

● PSF Fred I. Kent

Subject File

Box 155-

*PSF - Kent*

THE WHITE HOUSE  
WASHINGTON

*file  
copy*

4/20/33

4:05 P.M.

For Mr. McIntyre:

"This is the situation:

Mr. A. is a ruthless politician and

I do not believe he is dependable. It would be very welcome to the Governor to get him out of this State. I am telling you these things because I feel you should know them before you take a man on for a long spell. I want to give you some facts on Mr. A:

I saved Mr. A. from being put out of the Democratic Party on the first day of September. He admitted as much and thanked me. I did it because he was being treated unfairly and because to have put him out would have split the Party just when we wanted to concentrate on the President's election.

Mr. A. is now running his son-in-law against me.

There is no form of subterranean propaganda and untruths that he is not using in his method of campaigning. He is perfectly ruthless and absolutely unethical in his fight against me. at this time. If

THE WHITE HOUSE  
WASHINGTON

2.

you give him this appointment it will be a great boon for the Governor to get him out of the State, I feel sure and it might help me, but I think he is quite capable of going to Washington and continuing to run a very underhanded campaign against me. You have asked me whether it is one hundred per cent O.K. that Mr. A. have this appointment, and I am asking you to give me twenty-four hours in which to ask the people in this State who are friends of the Administration what they think about it."

[Fair I Kent]

PSF  
Kent  
✓  
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**FEDERAL RESERVE BANK  
OF NEW YORK**

April 20, 1935

IN REPLY PLEASE REFER  
TO

Dear Mr. President,

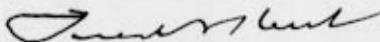
The confusion in the exchange market, which I predicted and you desired, has developed perfectly. Your propaganda has met the situation exactly as you wished.

It is possible that when the first flurries are over and the dollar begins to seek its level it may be important to consider something new but just now there is real reason to believe that the confusion that exists will be effective over the period of the conferences. In the meantime the "flight from the dollar" will lead to investment in commodities and securities, but I must watch for any turn about in exchange that might be disturbing.

It seems rather probable that the British may prefer to wait a little before operating to reduce the Pound with the hope that it will cost less when things quiet down a little, if they do. However, they were trying to buy dollars in this market yesterday on a five per cent basis.

For your information would say that to create a foreign exchange control that could be utilized either way, I have been ruling up to the moment that Americans who desired to purchase foreign exchanges as a "flight from the dollar" were engaging in operations which did not come under the authority of the regulations as being "legitimate and normal business requirements". It would seem perfectly in order for me to construe such operations differently in view of your statements of yesterday, in other words, construe them as being "legitimate" while they would be furthering your purposes. In my opinion it would be a mistake to advertise any such freedom of action at the moment in any event, but as requests are made to me for permission to carry them out I can pass them in each individual case which would undoubtedly result in a considerable movement. Will appreciate it if you will get word to me in such manner as you choose, directly or through the Secretary of the Treasury, what position you would like to have me take in this matter. Unless I hear from you to the contrary I will, beginning tomorrow, consider such operations as being legitimate for the time being while they may further your plans.

Respectfully yours,



Fred I. Kent

Honorable Franklin D. Roosevelt,  
President of the United States,  
Washington, D. C.

Private

PSF  
Kent

February 11, 1938.

Dear Fred:-

I am sorry that your letter of February seventh shows so little conception either of fundamental economic facts or of suggestions for remedying the fundamental causes of economic and social ills.

I think your general attitude is a little like that of the doctor who was called into consultation in the case of an unfortunate man who was about to die of an exceedingly large tumor. The first and only expression made by the consultant was "what an amazing and wonderful tumor! I must write a paper about it".

In regard to your statement -- typical of so many of your friends and mine -- that I receive bad advice, I can only call your attention to the fact that like the Pharisee you assume that all advice which does not conform to your advice is bad advice. If occasionally you would give me advice on some subjects which relate to the deeper aspects of sound, national economics, you would be more helpful.

You remind me of a friend of yours and mine who came in the other day and to whom I said "what do you think should be done about the farm tenancy and share cropper problem?" This gentleman could see no relationship of that problem to his business until I pointed out to him that fifteen or twenty million Americans in

the farm tenancy and share cropper category have no purchasing power today for the products of industry.

Enough said by way of exposing to you a form of narrowness and lack of education which people in all walks of life have to some degree. For many years of my life I have been in close touch with the practice of law and the conduct of a large business concern -- and, incidentally, I rather pride myself on the fact that in this business concern the growth of business and profits in my office were large.

I see a greater number of the type of person you mention than any other group. I do not consider them dishonest and I do believe that they are in the process of learning many lessons which are fundamental in their relationship to the good of the country. You yourself are in that category. I think you are learning greatly. If you could sit in my office beside me for a week it would be very helpful to you, for you would be gaining in education in every line as greatly as I am gaining as each day passes. I am really sorry that you do not have opportunities of this kind, and I hope you will seek them on every possible occasion.

Always sincerely,

Fred I. Kent, Esq.,  
100 Broadway,  
New York City.

TELEGRAM

26WUD38 DL

The White House  
Washington

*file*  
*2*

Edgewater Park Miss 210pm April 11 1938

M A LeHand

The White House

Your letter eighth forwarded here and just received have telegraphed my secretary in New York to make copy from my files and mail to you. Returning to New York Wednesday night arriving there Friday morning, ready for any service.

Fred I. Kent

Miss Tuley

April 8, 1936.

My dear Mr. Kent:-

We are not able to locate your letter to the President of December tenth, and I am wondering if you would be good enough to send us a copy.

With many thanks,

Very sincerely yours,

M. A. Le Hand  
PRIVATE SECRETARY

Fred I. Kent, Esq.,  
100 Broadway,  
New York City.

THE WHITE HOUSE  
ROOM 1207  
JAN 18 9 03 AM '38  
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*file*

FRED I. KENT  
100 BROADWAY  
NEW YORK

P.P.F.

744

January 17, 1938

Dear Mr. President:

In connection with my letter of December 10, thought best to call your attention specifically to the fact that should you consider any plan that carried out, in important part, the suggestions made, it can be done in such manner as to protect you from criticism and let the people see that their interest is your first concern.

While I realize that it departs from many advocated methods aimed to accomplish for the country the same thing that the methods I outlined would bring about, yet as the desired end is the crying need, it is inconceivable that the public would take exception to any honorable means that will restore prosperous and satisfactory conditions in the United States.

