

PSF

THOMAS W. LAMONT

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Subject File

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Lamont

59 EAST SEVENTY-NINTH STREET
NEW YORK

File Lamont (2)
THE WHITE HOUSE
OCT 11 1934
RECEIVED

October 10, 1934.

PERSONAL

My dear Mr. President:

As I told you last week, I happened to see Tom Lamont and told him I had heard that at a small dinner in New York, given to Harry Hopkins, at which he and a few bankers and business men were present, they had endeavored to dictate terms upon which they would cooperate with the Government and upon which the Government should cooperate with them. Tom Lamont then sent me a memorandum giving his account of what happened. I forgot to give this to you and as I am off for Europe today I enclose it herewith. I think you will find it of interest.

Faithfully yours,

Herbert Hoover

The Honorable

Franklin D. Roosevelt,

Washington, D. C.

23 Wall Street
New York

October 1, 1934

Personal

Memorandum for N. H. D.:

On Tuesday evening a fortnight ago Jim Perkins gave a small private dinner to a few of his friends uptown, to discuss the business situation. He had as his guests Clarence Woolley of the American Radiator, Gerard Swope of General Electric, Alfred Sloan of General Motors, Floyd Carlisle and Alfred Schoellkopf of Niagara Hudson, Lew Brown of Johns-Manville, and myself. Jim said that he was concerned about the situation, and from his talks with the President he felt that the latter naturally was anxious to have, as always, the co-operation of leading business men. After Jim's presentation he called on each man to present his views, and the discussion became general. The whole atmosphere was, as it seemed to me, one of friendliness to the Administration and earnest desire to co-operate. Naturally each man had his own particular point in mind as to what the Administration might be able to do, either in acts of commission or omission, that would help to serve the situation. But nobody attempted to lay down the law or to take any attitude other than a very keen one of realizing the President's difficulties and wanting to co-operate in every way he could. There was considerable talk about the advantage that might accrue to the business situation if in the near future the President were able to give a talk over the radio, rather clarifying the Administration's ideas on certain points, because a good part of the business community was reported as being confused and uncertain. Even here, however, it was recognized that the President had a political situation on his hands and that he was the only one who could decide how far he could prudently go in saying certain things.

Last Thursday Floyd Carlisle invited exactly the same group of men to meet Harry Hopkins at dinner, and they all turned up except Gerard Swope who apparently was detained at the last moment. Harry Hopkins, first of all, gave a very clear presentation of the situation that comes under his particular notice. He talked very modestly and sensibly as to the relief problem. Of course, everyone in the room was of one accord that the needs for relief just had to be met and took precedence over everything else.

Hopkins also mentioned plans as to a house-building programme. I am not so keen about this as a measure of recovery so much as I am as a measure of reform and social betterment. I believe that if the community can unlock the investment market we shall have lots of building anyway.

Following his presentation there was, as before, a general discussion, and again the spirit of great friendliness and desire to co-operate was very clear. I didn't hear a single man in the room criticize

A Street

the President. Of course, as at the first dinner, various suggestions were made, the adoption of which might prove of advantage, and some of the present situations were described as being a handicap to business. But nobody for a moment proffered his suggestions as if they were in the nature of conditions upon which his co-operation was based. Absolutely the contrary. The suggestions were all put forward as helpful adjuncts to a situation which everybody assumed as a matter of course that the President was doing his level best to improve, and that everybody present was co-operating to the same end.

One of those present (I forget who) mentioned in passing a rumor that had come to his ears recently that the President in his forthcoming radio talk planned to chide American business men for their lack of confidence. This particular diner, however, didn't seem to take any stock in the rumor, and Hopkins pooh-poohed it by adding that he didn't think the President had even started to write his speech yet. Nobody attached the slightest importance to this rumor.

There was some talk about the N.R.A. The points of weakness which were stressed were the very ones that President Roosevelt mentioned in his radio address last night.

There was quite a lot of talking about the jittery feeling in the business community. I mentioned that some people in Washington seemed to think that New York bankers were the leading jitterers, whereas my experience was that we spent a good deal of time reassuring business people from all over the country. I said I wished the Administration could have dictaphones in our offices so as to hear the gospel of general "buckupness" which we were handing out. When people complain to me of the amount of money that the Government has been borrowing, I always answer it by saying: "Well, if the country was willing to spend thirty billion dollars in a year's time to try to lick the Germans, I don't see why people should complain about its spending five or six billion dollars to keep people from starving."

That is about all that happened at the dinner. But, as I say, if the President, himself, had been there I don't think that he could have asked for anything better in the way of spirit and co-operation. There was no carping criticism of any kind. One fellow might have the idea that business was a little worse than the other fellow might think, but everybody was keen to co-operate whether the Administration adopted his particular gadget, or not.

As to the general attitude of the banking community here: I can only testify from what comes under my own observation, but I believe that the attitude is generally the same as it is in this office, namely, one of backing up the Administration to the limit. Look at the U. S. Government bond situation. The chief selling of U. S. Governments has been from the country at large, interior banks and other institutions, and individual holders - at least that is what is reported to me. The New York banks haven't been sellers. On the contrary, I think that as a group their holdings are heavier than ever before. Take our own situation:

the last four months our holding of U. S. Government obligations has increased by \$25,000,000. They may rise and fall with our demands for cash, but it is simply typical of the New York banking community as a whole.

And referring to the President's allusion last night to the co-operation of British bankers, as contrasted - one would infer - with that of American bankers, I don't think that big English banks have anything like the same proportion of government bond holdings that the leading American banks have. The British banks, of course, assisted in the refunding bond operation, but so did the American banks, so far as I can see, just as well as they know how, in the pending U. S. conversion. And that co-operation extends all along the line. The U. S. Steel Corporation had need for some more cash and, therefore, quite naturally had decided to turn in their maturing 4 1/4s. But they tell me that when word came that it might be more helpful to do otherwise, they did the otherwise.

Of course, the New York banks are away over in their reserves of cash and are crazy to make good loans, but good loans are not coming. Until the capital market can be opened, the banks will continue to be overloaded with funds which they would like to see devoted to the development of industry. Every now and then some members of the Administration complain that the banks of the country, including the New York banks, are holding back in making loans. The actual fact is just the opposite. I hope the President will talk on this point with some of the members of the New York banks.

I forgot to say that at the end of the dinner the other night when there was some talk of the make-up of the new Congress I said that if it was very radical I thought business must look upon F.D.R. as the only hope and as a bulwark for sane policies. I may be a Republican, but you can bear witness from my association with President Wilson that I want to be loyal to any Democratic President with whom I happen to be working, especially one who is a friend of many years' standing as F.D.R.

T. W. L.

PS Fitzmont

H.M. J.

says he +
Magill have
read this +
he is returning
to you

Warrington

PSF: Lamont

THE WHITE HOUSE
WASHINGTON

*file
Personal*

CONFIDENTIAL

March 10, 1938.

Subject File

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY

Please read and talk
with me about it. I would not
show it to anyone but Magill.

F. D. R.

*(For the Pres. to take to
Warm Springs)*

Memo. from T. W. L.

The attached is not the product of any office "economist." I wrote it all myself, and nobody has ever accused me of being an economist!

I have numbered these two copies of the memo. and the only other copies are now in my office file.

T. W. L.

220 25/38

23 Wall Street
New York

Feb 25
February 25, 1938

Dear Mr. President:

Here is the memorandum which I suggested I might send to you. I threw it into proof form as being easier for you to read. I have refrained from touching on too many subjects, because I wanted to emphasize the three key ones that I brought up in our talk at the White House February 14th, - credit policies, capital markets, public utilities. I know how heavily other situations press upon you, particularly perhaps, as you said to me over the telephone from Hyde Park, the matter of the railways. The railway problem is, however, one that, even with a practical plan laid out, cannot be worked out for many months, while the three key situations which I touch upon are subject to early remedy. In fact, in two of them (credit policies and public utilities) your judgment would be guiding.

As to credit policies, about which you seemed to have some concern, I had quite a visit with Marriner Eccles after my talk with you, but I didn't get even to first base. He was just as nice to me as he could be, but I just don't understand his language. He has a lot of interesting personal theories about America being a creditor instead of a debtor country, but I couldn't get out of him anything tangible to propose in the way of action. Nor could I see that we were much in accord as to the manner in which the great movements of industry and commerce are carried on in this country. He talked just as blue to me as he does to you about the immediate outlook and he speaks about the probable necessity of spending billions for relief, and yet seems quite philosophic about keeping the Reserve brakes jammed down tight as they now are. I suppose I ought not to say all this, but my contacts with you date back twenty-five years; so I allow myself some latitude. I know how devoted a public servant Mr. Eccles is, but I also know that if the country is to be saved, it is you and not Mr. Eccles who will have to do the saving. I see according to the bulletins that early next week, there is to be a meeting at Washington with the Federal Reserve Bank heads. Perhaps prior to that time there might be a chance for you to have a word with Mr. Eccles in the hope that he might take a new lead.

There is one point in the general situation which has an international bearing. I mention it because I believe that you have had much more to do of late with the preservation of the European peace than the public generally realizes. Any serious or long-continued depression here is bound to have similar effects abroad. America's output of production, its consumption, its spending power, are so enormous that serious curtailment along these lines affects conditions on the other side almost immediately. If over there they get into another economic tailspin with bread riots, etc. early war will then be a cinch. Secretary Hull's excellent programme is a peace-building programme. But continued bad times in Europe will scrap it.

This only means an added reason, if one were needed, for early arrest of the depression here. So I come back to my main point that in this country prosperity depends upon the prompt and coincident handling of the three situations which I describe. No scheme for the railways, housing or any other industry, will work unless these three basic situations are put right.

Thank you again for your great sympathy as expressed to me in the death of Parker Gilbert. It is a very heavy loss for everybody. Thank you, too, for your good wishes covering my little trip abroad.

The President,
Washington, D. C.

Sincerely yours,
Thomas W. Lamont

Memorandum for
The President.

Three Steps to Curb the Depression

Can the business depression be overcome and turned into early revival? The answer is yes.

How can such a change be accomplished? The answer is contained in three steps, three constructive measures which are all interdependent.

What are they? The answer is—first, reverse present deflationary policies of the Federal Reserve; second, encourage now dormant capital to expand our heavy industries; third, bring peace between Government and public utilities.

Are these the only measures to be taken? Certainly not. But these are the keystone of the arch. Of course solutions must in due course be found for other grave situations—agriculture, the railroads, housing problems. And others besides, many of which have recently been publicly discussed. But the solution of these other problems is largely dependent upon all three of these first steps.

DEFLATIONARY CREDIT POLICIES

The first step, then, to halt the depression lies in the Federal Reserve policies of public credit. Let me point out what has happened: Late in 1936 the Federal Reserve and Treasury authorities announced the adoption of certain measures to curb what they then feared would amount to a dangerous inflationary market in commodities and securities. Assuming the validity of such view, they adopted orthodox methods to curb the impending inflation. They took two vastly important steps. One was to require all banks in the Federal Reserve System within a certain period to increase their reserves by 100 per cent. Certainly a strongly deflationary measure. Next the Treasury borrowed in the market \$1,250,000,000, bought gold with the proceeds and sterilized it—another distinctly deflationary step. The fact that the merits of

this latter measure can be argued on other grounds does not change its deflationary character.

