear through his or her local bank. The salesman have all been instructed on that. They used to do it in the country. I don't know how they do it, but in the country the grocer would come around in his car - in the earlier days with the horse and wagon - and he would take

- 9 -

your order, and then he would deliver the goods the next day. People in the city aren't acquainted with that, but that is the way they did it in the country.

Q Is that the way they are doing with the bonds?

H.M.JR: That is the way we are doing with the bonds. The fellow comes around, takes the order, and he is supposed to get delivery the next day.

Q And they will take a person's check?

A Check or his order or direction on his bank. He can draw on his bank. There are different methods that they have.

Is there any instruction book that you could show these men which gives instructions to salesmen?

MR. PEABODY: We have the sales manuals, yes, sir.

H.M.JR: Could you furnish these people with them?

MR. PEABODY: Yes, sir.

H.M.JR: Would you like to have a sales manual?

Q Sure would.

MR. PEABODY: I don't think we have as many as we need over here. We will have to send for them.

H.M.JR: Get a sales manual, and have somebody come in and go through the form of selling these people. You might make a sale. (Laughter) I am serious.

MR. BELL: We have an order blank which is set up so they can order their bank to pay for them. (Laughter)

H.M.JR: If they would like it, arrange to go through the regular formality and then show them how the thing is done. Wouldn't you like that?

Q It is a good story for somebody to write about - "I bought a bond, and this is how I did it."

A And then the salesman - have a little sales school, and these fellows will tell you whether you are good or not. (Laughter)

Q If he sells us, he is good. (Laughter)

A He says if you do sell them, you are good. (Laughter) Tell that to Robbins. Here is a test for Robbins. (Laughter)

Q Say, Mr. Secretary, isn't it possible to get these totals each day? We have had repeated requests for them from all over the country.

A I am not going to put Dan on the spot, but as a matter of fact, normally we wouldn't have done

this thing until Saturday. You have heard about it. You get it now, and you get it again Saturday, and that is about as often as we can do it. The trouble is, I don't think it is good for you, and I don't - it isn't good for you - it isn't good for the Treasury - you read in the papers that different insurance companies in New York take a billion dollars; then it is not in. You will be in conflict constantly with your locality.

Q But subscriptions could be reported.

A Well, we can't take a subscription until the money is in the bank. That is our trouble. So you would be in conflict all the time with your paper. If we do it a couple of times a week, then we won't be too far apart. That is the thing.

Q Mr. Secretary, checking these figures, I just wonder if I am right. I have two billion seven hundred and fifty-three million in sales from non-banking.

A That is right.

Q Two billion one hundred million in certificates.

A That is right.

Q Four hundred million in Treasury bills.

A That is right.

Q A total of five billion two hundred and fifty-three million.

A Go to the head of your class. (Laughter)

Q There is four hundred million in bills. Is that the ninety-one-day bills, excess receipts over retirements?

MR. BELL: That is right, over the maturities.

Q Do you expect to step them up in the next offering?

MR. BELL: They are. That will be out tomorrow morning - up to nine hundred million.

Q So the real total from banking and nonbanking is more than five billion, sir?

H.M.J.R: The total is five and a quarter from banking and nonbanking.

Q Mr. Secretary, that three hundred and twenty million in savings bonds is not a very good

- 13 -

record for the public so far, is it?

MR. BELL: You have had very little effect from this drive on savings bonds in this figure.

Q The quota for the public is about two billion, isn't it, in the drive?

H.M.JR: Yes.

Q For individuals?

H.M.JR: Yes. I said that these figures are misleading in the sense that we have an awful lot of hard work to do yet, particularly in the savings bonds.

MR. BELL: There is no quota, Mr. Secretary, on any of these issues from the public. I understood him to say there was a quota.

Q I meant in figuring the thirteen I think you indicated the other day you thought the figure was two billion from individuals.

H.M.JR: Well, he has got it, so there is no use kidding him. (Laughter)

MR. BELL: It is not a quota. I just wanted to make that point.

H.M.JR: Well, it is a hope. That is what we are aiming for.

Q Mr. Secretary, what are your reports from out in the Mid-west in the country districts, which are always difficult to reach? Are you getting any in?

H.M.JR: I don't know. Do you know?

MR. BELL: No.

Q It is too early yet?

H.M.JR: Too early.

Q Anything from Chicago?

A Nothing particular. They had not planned giving you anything this morning, but we will have it more detailed for you Saturday.

Q Mr. Secretary, have you had any progress on your continuation of the dollar devaluation, stabilization fund?

A Yes. We go before the Senate tomorrow morning - Senator Wagner's committee - and in the afternoon before Coinage, Weights, and Measures.

Q Closed hearings or open hearings? You hope they are closed?

H.M.JR: No, I don't. The longer I am here the longer I think that Senator Couzens was right when he said he never would go in executive session. As far as I am concerned, the press can be there. They might as well get it from me direct.

Q You have a prepared statement, Mr. Secretary?

A Yes, sir. (Laughter)

Q In mimeographed form?

A Not mimeographed yet. (Laughter)

Q You will have it ready by tomorrow morning, sir?

A A peculiar question. (Laughter)

Q I wanted to get you accurately. (Laughter)

A As a matter of fact, the statement isn't ready yet.

Q Mr. Secretary, will you ask for the continuation - a simple continuation of the present law?

A Yes. I will have a statement, and I might just as well say now that I will give it to the press if they will wait until I give it to them. (Laughter)

Q May we get it on the whole for release basis tomorrow morning, Mr. Secretary?

A Yes, you will get it on that basis.

Q Out of curiosity, why are they starting in the Senate committee instead of the House?

