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,

The Honorable
Franklin D. Roosevelt,
Washington, D. C.
Memorandum for N. H. D.:  

October 1, 1934  

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 Johnsville, 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
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:
In 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 being offered. 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.
P.S. From

[Handwritten notice]

May he +

[More handwritten text]

This +

He is returning to you.

[Signature]
THE WHITE HOUSE
WASHINGTON

CONFIDENTIAL

March 10, 1938.

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 thesis is not the product of any great "economist." I wrote it all myself, and nobody has ever accused me of being an economist! I have numbered these five copies of the memo, and the only other copies are now in my office file.

2/5/36
23 Wall Street
New York

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 told 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.

Sincerely yours,

The President,
Washington, D.C.
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 ques-
tion. 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 destruc-
tion 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 Govern-
ment 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 Govern-
ment 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 rea-
sonable 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 irrevocably 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.
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, cut 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, 1958, 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; $4,400,000 for payrolls; and after the preferred dividend payments, a total of $8,700,000 for the common stockholders - the only dividend, by the way, since early 1952.) 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,

[Signature]

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.

[Handwritten note: "I think you (Mr. Ambassador) English is one of the very best yet—The British respect and like upright Americanism"]
MEMORANDUM FOR THE PRESIDENT:

T. V. 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."
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.
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:

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

(5)

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

Henry F. Ashurst
Dennis Chavez
Burton K. Wheeler
Vic Donahay

(4)

The following Senators are understood to be definitely opposed:

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

(8)

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

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

(47)
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.
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- Lister Hill
- William H. King
- James M. Mead
- Sherman Minton
- John H. Bankhead
- Theodore G. Bilbo
- Harry F. 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
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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
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,
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,

The President,
The White House,
Washington, D. C.
Dear Mr. Wason: 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 phrasing, 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% unanimsously 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—

R. GORDON WASON, Esq—

230 West 97th Street
From
Thomas W. Lehnert

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

This from the floor 26th of May today was just handed to me. As a missionary I bring the light to Roy. He is in at least 100% failure. I am sorry, knowing that he saw this newly revised stuff to Alice Thuekus.
Memo. from T. W. L.

1/7

It could have come from nowhere else. However, there is no use in getting upset about things like this - they come out in the wash.

My attention was also called some days ago to a Hughes-Thomas piece and an editorial in the...
Memo from T. W. L.

The issue of the world is B.J. In can
really note the
coincidence of the
two pieces.

Alexander M. for
Thomas W.
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 please, and to protest against anything as he desires. That goes for Wendell Willkie...

But with such privileges go obligations, notably in the legal sense. Mr. Willkie, after an advisable period of hesitation as to just what will be his policy was during which his stock slumped from the top of the Philadelphia convention to its lowest point in August, recently began to attract followers again.

He announced that he was reading a crusade to recast American foreign policy. He stood against any further delegation and concentration of power in the President.

He was for aiding Britain—within our own and international limits. And he felt that if Mr. Roosevelt were re-elected it would be considered as an immediate rush toward war. He wanted the caution and discretion and the building of an Impregnable American defense, which was not being considered.

The impression he tried to leave was that he stood against the embittered and embittered those who had been, and against those who are, of the traditional American policy of solving all our problems of mediating with the interminable European conflict.

On this basis millions of people left their party meetings. And some, of personal friendship and prestige, to follow him. Some gave him more help than the leaders of the normal party who had a new-found party. It was a question with them of patriotism.

Policy on War

By Hugh S. Johnson

Mr. Walter Lippmann asks angrily why the "people" should be held responsible for the annual message should be debated. He says that it has been decided by the people, not merely in the elections but in the nominations, that if Mr. Roosevelt were re-elected, the President's mind had been made up.

"...when the voters went to the polls, the fact that the winner of the election would dictate the policy the President has now declared." No issue was presented.

Both candidates agreed on considerable points: that if Mr. Roosevelt were re-elected, the President's mind had been made up. Not the Congress. Not the people. Not the election. Furthermore, any professional soldier knows that the policies advocated in the message can never be achieved without war and an expeditious force.