So far, so good. Then what happened? Within a few months, as I view it, the effects of the deflationary medicine began to show. While current output was for the time being maintained, the backlog of orders in the heavy industries began to diminish; the stock market, representing scattered views from all over the country, anticipated a slowing down of business and began a long and at times violent decline; commodity prices began to slip.

Manifestly there was no longer fear of inflation in any visible direction. According, then, to all orthodox theories the authorities should have ceased administering deflation, and in fact might well have begun gradually to reverse the policies, to encourage expansion rather than contraction. That was of course the logic of the situation even as early as late spring or early summer.

ALL THE EARMARKS OF DEFLATION

Yet there has been no reversal, no cessation even, of the deflationary policy. Meanwhile the figures published by the Federal Reserve tell the story. The decrease in loans all over the country continues. Commodity and raw material prices are weakening. The bond market is dead. We have with us most of the earmarks of a deflationary epoch, and yet the Federal Reserve holds sternly to continued deflation.

I have friends in New York and Washington who disagree with this theory. They hold, curiously enough, it seems to me, that simply because loans are down and banks cannot for the moment utilize their reserves, therefore the deflationary policy should be continued. They, and even the heads of many large banks, seem to forget that by their respective actions in 1936 and early 1937 (*a*, increased bank reserves, *b*, gold sterilization), the Federal Reserve and the Treasury gave urgent notice to the country that they were initiating a policy of deflation. They told industry that it was going ahead too fast, and they warned it to let up. Now they seem surprised that the country took them at their word and did slow up. They

thought—and they were right—that increased bank reserve requirements would tend against inflation. Some of the commercial banks doubtless felt that increased reserve requirements would raise interest rates. But what happened was that prospective borrowers received so clear a warning that brakes were being applied that they refused practically to borrow at all. Loans fell off and of course rates did not rise.

The influence of the Federal Reserve Banks through their open market operations has been negligible, and while in March and November, 1937, they increased their portfolio of Governments modestly, they have done so fearfully, because everything they buy is frozen into their structure, like the approximately \$2,500,000,000 of Governments they now hold.

It has been pointed out that you cannot start your motor car simply by taking off the brakes. That is true enough. On the other hand you cannot start your car at all with the brakes still on. It is utterly futile to adopt various devices to "prime" your engine and still leave the car with its brakes locked. I can hardly do better on this point than to quote from the very report made by the President's Government experts and quoted by him on February 18th last: "During the past six months, on the other hand, the general price level and industrial activity has been declining. Government policy must be directed to reversing this deflationary trend."

CAPITAL EXPANSION ESSENTIAL

Second, as to making capital available for prompt industrial expansion:

America is a country of business. Our material progress has for decades been dependent upon industrial expansion, technological advancement, able management. Look, for example, upon the record of capital expansion for the eleven years 1920-30—expansion which kept labor employed at a high level and which furnished heavy tax revenues to the Government. The story is extraordinary. In those years private enterprise carried the great brunt of the nation's financing. Of the total net amount of new

financing (excluding refunding issues), 88.2% went into corporate, while only 11.8% consisted of net Government, state, municipal, etc., issues. The annual average of such net corporate financing was roughly \$3,817,000,000; of net Government financing, Federal, state, etc., only \$508,000,000.

Contrast this with the startling change in the seven-year period, 1931-37. While new corporate financing was on a considerable scale in 1936-37, yet for the whole period it provided only 15.2% of the total, whereas Governmental financing almost monopolized the field with 84.8%; the annual averages being only \$710,000,000 for new corporate financing against \$3,974,000,000 net for Government's.

These figures, which I have never before seen presented in just this comparative form, show the complete reversal of the capital market situation. The Government since 1933 has clearly preempted and dominated the capital markets. It is true that such intervention after the collapse of 1932-33 was essential and the country welcomed it. But what has happened is that, while Government large-scale spending on public works, etc. furnished a strong temporary stimulus to industry, yet on the whole the productive plant of industry has suffered and improvements and betterments have lagged. Spending by the Government for relief and public works does not create productive capital, whereas expansion of private industry creates both employment and the productive capacity of the country.

SERIOUS GAP IN THE CAPITAL MARKET

This reduction in the investment of private capital in industry was more or less ignored during the years of active Government spending. But now that such spending is prudently curtailed, the gap has become only too evident. Employment on public works has fallen off and industry, without fresh capital, has been unable to take up the slack. Hence our increasing unemployment. It now becomes only too clear that the improvement of 1935-37 has had a high degree of artificiality about it,

because so much of it was based on Government spending which has recently been wisely curtailed.

Any suggestion that the remedy should be the resumption of Government spending, "pump-priming" once more, seems almost incredible to me. First, from the Government's point of view. With 21 billions of dollars of fresh Federal debt incurred under one necessity or another since 1930, the Government's credit is not unlimited and would, under heavy fresh borrowings, soon suffer. Inflation always brings down the buying power of the currency and imposes an even more cruel burden upon those least able to bear it, namely the wage-earner, the farmer and the small investor.

Obviously the remedy is, as I said at the beginning, to attract private funds to the capital markets, to resume the methods by which not alone large capital but small investors all over the country are led to furnish the funds which, in the generations heretofore, have built up our whole splendid structure of industry and business.

And it is striking to note that, in the long run, according to Carl Snyder, until recently statistician of the Federal Reserve Bank of New York, the increase in national income closely parallels the increase in the capital equipment of the country's industries (American Economic Review, June '36).

ILL EFFECTS OF UNDISTRIBUTED PROFITS TAX

Why, then, are the capital markets today practically closed to private investment? Because, specifically, our industrial corporations are being ground between the upper and nether millstones. The upper millstone consists primarily of the undistributed profits tax. That tax lays heavy penalty upon prudence. That tax declares to business, both little and big, that it may no longer lay by the reserves required for a rainy day, or for the immensely productive efforts of businesses in the fields of scientific research and new invention. That tax gives clear warning to investors that their investments are to be rendered less secure. That tax is a blow to labor, warning them that their employers are to be milked of the

surplus earnings which in difficult periods have so largely been utilized for the benefit of labor. That tax weakens the corporations' credit standing, frequently compelling them to resort to short-term bank borrowing on a large and unprecedented scale. The tax even penalizes a corporation in many instances if it applies part of its earnings to the paying off of its debts! Can anything be imagined more fantastic than this? Why this attempt to siphon all the profits out of industry, to make strong businesses weak, and to turn little businesses into feeble ones?

As for the Government Treasury, the tax yields only temporary and fictitious penalty revenues, far more than overbalanced by the lag in real revenue that would flow from normal industrial activity. The tax was based on a mistaken thesis. It has already worked havoc with industry. It makes investors dubious as to the whole investment outlook and drives them further into the field of tax-exempt securities, non-productive from the point of view of either Government or private enterprise. The tax should be repealed.

ANOTHER MILLSTONE GRINDING INDUSTRY

The other upper millstone grinding down on industry through its effect upon private investors is the capital gains tax. Private investors hesitate to supply what has been aptly called "venture capital" when the profits from successful investment are added to other sources of income for determining income taxes, whereas losses are not similarly deductible. Consequently the supply of the type of capital which has served as the base for our industrial development has tended to dry up, forcing those companies which have need for funds to rely upon borrowings either from the public or from the banks. The principle of this tax, although in no sense is it properly an income tax, could perhaps be preserved in part without too much damage. But it is unscientific in theory and destructive in effect. It exaggerates booms and prolongs depressions. It is a simple enough matter to distinguish in the statute between those individuals whose primary source of income arises from dealings in securities and

the remaining great mass of people with whom investment is an incidental rather than a primary source of income. In Great Britain, where income taxation has reached a fine art in yielding Government revenue, the idea of a capital gains tax as to individuals has always been discarded.

Those are the upper millstones. What is the lower millstone that is grinding industry from the bottom? It is the heavily increased costs of labor and of other essentials going into large scale production. I have said more than once that, as a whole, American industry had been somewhat of a laggard in its labor policies. But now as to wages and hours the pendulum has swung so far the other way that, despite technological improvement, profits have been greatly cut down and some of our principal heavy industries are operating at a serious loss. In the railroad field, for example, the increased wages, fuel, materials, social security taxes, etc., combined with reduced rates, as testified before the I. C. C. recently, will cost the roads more than \$300,000,000 annually. Is it any wonder that American investors who see security diminished through penalty taxes (the upper millstone), and profits reduced through increased labor costs (the lower millstone), fear to enter the capital market and provide the financing that industry so constantly needs for progress?

It is satisfactory to know that even now Committees of the Congress have under advisement the question of these two drastically deflationary taxes.

PEACE IN THE PUBLIC UTILITY FIELD

The third point in any constructive programme to reverse the depression is, as I said, to have peace between Government and the public utilities. And this is a case where the President almost single-handed can bring about composition and prevent further sweeping destruction of values.

I have neither the opportunity nor the knowledge to enter into a technical review of the situation. We all know the sins of omission and commission of a few, a very few, of the holding companies in the public utility field. But to

visit condign punishment on a few and at the same time wreck the many is folly. In this country today American investors, including our life insurance companies, savings banks, etc., have at stake in public utilities something like \$18,000,000,000. This whole investment is threatened by the war over the TVA.

Many persons erroneously believe that this is a purely local contest, with its effects limited to the region in question. Nothing could be further from the fact. If TVA proceeds, through unfair competition or through methods that destroy the value of outstanding securities, to ruin the private utility companies in the Tennessee Valley, that is plain notice to public utility investors all over the country that their turn may come next. Some of our Washington friends say that investors in Michigan or Missouri should not be alarmed just because of the destruction to existing utility values in the Tennessee Valley; that they should ignore what is going on in TVA and should furnish all the funds required for development of existing local utilities. But utility investors *are* alarmed—not as a result of “propaganda”, as some claim, but of what they see going on and of what they fear, in the way of Government competition, threatens the country at large. Make peace in this industry tomorrow, and the effect would be far-reaching, not in utilities alone, but on all industry. As we are all aware, the utilities would be keen to spend a billion dollars at once in needed improvements, in labor and in materials.

BASIC PRINCIPLES FOR GENUINE TVA PROGRESS

I do not call for the TVA to fold up or turn back the hands of the clock. I ask that, if it is determined Government shall make the social experiment of going into the production, transmission and sale of electric power, it should forthwith declare its purpose of restricting its experiment to a certain area, and should prescribe a reasonable number of years during which the experiment would be given a fair trial in the area thus prescribed. The experiment might succeed. Let it be, however, a carefully controlled experiment. The bookkeeping of the

TVA should be made to observe all the highest standards of frank disclosure, and should be made comparable to the figures of the private utilities; so that the advantages of free grants of funds, of low rates on borrowed funds obtained through Government credit, of tax exemption, etc., will be clearly seen. All the ideals of the Securities Exchange Act should be exemplified in the Government's business.