(Discussion off the record.)

A This is very much off the record. I don't think Somers gets back until Friday morning, or something like that. Is that right?

MR. WHITE: I am not sure. (Laughter)

H.M.JR: I don't know. We were going to have it tomorrow--

MR. WHITE: I think they couldn't get all the committee members together.

H.M.JR: First it was scheduled, I think, for today. I was to have gone this morning to the House and tomorrow to the Senate. The Senate was fixed, so they are making it tomorrow afternoon. I don't think there is much of a story in that.

(Resumed discussion on the record.)

Q Mr. Secretary, what progress are you making in the stabilization conferences now?

A We keep hearing from the various countries, but as far as I know - have any of the experts arrived yet?

MR. WHITE: Very preliminary, the first whole delegation I think will come next week, the early part of next week.

Q Who will that be? What delegation was that?

MR. WHITE: There have been parts of delegations, but not a whole delegation.

H.M.JR: They would like to know who is coming.

MR. WHITE: I think Canada will be one of the earliest.

Q Is that what the deputy finance minister was down here for?

H.M.JR: He was here for a number of things. Clark, you mean?

Q Yes.

H.M.JR: That was not why he was here, no. He was here on other Treasury matters.

Q Mr. Morgenthau, by any chance will international stabilization be grouped with the food conferences?

A The answer is no.

(Discussion off the record.)

A Very much off the record, we have our own House rules. (Laughter) Don't quote me now.

(Resumed discussion on the record.)

A Does that satisfy you?

Q Very much so.

Q Mr. Secretary, can you in practice discuss stabilization without discussing trade balances, or tying it up?

A I think so. We have felt, and the State Department has agreed with us, that stabilization of currency is a sort of - how should I put it? - well, the advance guard, if you want to call it that.

Q Sort of "if and when", is it not?

A How do you mean?

Q Well, unless you can get an agreement for some kind of more or less free trade you don't know what problem you are going to be up against in stabilization.

A Well, I don't know just what you have in mind, but certainly as between the State Department and ourselves there is general agreement that it is necessary to have this - and I don't know which comes first, the chicken or the egg.

Q I was just wondering if it would be tied up in some way with the renewal of the President's power to make trade treaties.

A No.

Q Those are considered quite separate and distinct?

A You are the first person who has raised that question. I mean, we have been asked to go ahead with ours, and certainly neither the President nor Mr. Hull has ever raised that question. Does that satisfy you?

Q Yes, sir.

Q The London Financial Times yesterday, I believe, carried a story that secret arrangements are being made to bring General Giraud to the conferences, or one of his financial representatives.

- 20 -

Do you know of any?

A It hasn't reached this desk yet. It may have reached yours, but not mine.

Q Just passed over mine very quickly. (Laughter)

A No, I haven't heard anything about it.

Q Can we assume that the raising the value of the French franc as against the dollar will be discussed at these conferences - that is, in North Africa?

A I doubt it. I mean I don't see why that would particularly have a part in this meeting.

Q If that is to be a permanent measure, it would have some part.

A Well, it is largely a question of getting ready for the postwar, and I don't think we will get into the question of the discussion of cross rates at this time.

Q Your conference is exploratory, isn't it?

A Well, exploratory, or, it is to try to work out a plan that we can all agree on so that we will

have something finished, ready, so when the armistice comes the United Nations can go into action on a monetary front the same day. That is what we are trying to do.

Q Is there any prospect of Russia contributing to the plan?

A Perfectly possible.

Q But you haven't any idea of whether they have any ideas?

A No - perfectly possible.

Q Mr. Secretary, have you any idea when the Congress might start on the big tax bill?

A No.

Q Is the goal still sixteen billion?

A Yes, sir.

Q To get back just a moment to stabilization, we now have it that Canada would be one of the first countries to be represented, and that probably will be next week. Are any other countries in that first or early category?

A Mr. White?

MR. WHITE: We are trying to handle them one at a time, and the others will come after Canada is through. It will take three or four or five days, depending entirely on the course of discussion, so we can't answer that question.

Q When are the British coming?

MR. WHITE: The Secretary can answer that. They have already been discussing some of it with them. (Laughter)

H.M.JR: Well, no, I don't know whether they are going to have the people like Sir Frederick Phillips handle it or whether they will send over special people.

Q But they will come?

A They will be here.

Q Will Lord Keynes come over?

A I haven't heard.

Q Mr. Secretary, are you making any changes in your salary stabilization units in view of the Congressional action?

A What do you mean?

MR. WHITE: We are trying to handle them one at a time, and the others will come after Canada is through. It will take three or four or five days, depending entirely on the course of discussion, so we can't answer that question.

Q When are the British coming?

MR. WHITE: The Secretary can answer that. They have already been discussing some of it with them. (Laughter)

H.M.JR: Well, no, I don't know whether they are going to have the people like Sir Frederick Phillips handle it or whether they will send over special people.

Q But they will come?

A They will be here.

Q Will Lord Keynes come over?

A I haven't heard.

Q Mr. Secretary, are you making any changes in your salary stabilization units in view of the Congressional action?

A What do you mean?

Q The salary control units. Congress has adopted this public debt thing, you know, changing the setup. Will you continue--

A You said stabilization, and I thought you were still on the fund. I didn't get it.

Do you know, Dan?

MR. BELL: I don't think it makes much difference.

H.M.JR: Find out from Sullivan.

MR. SCHWARZ: The unit is still functioning, Mr. Secretary.

H.M.JR: See Sullivan or Schwarz.

Q I imagine there will be new regulations.

MR. BELL: The Executive order is still in force. It is only the twenty-five-thousand-dollar limit that is out, so your unit is still functioning and will continue to function.