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

The truth is, that if they are not debated now, it proves that this country has been ready for war and that Mr. Roosevelt's assertion of an issue debated and closed with a mandate.

There has also been too little clarifying debate on the single most serious issue in the campaign: whether Britain is fighting our war. Says a New York Times dispatch from London, paraphrasing the British view on the no-war message: "The United States is supporting Britain in its fight against the Germans. . . ." The United States is trying to make peace. It is fighting the same battle with us as the United States defense.

Mr. Roosevelt's stand in the presence of the American and Johnson, acts. He made no mention of any change in or any decision of any of the various plans as is contained in the "peace-land" plan, or did not 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.
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 "stirring 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 some 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 all or almost remembering that the United States has said that the only reason it is helping us at all is because we are fighting the United States.

The argument appears sound. Once the premise is accepted that the British are fighting our war, all that 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 grants 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 deferred 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."
The President
The White House
Washington, D.C.
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,

[Signature]

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.
Memo from J. W. L.

To the Secretariat:

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

E.T. Sanders
Secretary.

Jan 2 1941
Memo from T. W. L.

Mr. President,

I am dead sure that you are the only person who can show Roy H. the situation in a way to
Convince him that all aid to England, constituted support of the Administration, at this time a crisis to sentiment. He is
Sympathetic text is anxious to be so realistic.

Action: What is the meaning of a "negotiated" peace now in any worse state now?
A letter from T. W. L.

"Defence needs in 1919 etc.

you and you also can straighten him out C all his powerful press无助。 I think he seems ready."

"I think he seems ready."

Memo. from T. W. L.

5

To whom it may concern,

In great haste and with great regret,

Yours sincerely,

[Signature]

Date: [Date]
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 whole-heartedly 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

[Signature]

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

[Signature]

The President
The White House
Washington, D. C.
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.
Early Sept 1941

107, East 70th Street

Dear Mr. President,

I am apprised of your loss my own sister today Elyce the wife of John Palmer, will lose an active journalist in the years gone by. She helped mother me when it was a little boy. I shall miss her sorely. When I return from Florida, where the funeral is to be held, I shall venture...
I leave you a suggestion. Will my own arts help the light?

Yours respectfully yours,

Thomas W. Lawrence
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.
Mrs. In President, I assure you it is very
that I am careful to tell the
American people about
that further notice on
the price of tobacco in
the same terms that
I have just told me,
it would have a
strong effect in keeping
the abolitionists
quiet. So it was
very impressive in my
principle picture.
I am a bit concerned.
So here that some local guy mentioned that I had stopped out at 10 or 11 last night. I got word that I had no contact at any time with any newspaper. But I suppose that somebody in the stores of gents dealing over here may have been the no particular harm, I suppose, but I would not have in mind I should you hospitalize Tahiti about it.

I send much congratulations again upon your wonderful stays. Success, friendship. Thomas W. Luce
To President

Mr. Secretary

U.S.S. Potomac

From F.W. Lawton

Mar. 11
MEMORANDUM FOR

THE SECRETARY OF STATE

For your eyes only.
Please read and return.

F. D. R.
July 8, 1941

Yeaman's Hall
Charleston
South Carolina

Mr. President,

I'm not sure what happened on the 29th of June, but the President was in the cabinet room with the President of the United States, Franklin D. Roosevelt.

I remember that on the 29th of June, I was in the cabinet room with the President, and I'm not sure what was discussed.

I also remember that on the 29th of June, I was in the cabinet room with the President, and I'm not sure what was discussed.

Yours sincerely,

[Signature]
of and the A., who is minister of Alburna, under the finances of the Medici in Florence. Alburna, it seems, has long been known to my 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 Dept., but it is interesting in that it is a plain talk from the minions of the Medici.
Formerly

Albemarle was in charge of the Bank of Marion's foreign business, including central and exchange. One people should not be generally justified as to this each, of course.

Yeamans Hall
Charleston
South Carolina

ceased doing business.

I hope to return hence in a few days in better shape than when he came down. = Saw Thill in the Roy Stewards dog house, and Hugh Johnson today. I saw a new firm but all rest on the Leamon Hall.

Sincerely respect.