It will then appear whether the contention is correct that the country must pay extra taxes to enable the Federal Government to operate a great public utility at higher costs, but to furnish the users, domestic and industrial, power at somewhat lower prices. Certain industries are already moving to establish plants in the Tennessee Valley. Naturally they seek lower-cost power, even though the country as a whole has to pay the cost of it.

BONA FIDE EQUITIES TO BE PRESERVED

But if such experiment is to be tried through the acquisition by purchase of certain existing private utility properties, then at least the prices to be paid should be on an equitable basis of appraisal. Such procedure is as important for the Government as for the security holders. For, if through any short-sighted decision, TVA should first ruin the values of the existing private companies and then attempt to buy them on the auction block, so to speak, that indeed would aim a blow at the utilities and at industry generally, all over the country, that would be nothing less than disastrous. The Government would at one stroke have given a shock to country-wide security values from which they would not recover for years. The cause of economical power and cheaper industrial production would have been set back a generation.

If the TVA will, then, observe such fair principles of carrying out a socialized experiment on a widened scale, certainly the public utility managers, from what they have already declared, seem prepared to adjust matters on such a basis. How, then, can TVA turn its back upon such a peace—through the negotiation of which they will prevent a wholesale destruction of existing values and will

put the public utility industry on a plane to command capital for immense expansion? (Attached to this memorandum is a separate one bearing upon the relations of the TVA and of the Commonwealth & Southern and the manner in which these cases may conceivably be handled.)

NECESSITY OF DEALING WITH FUNDAMENTALS

There seems to be a distinct disposition in some quarters to turn to temporary expedients rather than to grapple with the essentials of the problem; to deal with consequences instead of causes. It should be realized that this depression cannot be cured unless we tackle the fundamental causes of it. There is no use in dealing merely with symptoms. We cannot, for example, project a successful housing programme unless we see to it that basic conditions are right to build upon. Men who are losing their jobs will not commit themselves to buy a new house or even rent one. Again, it might be pointed out that the disparity of prices to which the Committee, as just quoted, called attention in its statement last week is in the main a result of the depression—not a cause of it. Cure the basic defects and you will relieve the body, industrial and economic, so that nature can steadily effect the cure. What we need is a free market, not a controlled one.

As for plans to provide capital for small industrial units, I understand that a careful study of this situation is properly being undertaken upon the President's initiative. But if we could once more approximate the conditions of the middle '20s, before the expansion of industry became too violent, the rising of the general tide of business would provide natural and simple methods for financing all classes of industry, little and big. In 1926 there was no complaint by small business that it could not secure capital.

CAPITAL NORMALLY EAGER FOR EMPLOYMENT

Much has been said at times about the sluggishness and stubbornness of capital. Surely no one can rightly call capital a sluggard. Capital is eager to be as industrious as the ant. It abhors idleness as much as nature abhors a

vacuum. It is a ready and willing worker. But if it can find no work to do safely and at a reasonable return, it disappears from the active marts of capital and seeks refuge in tax-exempt securities. Labor, too, is, I believe, beginning to realize that industry to which it looks for its livelihood is in turn dependent on capital. The two are interdependent. And labor should do its part in seeing to it that capital as well as labor receive a living wage.

The British Prime Minister, Mr. Neville Chamberlain, speaking recently of government's attitude towards capital and industry in his own country, made this far-seeing observation: "A policy which discourages and damps down enterprise, which destroys the confidence of industry, is likely to destroy revenue too and make all social reform impossible."

NECESSARY FOR CONTINUING PROSPERITY

I return at the end to the three vital steps that I advocate: (a) Revise our Federal Reserve credit policies from wearing down to building up; (b) Repeal and revise the undistributed profits tax and the capital gains tax, and thus remove heavy burden from the capital market; (c) Bring peace to the public utility field. Adoption of no one of these steps by itself will cure the depression, but the adoption of all three as promptly as possible will radically improve our picture. In the place of depression and discouragement we shall have revival, renewed energy, increased production, steady wages, growing tax revenues for our Government.

T. W. L.

February 25, 1938.

Addendum

TVA and Commonwealth & Southern Outline for Practicable Method of Settlement

Initially the question arises as to whether it is not possible to canvass once more the idea of a "Power Pool" which was under discussion at the White House conference on public utilities in late September, 1936. At that conference which I was asked to attend, I was impressed with the views which the President expressed, and I had hoped that further progress along the line of a Power Pool would be possible.

As a workable alternative, however, I suggested to the President at the White House on February 14th that effort be made to bring about composition on the basis of the three principles outlined on pages 8-9 of the foregoing memorandum to which this is an addendum, namely: that (a) a definite area be agreed upon for Government operation, that (b) a limit of time be set during which, as to the balance of the country, the Government would confine its operations to the circumscribed area, (c) that any acquisitions of private utility properties within the area should be made at fair appraisal prices, all circumstances being taken into consideration.

The President responded by expressing the opinion that such procedure could hardly be fruitful, by reason of the fact that Mr. Wendell Willkie had already declined to enter into negotiations with the City of Chattanooga concerning properties and connections in the area immediately circumscribing Chattanooga, and that such refusal was evidence of Mr. Willkie's non-cooperative intentions.

My comment was that, although I was not familiar with the technique of these situations, I wondered whether it might not be true that to turn over to Chattanooga the immediately outlying region would break up the whole system serving outlying districts as well, and thus serve to damage irreparably the system as a whole.

Upon my return to New York I immediately asked Mr. Willkie whether he would be willing to show to me

any of the documents bearing upon this particular phase. Whereupon Mr. Willkie sent me the correspondence. From this it appears:

(a) That the law creating the Power Board of the City of Chattanooga empowers it to expend not over the sum of eight million dollars for the building or acquisition of a distribution system;

(b) That The Tennessee Electric Power Company, *in addition* to its investment in the distribution system in the City of Chattanooga, has an investment of twenty-five million dollars in generating plants and transmission lines which primarily serve the region of which Chattanooga is the center; and

(c) That The Tennessee Electric Power Company was built (under the regulation of State authority), as a system, serving not alone the Chattanooga area but most of middle Tennessee and that to discuss any plan that would mean a piece-meal disposition of The Tennessee Electric Power Company system would mean simply disintegration and destruction of values.

It must be clear that, if only a part of a system is acquired, or even if an entire system is acquired and no limitations are placed simultaneously on the future extension of the operations of the Tennessee Valley Authority, the country-wide reluctance of capital to undertake investment in public utilities will remain undiminished.

My object in making inquiry on the point that the President brought up was not merely to gain light on the Chattanooga situation, but to sound out Mr. Willkie, and ascertain whether a formula of procedure could not be accepted by him, in behalf of his corporation, that would at once simplify the situation and at the same time render a solution on the part of the TVA fairly easy, financially and otherwise; in any such solution the three principles that I have already outlined to be observed.

From the studies which we then made it became apparent that there are four systems within the Commonwealth & Southern group that may be affected by the TVA. These are the Georgia Power Co., Tennessee Electric Power, already mentioned, the Alabama Power Company, the Mississippi Power Company. As to the regions served

by the three latter systems, most directly affected, and within the potential purview of the TVA, I should advocate that a definite boundary be agreed upon which will roughly embrace all the territory that TVA under full development can adequately serve. All the plant and facilities of the three companies within this boundary to be conveyed to TVA upon a scale of prices and under terms which even now are subject to ready determination.

Some such plan as this, I am confident, Mr. Willkie would be willing to consider promptly with the President. I have attempted merely to give a bare outline form of negotiation. But I am hopeful that it would provide an immediate means of solving this whole vexed question, the solution of which, as I have said, will be one of the most important factors having prompt and favorable effect upon the depressed economy of our entire country.

Personal and confidential.

23 Wall Street
New York

Final copy d-2

R.S.F.
Lamont

June 30, 1938

Dear Mr. President:

Many thanks for your letter of June 25th which Joe Kennedy handed me. I did not see the U. S. Steel Corporation's statement until it came out Sunday morning, but if I had, I should have approved it, not because of what you said in your "Fireside Chat", but because of that special story on the front page of The Times which pictured Ed Stettinius as having given a private pledge contrary to the fact and which, as he put it to me Monday, put him and the Corporation on the spot. I am sure that the Steel Corporation people were most meticulous not to wrap up their statement with any such provocative suggestion as you quote from the ticker in your letter to me. In fact, you must be aware how, particularly since March 4, 1933, the whole spirit at 71 Broadway has been to render every possible cooperation to the Administration. That spirit goes from top to bottom.

Like you, nobody wants to reduce wages a penny if it can be helped. So far as the Steel Corporation is concerned, any question of wage scale revision must depend primarily on what Mr. Fairless, Mr. Stettinius, and those who are in charge of the Corporation's operations report and recommend. There seems to be a mistaken impression that directors attempt to initiate policies along this line. This is absolutely contrary to the fact. As to the recent price cut, for example, Mr. Fairless and Mr. Stettinius reported the conclusions that they had come to as to reductions from the published price scale, and these seemed to fall in with the views of everybody.

Though I don't want to have you take my views more seriously than they should be taken, or imagine for a minute that I do any more than consider the policies and recommendations of the managing officers as all the directors do, nevertheless, you have honored me with an expression of your view, and I am going to give you the very best picture I can of what I understand to be the nature of the problem and of the considerations which are now before the management of the Steel Corporation.

Fairless reported last Friday that he had had one entirely agreeable preliminary talk with John Lewis to explain to him the situation of the Corporation and expected to have another that day. Some figures were then given as to the operations of the Corporation under the price cut prior to any wage revision. These showed losses (at 30% of production - production is actually less than 28%) of \$4,200,000. per month, or a little over \$50,000,000. per year. (Last year's figures include the following: \$85,000,000. approximately for taxes; \$443,000,000. for payrolls; and after the preferred dividend payments, a total of \$8,705,000. for the common stockholders - the only dividend, by the way, since early 1932.) Now, I think you can see that when the operating men are up against deep red figures of \$4,200,000. a month, it is only natural that they should feel that in helping to stimulate new business, they should get some relief from labor. But how much it ought to be and the timing of it must rest primarily with the Corporation's operating people, the same way that the question of price reductions had to rest with them.

I am glad that you speak in the last paragraph of your good letter

to me of that confidence which you and I are both in favor of. To my mind, a great factor to such an end is prosperous business, increasing production, full employment and a full pay envelope. It is not so much the published scale of wages as the number of laborers employed and what each laborer has in his pay envelope at the end of the week. It is the number and contents of the pay envelopes that are going to increase purchasing power and spread confidence throughout the community: it is not a theoretical wage scale under which labor receives a meagre envelope.

You will never, in my judgment, have any quarrel with the U. S. Steel Corporation on the principle of making the greatest price reductions possible to stimulate business and the least wage reductions possible. In difficult times management of industrial corporations are driven to disregard for the time being the question of actual profit or return upon capital to the stockholders; but they cannot disregard a loss that may run into disastrous figures and imperil a corporation's solvency. Reducing rates and increasing wages have brought the railroads to a sorry pass. It would not help confidence in my opinion if a similar course were to bring the great steel industry or even some of its weaker members into financial peril.