While I did not re-develop my idea of the Board to represent the "voice of industry" as that was covered in my former letter referred to, yet it was an integral part of the whole plan. In other words, it is my belief that representatives of government could work with such a Board, created outside of government, to the interest of the whole people.

You have spoken of developing some form of co-operation between government and industry that would be helpful in the planning of production in all its phases. It is not conceivable to me that this can be accomplished satisfactorily or successfully without the character of industrial Board that I have suggested.

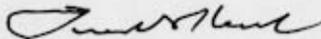
Through such a Board, every means of real reform in which you have shown an interest, could be soundly

brought about without interfering with American ideals.

May I say, for regularity sake, that in any plan of procedure that I may suggest for meeting the menacing conditions with which we are faced, I would have it in mind to utilize the experience gained during the years of your administration in such manner as to obtain all the good for the people that lies within them.

While I am sure that you realize all of this, yet I did wish to say it to you in so many words as you are faced with a very serious situation if I read the handwriting on the wall properly.

Sincerely yours,



Fred I. Kent

Honorable Franklin D. Roosevelt  
The President  
The White House  
Washington, D. C.

FIK:A

FRED I. KENT  
100 BROADWAY  
NEW YORK

January 17, 1938

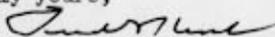
Dear Mr. President:

The dollar strengthened during the week from January 8, to January 15, and sterling and francs both went lower. Sterling went down from 5.00  $\frac{3}{16}$  to 4.99  $\frac{11}{16}$  and francs from 339  $\frac{1}{2}$  to 335  $\frac{3}{8}$ .

The commodity price level for the second week was stronger. It went up from 83.2 on January 8, to 83.9 on January 15. Wheat and cotton were both higher, wheat having gone up from 96  $\frac{1}{4}$  to 97  $\frac{1}{4}$  and cotton from 855 to 859.

Securities were strongly up and down during the week and Saturday stocks closed up although other securities were down somewhat. The recession on the stock market in the middle of the week was undoubtedly due to the French crisis. Your statement that the municipalities could not expect to receive money from the Federal Government for building public utilities, as the Government was not in position to make such advances, had a temporary strengthening effect upon utility securities. Your statement concerning holding companies was at first taken in two ways but sentiment simmered to the belief that it might not be constructive for the utilities and this was reflected in their price.

Sincerely yours,



Honorable Franklin D. Roosevelt  
The President  
The White House  
Washington, D. C.

FIK:A

*BSF*

*Kent*

FRED I. KENT  
100 BROADWAY  
NEW YORK

*file*

THE WHITE HOUSE  
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February 15, 1938

Dear Mr. President:

Your letter received and I appreciated it beyond expression. It was very nice of you to write me so frankly and I am certain that it should make it possible for me to be more helpful to you as time goes on.

Regarding economics, would say that we must always bear in mind that, like statistics, it is representative of the past and not of the future.

The acts of men can turn any economic development that may be in process into something else almost overnight. Such acts can increase or decrease supply and likewise they can increase or decrease demand in ways that can run through the whole gamut of life. Psychology is usually the determining factor for what might be called the current future. Changes in the attitude of men toward buying, selling, producing, government and each other can alter any economic trends that may be in force.

Bearing these things in mind, I will make a careful study of conditions as they are at the moment and their probable or possible developments and see if I cannot find a means to bring our minds together.

It is a pity that you have to be quite so busy even though I am certain that, insofar as interest and pleasure are concerned, you get more out of life while busy than you could otherwise. Even so, I wish that we might have the good part of a day together for the purpose of discussing quietly the picture of the world today.

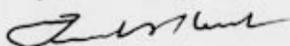
Having been closely associated with the Prime Ministers of a number of the European countries immediately following the war and afterwards for several years, I

had the opportunity to see how certain government activities affected the people and also to study the varying psychological attitudes that became powerful forces in national developments. Many of my points of view in connection with the present day situation are influenced by my knowledge of actual happenings as carried out by men in government and men outside of government since the war.

It would be very nice if I could sit down beside you in your office for a few days and watch the wheels go round as you suggested, an opportunity which I actually had to quite an extent in connection with the Prime Ministers of certain European countries. However, I realize the difference in the nature of your position, which would seem to make any such method of study impossible. Even so, I shall hope for some more extended discussions with you as time goes on as I am very positive that I can carry many things to you that should be exceedingly helpful that have occurred in contemporaneous history where you and I have had different approaches and varying opportunities to understand them.

Will hope to write you later from the economic side of the situation. In the meantime, I expect to attend the meeting of the Roper Council Thursday and Friday of this week.

Always sincerely,



Fred I. Kent

Honorable Franklin D. Roosevelt  
The President  
The White House  
Washington, D. C.

FIK:A

FRED I. KENT  
100 BROADWAY  
NEW YORK

THE WHITE HOUSE  
FEB 9 9 20 AM '38  
RECEIVED

February 7, 1938

Dear Mr. President:

There is one positive and crucial element in the development of humanity that is given no consideration whatsoever by the administration, judging from its attitude toward business. What I refer to is evolution in its application to human endeavor and the part that it takes in making existence possible on a generally comfortable basis under a growing density of population.

The activities of men in their effort to provide themselves with a living and the conveniences of life follow their ingenuity as opportunities open up that enable them to provide some character of service that they can exchange for the services of others.

During the early stages of such developments, current conditions are usually benefited by money making operations that are perfectly sound at the time but that later may affect the lives of a sufficient portion of the population through some form of restriction that justifies community regulation. When this occurs it is seldom, if ever, that a people through its government can arrange corrective control until abuses have arisen. Such abuses may not be, and usually are not, the fault of those men who are carrying out the functions concerned. Instead, they develop around their normal acts which are taken by them for the purpose of meeting the problems that arise in their business without wrong intent nor the realization that unfairness is being created. As men go to their businesses each day, there is not sufficient difference in the things they have to do between one twenty-four hours and another to carry to their notice while their minds are taken up with their business problems, the effect of their procedure upon other people. In the large general way abuses so created carry benefits to the general public far in excess of the

damage caused by the abuses.

For instance, to cite a few cases, when men with funds to invest took the enormous risks that attended the building of the railroads in the west, they were obliged to utilize every justifiable means of profit available in order to carry out their operations. A system of rebates developed that was perfectly proper and sound at the time. It meant that the large shipper was able to receive a lower rate for his shipments which was equivalent to dealing on a wholesale basis. This helped the shipper to expand his business and it also resulted in the pioneers finding that the lands upon which they settled were growing in value. Further, it enabled them to develop businesses that were profitable to them and to the communities in which they lived. The time came, however, when the giving of rebates by the railroads was generally harmful rather than beneficial. The law then stepped in and properly prohibited the rebate system.