James W. Lamarck

9/7/07
COPY

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/ the Dep't, but it is interesting in that it is a plain
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 dog-house, 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

Alburma 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 Attaché 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-à-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 for Argentine wheat in addition.)
- January: 40,000 tons
- February: 50,000 tons

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:

<table>
<thead>
<tr>
<th>Product</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petrol</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Trucks</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Tractors</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Cotton</td>
<td></td>
</tr>
<tr>
<td>Purchases from Eng.</td>
<td>18,000,000</td>
</tr>
<tr>
<td>Misc. including freight</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$50,000,000</td>
</tr>
</tbody>
</table>

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 ammonia 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) 25,000,000

$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.

H. A. W.
1st March, 19

Dear Mr. Smith,

Arriving here for a few days, I motored over to have tea with Myron Davis Saturday. He is greatly improved and is confident that the rest of the trouble—persistent gall stones—has been removed. He had lost a lot of weight but he looked perfectly fit. He has to be careful in his diet, and in plenty of rest. He hardly took off the place as yet.

The Jupiter Island Club
Hobe Sound, Florida
Myron talked about the conference that Fairless and Phil Murray had at Pittsburgh on Thursday. Myron also added, however, that I do not believe that any concessions can be made provided it is put on the basis of a premium, as he calls it, that the production is maintained at 85% or more. In any case, he told me on the phone that on Thursday, Murray ruled this out. But I hope that the matter will be sent for a memo covering the discussion.
Of course I regard it as important—especially in view of these current strikes—the people like H.C. Stetler, who are strong for collective bargaining—those favorable to the unions, should have the benefit of continued counsel and suggestions.

I note the suggestions in the Washington Post today.

This morning a mediation board—composed of liberal representatives of capital and labor as it commands the confidence of all concerned, and who can be able to deliberate and more
This strikes me as a good idea, for there not one within the present mechanism under existing law is geared to act promptly.

Please do not forget to acknowledge this. I am sent out to give you the good report about Byron, for whom I made solicitions.

With great respect,

Hercules Jones
James W. Taverner.
Dear Mr. President: Referring to our telephone talk last night, I am glad to have you say you will keep close touch on this matter. The earlier the better! Your cancell. will greatly aid a difficult situation. Time is important, because Phil Murray's demand for a wage increase now dates back to 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 correct quite right when you say to me that the country will not 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 think perhaps that may not be wise. Because it is true that while the basic wage
If since R29 had been 50% from 45% to 76%, 50% per hour, as I recall it, yet the workers' pay envelope, the cause of the Dear Vlad, has shown no such increase.

In other words, if you will permit the suggestion I would ask Albert S. Fairless (who you will find exceedingly liberal-minded) to tell you first in detail just what Philip Murray's attitude is. And then, indeed, I would ask them this: Can you make any suggestion
That might help to face 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 this measure.

If you visitors could suggest any such formula that did not strike me as too dangerous in opening the door, then I conceive the matter might be settled promptly. It would be bad to have a delay here.
I hear reports in a magic in-
dustry at this critical time.
107, East 70th Street.

I understand that the key people
have not made any suggestion.
Do me this in my own thing.

As to Nye, he has been
marveling in all his field,
but the matter cannot wait
on him. The surgeons have
found out that he has
had four major operations
each time in 2½ years and has gone
dead to work too quickly.
Now he must be allowed
to get back his strength.
In his situation, I am
6/a

an old friend of Murray's, give them the elements of composition, and fairness and
Murray stands a better chance of working out the situation than any one else.

Sincerely yours;

[Signature]

M. L.

If on that long-hand that I mag-
istered them is lost or time, but
I should like to set it work out
so that, keeping the country
out of it, you had yet more the
peace for the country and for
the world!
PSF: Lamont 3-41

March 16

Yeaman's Hall
Charleston
South Carolina

Mr. President,

last night I listened

on the radio with

great satisfaction
to your stirring ad-

dress. I am certain

that its moving terms

will appeal to all

my countrymen, and

that the debated will

be made to rise up

a bit and take notice.