H.M.JR: If you want to, see Sullivan. As far as I know, there is no change, but Sullivan is available.

Q Mr. Morgenthau, can you tell us why you think the continuation of this law, the stabilization fund and the devaluation, is necessary at this time?

- A If you will be a little patient--
- Q Wait until your statement is out?
- A Tomorrow morning, if you don't mind.
- Q Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S

PRESS CONFERENCE

April 19, 1948

H.M.JR: We have some figures for you through Saturday night, that is, through the 17th. Is that right?

MR. BELL: That is right.

H.M.JR: The total banking figures are now two billion four hundred and eighty-seven million. That is divided, Treasury bills, four hundred million, and the seven-eighths certificates, two billion eighty-seven.

And then from non-banking sources the seven-eighths are one billion nine hundred eighty; the two percent is one billion six hundred and sixty-one; the two and a half's are two billion nine hundred and sixty-three; savings bonds, four hundred three; tax notes, four hundred fifty-nine. Total non-banking is seven billion

- 2 -

four hundred and sixty-six; and grand total, nine billion nine hundred fifty-three million. The last time we gave you the figures they were nine billion one hundred and twenty-two.

Q That four hundred three, that is series E, F, and G?

A Yes.

Q How do you feel about it, Mr. Secretary?

A I feel just the way I did Saturday, that I would feel a lot happier about it if the series E, F, and G would begin to get a little bit bigger. It is very nice to have the money, and I am not complaining, but I would like more people - many more people to subscribe.

Q Mr. Secretary, could you tell us what the status of the St. Louis claim of being the first city to oversubscribe, to go over the top, is?

A They have asked me that and I was told I was going to be asked it, and I am sorry I haven't the answer. Maybe Mr. Bell has. What they want

to know is what does a city have to do to be number one in the country. Do you know?

MR. BELL: You mean first to oversubscribe?

H.M. JR: I mean, how is it decided.

MR. BELL: I don't know that they can decide. There was a county in South Carolina that made its quota by eleven-fifteen the morning of the 12th, and there was some community in Florida that made its quota by twelve o'clock Saturday, the 10th. So I can't tell you--

Q I mean the big cities, cities over five hundred thousand.

H.M. JR: What can you do to help out St. Louis? (Laughter)

Q The point is whether or not a pledge constitutes a sufficient claim for going over the top. In other words, they have pledges out there of well in excess of their quota. The money actually is not on the barrelhead yet, and that seems to be the stumbling block.

MR. BELL: Mr. Head called me last night and asked me that very question, and I told him that so far as his

local publicity was concerned, he could use his pledges; that so far as ours was concerned, we would have to have reports on the subscriptions in the banks; that if he had pledges that would exceed his quota then he was free to announce that in his own community.

H.M.JR: And we wouldn't argue about it.

MR. BELL: We wouldn't argue about it, but they might not quite jibe with ours because ours are based on subscriptions actually in the Federal Reserve Banks.

H.M.JR: In other words, if the St. Louis Post Dispatch comes out and lays claim to being number one, we are not going to fight with them about it.

(Laughter)

Q This is the Times Star. (Laughter) It is all right with me either way.

A Anyway, if the St. Louis newspapers claim that they are number one, there won't be any fight from the Treasury. Does that help you any?

Q Yes, sir.

A We will give you a boost, but we won't argue with you. (Laughter)

Q Does the Treasury take the stand that only cash on the barrelhead counts?

A Wouldn't you? (Laughter)

Q Yes.

A Well, I don't know what is the difference between you and me and the Treasury. (Laughter)

Q We had an inquiry as to whether you support that theory.

A I do in this business, cash on the barrelhead.

Q It has to be cash on the barrelhead before you can--

A It is all we can spend. We can't spend the pledge. It has to be cash on the barrelhead as far as Bell and I are concerned, if we want to stay solvent.

Q Mr. Secretary, we had a report the other night that you were all ready to send a telegram of congratulation to St. Louis but at the last minute

New York put a claim in that they were first over the line.

A No, that is not--

Q New York still hasn't got its quota.

A Well, that story is incorrect. Just before press conference Chick took this up with me, and it is the first I heard about it. No, that is incorrect. So if St. Louis wants to claim this, we won't argue with them. Is that right, Bell?

MR. BELL: That is right.

Q Mr. Secretary, you are about three billion short of your minimum goal. Where is that to come from? Is all of it to come from these small people? Where do you expect it from?

H.M.JR: We have only gotten a little less than two and a half from the banking people, so there is still another two and a half to come from the banks.

Q That is assured?

A Yes. There is two billion four hundred eighty-seven now from the banks, and when we offer that two percent to the banks at the end of the drive

that will be another two billion coming in.

Q You have some more coming from bills?

MR. BELL: Four hundred million from the bills yet to come.

H.M.JR: There is two billion four. So what it gets down to is whatever we expect to go over should come from smaller subscribers.

Q As it stands now, two and a half billion from the banks plus four hundred million--

MR. BELL: No, that includes the four hundred.

Q When you add that to what you have now, you are assured of about twelve and a half billion?

H.M.JR: That is right.

Q So you are almost within sight of your minimum goal, aren't you?

A Unless you are hell-bent for writing that story, I would much rather you wouldn't.

Q I won't if you don't want me to.

A What I am trying to do here is - we would like to keep the figures down so that the people won't say, "What is the use? You have your quota. Why should we go out the next two weeks and ring doorbells?"

Q You haven't gotten your nonbanking quota, have you?

A We have not gotten our nonbanking quota, no, nothing like it. So we have to get a lot more.

Q You are within six hundred million of it, though, aren't you?