A similar situation, in effect, followed the growth of the great Life Insurance Companies. Almost overnight their receipts from insurance became so large that, in order to invest them soundly, they were concentrated in certain ways that gave them great power over the companies in whose securities they had made their investments. Then others tried to utilize this power to extend their own power. Abuses arose that made it necessary for some government control to take its part in the picture and New York State provided such laws.

In the public utility field there was also an unexpected and tremendous expansion made possible that was taken advantage of by men of ingenuity and foresight. Great profits and/or losses were an inherent part of such an expansion. The result was that the utility business attracted tremendous sums of speculative and investment money. Many individuals made large profits, some of which were of a character that were not based upon proper procedure. Altogether, however, the public gained tremendously through this expansion and the people of the United States must thank the ingenious men, who found the way to give them the conveniences of light and power that have fallen to their lot with such service. The law came in to protect the people from too high rates for light and power as the business began to settle down.

The combined result of the attraction of large

funds to this business, because of the profit motive and the chance to obtain profits that enabled the intense research that followed, and the expansion of the public utility industry with ever lowering costs to the people has been one of the great moving forces in the United States which has made it possible for the standard of living to be so high.

Another important instance lies in the methods under which the savings of the people are carried into the industries that provide them with work and the conveniences of life. The people would not, and could not, afford to put their money into securities that enabled the development of business and industry unless they had a market.

During the years between 1922 and 1929, the security business expanded with such speed and such a vast number of people were directly interested in it and affected by it, that it became necessary for government to step in and develop such forms of protection as might be possible to enable the continuance on a sound basis of the transfer of the savings of the people into the businesses that supported them. Rules and regulations were, therefore, developed having to do with the issuance of securities and also aimed to surround the markets where securities were bought and sold.

Unfortunately, the public is much the same as it was in the time of Nero and is always seeking a Roman holiday. As a result politicians, in catering to this mob desire, find that when abuses arise as development goes on they can crucify men and add to their own political power more effectively than if they merely correct abuses in the public interest.

There are always in such cases, as well as throughout the length and breadth of business endeavor, those who are dishonest and should be punished. One great trouble with mankind, however, lies in its propensity to put the burden of punishment equally upon the good and the bad - which is most harmful to the public at large. In all of the instances cited as examples, this has been done to a very great degree. As a result the railroads are finding it most difficult to exist and extend the services to the people for which they have been built.

The public utilities have been so taxed and restricted by government that the people are afraid to invest in their securities in a way necessary to meet the needs of the

country from the standpoint of the distribution of power, to enable the employment of men and to secure the proper continuation of the lessening cost of light and power. Government has even gone further than this and is destroying the values of the utility securities held by a tremendous number of its citizens who bought them in good faith and have just as much right to the protection of government as the holders of securities of other businesses. At the same time that government is endeavoring, through laws and forced regulations, to protect investments in some securities, it is itself deliberately destroying the value of Public Utility holdings.

In connection with the regulation of the issuance of securities and of the methods of Stock Exchange operation, there has seemingly been no intelligent attempt to consider what the public requires for its protection in these matters and, instead, methods of regulation have resulted in reducing the issues of securities that are necessary in order to make employment for men on one side, and in destroying the stability of security markets on the other.

These few instances are not mentioned in this study on the basis of criticism but merely to show how far a democratic people can be led as evolution goes on, in hamstringing themselves and making life difficult through demanding unwise, unnecessary and harmful restrictions upon each other.

In the United States a vast portion of the public has been led to believe that there has been much wrong intent that has never existed. Their political leaders, instead of stimulating and accentuating such beliefs, should endeavor to let them see how growing density of population, changes in the habits and customs of the people and all of the other forces that lie in evolution have created abuses here and there which government should control but without animosity, unfair criticism or the crucifying of men.

You, as President of the United States, are in a maelstrom of voices aimed to destroy because many of them do not know better. You are being constantly attacked by theories which are not only impractical but that, if carried out can only be harmful to the people and lower the standard of living. You are in the center of a sea whose currents arise from the striving of organized minorities to obtain special

privilege.

My experience with men, during which I have worked closely for years with those engaged in banking, business, industry, financing, merchandising, transportation and government, has proved to me beyond doubt that the great general intent of men is fine; that they meet the problems that arise in their own businesses with integrity, in large proportion, and; that the criticism of men that has been so rife during the past recent years is unfair and unwarranted. Further, I am certain that while honesty of purpose has been a preponderant force in the life of our nation in the past, yet today the morale of our people has been sadly broken down because of the loose criticism of men that has been going on in writings, speeches and radio statements in such a terrible way. There is not only the question of a lowered morale but a frightful unrest has been built up that must be allayed or our great country must face chaos and ruination before it can come out into a better period.

It is because, Mr. President, I so fully realize how insistent are the voices for destruction about you, how numberless they seem to be and how unwise are some of the ideas of those whose intent may be good, that I felt I should like to call your attention to the fact that evolution of itself, entirely aside from the willful acts of men, develops abuses and further, if government will take the proper means to control abuses when they arise instead of discrediting its citizens before their people, our progress can be attended with greater contentment and happiness.

When men come to me with statements that all other men are dishonest, my first thought is - how honest are you, my friend, and, is it possible for you to see all other men as being dishonest unless it reflects a flaw in your own mind?

It is my firm belief that you can protect yourself, your very own personality as well as your position as President of the United States of America, if, before accepting the damnation of other men, you will analyze the mentality and purpose of those who carry the stories to you. Many times you have called my attention to supposedly dishonest acts of business men when I have known the facts to be just the opposite.

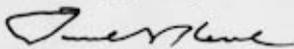
You should keep yourself free from the taint of false statements that can overwhelm the strongest mind with the constant hammering that comes to one in your position if he does not keep above them.

It is because I fear that you may destroy yourself as well as being unconsciously led to destroy your country that I have been induced to write you thus frankly.

We are in a world of people. They must give and take as life goes on. They do so most effectively when government guides, exercises wise control and does only the things that government should do and allow its people proper freedom in their pursuits, in the exercise of their ingenuity and in the realization of their aspirations.