As you are aware, Fairless and John Lewis have had a couple of good general talks already, and I don't see why they shouldn't be able, when they get together next time, to work something out. John Lewis knows perfectly well that when the 62½ cents per hour basic wage was running a year ago, production was running at 85% or above, and he knows now that production is running at less than 30% and has been for a long time. The Corporation has been sweating blood for six months or whatever, and John Lewis could make the greatest ten strike in his life if he were practically to volunteer a reasonable wage revision. That would mean the quickest route to heavier pay envelopes. That would indeed prove to the country that labor and capital, so to speak, had succeeded in working out their own difficulties. It would be a great thing for any Administration to father such a solution! And such a course would be far better all around than to have the spectacle of "the independents" jumping in and slashing wages roughshod.

Thanking you once more for your letter, I am

Sincerely and respectfully yours,

Thomas W. Lament

The President,
Hyde Park,
New York.

P.S. I hardly have to say that these figures about being in the red are very confidential.

T.W.L.

~~PS~~ I think you (our) Ambassador to England is one of the very best yet - The British respect and like outspoken Americanism.

PSF
Lamont JP
Linnell 3
X

THE WHITE HOUSE
WASHINGTON

1-8-40

MEMORANDUM FOR THE PRESIDENT:

T. W. Lamont's secretary 'phoned the following messages, which Mr. Lamont wished conveyed to the President:

1. "I want to send my heartiest thanks to the President for saying he will see Eichelberger.
2. "His second speech was superb, just like the first, and I am convinced the feeling of the Republicans throughout the country is far more sympathetic and eager than indicated by the Republicans in Congress.
3. "I hope very much he succeeded in straightening out Roy Howard. Howard is away and I have not attempted to communicate with him."


E. M. W.

PSF
Lamont

L-1111

February 6, 1940.

My dear Mr. Lamont:

Herewith is the information
for which you asked.

Very sincerely,

Mr. Thomas W. Lamont
23 Wall Street
New York, New York.

Rush D. Holt
Peter G. Gerry
Alva B. Adams
Edwin C. Johnson

The following Senators are believed to be favorable unless further information should indicate an exception here or there:

The following Senators are either doubtful or probably doubtful:

(5) Tom Connally
Robert M. LaFollette
Josh Lee
David I. Walsh
H.H. Swartz

The following Senators are reported to be opposed, but might be disposed to consider the matter further:

(4) Henry F. Ashurst
Dennis Chavez
Burton K. Wheeler
Vic Donahey

The following Senators are understood to be definitely opposed:

(8) Sheridan Downey
Key Pittman
Pat McCarran
Joseph C. O'Mahoney
Rush D. Holt
Peter G. Gerry
Alva B. Adams
Edwin C. Johnson

The following Senators are believed to be favorable unless further information should indicate an exception here or there:

(47) Chas. O. Andrews
Alben Barkley
Prentiss M. Brown
James F. Byrnes
Bennett C. Clark
Walter F. George
Theodore F. Green
Pat Harrison
Carl Hayden
Lister Hill
William H. King
James M. Mead
Sherman Minton
John H. Bankhead
Theodore G. Bilbo
Harry P. Byrd
Hattie W. Caraway
Allen J. Ellender
Guy M. Gillette
Joseph F. Guffey
Carl A. Hatch
Clyde L. Herring
James H. Hughes
Scott W. Lucas
John F. Miller
James E. Murray

Kenneth McKellar
George W. Norris
Claude Pepper
Richard B. Russell
Elmer Thomas
Lewis B. Schwellenbach
Morris Sheppard
Ellison D. Smith
Millard Tydings
Robert F. Wagner
James M. Slattery

Matthew M. Neely
John H. Overton
George I. Radcliffe
Robert R. Reynolds
Elbert D. Thomas

William H. Smathers
Harry S. Truman
Frederick Van Nuys
A. B. Chandler
Tom Stewart

THE WHITE HOUSE
WASHINGTON

February 6, 1940.

MEMORANDUM FOR
GENERAL WATSON

The President said to have this list copied on a plain piece of paper and send it in a plain envelope to Tom Lamont and say this is the information he had asked for.

G. G. T.

Budgetary issues -

The following Senators are either doubtful or probably doubtful:

5 - Tom Connally
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Josh Lee
David I. Walsh
H H Swartz

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George W . Norris
Claude Pepper
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Millard Tydings
Robert F. Wagner
James M. Slattery

Matthew M. Neely
John H. Overton
George I. Radcliffe
Robert R. Reynolds
Elbert D. Thomas
~~W. H. Schwartz~~
William H. Smathers
Harry S. Truman
Frederick Van Nuys
A. B. Chandler
Tom Stewart

PSF: Lamont
Lithner

February 8, 1940.

Dear Tom:-

That note from Mr. Saperston is a joy. You and I are, I believe, at what is known as the "dangerous age", and it is just as well that we do not conduct classes for young ladies in the Bronx!

Which reminds me that we are having the American Youth Congress here this week -- a group which really does represent a big section of young people. The fact is that they are, as a whole, definitely set on "going places" -- they want jobs and opportunity -- and they are extremely vocal. I think it is our business not to kick them in the face but to point out that they cannot get Utopia in a day -- not even jobs of their own choosing for all. But we must do it by making friends with them and earning at least a share of their confidence. They and many similar organizations could become dangerous to our future if they were scorned or if the Government merely told them to go and eat cake.

That is why Eleanor and I, thinking in terms of our grandchildren and yours, are treating them rightly like the American citizens who will have a lot to say about the running of the Government ten or twenty years from now. You, I know, have that point of view but I wish to goodness some of your Harvard classmates and mine could catch the idea!

As ever yours,

Memo. from T. W. L.

February 6, 1940

WHITE HOUSE

FEB 7 8 58 AM '40

RECEIVED

Dear Mr. President:

I thought the attached copy of a letter a member of my staff received recently might amuse you. It seems that this Sidney Saperston is a fellow whom Martin Egan (perhaps you remember him of old) picked up when he was on his uppers without a job and got one for him. Saperston has now become a teacher. He tells Wasson - believe it or not - that the students are writing very pleasantly about J. P. Morgan & Co. But what might please your nice wife is contained in the last paragraph, namely, that all 22 of the school girls want you to be permanent President!

Sincerely yours,

Thomas W. Luman

The President,
The White House,
Washington, D. C.

FEBRUARY 1st-1940

Dear Mr Wasson: This letter will interest you.

In the commercial-English courses I give at Herman Ridder High School in the evenings up in the Bronx, in addition to correspondence, I ask for original compositions extemporaneously composed from pupils to judge their style of phraseology, etc. Last night I asked my class of 22 (all girls ranging in ages from minimum of 17 to maximum of 22) - to write out on a piece of paper in form of composition whatever they knew of J P Morgan & Co. Most of them had heard of the firm but knew nothing about it: a few, however, had some decided views and wrote out their observations.

I enclose them herewith. Read them and you'll get a kick of it. Note these brief comments are written by adolescent girls, all of petty bourgeois and proletarian homes, living in poorer section of the Bronx, very few have any business experience, if at all, no contact with banks, finance, etc., their opinions obviously being what they hear their fathers say, from radio, newspapers, etc.

I think these opinions are more to be noted than those of current day politicians and congressmen as former are coming generation.

On another occasion I asked for compositions on their choice for the presidency and it was 100% unanimously for Roosevelt. All the writers, many below legal voting age, gave it as their opinion that they'd vote for him if qualified.

Cordially yours,

SIDNEY SAPERSTON-

230 WEST 97th street

R GORDON WASSON, Esq-

From
Thomas W. Lehont



CHURCH ST
ANNEX



The President
The White House
Washington
D. C.

*23 Wall Street
New York*

Lamont, T.W.

Memo. from T. W. L.

PSF

15th July 40

Dear Mr President -
This gram the world - I got
today was just handed
to me. As a missionary
to bring the light to
Raya. I am at least
100% failure. I am
sorry, however, that
he got this nasty
stuff of the Thomson,

27
Memo. from T. W. L.

It could have come
from nowhere else.
However, there is no
use my giving love
about things like
this - They come
out in the wash.

My attention was
also called some
days ago to a Hugh
Johnson piece and
an Editorial in The

Memo. from T. W. L.

3/ Some issue of the
World: I'm. I can
readily note the
coincidence of the
two pieces.

Respectfully
Thomas W. Linnell

Willkie's Stand

By Hugh S. Johnson

The Bill of Rights in our Constitution doesn't use these words but what part of it means is, that it is every American's sacred privilege to say what he pleases, think what he pleases and change his mind as often as he desires. That goes for Wendell Willkie.



But with such privileges go obligations, moral if not legal. Mr. Willkie, after a considerable period of hesitation as to just what it was all about, during which his stock slumped from the remarkable high of the Philadelphia convention to a very low point in August, finally began to attract followers again. He announced that he was leading a crusade to return America to the Americans. He stood against any further delegation and concentration of power in the President.

He was for aiding Britain "within our own and international law," but he felt that if Mr. Roosevelt were re-elected it would be construed as a mandate for an immediate headlong rush toward war. He, Willkie, stood for caution and discretion and the building of an impregnable American defense.

The impression that he tried to leave was that he stood against the war-minded and those who had been careless of American defense as the apostle of all-out hemisphere defense and the traditional American policy of a minimum of meddling with the interminable European conflict.

On this basis millions of people left their party moorings, some of them at great sacrifice of personal friendship and prestige, to follow him. Some gave him more help than the leading members of his own new-found party. It was not a question with them of partisanship, it was a question of patriotism.

Nothing has happened since to impair the apparent soundness of that doctrine. If anything, what has happened since has strengthened it. But it would have been impossible for Mr. Willkie to have gone further than he has now gone to repudiate it and those ardent followers of it and him.

He has made them appear to be the most glib of suckers and himself to be what shrewder men suspected all along, to put it as charitably as possible, an opportunist and a man who has not earned the first lesson of leadership, which is that no chieftain can expect loyalty from his people unless he gives an even greater measure of loyalty to them. This is the man who promised to lead "loyal but watchful opposition."

On the surface this administration seems indifferent to Mr. Willkie's scurrilous antics. But in fact, without recording any aspect of official status, it is doing all that can be done to facilitate the propagandist journey to Europe of Mr. Willkie and his party.

The House of Morgan—at least as represented by Mr. Thomas W. Lamont—and other great international bankers are as active in guiding and propelling our steps toward involvement in this war as they were in 1917. And suddenly Mr. Roosevelt himself seems to be cuddling just as close to them as is Mr. Willkie in the latter's swift and startling change of front.

It is no time of assual motives. All these men are patriotic and sincere. Actions only are important. It is wisdom, not motive that is in question. It is becoming clearer every day that Mr. Willkie's charm and appearance of candor were not enough to counterbalance his lack of experience, education and poise in positions of public responsibility. The glare and glamour of his skyrocket excursion into national favor dazzled him. He is still dazzled and innocently grasping through this grand new gesture for some remnant of its fading glory.