MR. BELL: We haven't gotten enough from the individuals.

H.M.JR: No.

Q Your total nonbanking is seven billion four, and you set out to get eight billion.

A That is right.

Q But it is not properly distributed?

A That is the trouble. We gave you the breakdown. It is not properly distributed. There have to be a lot more E, F, and G's sold.

Q It is that the E, F, and G total is rather disappointing to you, isn't it, rather than--

A Yes. The answer is yes, it is.

Q Is there a weakness in the campaign, or what, or has this tax muddle cut the probable purchases?

A No.

(Discussion off the record.)

A This is just for you. This is off the record. They tell me there is an awful lot in the works. They tell me there is a lot of stuff which has been subscribed that has not come through yet; but I am from Missouri, and I will believe it when I see it. But from the stories they tell from the field, there is going to be an avalanche the last week.

Q It would look good if it were two billion?

A No, we don't expect that much. No, we don't expect that much E, F, and G.

Q Mr. Secretary, you have averaged more than a billion E, F, and G a month for the first three months of the year. Don't you think you will go higher this month than that average?

A Yes, sure. Just for your information, and for nobody else, the minimum we would like to get of E, F, and G is a billion and a half. But that is just in the Treasury family here. If

- 10 -

we don't hit that, I will be disappointed.

But, as I say, they tell me from the field it is coming; but I will believe it when it is in the bank.

Q Isn't it true it is a longer process getting it through from the small ones?

A It takes about ten days. These department stores and all these issuing agents around - it takes them a long time to get it through. But when they tell me the amounts of blanks that they have sent out - it is just stupendous. If they sell them all, there will be a lot the last few days.

Q You can't really say you are disappointed in the American people.

A I wouldn't say that.

Q Just disappointed in the response so far?

A So far.

(Resumed discussion on the record.)

Q Mr. Secretary, I have been trying, somewhat unsuccessfully, since this morning to confirm Hick's story about you investigating some easy money in the foreign exchange in North Africa.

A I haven't got that thing at my finger tips. How important is it?

Q Can you say whether or not you are investigating those reports?

A What do you mean by "easy money"?

Q Well, the story was that some French officials apparently had advance information that we were going to revalue the franc upwards and cashed in on it.

(Discussion off the record.)

A Well, let's go off the record, and then we will see if there is anything on the record. Frankly, I have seen the story. With all due respect to

- 12 -

Nick, he wasn't the first fellow to run it. It was in Time magazine about a week or ten days ago.

Q I ran it - the fact that your people were interested. We ran the story but couldn't trace it. (Laughter)

Q At the end, for example, Flandin made seven million bucks out of this thing through the tip-off. I understand, unwittingly Murphy called these fellows in and said, "Now, look, we are going to participate in this reconstruction of North Africa, and you know the Germans have stolen everything from the Bank of France and we have got to raise the standard of living." Well, it is just like somebody telling me off, that "X" stock is going up to fifteen - selling at six.

A Well, I have heard the story. I mean - this is all off the record - I have been curious about it, just the way you all have been, but it is one of those things I don't think you will ever find the answer

- 13 -

to, and if we do, what are we going to do about it?

I mean, are we going to go over after Mr. Flandin?

Q No, but you were handed the French double cross,
I remember, in '38. (Laughter)

A I will put it this way - still off the record -
if I find something which is good for the United
Nations cause, I will give it to you on the
record. If I find anything at all about it which
I can tell you off the record, I will. Right
now I really haven't got anything on or off the
record that I can tell you.

Q But they are looking into it, aren't they?

A They are curious.

Q Thank you, sir. (Laughter)

A But right now I can't help you. As I say, I have
seen the story and I have been curious about it.

Q Some soldiers over there made some money off the
deal, too.

A I don't think so.

Q I notice some came in who actually saw the
results of some.

A Did they?

- 14 -

Q Yes.

A I wouldn't feel so badly about that as I would some of the Frenchmen. (Laughter)

Q Here is the position we are in. The story appeared in the Tribune this morning and we have a request for a story on it. We look kind of foolish if we say the Treasury doesn't know anything about it. I think the Treasury will look kind of foolish if we say that.

A We are used to that. (Laughter)

Q You can take it better than I can.
(Discussion resumed on the record.)

A On the record, you can simply say that I have no comment.

(Discussion off the record.)

Q It wouldn't be far off base if I went on further to say that it was understood they are looking into it, without crediting that to you or anyone else?

A You can use your own imagination just the way Nick did. (Laughter)

- 15 -

Q I have some very good data from the Federal Reserve Board to support my figures.

A Anyway, if I get something that is juicy I will tell you about it off the record, and I doubt if we will ever be able to tell anything on the record, but we really don't know.

(Discussion resumed on the record.)

Q Mr. Secretary, it seems I have a lot of questions today. Is there any comment on this Thomas J. Watson income tax investigation?

A We have got to go off the record all the time.
(Discussion off the record.)

The first - this is off - the first I knew that there was a case was when I saw it in Pearson's column. I never heard of it and never knew anything about it, and for the Treasury I was chagrined to see it was in the paper. It never was brought to my attention.

This is all off the record.

What we think happened, and I don't know whether that is true or not - it is one of the things that you are not so proud of - as you all know,

- 16 -

under the law we do have informers, and we pay them a percentage for information. As I say, it is a matter of law, and this is just my guess. This is all right in the family here. It seems as though this informer has never been paid.

(Laughter) This goes back to 1940. (Laughter) I gather that - this is all surmise on my part - evidently he thought he would get a little publicity and it might accelerate his fee. That is about as far as I have gotten, but I am almost sure that it didn't come out of the Treasury, because those kinds of stories don't. I have got a pretty good guess that is where it did come from.