Mr. President, I am very fearful for my country even though it is my nature to be most hopeful. Please, therefore, accept this letter as carrying great goodwill and the belief that it will help you and help our great country in this time of very serious crisis if you will give more consideration to the part that evolution takes in the development of mankind and assume stern control over any in your administration who would seem to prefer to destroy men for political power rather than correct abuses in such manner as to further the proper aspirations of all of our people.

Sincerely yours,



Fred I. Kent

Honorable Franklin D. Roosevelt  
The President  
The White House  
Washington, D. C.

PSF  
Kunt

PERSONAL

March 10, 1938.

Dear Fred Kunt:-

I begin to think that you do not want to "think things through". Yours of March eighth speaks of seven points by which Government can help business. The first four relate to lending by the Government or making credit more easy. The fifth mentions new methods of taxation. The sixth speaks of postponement of some laws, and the seventh is the old chestnut about a breathing spell for business.

The next two pages are a re-hash of the old story of the need for business confidence and the attitude of the investing public.

Then you come to taxes. You are not satisfied with proposed changes in the undistributed profits tax, especially if these impose larger taxes on large corporations.

Then apparently you oppose any super tax on size -- just as you would, I suppose, oppose a graduated tax on large individual incomes.

Then toward the end of page four you suggest that the suggested changes in the tax law are really only gestures, and you come at last to what you call "the other side of the picture". Let me take that up:

1. You say no real effort is in process to reduce taxation. But when you say this you completely fail either to suggest how expenditures shall be equally reduced or how reduction of taxes without reduction of expenditures can fail to increase the

deficit. In other words, either you approve increasing the deficit or else, like so many others, you imply that expenditures should be reduced and fail to tell me how. Therefore, my dear Fred, as you have taken this position, probably after careful thought, I want you, without further study and within twenty-four hours, to tell me - (a) do you favor reducing taxes without reducing expenditures, or (b) if your answer is "no", please suggest how I can reduce the Federal expenditures by one billion dollars during the coming fiscal year.

2. I guess you did not hear what I said about the National Labor Relations Act at the Business Council conference. I guess you did not read what I said about the number or the proportion of labor disputes settled every month. I guess you only read of the very small percentage which are not immediately settled. The working out of this Act is by no means perfect but it is improving with every passing month.

3. You say there is no intent on the part of the Government to curtail and reduce competition with private industry. I think you have not read Wilkie's admission to me that competition in the utility field affects only twelve to fifteen per cent of the area or the population of the country, and the definite statement that there is no intention on the part of the Government to extend this competition. Please admit that.

4. This is a general statement. Please specify.

5. This is a general statement regarding the issuance of new securities. Just how would you change the law?

6. If what you call the business and financial world has no clear idea as to the complete plan that is called the New Deal, it is because they do not read or because they do not want to remember definite statements. That seems to be your trouble too!

You and I know that ninety-nine per cent of all this smoke-screen is ignorance and the other one per cent springs from a desire to retain what you and I admit to be old abuses.

Your letter was written just before Dick Whitney's failure.

He ran a private banking house and accepted the management of other people's money. He was a trustee just as much as a chartered bank. The latter, however, because of "restrictive" laws would find it difficult nowadays to do what Richard Whitney & Company did. You and others will say that this is an exceptional case. Possibly. But you and I know, in our long experience, of many such cases. What I want to know specifically from you is this: What do you suggest to prevent another similar disaster to public confidence next year or the year after? Are you willing to say "people must take a chance with Stock Exchange houses", or, "we must find some way to curb the abuses as far as is humanly possible".

Finally, have you ever thought of the fact that business had "full confidence" in 1927, 1928 and 1929 -- with no curbs and with business unrestricted did things which brought on the worst crash in history, destroyed the confidence of the

investing public in banks and in most business men. Furthermore, please remember that from 1929 to 1933, while the depression was growing steadily worse and public confidence was getting to the point of positive rebellion, your business friends and mine had a completely free hand to restore confidence. They were begged to do so, tearfully and prayerfully, by the Hoover Administration. They were offered help and a free rein. They did nothing. They had to be lifted out of the slough of despond by the Government itself during the past five years.

And remember that in this process the Government has been saying to the people of the United States -- "please give them one more chance". I am trying to give them one more chance. They are not being restricted in any shape, manner or form at the present time -- and you know it. Tell them to forget fear -- to obey the law and to get busy. If they do that public confidence will come back in one week.

As ever yours,

Fred I. Kent, Esq.,  
100 Broadway,  
New York City,  
New York.

FRED I. KENT  
100 BROADWAY  
NEW YORK

March 8, 1938

Dear Mr. President:

During the last fortnight or so I have been giving some extra time to the reading of business reports and to discussions with business men concerning industrial development. Believing that it may be helpful to you to give you what seems to me to be the consensus of opinions as expressed both in reports and by word of mouth, with proper consideration of statistical matter covered in reports, I will set up the result for you as briefly as possible.

First, will mention the various acts of the administration that have been carried out for the purpose of helping re-establish business which are as follows:

1. New arrangement announced as to the sterilization of gold.
2. Statements that the R.F.C. would make loans to small business including capital loans together with the letter that was sent out by the R.F.C. to the banks of the country discussing such loans and recommending that the banks be more liberal.
3. The expectation of government to make loans of other kinds that are intended to help business; such as those to sellers of wool, etc.
4. The new Housing Law and plans for carrying it out.
5. New methods of taxation intended to relieve business.
6. The probable postponement of the enactment of some laws that are still on the program of legislative procedure.

7. A probable breathing spell for business.

The sum total of all of these activities or intents would seem to carry the purpose of endeavoring to give business confidence so that it will go ahead. Should business confidence be restored, the methods undertaken would be effective - otherwise not.

In the last analysis business confidence, after all things are considered, is measured by the probabilities that there will be a continued demand for goods of sufficient duration to warrant producers to employ men and money in their production. Further, as applied to increasing plant capacity and replacing or buying new machinery, those concerned must believe that there will be a continuance of demand for their goods for sufficient time to liquidate both plant and machinery.

Again, the great investing public must have the same feeling of confidence or they will not put their money into enterprises, old or new.

The acts and intentions of government take an important part in the sub-conscious reasoning of men that finally takes form in guiding their business activities.

Some men in the administration have seemed to feel that when business did not have confidence it was lack of personal confidence in them and they have rather resented it. One cabinet officer, as I recall it, covered this matter in an address in the middle west someplace. Business confidence is a much wider consideration than that of men and the forces that make it up come from many things of which government, when it is dipping into business, may be the most important.