Policy on War

By Hugh S. Johnson

Mr. Walter Lippmann asks angrily why the "policy" laid down in the President's annual message should be debated. He says that it has been passed upon by the people not merely in the elections but in the nominations and that if either Mr. Willkie or Mr. Roosevelt had not endorsed it neither would have been nominated.



... when the voters went to the polls they knew that the winner of the election would declare the policy the President has now declared. No issue was presented. Both candidates agreed on aid by "methods short of war," but since this was not defined no "policy" was considered. Mr. Willkie, to the astonishment and dismay of many of his supporters, didn't explore the subject or give the people a chance to hear debate on any part of the greatest of American questions. Since there was no issue on any policy there is no popular mandate.

Mr. Lippmann cannot fairly contend that Mr. Roosevelt mentioned in the campaign any new American crusade to insure, not merely to us but to the whole world, freedom of the press and religion, social security and perpetual peace. It is League of Nations stuff which this country once overwhelmingly rejected in a "great and solemn referendum."

Mr. Roosevelt campaigned in the presence of the Neutrality and Johnson acts. He made no mention of any change or any evasion of any of these such as is contained in the "lease-lend" plan, nor did he indicate as he did Monday any policy about what kind of peace America will accept. Unless America is at war she can't either accept or reject peace terms. Candidate Roosevelt advocated methods only

"short of war" and promised never to send troops abroad. The phrase "short of war" was dropped out in the message and we are now said to be "committed to full support." Who consulted us? Not the Congress. Not the people. Not the election. Furthermore, any professional soldier knows that the policies advocated in the message never can be achieved without war and an expeditionary force.

If Mr. Roosevelt had made during the campaign any such warlike utterance as his annual message, he would have lost millions of votes—if not the election.

The truth is, that if they are not debated now it proves that democracy has been whipped through hysterical fear into totalitarian silence and acquiescence or beguiled into believing such absurdities as Mr. Lippmann's assertion of an issue debated and closed with a mandate.

There has also been too little clarifying debate of the sloganizing assertion that Britain is fighting our war. Says a New York Times dispatch from London, paraphrasing the British reaction to the message: "The United States say over and over again that Britain must be aided in every possible way... because Britain is essential to United States defense. . . . The United States is hiring us to fight its battles as we once hired the Hessians. . . . But we are not getting our pay"—meaning thereby that the United States isn't insuring delivery of munitions by putting its navy into the armed Atlantic convoy service.

That argument is unanswerable if we are "always remembering" the British opinion cannily. If not chuckingly, continues, "that the United States has said that the only reason it is helping us at all is because we are fighting for the United States." By too much sloganizing and too little debate we are "mumbling, fumbling and stumbling" into war.

New York World-Telegram

A SCRIPPS-HOWARD NEWSPAPER.



ROY W. HOWARD, President and Editor.
LEE B. WOOD, Executive Editor.
K. S. MACKEIGH, Business Manager.

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"Give Light and the People Will Find Their Own Way."

WEDNESDAY, JANUARY 8, 1941.

Editorials

British Logic.

A London dispatch on British reaction to President Roosevelt's message to Congress, published in the New York Times, contains some interesting quotations.

It reports that Britons are pleased with the President's "striking and inspiring phrases." But they want brave words translated into deeds. They want ships, planes and guns delivered—at once.

And here is the nub of their argument, as the dispatch sets it forth:

"The United States says over and over again that 'we cannot afford to allow Britain to fall.' It says over and over again that Britain must be aided in every possible way, not because Britain should be saved but because Britain is essential to United States defense. If that is what the United States thinks, then, virtually speaking, the United States is hiring us to fight its battles as we once hired Hessians in an effort to subdue the Thirteen Colonies.

"But we are not getting our pay. The United States has come long and far, but not far enough. If we are fighting for the United States and if it is willing to give us money or credit on that basis we have the right to ask it to go further. Since we cannot bring material overseas ourselves, we have the right to ask the United States to do so, always remembering that the United States has said that the only reason it is helping us at all is because we are fighting for the United States."

The argument appears sound. Once the premise is accepted that the British are fighting our war, then all the rest follows as clear and irrefutable logic.

The big issue before Congress and the American people is whether to give approval to this basic assumption. If we grant that the British are fighting our battles, then we must admit:

That they have every right to insist that we outfit them with everything they need, not through sales or leases either, but at our own expense.

That we should deliver the supplies in our own merchant vessels;

That we should send our warships to any point of the compass where they will be most useful in Britain's fight for us;

Indeed, that we should forthwith declare war, and get in with everything we've got, including sending our own young men to risk their lives alongside the youth of Britain. Granted that it is our fight, there is only one road to travel—and our speed down it should be deterred only by the expedient consideration of "what will we fight with?"

Will Congress and the American people accept the premise from which these logical and fateful steps naturally flow? Or shall we return to the conviction expressed so often when this war started—that the British are fighting their own war—and thereby reserve the right to decide step by step just how far we shall go in aid to Britain.

So far as this newspaper is concerned, we still cling to that once popular phrase "short of war."

THOMAS W. LAMONT



CHURCH STREET
ANNE



The President
The White House
Washington
D. C.

STE
Do send & return
for my personal
files
1/17/41
RS

*23 Wall Street
New York*

23 Wall Street
New York

file
personal

PSF: Lamont

12/24/40

December 24, 1940

Dear Mr. President:

Thank you very much for letting me come to see you. You gave me a lot to think about, and more to do than I probably can do. But whatever differences there may have been about domestic affairs, I and my colleagues are heart and soul with you for unlimited material aid to Britain and for national defense. What little we can do to make our little influence felt, we shall do. I pledge you that. I don't need to say to you, because you are not a believer in myths but a realist, that we do not have and never did have institutional, financial or political power. Such influence as we do have is wholly personal to the individuals who make up our board. We are scratching about to see what we can do to help in the specific directions to which you called my attention.

Meanwhile I am perfectly delighted to see that you are going on the air to the American people this week-end. As I said to you, nobody can lead us but you. If you say it your own way with your own personal magical touch, writing, as George suggested, your own duplicate of the '33 fireside talk, you can make it so plain and simple that we shall all follow, and the heretofore doubting Thomases of whom you spoke will be swept away in the current of an overwhelming public opinion.

What we need to be told is I think:

That you will not go to war, but you cannot promise that Hitler will not make war upon us. That is for him to say. All that

you can say is that no policy of cringing fear or cowardice on our part will keep Hitler from making war upon us if it suits his purposes, as the bitter experience of some of the excessively neutral countries which he has overrun has demonstrated.

That the way to stay out of war is to help England stop the war conflagration over on the other side of the Atlantic; That the first step in national defense is to give unlimited material aid to England. When you say "give," you mean give or lend goods, guns, ships, planes, munitions and whatnot.

That you were talking in terms of real things when you said you wanted to lend England things, not dollars. That you are not interested in giving England a bank account, but in giving her the things she needs. This is pure realism, and not merely a technical formula. A bank account might only mean that she could go into competition with our own procurement policies -- a competition in which she must necessarily fail. That you have on the contrary to decide what things she must have and then get them for her. And then let the return of the things, or other things in replacement, await the conclusion of the war.

That although you are determined not to go to war across either ocean, you are equally determined not to deviate one hair's breadth from the policy of unlimited material aid to Britain which was demanded of you by all the voters in the last election whether they voted for you or for the opposition.

That in particular you won't deviate from that course under threats, veiled or explicit, from the dictators across the Atlantic

or from the military oligarchy across the Pacific.

That you conceive yourself to be President of the whole people, and that as such you recognize no differences of race, creed, color or party; no difference between capital, labor and management; no difference between your friends and your opponents. That you are the leader of the whole people, and that you dedicate yourself anew to the cause of democracy against autocracy, of freedom against despotism, of the peaceful and law-abiding against the aggressors.

That only by united effort of the whole American people -- an immediate, prompt and urgent effort -- in aid of England and our own national defense, can the American way of life and freedom of the seas be defended.

I hope you won't condemn anybody in the United States, however much you may now disagree or disapprove of him, but offer amnesty to all your opponents and beg their aid and support of your great policies of aid to England and national defense in this hour of peril of our nation and of our liberties. With my whole heart I desire the triumph of your administration and your personal triumph in this great cause. You are the man of the hour. The power is yours. You have the great gift of leadership. Do not let yourself be bogged down in administrative detail. You can hire others to do that. Nobody can give the whole people leadership but you. You dragged us out of economic slough in '33. You alone can pull us as a whole people out of the defeatism and disillusionment which followed as a perhaps natural reaction the excitements

of the pre-election campaign or the excitements of domestic politics.

Forgive me if, in the excess of my zeal and enthusiasm for the cause of which you are the leader, I have talked and written too outspokenly.

I am, my dear Mr. President, with great respect,

Faithfully yours

McClintock

The President
The White House
Washington, D. C.

Tom has read this and suggests adding a word of aid to China, a very popular cause.

PSF
Lamont

MEMORANDUM FOR THE PRESIDENT
MEMO. FROM J. W. L.

THE WHITE HOUSE
JAN 11 11 L. AM '41
RECEIVED

file
personal

To the Secretariat:

For the President's
immediate attention, s.v.p.

E.T. Sanders
Secretary.

Jan 2 1941

Memo. from T. W. L.

Dear Mr. President
I am dead
sure that you
are the only
person who
can show Roy A.
the situation
in a way so

2
Memo. from T. W. L.

convinced that
all are of England,
unmistakable
support of the
Administration,
at this time of
crisis ^{are} so
sentinel. He is

Memo. from T. W. L.

3

Sympathetic, but
is anxious to
be so realistic-
~~states~~ asks why
a "negotiated"
peace now
is any worse
than was a

Memo. from T. W. L.

4

detain ~~place~~
in 1919 etc.

Jim and you alone
can straighten him
out all ~~to~~ his
powerful press
with him. I
think he seems
really anxious

Memo. from T. W. L.

3

I know the
answer.

In great haste
+ with great respect.

J. M. Lambert

Jan 240

T.W. Lemont.



CHURCH STREET
ANNEX



The President
The White House
Washington
D. C.

23 Wall Street

New York

23 Wall Street
New York

*file
personal*

PSF Lamont December 3

THE WHITE HOUSE
JAN 10 8 54 AM '41
RECEIVED
January 9, 1941

Dear Mr. President:

Thank you for your kind note received yesterday. I thought your message on the state of the Union was superb too.

Referring to our talk when I had the honor to call upon you with Morris Ernst: I do not know General Wood, and none of us knows him or is in the way of seeing him. I cannot think of anything that I or any of my colleagues could do that would do anything but make bad matters worse.

Tom Lamont has had repeated and extended talks with Roy Howard, and has urged upon him the importance of supporting your policies with regard to England and national defense and pressed upon him that he should take an early opportunity to call upon you and learn from you at first-hand about them. I see from the papers that Mr. Howard has indeed been to see you, and I hope the effect has been favorable. Tom said he felt that Howard was for aid for England and strong for our own defense and of course bitter against Hitler, but that his lack of belief in Britain's ability ultimately to lick the Germans affected his point of view. Tom called his attention to that hopeful expression in your December 29th speech and thought that you could talk more convincingly on that than anybody else could.