Q How is the Treasury's credit on information? (Laughter)

A We still pay this informer business. I once had to meet one of them; he wouldn't tell anybody but myself. It was in the alcohol tax days and fifty thousand dollars was involved. I went right into the wash room and washed my hands. Until the thing got through I felt soiled. It is not nice business, but it is there.

Q One amusing incident, as long as we are talking

- 17 -

about Mr. Watson - he had his picture in the paper the other day, said he didn't want to take any profit out of the war, and as a result took a cut from five hundred fifty to four hundred ninety-three. I was wondering whether you noticed that in connection with the tax case.
(Laughter)

A I noticed it. But I want you to know that I think our own skirts are clean, and it is one of those unfortunate things. It is my guess that is where it came from.
We never tip people off; in the first place, it is a jail offense--

Q Incidentally, what has happened to the Fish case?

A I talk about a jail, and he wants - I thought you were my pal! (Laughter)

Q Remember we took that up some time ago?

A I have nothing on that.

(Discussion resumed on the record.)

Q Anything on the monetary conference?

A No.

- 13 -

Q Has any date been set when one will be held?

A No. I think there will be some people drifting in next week. I want to make clear there is no conference. There is no set - these people will be drifting in individually. There will be no particular meeting place. We haven't any hotel or anything else.

Q Would it be possible to have the names of the persons who are coming?

Q As they arrive, sir?

A Yes, and we will let you know where they are.

Q In this column that this informer patronized last week (laughter) I notice that the Czech finance minister came to town. Did you see that, Mr. Secretary? He got lost up at the Washington Monument and they were looking for him around here.

A As far as I am concerned, he came here on time when he was expected. I never knew he was lost, or anything else about it.

Q Mr. Secretary, are you going to Cedar Rapids, Sunday?

- A Yes. Don't you want sort of a formal statement on that?
- Q Well, you can expound on that, or expand on that if you care to.
- A Yes, I am going.
- Q It is a bond rally, is it?
- A No, I am going to Cedar Rapids Sunday night and take part in the program "We the People."
- Q That is in connection with the loss of that battalion that was lost in Tunisia?
- A No, that was Red Oak. We are going to Cedar Rapids and get acquainted with the people and talk to them about the war and what the war means to--
- Q What is the tie-up of "We the People"?
- A Well, they have the radio time they are giving to the Government - a half hour - and they have been doing that sort of thing; and it gives me an opportunity to go to the heart of America and get acquainted with these people and talk to these people about the war from the heart of America.
- Q We will be listening for it.

A I will be there for a couple of days to get acquainted with the people. They are turning the whole program over to me, which is very nice of them, and I will be the master of ceremonies.

Q Are you going anywhere else out there?

A No, I think just to Cedar Rapids - just be there for a couple of days.

Q Mr. Secretary, do you have any comment on the bill the Senate passed in regard to the Presidential powers over the dollar?

A No.

Q How do you feel about it?

A I am satisfied. As I explained, I would have liked to have had the power continue, but it wasn't a matter of life and death, and when I went up today before Coinage, Weights, and Measures, we only asked for the continuation of the Stabilization Fund, and that we think is important. The other we didn't think was important.

Q Is there a likelihood that at the end of the war such a power might be necessary, either through

the devaluation power for the President, or through an international monetary agency?

A It might be.

Q Mr. Secretary, to return to Cedar Rapids, that is the birthplace and boyhood home of Beardsley Kuml, I believe. (Laughter)

Q I understand Verne Marshall lives out there, too. (Laughter)

A Well, that is all right. Beardsley Kuml is a good American citizen, and all the more power to Cedar Rapids.

Q Mr. Secretary, now that the House committee seems to be trying to get off a pay-as-you-go plan again, if they should get one out and pass it all of a sudden, could you put it into operation by July 1?

A Yes.

Q Do you think there is any possibility of that happening?

A Well, this is off the record.

(Discussion off the record.)

Well, don't they get out almost hourly bulletins up there? (Laughter) That is off the record.

Q I wish you would put that on the record. That is really choice; it looks much better in print, too.
(Laughter)

A Listen, for the moment I am sitting pretty as far as the Hill is concerned. I want to continue to sit that way.

(Discussion resumed on the record.)

Q How long would it take you to put that pay-as-you-go plan into effect?

A About sixty days.

Q About sixty days?

A Yes.

Q That would make the deadline about the first of May, wouldn't it?

A Close, yes. We would need about sixty days, but if we get pushed hard enough, maybe we can beat that.

Q I understand you have something like two hundred million forms to print. Ⓢ

A But there is nothing sacred about July 1. It could be August 1, you know. I would like to make that very clear. There is nothing sacred about that.

Q Just the start of the fiscal year.

A I know, but supposing it was August 1, the country would go on just the same. I mean, the fact they say, "We can't do the pay-as-you-go because we can't do it by July first" - well, we can do it by August first. It is much more important to get the legislation on the books than it is to have a fixed date.

(Discussion off the record.)

The date, which is much more important - this is just off the record - is Easter - next Friday night.

Q Tell us about that, Mr. Secretary.

A If they are going to do it, they are going to try to beat that date to get out of town. That is the important date, Friday afternoon - whenever train time is. (Laughter) That is just for your guidance. If they are going to do something, they are going to do it between now and Friday afternoon to get a holiday.

Q Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S
PRESS CONFERENCE
April 22, 1948

H.M.JR: You people have been taken care of about meeting with the Canadians this afternoon?

MR. SCHWARZ: They haven't yet, sir.

Q What time?