But the attitude of the people toward its government, toward business and, one might almost say, toward each other also has great force in influencing the point of view of those in business and industry in planning their own operations.

Another influence that has great force is the attitude of the investing public and the business and industrial leaders sub-consciously follow each other to a certain extent.

Of course, foreign conditions take their place in the picture, sometimes in the form of temporary repercussions and at other times for an extended period.

When business confidence is upset, as has been true for some time past and is true today and where the controlling force lies in the acts of government and the results of such acts, together with anxiety as to what government may do in the future, the only way that confidence can be restored is for government through its head to set before the public in some positive way a statement of its intentions in connection with those things which have acted to destroy business confidence. Anything in the nature of a so-called "breathing spell" is futile because business planning, when carried on under sound conditions, reaches far into the future and must do so if there is to be continuity of employment. In fact, "breathing spells" may do more harm than good if they are to be understood as meaning "breathing spells" because it puts off the time when positive conditions will prevail that are necessary if business is going to successfully carry on.

With the foregoing in mind, it can hardly be expected that opening up new lines of credit for business will have any appreciable effect upon recovery - whether they may have to do with furnishing capital for industry or homes for individuals. Neither the business nor industrial public, nor the investing public covering securities and housing, can be expected to borrow while there is fear that they may not be able to earn what will be necessary to repay loans made. This situation applies to numbers one, two, three and four. Unless business confidence can be restored, very little can be expected from these four advances of government.

This brings us to number five, that is questions having to do with taxation. While no attempt is being made to reduce expenditures and changes in the tax laws are only aimed to relieve in one place while increasing in another, little good can be expected. For instance, changing corporation taxes from the form called Undistributed Profits Tax to a straight corporation tax, particularly on the basis of a super tax upon large corporations, can accomplish very little, if anything.

Tremendous numbers of those holding securities in the large corporations are people of small means and people whose total income probably does not bring them within the super tax classifications. When, however, such people indirectly meet with the super tax because government applies such a tax to the corporations in which they hold an interest, it cannot help but destroy their confidence in investments and their willingness to take part in them. Further, they naturally feel that they are being discriminated against as others with the same income, who do not hold stock interests in large corporations may be more favorably treated even though they may not be handling their affairs in such manner as to help the general good to the same extent as those who invest in securities.

Again, under present laws the stockholder meets double taxation since the change that makes him pay the normal tax on dividends. This is, of course, unsound also and cannot help but affect investors.

If the industries could transfer their taxes to the consumer in their entirety, it would not relieve the people as a whole but would merely mean that they paid more for goods and to that extent it would destroy their purchasing power.

By and large, the suggested changes in the tax laws are being accepted more generally as gestures than as an effective means to help recovery. We have already considered the so-called question of the "breathing spell" which really covers numbers six and seven. Such delays are considered as being more harmful than immediate action on things that it is intended shall prevail.

Now we come to the other side of the picture, that is, those things that have not been done which have an effect upon business confidence.

1. No real effort seems to be in process aimed to reduce taxation.
2. There seems to be no intention of correcting such provisions of the National Labor Relations Act as are necessary to develop fairness as between labor and employers

and to protect labor from those agitators who are endeavoring to exploit it for money and political purposes.

3. There seems to be no intent upon the part of government to curtail and reduce its competition with private industry, whether such competition has to do with public utilities or other lines of endeavor.

4. There seems to be no thought on the part of government to change legislation which has already been passed where it has been found to be detrimental to business and industry in their development.

5. There seems to be no intention to correct the conditions that have so curtailed the issuance of new securities, thereby furthering unemployment, and in giving the public protection from too much government in the control of the security markets.

6. The business and financial world has no clear idea as to the complete plan that is called the "New Deal" in its relationship to the people and to business and industry, that is, whether it is actually aimed for complete regimentation or not.

It is the uncertainties that lie within the whole foregoing picture and other matters not mentioned, together with the actual effects of the operation of laws already in existence, such as the National Labor Relations Act, that supply the background of the mentalities of men in their study of business conditions. The fact that men are hesitant about undertaking business obligations is, insofar as I can ascertain, due almost entirely to the matters covered.

An evidence of this would seem to lie in the effect of your statement made upon the fifth anniversary of your Presidency, that you were going to carry through the "New Deal" policies upon which you embarked in 1933. Investors stopped buying stocks as this news came out and news items and personal statements led to the belief that what you said caused renewed anxiety as to future business.

The reason does not lie in any difference in desire on the part of the business world as to the ends wished for by the so-called "New Dealers". Almost the whole population and especially the business and industrial part of the public is just as anxious as anyone else, in government or out, to have our country so developed as to give the greatest possible happiness and contentment to all people. Insofar as the end is concerned, therefore, there is no division of opinion worthy of consideration. When it comes to the means of accomplishing such end, however, the situation is vastly different.

The business and investment world seems confident that, insofar as it can understand what the "New Deal" means, if its methods follow through a lower standard of living in the United States will be the ultimate result. Of course, they can only judge from laws which have been passed and others which are being advocated, together with the effect of the former and what they consider to be the probable effect of the latter. No one seems to know exactly what the final procedure of government is expected to be when the "New Deal" has been fully carried out.

Believing as so many people do that what they have been able to visualize of the procedure has been and will be harmful, it is quite natural that uncertainties as to what still is intended should give them pause and make them fear to carry on new business, except that which means a hand to mouth existence.

In the foregoing I have tried to give you the consensus of opinions of others as outlined in the second sentence of the first paragraph of this letter.

If after considering these statements you believe that it might be of value in helping restore employment in the United States to clarify the uncertainties that lie in the situation, you can easily do so. This can be accomplished by adding to your statement, giving the purposes of the "New Deal" which you have stated so clearly so many times, the complete formula of its operation. In this formula, if it is to be effective, I think you should cover the changes in any of

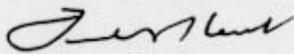
the laws or methods of control being carried out by those laws which have already been passed that can be classed as "New Deal" legislation, together with all further legislation that is contemplated to make the plan complete. Such a statement need not go into detail in such manner as to infringe upon the rights of Congress but it should give sufficient understanding of the whole "New Deal" philosophy, as interpreted into your regulation even if it requires consultation by you with Congressional groups so that the business and industrial world can make their plans accordingly.

Frankly, I realize that this is quite a difficult undertaking but in view of the crisis that exists in this country at the moment, it would seem worth while studying.

There is no doubt but that, because of new buying that is essential to the spring period, there should be some little upward movement from the present lows but it can be expected that this will die out unless the uncertainties which I have mentioned, that rightly or wrongly broadly exist in the minds of business and industry, are clarified.