Tom has talked with Mrs. Morrow. She has been wholeheartedly for your program in foreign affairs, but since Mr. White's

recent unfortunate speech about his "smart trick" in setting her up against her son-in-law, she has been, very humanly, unwilling to appear again in a public clash with Lindbergh. I understand that she has telegraphed you her support of your program.

George Whitney has talked with the General Motors people more than once, and the chief people are just as much concerned and they just as much deplore the Mooney articles as you do. Mooney is an important and able man, and an opinionated one, and the heads of the Company hate to be in the position of attempting to censor his utterances. He seems to like to make speeches and write articles and tell things as he sees them realistically. I understand that he is not the slightest bit pro-German, but indeed strongly pro-British, and was just telling what he thinks he knows about the situation as he sees it. I understand that all the General Motors people are enthusiastically pro-British and anti-Nazi, and much as they deplore the Mooney articles they do not know how to deal with a very strong and able and opinionated man who thinks he should call a spade a spade even in the hands of Hitler. George has not dropped this subject, and is whole-heartedly with you in regard to aid to England and national defense.

Not knowing where else to inquire about those German films, etc., I asked John Hanes. His account of the facts was just about as they had been told to you with this great difference, that the films had only been shown once or twice to half a dozen people, in each case with the very clear statement that they were dreadful propaganda, wholly unreliable and distorted, that the papers had not been allowed to get legitimate photographs, and had

been furnished this stuff instead, and so suppressed it. The films are not being shown around the country to groups, but were shown to perhaps half a dozen people here on two occasions, as of some interest, with the full explanation that they were obviously wicked propaganda and utterly dreadful.

I am told that there is nothing in the rumor of a Hearst-Kennedy alliance. I don't know either man.

I wish you could send for Hanes and talk things over. Perhaps he, who is pro-British and anti-Nazi as any one, and who has something to do with Hearst's finances, but nothing to do with editorial policy, could be of help to you. But this is solely my own idea, and you will know whether it is any good.

These are just incidents. I can promise you that we will all of us so far as we have a voice to raise be using it in aid of your program of aid to Britain and rearmament for national defense. We have been doing just that, both before and after election, wherever any of us thought a word of ours would be helpful, and we will keep it up you may be sure. Any one of us would be glad of an opportunity, when if ever you are less pressed, to come down and report to you, or to have from you any suggestion of any way in which you think we can help. We all wish you every success in your great effort for aid to England and national defense.

I am, my dear Mr. President, with great respect

Faithfully yours

R. C. Lillingwell
R. C. Lillingwell

The President
The White House
Washington, D. C.

23 Wall Street
New York

*file
personal*

*PSF
Lamont*

January 13, 1941

Dear Mr. President:

Supplementing my letter of January 9th, I am told that those films were brought in with the aid of the British Embassy to be shown to our own War and Navy Departments. Obviously these films are pure Nazi propaganda; nevertheless they do have information of real value to our national defense program. They have been shown from time to time to our Army and Navy experts, and they have taken from them such information as was considered useful. Otherwise they have been shown only to a few intimate friends, with a warning that they were taken by the German government and therefore place the German position in the most favorable light.

I am, my dear Mr. President, with great respect,

Faithfully yours

W. L. B. L.
Edgingwell

The President
The White House
Washington, D. C.

WFL Lamont

January 16, 1941

Dear Tom:

I am sorry indeed to hear of the loss of your sister. I do not think I ever had a chance to meet her but I knew John Gavit in the early years.

In regard to Roy Howard, I had a completely inconclusive talk but Steve Early saw him later for a long time and I think made Roy realize some of the rather serious things he had said and done both in this country and in other countries. I hope something will come of it.

As ever yours,

Thomas W. Lamont, Esq.,
107 East 70th Street,
New York, New York.

fdr/t

WHITE HOUSE
JAN 11 8 42 AM '41
RECEIVED

January 9th 1941

107, East 70th Street

Dear Mr. President.

Unhappily I lost my
my sister today - Lucy -
the wife of John Palmer
Garit who was an active
journalist in the years
gone by. She helped
mother me when I was
a little boy & I shall
miss her sorely.

When I return from Florida
where the funeral is to
be held I shall venture

21 To call you on the phone -
in a few words more
of suggestion. Will my
Howard see the light?

Sincerely & respectfully yours
Thomas W. Lambert

PSF Gen Corrie
Lamont drawer 3

copy

February 12, 1941.

Dear Tom:

Thank you for that interesting memorandum. I am following it up.

I am glad you and I occupy the same "dog-house" in respect to Roy Howard -- the little pipsqueak -- and Hugh Johnson, who is very properly called "that disgusting old man" by my boy Elliott! However, I cannot hate either of them, but I am awfully sorry for them.

As ever yours,

Thomas W. Lamont, Esq.,
23 Wall Street,
New York, N.Y.

PSF
Lamont

Saturday Am.

SKY FARM
NORTH HAVEN, MAINE

Dear Mr President
It occurs to me to say
that if you could tell the
American people about
that Sunday Service on
the Price of Peace ~~that~~
in the same moving
terms you told me,
it would have a
strong effect in keeping
the isolationists
quiet. To me it was
very impressive, a very
powerful picture.
I am a bit concerned

to hear that some local paper
mentioned that I had dropped
out to see you last Spring. It
goes without saying that I had
no contact at any time
with any newspaper. But I
suppose that somebody in the
score of cars dashing over
here may have seen me.
No particular harm, I
suppose, but I would not
have you think I abused
your hospitality by blabbing
about it!

Good luck & congratulations
again upon your wonderful
strategy. Sincerely & faithfully
Thomas W. Laucourt

To the President

file
personal

Gen. Curtis
3-41

Mr. John M. Trotter
Secy to the President

U.S.S. Pottomac

From
T.W. Lamont

PSF Lamont

THE WHITE HOUSE
WASHINGTON

*file
confidential*

February 12, 1941.

MEMORANDUM FOR
THE SECRETARY OF STATE

For your eyes only.
Please read and return.

F. D. R.

*Thanks - interesting.
CH*

2/ Therefore when the attached
Confidential memo. ^{reached}
me this morning, I at
once recalled your
remark to me, Norman,
who is here according
from the Jew, agreed
with me that I should
forward the memo. to
you for your information
and that of Secy Hull.

The memo. came over
by clipper the other day.
It is from Harry Watkins,
one of the publishers of
Morgue & Co. of Paris,

Feb 8. 41
YEAMANS HALL
CHARLESTON
SOUTH CAROLINA

THE WHITE HOUSE
FEB 11 8 55 AM '41
RECEIVED
When Mr. Stixent
you may not recall
that in the course of
the fact at the White
House, end of November,
(when I came over
on the Hoover food
campaign) you told
me that Spain was
the most destitute
of all the poor countries.
Secy Hull and Norman
Davis likewise agreed.

3/ and the "A" who is mentioned in Alborna, Under-sec'y of Commerce and Industries in the Madrid Govt. Alborna, it seems, has long been known to our people in Paris, having formerly been an official of the House of Spain. They regard him as a capable and trustworthy man.

The memo. contains, in all probability, nothing new to you or to the Dept., but it is interesting in that it is a plain talk from one business

4/ man to another, and the figures given seem made up with care and authority. Our Ambassador in Madrid was naturally talking to Watkins glibly. A good, hardheaded trade with the Madrid Govt. might result in reducing the figures somewhat.

The memo. is addressed to Branly, another member of Monpan et Cie, now in this country. None of us has any interest in Spanish matters, and since Paris was recaptured, the Paris house has practically

Later - formerly
Alburna was in charge
of the bank of Spain's
foreign business, in-
cluding control of ex-
change - one people
should ~~be~~ not be
generally quoted as to
this talk, of course.

257.

YEAMANS HALL
CHARLESTON
SOUTH CAROLINA

✓ ceased doing business.

I hope to return Norman
in a few days in better
shape than when he came
down. = I am still in the
Roy Howard's dog house,
and Hugh Johnson says
I am a nice fellow, but
all rest on the Leas-
land Bill.

Sincerely & respectfully
Yours

James W. Lamont

9707

*See Copy
Lamont, Jan*

Feb 8, 1941.

C O P Y

Yeamans Hall
Charleston
South Carolina

Dear Mr. President -

You may not recall that in the course of the talk at the White House, end of November, (when I came over on the Hoover food campaign) you told me that Spain was the most destitute of all the poor countries. Secy Hull and Norman Davis likewise agreed. Therefore when the attached confidential memo reached me this morning, I at once recalled your remark to me. Norman, who is here recovering from the flu, agreed with me that I should forward the memo to you for your information and that of Secy Hull.

The memo came over by clipper the other day. It is from Harry Watkins, one of the partners of Morgan et Cie. of Paris, and the "A" who is mentioned is Alburna, Under Secy of Commerce and Industry in the Madrid Gov't. Alburna, it seems, has long been known to our people in Paris, having formerly been an official of the Bank of Spain. They regard him as a capable and trustworthy man.

The memo contains, in all probability, nothing new to you or ^{to} the Dep't, but it is interesting in that it is a

plain

-2-

plain talk from one business man to another, and the figures given seem made up with care and authority. Our Ambassador in Madrid was naturally talking to Watkins guardedly. A good, hardheaded trade with the Madrid Gov't might result in reducing the figures somewhat.

The memo is addressed to N. D. Jay, another member of Morgan et Cie., now in this country. None of us has any interest in Spanish matters, and since Paris was occupied, the Paris house has practically ceased doing business.

I hope to return Norman in a few days in better shape than when he came down. I am still in Roy Howard's doghouse, and Hugh Johnson says I am a nice fellow, but all wet on the Lease-Lend Bill.

Sincerely and respectfully yrs,

THOMAS W. LAMONT

Later

Alburna was in charge of the Bank of Spain's foreign business, including control of exchange - our people should not be generally quoted as to this talk, of course.

T.W.L.

Memorandum for N. D. Jay:

Re: Madrid

I telephoned Mr. A. when I got to Madrid on January 23rd and he asked me to come right around and see him at The Ministry of Commerce and Industry. When I arrived he told me he wanted to discuss the trade position with America. He said they did not think the Ambassador or the Commercial Attache understood their pressing needs and that the latter was not qualified to deal with the problem.

Spain, he said, at the present time has to have food from either the U.S.A. or Germany. They are in an extremely delicate position vis a vis the Germans, with troops on their northern border, and they are doing what they can to stave them off. The Germans wish to buy more than their normal past purchases particularly of olive oil and mercury against wheat, but the Spaniards have so far refused. Every day they inquire for some product or other. The Spaniards however would like to make a trade agreement involving a credit with the U.S.A. if only in order to keep their independence, as they expect the Germans will ask a good deal more than trade for anything that may done. Later A. told me the Germans are afraid that America will do something for Spain, and after my visit he had had a call from the German Embassy to inquire whether we were going to offer them a bank credit. Of course, he said a bank credit was out of the question. Incidentally A. stated that when the news

came out of the small shipment of wheat from America, the Germans countered through their propaganda bureau with the announcement that they would buy no foodstuffs in Spain.