MR. SCHWARZ: It was just decided where and when. It will be in Room 218, here in the Treasury at two-thirty. The Canadian technical experts, at the request of the Secretary, have agreed to see the press. At two-thirty?

Q

MR. SCHWARZ: Two-thirty, Room 218.

H.M.JR: I promised them you would be gentle with them.
(Laughter)

Q Is Mr. Ilesley coming down?

A Who?

Q Finance Minister Ilesley.

A No.

Q Clark?

A No. These are experts. (Laughter)

- 2 -

Q Is it possible to get their names, Mr. Secretary?

A The technicians?

MR. SCHWARZ: I have a list of the technicians.

H.M.JR: They evidently want it.

Q Can we have their names?

(List distributed)

A At least I have kept faith with you. They arrived here yesterday and we are seeing them today.

Q Thank you, sir.

A We will follow that procedure as these various groups come in.

Q Are they beginning their conference as of this morning?

A They may have done a little yesterday, I don't know. You ask them that - I don't know.

All right, are you ready for your bond figures? We increased the bills, so we have taken in now six hundred million dollars in bills. There are some of the seven-eighths that came in a little bit late through the mail. Is that right, Dan?

MR. BELL: That is right, and the adjustments to the next thousand--

H.M.JR: So the seven-eighths - I am giving you banking figures, now - two billion one hundred and thirty-eight million. So that brings the total from banking sources to two billion seven hundred and thirty-eight.

Q Two billion one hundred and thirty-eight was the certificates figure - was that it?

A Yes, but Bell had to make some adjustments. He claims some came in last night. I think somebody added up wrong, but anyway, the right figure now is two billion one hundred and thirty-eight. (Laughter)

Q Seven hundred and thirty-eight?

A The total is two billion seven hundred and thirty-eight. Now we go to non-banking and on the seven-eighths it is up to two billion three hundred and sixteen, and the two percents are one billion eight hundred and forty-six. The two and a half's are three billion one hundred and ten, and the savings bonds are five hundred and eighty-one million. The last two days the E Bonds have picked

up very well, I am glad to say.

Q What is your total?

A And then the tax notes, seven hundred and thirty-one million, or a total from non-banking sources of eight billion five hundred and eighty-four million, with a grand total of eleven billion three hundred and twenty-two.

Any questions on that?

Q In connection with the savings bonds, Mr. Secretary, do you think the executions by the Japanese of yesterday will help the sale of those bonds?

A I think so.

Q Do you want to make any statement along those lines?

A Well, I think the people are angry about it. I should think they would want to go out and scrape the barrel - the bottom of the barrel - and give us all the money they can possibly spare to end that kind of atrocity as quickly as possible.

Q What was that, please, sir?

A To stop those kinds of atrocities as quickly as possible.

I have got a little War Bond propaganda that I would like your assistance on. I would like to read it to you. It is being typed now. We will have copies for all of you. (Reading)

"Secretary of the Treasury Henry Morgenthau, Jr., today announced plans to go to Cedar Rapids, Iowa, on Easter Sunday, April 25th, 'to talk with the people there about the war'. Secretary Morgenthau, who has recently expressed concern over the fact that the purchase of War Bonds by individuals, while substantial, is not up to expectations, said this morning that he wants to talk to the people of Cedar Rapids 'because they have one of the best Bond records in the country, and this is apparently due to a great extent to their understanding and deep conviction about the war. 'I cannot help feeling', he said, 'that one reason some people are not buying bonds to the full limit of their ability is that they are not yet convinced of the urgency of the war, and the need for billions of dollars to provide the best possible equipment for our side. On the other hand we find that many

people who are putting every available cent into bonds are doing so because they realize that this is a war to the finish - either the finish of the Axis, or our finish.

"This is a desperate, cruel, heartless conflict, as anyone can tell you who has been to Guadalcanal or Tunisia or who flew with Doolittle over Tokio. Every day the war unnecessarily drags on means thousands of American lives, and if we should lose any part of it the cost to us in freedom is immeasurable.

"And yet we can't sit here in Washington and tell people how to think. Whatever public education is necessary about this war should, it seems to me, be taken over by the people themselves. I believe that is what has happened in Cedar Rapids."

"While in Cedar Rapids, Mr. Morgenthau will participate in a war fund rally and will interview Cedar Rapids citizens on the air from 7:30 to 8:00 (EWT) over the Columbia Broadcasting System."

Q You will be there on Sunday?

A Well, I hope to be there Friday night.

Q Tomorrow night?

A Tomorrow night. I will be there tomorrow night. We will stay there two days and visit around. Then they are going to have this military parade Sunday afternoon at which I understand the governor and other people will participate - a talk in some hall.

Q In that connection, do you contemplate visiting any of the areas announced yesterday as lagging - some of the sections, for instance, in the far West?

A I haven't yet. That is a peculiar thing, too. The part of the country which is at the bottom of the list is the West Coast. That is the hard thing to understand.

Q Mr. Secretary, do you include in this need for buying bonds, also the need for more taxes?

A Well, now, say that again.

Q There is no catch in it. I am just wondering if you care to emphasize again the fact that President Roosevelt has asked for sixteen billion dollars additional taxes.

A Well, let me go off the record.

(Discussion off the record.)

I take you at your face value, that there was no catch.

Q No catch at all.

A Sometimes there is - but the catch in it is for me. That is why I asked you to repeat it, because, as you all know, there will be a heated debate on the floor of the House today, and anything that I might say today might be misinterpreted. So I think I had better lay off taxes today. That is why I--

Q That is quite all right with me, Mr. Secretary.

I didn't refer to the Miami plan or any other plan. I refer to the need of more taxes, not the method of collecting taxes.