You, of course, know that I always, in writing or talking with you, give you the facts as I see them, interpretations as I believe them and, when called upon for my own opinions, carry to you exactly what I think. It is only in this manner that I can be of real service to you and that, I am sure you know, is my intention.

Sincerely yours,



Fred I. Kent

Honorable Franklin D. Roosevelt  
The President  
The White House

FRED I. KENT  
100 BROADWAY  
NEW YORK

*PSF  
Kent*

THE WHITE HOUSE  
MAR 16 8 52 AM '38  
RECEIVED

March 15, 1938

Dear Mr. President:

Your letter of March 10, just this moment received and as you asked me to reply within twenty-four hours, I am going to answer it before I take up anything else and get it off to you at once. As possibly the best way to handle your questions and save you time, I will take them up page by page.

Before taking up the detail asked for, I would like to accent one thing in my letter which apparently you overlooked; namely, the fact that I was carrying to you the consensus of opinions of others after I had carefully analyzed them. This was covered in the first paragraph of my letter and was referred to again in the next to the last paragraph on page six of my letter. My only purpose in sending this "consensus of opinions" was to carry to you knowledge of certain phases of the situation that I felt would be of value to you because it might not reach you in any other way. Please bear in mind, therefore, that in answering your letter I will do so, insofar as possible, by continuing to carry to you the opinions of the general business public as I understand them.

In the first paragraph you speak about a breathing spell for business covered in number seven on page two. This was not my idea and in referring to this, in the second paragraph on page three, I showed you that it was not generally believed that so-called breathing spells had any value because they only postponed the time when uncertainties would change into certainties.

In your second paragraph you pass over the questions of business confidence and the attitude of the investing public as though they were without importance, when, as a matter of fact, they are fundamental to the movement of

production. This being true, the composite opinion that I gave you of business thought upon these matters, I felt would be helpful to you.

The next two paragraphs refer to taxes and you speak as though I, personally, opposed any super tax on size that carried into the question of a graduated tax on large individual incomes. As you have made this personal to me, I will give you my opinion on this matter.

Excessive taxation curtails production and business. If corporations which employ great numbers of men are handicapped in carrying on their production because of taxation, it is against the public interest. The Undistributed Profits Tax, in addition to its taxing features, is destructive to the stability of the corporations and, therefore, harmful to their labor as well as their stockholders.

Since 1930, corporations which had accumulated large surpluses utilized them for the public good to the extent, from 1931 to 1936, of \$27,500,000,000. Such surpluses were utilized in paying the wages of labor, in meeting bond interest and thus preventing bankruptcy and in making reduced payments to stockholders. These payments served as a great protection to the people. The industries should have an opportunity to replace these insurance reserves if they are to be in position to temper a new business storm when it appears.

If, instead of calling the tax an Undistributed Profits Tax, the corporations are so taxed that they have no surpluses, it would accomplish nothing. There is this difference, however, in adding the tax to the Corporate Tax - that the industries, when necessary and when possible, could add it to prices.

Now, when it comes to the question of sur taxes, personally, I have not the slightest fault to find with the principle that such taxes should be in force on some sound basis and that those with larger incomes should have to pay a greater percentage of such incomes. This, however, has nothing to do with taxing corporations where their incomes are larger as the principle does not apply in such cases. The reason for this is clear, as the corporations are owned by their stockholders. The earnings of the corporations, after a corporation tax is paid, are distributed to the people

who own the stock, great numbers of whom have one hundred share lots. The mere mathematical size of earnings of a corporation, therefore, cannot soundly be measured for taxation except against the capital structure. If this is done, it can easily be seen that super taxes on corporation earnings must hit the stockholders unfairly as it results in small holders paying sur taxes.

If the corporation tax is without sur taxes, then the holders of stock - in paying their sur taxes on individual incomes - keep the whole structure in order as far as the relationship between taxpayers to each other is concerned. The whole situation, in my opinion, should be handled in such manner as to protect the public from unfairness in taxation, on one side, and from taxation of a character that becomes a super burden upon industry and curtails its ability to produce, on the other.

The last two paragraphs on the first page of your letter referred to the "consensus of opinions" in my letter. However, as the last paragraph reaches over onto page two and you asked me personally, two specific questions - I will, of course, gladly answer them.

Question (a): Do you favor reducing taxes without reducing expenditures?

To this question I would answer "no".

Question (b): Please suggest how I can reduce the Federal expenditures by one billion dollars during the coming fiscal year?

The answer to (a) being "no", I would refer you to my letter of December 10, in which I think you will find the answer to (b).

Further, I am convinced that this answer can be utilized by you in such manner that the public will realize that you have not receded in any particular from your policy of striving to protect all of the people of this great country of ours. It is my firm conviction that I could set this up for you in such manner that, if you believed in the suggestions,

you would realize it would not depreciate in any way your position before the people as having their interest solely at heart.

Number two, on page two, refers to the National Labor Relations Act. Yes, I did hear what you said at the Business Council conference but I was trying to tell you the way people thought about the matter. However, if you want my own opinion, I would refer you to number fourteen, at the bottom of page eight, in my letter of December 10, and to number three on page twelve - covering recommendations.

This brings us to number three on page two of your letter. My reference to the question of government competition did not apply alone to the public utilities but to the whole government dipping into industry - as men generally seem to believe is the case in the business world. Covering your personal reference to me, would say that I will gladly admit that it was my understanding that you have made the definite statement that government has no intention of extending competition beyond twelve to fifteen per cent of the area or the population of the country.

Really, I cannot see any reason why government should destroy the securities held by people who happen to have invested in companies that are in the twelve to fifteen per cent referred to any more than they should the securities of any other corporations. This being true, there is no question but that in all fairness, government should buy such public utilities as its activities are going to destroy, valued on a going basis for the protection of stockholders. However, I further believe that the intent of government being as you say - not to extend competition with private utilities beyond the twelve to fifteen per cent named, the power commission or you, yourself, if you felt it advisable to do so, should make a public statement of this fact and at the same time outline the boundaries of the twelve to fifteen per cent area where the government is going to take over the business. If this were done, it is conceivable that the investing public would again be willing to enter the public utility business in other parts of the country through the purchase of securities. Should they do this, it would result in large expenditures by the utilities that would be followed by a great increase in employment.