A. stated that all they wanted was current materials and foodstuffs and that there was no question of stocking and no opportunity to do so. The English would agree to give Navicerts for anything purchased, and in fact, would endorse anything we would do for them. He emphasized that the need was very pressing which our embassy did not seem to understand--the matter could not even wait a month before something had to be done one way or the other.

He also said the Germans wanted to control or influence Spain on account of the indirect control it would give them in South America.

We were to lunch the next day at which time he would give me figures, and meanwhile, I told him I was going to call on our Ambassador.

The Ambassador received me cordially, and talked about a variety of subjects.

He told me he thought we would eventually do something to help Spain whose need he admitted was pressing, but I did not think he had anything quick in mind. In fact, I had definitely the impression that he was cautious in view of attacks at home which he said would arise in view of American sympathy for the Red cause in the Civil War and the fact that Spain was a dictatorship. He emphasized the indirect attacks on him by Bromfield and Hemingway.

The following day I had lunch with A. and another official of the Ministry.

At the present time the wheat situation is as follows:

Normal production	4,000,000 tons
Monthly consumption	300,000 tons
Stocks	-

The new crop will be available only in the month of July; meanwhile, all the Spanish merchant fleet of 70 ships is in the Argentine where they are loading corn flour which they can mix with wheat. They are to carry:

December	25,000 tons	(These figures may be
January	40,000 tons	for Argentine wheat
February	50,000 tons	in addition.)

They need immediately 500,000 tons of wheat from us (or the Germans) which at \$3 a ton makes \$15,000,000. They need in addition in 1941:

Petrol	\$10,000,000
Trucks	5,000,000
Tractors	2,000,000
Cotton	} 18,000,000
Purchases from Eng.	
Misc. including freights	}
Total	

He said these products were absolutely for pressing current needs. The wheat for instance in total, over period of shipment is less than two months normal consumption. The trucks and tractors the Germans would not want or need. They also need fertilizer, its lack last year being the cause of the crop failure. I think he said they needed 360,000 tons

of sulphate of amonia of which they have now no stocks and a substantial quantity of Chilean nitrate--120,000 tons of which they now have 44,000 tons. In any event neither product could come from America.

To pay for their purchases, they could give, fairly rapidly in 1941, mercury which the Germans inquire for regularly for \$ 5,000,000

They could also give olive oil in 1941 for nearly 20,000,000

To do so, however, they would have to import a similar amount of peanut oil at 1/3 the price.

Potash, zinc (and balance after 1941)	<u>25,000,000</u>
	\$50,000,000

These figures are all approximate as he said. There was no reason to come to fine points until or unless principle was established. Meanwhile it is becoming more difficult each day to hold off the Germans. He repeated the story Bunny told us of 15,000 tons of wheat for neutrality as an example of how little we Americans understood what they were up against, and said he hoped something could be done right away, with which the English would be wholly in accord. He said Spain's interest logically could only be to remain neutral, and independent of the Germans. A trade agreement with us would enable them to say that this or that was reserved under their agreement with us and refuse sale. He also said that the announcement of food from America was excellent propaganda to counteract the strong German propaganda in the country.



PSF: ^{January} ~~January~~ ³⁻⁴¹ ~~3-41~~
1st March 41, ^{file} ^{personal}

Dear Mr. President
Arriving here for a few
days, I motored over to
have tea with Myron
Taylor yesterday. He is
greatly improved and is
confident that the root
of the trouble - persistent
gall stones - has been
removed. He had lost
a lot of weight but he
looks ^{well} pretty. He has
a ^{well} couple in his diet,
and in plenty of rest.
He hardly took off the place
as yet.

2/ Myron stalked about the conference that Fairless and Phil Murray had at Pittsburg on Thursday. Myron also, as you know, believes as I do that some concession can be made - provided it is put on the basis of a premium, as he calls it, say to be continued if production is maintained @ 85% or more. Irving Alder told me over the phone that on Thursday Murray ruled this out. But I hope Alder sent you a memo. covering the discussion,

2/ I would regard it as im-
portant - especially in view
of these current strikes - the
people like U.S. Steel, who are
strong for collective bargain-
ing favorable to the unions,
should have the benefit of
your continued counsel and
suggestions.

I note the suggestions in
the Washington ^{situation} Dispatches
this morning of a mediation
Board - to be composed of liberal
representatives of capital and
labor as to command the
confidence of all concerned,
and set up so as to be
able to deliberate and move

+ Expediently. This strikes
me as a good idea, for I am
not sure whether the present
mechanism under existing
law is geared to act
promptly.

Please do not bother
to acknowledge this. I only
started out to give you the
good report about Myron,
for I know that you were
solicitous.

With great respect

Sincerely yours

James W. Fulbright.

The country is being steadily unified.
Press withdrawals from all corners, com-
mending my stand of support for the
Administration in Korea this.

file
personal 16th Feb 1941

Gen. Curtis
Lamont

PSF

107, East 70th Street

Lamont

Dear Mr. President: Referring to
our telephone talk of last night,
I am glad to hear you say
you will see Osoe & friends
this week. The earlier the
better! Jim Connel's will
greatly aid a difficult situa-
tion. Time is important, be-
cause Phil Murray's demand
for a wage increase now dates
back for some time, although
he himself says that such
an increase is not warranted

If by any increase in the cost of living, and that he realizes the grave factors involved in the country's economic stability.

You are of course quite right when you say to me that the country will not ~~per~~ permit anybody to start the fatal spiral of higher wages, then higher prices etc., at this critical time. It perhaps for the steel people to stand up for that may not be wise. Because it is true that, while the basic wage

3/ Since R29 had risen 50%
from 44¢ to 62½¢ per
hour, as I recall it, yet the
workers' pay ~~through~~, be-
cause of the lean years, has
shown no such increase.

In other words, if you will permit
the suggestion I would ask
Olds & Jacobs (both of whom
you will find exceedingly liberal-
minded) to tell you first in
detail just what Phil Murray's
attitude is. And then, should
I would ask ^{you} ~~them~~ this: Can
you make ^{possible} any suggestion

that might help to save ⁴
Phil's face somewhat with his
locals, and at the same time
would not raise the devil
with the defense programme—
because, as you understand,
all classes of the industry
would be affected in like
measure.

If your visitors could suggest
any such formula that did not
strike you as too dangerous in
opening the door, then I can
see the matter might be
settled promptly. It would be
bad to have a really serious

✓ Labor dispute in a basic industry at this critical time.

107, East 70th Street

I understand that the Hill people have not made ~~that~~ ^{any} suggestion, ^{as to formula} to me. This is my own thought.

As to Nyron, he has been marvellous in all this field, but the matter cannot wait on him. The surgeons have pointed out that he has had four major operations in 2½ years and has gone back to work too quickly. Now he must be allowed to get back his strength. In his situation, fairness is

6/ All old friend of Murray's -
Give them the elements of
composition, and Fairless and
Murray stand a better chance
of working out the situation than
any one else.

Sincerely & respectfully
yours
Mona W. Laurent

It is that long-haul, ^{really} that I sug-
gested there, is lots of time. But
I should like to see it work out
so that, ~~without~~ keeping the country
out of it, you had yet won the
peace for the country and for
the world!

file
personal

PSF: Lamont ~~to come~~
weh 16 3-41
141

YEAMANS HALL
CHARLESTON
SOUTH CAROLINA

Dear Mr. President
Last night I listened
over the radio with
great satisfaction
to your stirring ad-
dress. I am certain
that its moving terms
will appeal to all
your countrymen, and
that the relations will
be made, so sit up
a bit and take notice.
I am interested to

27 note from the press,
the development of
your ideas as to labor
mediation. This is
all to the good. They
self know of no em-
ployers - although I
suppose there must be
some - who will fail
to recognize the just
demands of labor and
do everything to meet
them. Labor makes a
bit of mistake some-
times in demanding
more than it expects
to get. But that is

of which to be expected.

In connection with this
or any other matter, ~~for~~
I hardly have to assure
you, Mr. President, that
you can command my
active cooperation
and services in any
way.

With best wishes
I am, respectfully,
Yours
Thomas W. Lammont

P.S. Expect return to N.Y. End
of this week.

PSF: Lamont "X" *3-41*

Memo. from T. W. L.

April 8, 1941

*file.
Confidential*

Dear Mr. President:

Here is a letter I wrote today to Eichelberger of the Committee to Defend America by Aiding the Allies following up a talk I had with him. I am very glad that Senator Gibson is going to see you soon. That other approach to the question which you touched upon over the telephone Sunday night appeals strongly to me.

With great respect,

Sincerely yours,

Conroy

Thomas Lamont

The President,
The White House,
Washington, D. C.

Enclosure

PSF: Lamont

April 8, 1941

Dear Mr. Eichelberger:

In general you know how highly I consider the work of the Committee To Defend America by Aiding the Allies. During the entire inception and progress of the Lend-Lease Bill that Committee did yeoman service for its country, well supplementing the effort which its predecessor committee under William Allen White did in the autumn of 1939 when the Administration was endeavoring to lift the embargo against Allied purchases here. Because of my high esteem for the value of the Committee's work and for its personnel, you will forgive me if I emphasize the point that I made as to the importance (in my mind) of not waving too much the provocative slogan of immediate "Convoys".

The question of convoys is a highly technical one. It sounds simple as A, B, C, but it is anything but that. I want just as much as anybody does to see the Administration take steps that will result in one way or another in delivery to England of the all-important supplies for Britain. But I still think that it is for the Administration, and not for us private individuals, to declare how those purposes shall be carried out. They have the know how and we haven't.

Now, you take the President himself: He must be particularly interested in this whole question. And he is in a position, as no one of us is, to know what "convoy" means and whether that red flag is the one to wave at the country at this particular minute. I take note very carefully that no expression about convoys per se has fallen publicly from his lips or from those of Secretary Hull.

The President since his college days, as I see it, has taken a prodigious interest in nautical and naval matters. They have been his specialty. He was virtually Secretary of the Navy for eight years, 1913-1921, and has never lost interest in the technique as well as in general policies. Why not let him decide the convoy question?

Senators Wheeler and Nye are rearing around the country under the banner of the America First Committee making a campaign which, whether effective or not, is rendered much more virulent on their part by being able to wave this convoy advocacy made by your Committee. I don't think the country west of the Alleghenies is ready at this moment to swallow whole the convoy system. I think, on the other hand, that they will follow the President in whatever measures he may devise carefully and prudently to attain the ends that we all want. You say that Senator Gibson is going to see the President soon. I am sure the Senator will get first-class counsel from him.

Sincerely yours,

(Signed) Thomas W. Lamont

Clark M. Eichelberger, Esq.,
Committee To Defend America
by Aiding the Allies,
3 West 40th Street,
New York City.

—

THE WHITE HOUSE
WASHINGTON

*File
Personal*

October 27, 1941.