A I am talking off the record. I think it would be wiser for me, on account of this thing going on the floor today. I mean, I can't help - sitting at this desk. If I could, I would say something. Everybody knows - I have repeated it over and over again - we need sixteen billion more taxes.

Again - I am still off the record - I am terribly sorry that they didn't come to an agreement, but I just don't want to say something which they might use, which would be detrimental to getting something through the House today or tomorrow. That is why I would like to be a little more cautious than usual. I am explaining to you why. I think you might see it from my standpoint. I mean, they are so apt to take what I say and give it the wrong twist.

Q Do you have any information which might lead you to believe we might have action in the House today?

A I haven't heard anything since yesterday afternoon. My latest news is what I read in this morning's papers, which was very depressing.

Q Just a matter of timing is the reason I asked, because Mr. Doughton told us last night that he planned to introduce the bill and get it reported out tomorrow, but it had to go out before next week.

A No, I have had nothing as recent as that.

Q He said about two hundred members were absent from the House, because of the Easter vacation.

(Discussion resumed on the record.)

Q Mr. Secretary, will there be a press conference on Monday?

A No, I will not be back. I can't get back.

Q Mr. Secretary, why is it peculiar that the West Coast is lagging? You said that was a peculiar thing.

A Well, the West Coast heretofore has led the way, and they are closer to the front than any other part of America and they have been most sensitive. After all, Kiska is not so far away in flying hours as, for instance, Tunisia; and they have always felt the war more closely there and they have always led the way.

I hope before the drive is over that they will come through. Maybe this story about General Doolittle and his men will get them mad. I hope it does.

Q You are referring specifically, Mr. Secretary, to the War Savings Bonds - the small investors?

A No, the whole thing.

MR. BELL: I think so.

H.M.JR: It is the Federal Reserve District of that--

MR. BELL: It is the whole non-banking list.

H.M.JR: The whole non-banking subscriptions.

Q What are they doing with all that money they are making out there, all that overtime, and everything, in the airplane plants?

A We don't know.

Q Mr. Secretary, does your West Coast include in your statement the Alaskan cities which heretofore have been way up over their quotas?

H.M.JR: Do you know? I don't know.

MR. BELL: No, it only includes the Twelfth Federal Reserve District.

H.M.JR: That includes the three States on the Coast, Idaho,--

MR. BELL: And Nevada, Utah, Oregon, and part of Arizona, and Oregon, Washington, and California.

H.M.JR: They are definitely at the bottom of the list,

- 12 -

aren't they - that Federal Reserve District?

MR. BELL:

As I recall, they were right at the bottom.

There was another close, but they were at the bottom, I think.

Q

Mr. Secretary, if Congress passes the tax bill finally by May 1, or near there, could you put it into effect by July 1 - collection at the source?

H.M.JR:

We have said so. We have advised them that if they got this thing through by the first of May - you are talking about the withholding tax?

Q

Yes, sir.

A

That one way or the other, if they got it through by the first of May, we would get the thing going.

Q

Mr. Secretary, I have heard that in a number of communities in the West a movement has been started to get together and discuss how inflation may be prevented, and the fact that that movement coincided almost with the beginning of this

campaign has led certain people to wonder if it were not very bad propaganda for your bond-selling campaign and whether it was not instituted purposely. Have you heard anything?

A To help or hurt us?

Q To hurt. That was the inference drawn by my informant, who is a person, because of his job, who has occasion to do an awful lot of travelling and to meet an awful lot of businessmen.

A Frankly, it has not come to my attention. I don't know about the movement that you are talking about.

Q He said he ran up against it in a very large number of places, the idea to get a few of the leading citizens together and have a nonpartisan discussion of how we may prevent inflation, which seems harmless enough, but which might be very bad propaganda for the campaign to sell bonds.

A Maybe some of our people in the Middle West know about it; but if they do, they haven't told me.

Have you heard anything about it?

MR. BELL: No, but I should think it would help us. It is proper discussion.

H.M. JR: Evidently it has not gotten here. As I say in my little statemant, it is people like those in Cedar Rapids who really decide - we can propose, but they dispose.

Q Mr. Secretary, I don't know whether this is off the record or not, but I would like to have an answer off the record, if not on. You said about scraping the barrel, and in this the sale of war bonds is only about a half a billion dollars, and you have got about fifty billion dollars more to borrow this year. You are rapidly absorbing your other non-banking resources other than the war bond sales, and I would like to get your views on what you hope to do to get the other fifty billion.

A If it didn't get to you it should have, because we had these tables which we gave out.

Q I understand that.

A And they show where we hope to get it.

Q But that showed you hoped to get more from war-bond sales to individuals than you are getting, and that is the reason I brought the question up. (Discussion off the record.)

A I don't want to say this on the record, but if the thing on the savings bonds would keep up the pace it has hit for the last two days we are all right. We will come within those estimates, which I think Lindow explained to you. You can't base anything on two days, but for the last two days we have hit the pace that we wanted to. If we maintain that pace for the balance of the drive we are all right. I don't know whether that answers you, but we did tell you just where we expect to get it, and so forth.

For two days we are all right. I don't want to say that on the record because it doesn't mean anything. The next day we might take a bad fall.

(Discussion resumed on the record.)

Q By the way, the grand total of eleven billion three hundred and twenty-two is as of when?

A That is in the bank as of the night of April 21, as of six o'clock last night.

Q There is no doubt that you will hit this all right, is there, Mr. Secretary?

A We will get our thirteen billion, but I am still worried about getting the right kind of money; and the right kind of money for our purposes is non-banking money from current earnings. That is the kind of money we want. They have lots of that on the West Coast, and we are not getting it.