Referring to number four at the bottom of page two, would say again that the statement refers to the "consensus of opinions". However, in my letter to you of December 10, I covered some of these matters that have been discussed on and off - of which the National Labor Relations Act in its present form is one of the most important. Others were the Undistributed Profits Tax and the Capital Gains Tax.

While Congress is now considering changes in these taxes, yet the House insists upon maintaining the principle of the Undistributed Profits Tax and while these two laws are under reconsideration, yet they have been widely discussed in the manner covered in my statement.

The Securities and Exchange Act is another law which should be changed, the Robertson-Patman Act, the Act creating the TVA and, to mention just one more, the Farm Legislation. In this latter case, whether there is solid ground for the belief or not, a great many industries believe that Farm Legislation as it stands on the books today is going to seriously affect their business.

Insofar as I could find, businessmen are all content to have the farmers receive such protection as is possible. They do believe, however, that if the farmers' burdens are added to those of industry, it will serve to make a bad matter worse.

At the bottom of page three, number five, you refer to the issuance of new securities. The Business Advisory Council made a report on this question which I thought very excellent. However, in order to be helpful I invited Chairman Douglas of the Securities and Exchange Commission to take luncheon with two gentlemen and myself here in New York at his convenience to discuss questions having to do with the issuance of new securities and of Stock Exchange regulations. One of the gentlemen has been making the most intense study of the questions surrounding the issuance of new securities that I know of and will have the data with him at the luncheon. Chairman Douglas has not yet been able to set the date.

Concerning number six, page three - the business public from what I hear, as well as myself, has an excellent picture of what the "New Deal" has intended to

accomplish for the people as stated in the first paragraph on page six of my letter of March 8. Evidence as to the complete circle of laws that it is intended shall be put in force to accomplish this has never been announced and undoubtedly, insofar as we have gone at the moment, for sound reasons. Nevertheless, while the business world cannot see what the end is going to be, it is extremely difficult for it to plan far into the future. Further, if the investing public believes that the industries will be seriously affected, they naturally will not wish to buy their securities. In important part, it is the holding back of the investing public from the purchase of new securities that, together with the Securities and Exchange Act as it applies to their issuance, has prevented industry from obtaining the money which it could otherwise have utilized to employ men. It must be borne in mind, however, that business confidence and confidence of the investing public go along together and, therefore, that the restoration of confidence will affect both.

Of course, I realize from statements which you have made and from your letter - that you do not like this constant harping upon business confidence. If industry could obtain the money to proceed and could proceed upon expansion as needed by the public without such confidence, you would be entirely right. Unfortunately, however, it plays a tremendous part in the business and industrial picture. It always represents the psychology of the moment that may last for a long or short time - and regardless of whether there is sufficient reason for it or not.

Now we come to the question of Mr. Whitney's failure. No one can deny that this is a tragedy, a really terrible thing. Fortunately, we also know that as in other lines of business he is one of the exceptions. To cover this matter, I will say to you frankly - that I fully agree with the quoted statement which reads as follows:- "we must find some way to curb the abuses as far as is humanly possible". This, however, does not mean that I favor unwise restrictions that accomplish no real ends but that do curtail and hamper sound business.

We now come to your final statement which refers to the thought that business had full confidence in 1927, 1928 and 1929, and that unrestricted business brought on the worst crash in history. Actually, this was not true. Many had doubts but the world was running away from them

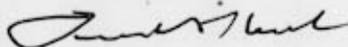
and those who stopped found that they had to start over again, and behind others. This situation developed from the acts of European governments in 1919 and 1920. It is a long story but as I sat in with the Prime Ministers of many of the countries concerned, I saw it develop and know all about it. It is my hope that some time I can sit down with you when you have time at your disposal and show you the whole picture - that is, how the developments in this country from 1922 to 1929 were based upon conditions that had been created without the general knowledge or understanding of our people.

In 1926 and 1927, it so happens that I spoke to groups of businessmen in many cities in this country and told them of the situation that was developing. However, as they had not actually seen the foundations laid for the difficulty, as I had, they thought that I must be wrong and that the trouble which I anticipated in my remarks to them in those years were over-exaggerated. Of course, events have proved that they were under-stated.

Referring to your last paragraph, would say that you may rest assured that I will do everything within my power to bring back a sound business situation but at the moment, I fully realize that the chances are that I can accomplish more if I can let you see clearly how business feels so that you may do the things which you think necessary to correct the situation that, naturally, are beyond my power.

In closing, would say that I greatly appreciate your willingness to write me frankly and from the shoulder just the way I write you. In this manner we both should be able to better serve our country from our respective positions.

Sincerely yours,



Fred I. Kent

PSF  
Kent

ROOM 1507

*file personal*FRED I. KENT  
100 BROADWAY  
NEW YORK

2

March 29, 1938

Dear Mr. President:

The Business Advisory Council of the Department of Commerce is to meet at Sun Valley, Idaho, next week. As I have arranged to attend, I will not be in New York on Monday, April 4. It so happens that the meeting of the Executive Council of the American Bankers Association is called for the following week and I will have to go direct from Sun Valley to Biloxi where it is to be held and, therefore, will not be back in New York until Monday, April 18. Records will be kept in my office and I will bring you up to date at that time.

If anything should cause you to desire to have me set up my letter of December 10, for your consideration in the manner that I believe you could use to correct the business situation in the country, I will, of course, do so regardless of the meetings referred to. Your secretary could reach me by telegram in case of need by ascertaining from the Department of Commerce Secretary Roper's address - as I understand he expects to attend the conference - or, should you wish to telegraph me after I have left Sun Valley, you could get me at the Edgewater Gulf Hotel, Edgewater Park, Mississippi, from April 9 to April 13, inclusive.

Hoping that your holiday may prove of real benefit to you, I am,

Sincerely yours,

*Fred I. Kent*

Honorable Franklin D. Roosevelt  
The President  
The White House  
Washington, D. C.

FIK:A

FRED I. KENT  
100 BROADWAY  
NEW YORK

*Send Comm. ~*

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*Kent*  
ROOM 1507

THE WHITE HOUSE

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RECEIVED

September 6, 1938

Dear Mr. President:

This morning I returned from my summer vacation and I have just been over the records carefully of the developments in the particular matters about which I write you in order that I may bring you up to date. As I advised you when I left, my office received and recorded everything necessary to put me in position to write you upon my return. As you have been away an important part of the time, I hope that the temporary holding up of the letters may not have inconvenienced you in any particular. Due to the fact that the movements of the different markets have carried something of regularity based on world and United States developments, a summary should give you a very clear picture.