MEMORANDUM FOR THE PRESIDENT:

Thomas W. Lamont 'phoned
from New York and dictated the
attached memorandum to you.

E. M. W.
E. M. W.

Handwritten:
PSF 3-41
Lamont

THE WHITE HOUSE
WASHINGTON

October 27, 1941.

MEMORANDUM FOR THE PRESIDENT:

I am wondering how much this clamor for British invasion of the Continent is bothering the British Government. You would of course know. From the outside evidence it would seem to be especially overstaged by the Labor people and some of their Communist hangers-on.

I can't help wondering whether Mr. Churchill might not welcome a letter from you which he could make public, to the general effect that American industry was rushing ahead in the Defense Program and was turning out in large quantities munitions, tanks, airplanes, etc., especially allocated for British defense purposes all over the world; that American laborers who had a clear recognition of the issues of the War were doing their best to see to it that this vast quantity of equipment is reaching Britain (and Russia and China) in time to avail.

Meanwhile, however, it would be most unfortunate for the American working men to get the idea that large quantities of equipment upon which they were working might be destroyed and wasted in the event that the British high command were in any way to yield its best judgment to public clamor on the part of patriotic but uninformed groups; that this was a delicate matter and perhaps it would have been more prudent for you to refrain from acquainting Mr. Churchill with the impression recently created here by the public meetings in England: Nevertheless, you thought he should have this information from America for what it is worth.

I guess there is nothing in this and more likely your advices from Mr. Churchill are to the effect that they are not really bothered as much as they seem, and are merely letting these people shoot off their heads a la the usual Hyde Park style. But I send this line along just in case.

Respectfully,

T. W. L.

MEMO FOR DOROTHY JONES:

STE saw and said to return to you.

Alice Winegar

October 5, 1942.

file

STE 16-18

Will you read &
return for my Confidential
files?

JDR

COPY

Memo

New York
Sept. 16, 1942

PSF
Lamont
gen Cones - "L"
3-42

Dear Mr. President:

The last time that I was at the White House I showed you some figures of newspaper advertising that had some interest for you. Attached are similar tables through July. In the country at large the Chicago Tribune and the New York News continue to show the heaviest losses, tho' the Milwaukee Journal is a close third.

Here also is a table as to New York City advertising. World Telegram and Sun show the biggest losses. Times and Herald Tribune keep up, partly because they are wise enough to run immense amount of so-called "Classified Advertisements" -- that is to say "want" ads, real estate for sale, apartments wanted, help wanted, etc. Last Sunday the Times had 26 full pages - a whole section of "Classified Advertisements".

I had a chat with Joe Grew at the Harvard Club on Monday: He said you were in expert form and I rejoiced to hear it. Forgive this hasty scrawl. Do not feel that you must acknowledge it.

Respectfully yours,

/s/ THOMAS W. LAMONT

C O P Y

Memo

New York
Sept. 16, 1942

Dear Mr. President:

The last time that I was at the White House I showed you some figures of newspaper advertising that had some interest for you. Attached are similar tables through July. In the country at large the Chicago Tribune and the New York News continue to show the heaviest losses, tho' the Milwaukee Journal is a close third.

Here also is a table as to New York City advertising. World Telegram and Sun show the biggest losses. Times and Herald Tribune keep up, partly because they are wise enough to run immense amount of so-called "Classified Advertisements" -- that is to say "want" ads, real estate for sale, apartments wanted, help wanted, etc. Last Sunday the Times had 26 full pages - a whole section of "Classified Advertisements".

I had a chat with Joe Grew at the Harvard Club on Monday. He said you were in expert form and I rejoiced to hear it. Forgive this hasty scrawl. Do not feel that you must acknowledge it.

Respectfully yours,

/s/ THOMAS W. LAMONT

memo -

RECEIVED
SEP 16 1942
NEW YORK
U.S. DEPT. OF JUSTICE

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2/
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Yours respectfully
James C. Lawton

THE FOLLOWING ARE THE TEN LEADING NEWSPAPERS IN TOTAL ADVERTISING

SEVEN MONTHS - JANUARY 1st to JULY 31st, 1942 - 1941

<u>SEVEN MONTHS</u>	<u>PCS.</u> <u>1942</u>	<u>PCS.</u> <u>1941</u>	<u>1942</u>	<u>1941</u>	<u>GAIN OR LOSS</u>	<u>%</u>
WASHINGTON STAR	1	1	12,848,453	13,602,043	753,790 L.	5.56
DETROIT NEWS	2	3	11,713,849	11,952,367	238,518 L.	2.00
BALTIMORE SUN	3	4	11,544,932	11,793,812	248,880 L.	2.11
THE NEW YORK TIMES	4	6	11,246,418	11,598,618	352,200 L.	3.04
MILWAUKEE JOURNAL	5	5	10,586,478	11,707,494	1,119,016 L.	9.56
CHICAGO TRIBUNE	6	2	10,400,865	12,109,054	1,704,169 L.	14.08
PHILADELPHIA INQUIRER	7	11	9,931,743	9,492,391	439,352 L.	4.63
AKRON BEACON-JOURNAL	8	10	9,516,876	9,883,404	364,528 L.	3.69
PITTSBURGH PRESS	9	8	9,502,964	10,265,864	762,900 L.	7.43
NEW YORK NEWS	10	7	9,432,204	10,467,878	1,035,674 L.	9.89

September 11, 1942

Memorandum for Mr. T. W. Lamont

The latest advertising lineage figures showed a continuation of earlier trends, with Times and Herald Tribune improving their relative positions slightly.

World Telegram, Sun, and News continue their bad showing.

The amount of classified advertising has increased sharply since last year, this being the only field that shows startling improvement. It is a curious fact that the World Telegram seems to have thrown this bread and butter business out of the window. But the Sun has not picked up what its competitor has lost. Instead, Times, Herald Tribune, and Journal American show the gains.

R. G. W.

ADVERTISING LIMAGE COMPARISON - ALL NEW YORK NEWSPAPERS

(8 Months)

JANUARY TO AUGUST 1942 - 1941

TOTAL ADVERTISING

	% of Field		1942	1941	1940	GAIN OR LOSS		%
	1942	1941				OVER	1941	
TIMES	22.40	21.27	12,927,808	13,060,824	13,037,169	153,016 L.	1.17	
H. TRIBUNE	15.94	15.61	9,201,914	9,598,888	9,448,839	396,274 L.	4.14	
NEWS	18.53	19.06	10,693,292	11,732,360	11,873,358	1,039,068 L.	8.88	
MIRROR	6.76	6.24	3,903,489	3,838,795	3,577,844	64,694 G.	1.69	
J. AMERICAN	11.53	11.06	6,655,655	6,795,071	6,896,093	139,416 L.	2.06	
POST	5.66	5.71	3,264,046	3,514,738	3,224,887	250,692 L.	7.13	
SUN	10.04	10.66	5,791,607	6,558,486	6,515,268	764,879 L.	11.67	
WORLD-TELE.	9.14	10.38	5,276,161	6,387,203	6,482,366	1,111,042 L.	17.39	

RETAIL ADVERTISING

TIMES	17.46	17.11	6,217,231	6,393,424	6,453,515	176,193 L.	2.76
H. TRIBUNE	13.45	13.35	4,789,822	4,986,919	4,902,908	197,097 L.	3.95
NEWS	24.28	25.23	8,647,318	9,427,061	9,446,140	779,733 L.	8.27
MIRROR	7.29	6.64	2,595,926	2,480,189	2,266,259	115,737 G.	4.67
J. AMERICAN	8.04	7.75	2,863,680	2,894,213	2,960,634	30,533 L.	1.05
POST	6.69	6.40	2,383,846	2,391,817	1,905,675	7,971 L.	.33
SUN	12.25	12.50	4,361,143	4,669,659	4,606,924	308,516 L.	6.61
WORLD-TELE.	10.54	11.02	3,753,699	4,117,296	4,069,977	363,597 L.	8.83

GENERAL ADVERTISING

TIMES	22.05	21.68	2,368,065	2,544,202	2,793,208	175,137 L.	6.92
H. TRIBUNE	19.36	19.02	2,079,698	2,232,254	2,416,180	152,556 L.	6.83
NEWS	14.84	13.97	1,593,519	1,639,002	1,714,283	45,483 L.	2.78
MIRROR	7.50	6.61	805,140	775,487	757,943	29,553 G.	3.62
J. AMERICAN	13.41	12.78	1,439,939	1,499,663	1,562,140	59,724 L.	3.98
POST	3.21	3.92	344,251	460,132	501,728	115,881 L.	25.18
SUN	9.66	11.43	1,037,846	1,340,844	1,400,691	302,998 L.	22.60
WORLD-TELE.	9.98	10.59	1,071,489	1,242,058	1,323,722	170,669 L.	13.73

AUTOMOTIVE ADVERTISING

TIMES	18.94	20.21	127,841	387,388	388,702	259,547 L.	67.00
H. TRIBUNE	17.66	18.72	119,252	358,797	350,006	239,545 L.	66.76
NEWS	27.68	19.95	186,859	382,279	412,719	195,420 L.	51.12
MIRROR	3.06	3.79	20,755	72,719	66,545	51,964 L.	71.46
J. AMERICAN	12.73	11.88	85,944	227,701	221,009	141,757 L.	62.26
POST	2.06	4.32	13,894	82,749	67,306	68,855 L.	83.21
SUN	8.79	10.20	59,359	195,382	198,887	136,023 L.	69.62
WORLD-TELE.	9.07	10.93	61,208	209,404	192,849	148,196 L.	70.77

FINANCIAL ADVERTISING

TIMES	24.21	27.72	427,133	519,526	495,328	92,393 L.	17.78
H. TRIBUNE	17.55	17.75	309,668	332,709	361,364	23,141 L.	6.96
NEWS	13.65	13.39	240,876	251,029	263,180	10,153 L.	4.04
MIRROR	8.72	7.45	153,924	139,580	142,068	14,344 G.	10.28
J. AMERICAN	6.28	9.16	146,115	171,626	165,823	25,513 L.	14.87
POST	5.69	4.57	100,309	85,577	100,996	14,732 G.	17.21
SUN	12.02	10.86	212,095	205,617	246,164	8,478 G.	4.16
WORLD-TELE.	9.88	9.11	174,338	170,830	198,849	3,508 G.	2.05

CLASSIFIED ADVERTISING

TIMES	42.65	37.65	3,787,461	3,209,017	2,864,930	558,444 G.	17.40
H. TRIBUNE	21.37	19.67	1,887,972	1,676,217	1,397,241	211,755 G.	12.63
NEWS	.27	.38	24,216	32,330	35,730	8,114 L.	25.10
MIRROR	3.68	4.34	324,835	369,775	342,222	45,140 L.	12.21
J. AMERICAN	23.98	23.48	2,118,281	2,000,723	1,782,801	117,558 G.	5.88
POST	4.29	5.23	379,152	445,388	574,939	66,236 L.	14.87
SUN	1.34	1.70	118,800	144,996	160,206	26,396 L.	18.20
WORLD-TELE.	2.41	7.55	212,486	643,784	702,014	431,298 L.	66.99