Q Mr. Secretary, do you have any figures to show how badly the West Coast is doing?

A Yes.

Q Could you tell us how far behind they are or give us some idea - the percentage or something?

A Let me think that over.

Q One hundred twenty-five papers on the West Coast - it is a good statement.

A You can take it from me right now that they are at the bottom of the ladder. But you want their relative position?

Q Yes. The bottom of the ladder could mean many things.

A In this case it is pretty far down, but let me talk this over with my associates here and see what they think. Gradually you are getting everything. (Laughter)

Q Are your reports coming through promptly from out there?

A That is not the trouble. Sure, they come over the Federal Reserve telegraph system.

Q Your organization is functioning all right there?

A But not good enough. If it were functioning properly I wouldn't have any complaint, but it is not good enough. If as a result of this press conference they will get a little angry at me out there, fine. If they get mad and cuss me out a little bit and then go to work, that is what I hope for. I wouldn't put that on the wire. (Laughter)

Q Mr. Secretary, are you going to Chicago on this trip?

A I don't think so. I think we will go right to Cedar Rapids and back. If we go to Chicago, Schwarz will let you know.

Q Coming back to the West Coast, could you give us an idea of whether it is a fifty-percent effort, or thirty-three and a third percent, or forty percent, or seventy-five percent, according to your expectations?

MR. BELL: I really don't know. I would have to look at the figures.

H.M.JR: We will look at it and talk it over, and if we think it is all right maybe we will give you the comparison of all the districts.

Q Thank you, Mr. Secretary.

SPECIAL PRESS CONFERENCE

April 29, 1943

MR. HELL:

I am just going to give you the figures without any comments. We will have a statement when the Secretary gets back - probably tomorrow or Saturday morning - which you can quote. Of course, we have another two hundred million dollars of Treasury bills which makes the total balance up to last night two billion nine, thirty-eight; non-banking, which is the seven-eighths percent certificate, two billion seven, forty-one; two-percent Treasury bond, two billion, one ninety-seven; two and a half percent Treasury bond, three billion, three seventeen; savings bonds, one billion and thirty-three, of which seven twenty million are series E; tax notes one billion two hundred sixty million. Total non-banking ten billion, five hundred forty-eight million.

Q

What was the figure for tax notes?

A

One billion two, sixty. The grand total is thirteen billion four hundred eighty-six million.

- Q Is that from the 12th, Mr. Bell, or from the 1st?
- A From the 1st. That includes Treasury bills from the 1st, tax savings notes and savings bonds. All other figures are from the 12th.
- Q This is up until last night?
- A Yes, except savings bonds, which are always a day behind. They are up to the night of the 27th.
- Q Does that include all the banking--
- A That includes all the banking up to date. Of course, the two-percent bond is now open to the banks.
- Q Is there any of that in there?
- A No. We haven't made allotments yet, and we won't until after tomorrow night. There is two billion yet to be added to the total figure I gave you.
- Q That might be oversubscribed?
- A We are going to allow only two billion.
- Q What amount of that are the banks getting?
- A A round two billion of the two-percent.
- Q It looks like a record month for the savings bonds, doesn't it?

- 3 -

- A I don't know. What was the high month?
- MR. SCHWARZ: The high month was right after Pearl Harbor.
- Q Last January was the high figure, a billion and a quarter. Is that right?
- MR. BELL January - a billion two forty.
- MR. SCHWARZ: January of '42?
- MR. BELL: '43. That was the high month.
- Q At this rate that will be exceeded, won't it, Mr. Bell?
- A This runs a good chance of exceeding that figure, yes.
- Q All figures except savings bonds are through the 28th? Savings bonds are through the 27th?
- A That is right.
- Q Mr. Bell, do you have any figures on individuals?
- A No, we can't give you that - I am sorry.
- Q Is it possible to get the figures from the 12th all the way through? In other words can we find out just how much of the drive is represented by these totals?
- A I might be able to give you the tax notes and savings bonds up to that date - up to Saturday night. On April 10, which was just before the

- 4 -

drive started, we had two hundred million dollars in Treasury bills from the banking sources; we had two hundred forty-five million from savings bonds; and eighty-two million from tax notes; or a total of three hundred and twenty-seven million from non-banking sources and five hundred and twenty-seven million from all sources.

Q I think stories have been printed, Mr. Bell, to the effect that in the next drive it is planned to exclude banking sources. Is that correct?

A We have no such plan, but it has been discussed. We haven't decided that yet.

Q Then these figures - when you get your two billion dollars in - will approach if not surpass sixteen billion dollars. It would indicate that, would it not?

A Up to the present time we are up to fifteen and a half. We hope that they will surpass that figure, and we hope we will get a lot more sold to individuals in the next few days.

Q Are they going very good?

A Bond sales are going very well. .

- 5 -

- Q Is the Reserve District showing any particular change?
- A They are all picking up.
- Q Do you have any idea, sir, how long this sixteen billion dollars will last - how long before we have another drive?
- A No, I can't tell you. We will have to decide that after this is over.
- Q This is how much of the total they want to get?
- A Well, we plan to raise during these four months twenty billion dollars, which includes the thirteen billion dollars in this drive. If we get fifteen and a half, which we are now assured of, we will have two and a half billion over that twenty billion dollar figure. It will be increased by whatever we get from here on.
- Q Is Secretary Morgenthau announcing this on the Coast?
- A No. At least I don't think he is, but you have a three-hour start.
- Q Maybe he isn't up yet. (Laughter)
- MR. SCHWARZ: It is pretty early there.
- Q Thank you, Mr. Secretary.