July 16, the date of my last letter, sterling was 4.92 13/16 and it continued the falling off that had been going on for the previous five weeks about a point or so weekly and closed September 4, at 4.84 3/4 the lowest weekly point up to date. The fall has been clearly marked as being due to anxiety in Europe over possible war developments induced by the activity of Hitler in connection with Czechoslovakia. During the same period francs, which were 276 5/8 on July 16, worked lower and closed September 4 at 271 9/16 which was again the lowest point for francs. Monetary conditions in France, together with labor troubles, were added to the war anxiety in the case of francs.

The average commodity price which was 81.7 on July 16, also worked lower but in very small figures until August 7, when the average was 81. It then dropped to 80.2 the next week and the low came August 21, when it was 79.9. The average on September 4 was 80.6 which shows an unimportant change from the 81.7 of July 16.

Wheat was 71 1/4 on July 16 and it also worked lower during the latter half of July and August with the principal drop occurring between August 7 and 14, when the

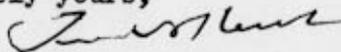
price went down from 66 3/4 to 63 7/8. There was a recovery, however, the following week and September 4 wheat closed at 64 1/8 - two points off from the August 28 figure. The size of the wheat crop had an important bearing upon this price change. On July 16, cotton was 868. It was stronger on July 23 and July 30 but weakened on August 7 to 849 and then the following week to 821 - after which it rose to 835. On September 4, cotton closed at 815, the lowest quotation during the period. Again, the cotton crop had much to do with this fall in price although various uncertainties in connection with its use were also in evidence.

The stock market has shown a wonderful strength considering the intensity of the war scare that has been going on in Europe since Hitler decided upon the German war games. If it were not for real anxiety as to whether we may have inflation, it is very doubtful that the security markets could have held as they have with the general upward movement. Reports of corporations as they have come in from week to week have shown many enormous losses. Government spending is beginning to be reflected in consumer buying but as there has been nothing to stimulate private enterprise other than this, the whole business world is now more or less in a hand to mouth condition. Goods have not accumulated because of this with the exception of some of the commodities taken over by Government such as cotton and wheat.

Undoubtedly much closer attention is being paid to all of the acts of Government by great numbers of our citizens than has been true in ordinary times and the manner in which they read them will unquestionably determine the future trend unless war steps in to do its part.

Hoping that the summer may have afforded you needed rest and recreation, I am,

Sincerely yours,



MR. PRESIDENT:

I happened to see the letter you wrote Fred Kent. I hope very much you will not send it to him. Some day, maybe too late for you to make any explanations, Fred Kent or his progeny will publish a booklet. And you may be sure it will be edited as they want it -- not you.

S.T.E.

PSF  
Kent

PRIVATE AND CONFIDENTIAL

March 12, 1942.

Dear Fred:-

I have your letter of March second. Let me tell you something terrible. The Japanese never would have attacked the United States had it not been for the existence of the common cold.

You wax positively gruesome when you declare solemnly that had it not been for the thirty million man days lost by strikes since the defense program began, the Philippines, the Dutch Indies and Singapore would all have been saved. You sound like Alice in Wonderland.

So let me tell you something more fantastic than that. If, since the defense program started, we in the United States had not lost sixty million man days through that scourge of Satan, called the common cold, we could undoubtedly have had enough planes and guns and tanks to overrun Europe, Africa and the whole of Asia.

Take good care of yourself. Don't go on strike and for God's sake don't catch a common cold!

As ever yours,

Fred I. Kent, Esq.,  
100 Broadway,  
New York, N. Y.

P.S. Where is that saving of \$100,000,000,000 you were going to make out of unnecessary government expenditures? Perhaps I am wrong and you

said only \$10,000,000,000.

FRED I. KENT  
100 BROADWAY  
NEW YORK

March 2, 1942

Dear Mr. President:

The whole war development tells in no uncertain terms that you are correct in your statement toward the close of the week that there must be great speed of production. This is not only true if we are to prevent the continuation of the war for a disastrous period but if we are going to prevent losing the war.

The 40 hour week is still in our way as it was in France and can only be corrected by legislation that will nullify in some way if it can be accomplished constitutionally the contracts that have been forced by union labor against the interest of the country and of labor itself that require pay and a half or double pay for overtime. You do not want double pay for overtime and in the last war when I worked until three a.m. and was up at seven, night after night, the question of pay was not in my mind. It is my belief that the vast mass of American labor would feel the same about the situation if they were allowed to feel at all. In a great general way I am sure they are patriotic and would be glad to do their part, but so far under the methods of certain leaders, they have been cashing in the war right from the very start.

You can measure this situation effectively when you realize that about 30 million man days have been lost since the Defense Program was started through strikes, without counting the tremendous number of days that were lost by concerns that were dependent upon material from striking concerns in order to keep their men employed and maintain their production. If we had had half of these lost man days in the form of airplanes and other war needs at the time of Pearl Harbor, we could have so reinforced the Dutch Indies that the Japanese could have been held back long enough to have probably prevented the debacle which has developed.

In addition to this tragic fact, prices in the United States are higher than they would have been and government is paying vast sums more for war and other production that probably spell the difference between meeting the war needs effectively because the strain need not be too great from taxation and of having production held up through the kind of taxation that is liable to be assessed.

Mr. President

-2-

March 2, 1942

Last week I spent some time with a gentleman who was in Germany during November and in other parts of Europe in December. Even from that point he is satisfied that the need for speed in production is greater than is comprehended in this country by government or the people. In fact, information which reaches me from every source leads to the same belief.

Knowing how hard pressed you are with all of the developments going on, I could not be induced to write you again upon this subject if I were not positively convinced that a correction of the labor situation along the lines of my letter of November 26, 1941 and in connection with the 40 hour week was not immediately essential if we are not to have an unnecessarily long war or a losing war. Further, and this is extremely important, with the labor situation in order from the standpoint of law, the relief upon you would be tremendous and this is a national need. Again, the sale of stamps and Defense Bonds would increase, judging from statements which reach me that clearly show there is a holding back on two accounts -- one, the labor situation and the other, what is considered excessive governmental expenditure.

This last subject I am studying carefully and I hope to write you in a few days as I promised. However, I feel that I can be more helpful to you by studying the matter from every point of view before writing than if I send forward an incomplete statement at the moment.

Please protect our country and yourself in order that you may serve our country as you would wish, by giving Congress the "go ahead sign" for the correction of the unfortunate labor situation that exists in the United States today.

Sincerely yours,