I am interested to
Not from the press, the development of your ideas re labor mediation. This is all to the good. The very thing we are seeking - although I suppose you're quite - who are doing it on your own. The just demands of labor and do everything to meet them. Labor makes a bit of mistake sometimes in demanding more than it deserves to get. But that is
MAYBE to be expected.

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

With best wishes,

Yours respectfully,

Thomas W. Sherman

Expect return to N.Y. End of this Mkt.
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,

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

Enclosure
April 3, 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 naval 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 Johnson is going; to see the President soon. I am sure the Senator will get first-class counsel from him.

Sincerely yours,

(Signed) Thomas N. Lamont
THE WHITE HOUSE
WASHINGTON

October 27, 1941.

MEMORANDUM FOR THE PRESIDENT:

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

E. M. W.
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 Vinegar

October 5, 1942.
STE 6-19
Will you read & return for my confidential files.
JDR
Memo
New York
Sept. 16, 1942

Lamont

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 Crew 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
COPY

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
The next time I saw you
was at the airport
I showed up early
and the plane was
already at the gate
I thought it was
an interesting coincidence
that we had some
weather-related delays
and the plane was
delayed. The
clouds were
low, almost like
ad候...
So-called "Classified Advertising"—that is to say "want" ads, real estate for sale, apartments wanted, keep wanted, etc. Last Friday the Times had 26 free pages—a whole section of "Classified Advertisements".

I had a chat with Gov. Field at the Harvard Club on Monday. He said you were in England now and I rejoiced to hear it. For in this last seven or eight days I feel that you must acknowledge it.

Yours respectfully,

[Signature]
The following are the ten leading newspapers in total advertising.

**SIXTH MONTHS — JANUARY 1st to JULY 31st, 1942 — 1941**

<table>
<thead>
<tr>
<th>Newspaper</th>
<th>PCS. 1942</th>
<th>PCS. 1941</th>
<th>1942</th>
<th>1941</th>
<th>Gain or Loss</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>WASHINGTON STAR</td>
<td>1</td>
<td>1</td>
<td>12,646,433</td>
<td>11,602,043</td>
<td>75,490 L</td>
<td>0.66</td>
</tr>
<tr>
<td>DETROIT FREE</td>
<td>2</td>
<td>3</td>
<td>11,714,049</td>
<td>11,924,367</td>
<td>210,318 L</td>
<td>2.00</td>
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<tr>
<td>BALTIMORE SUN</td>
<td>3</td>
<td>4</td>
<td>11,524,932</td>
<td>11,793,612</td>
<td>268,680 L</td>
<td>2.11</td>
</tr>
<tr>
<td>THE NEW YORK TIMES</td>
<td>4</td>
<td>6</td>
<td>11,546,416</td>
<td>11,566,618</td>
<td>20,202 L</td>
<td>0.17</td>
</tr>
<tr>
<td>MILWAUKEE JOURNAL</td>
<td>5</td>
<td>5</td>
<td>11,560,940</td>
<td>11,707,994</td>
<td>19,700,054 L</td>
<td>14.06</td>
</tr>
<tr>
<td>CHICAGO TRIBUNE</td>
<td>6</td>
<td>4</td>
<td>10,440,889</td>
<td>12,105,054</td>
<td>2,708,169 L</td>
<td>14.06</td>
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<tr>
<td>PHILADELPHIA INQUIRER</td>
<td>7</td>
<td>11</td>
<td>9,932,743</td>
<td>9,490,491</td>
<td>442,252 G</td>
<td>4.69</td>
</tr>
<tr>
<td>ARGONNE TRIBUNE-JOURNAL</td>
<td>8</td>
<td>10</td>
<td>9,510,876</td>
<td>9,301,406</td>
<td>36,470 L</td>
<td>0.69</td>
</tr>
<tr>
<td>PITTSBURGH PRESS</td>
<td>9</td>
<td>8</td>
<td>9,502,964</td>
<td>10,205,944</td>
<td>702,980 L</td>
<td>7.33</td>
</tr>
<tr>
<td>NEW YORK TIMES</td>
<td>10</td>
<td>7</td>
<td>9,432,240</td>
<td>10,467,878</td>
<td>1,035,638 L</td>
<td>9.89</td>
</tr>
</tbody>
</table>
Memorandum for Mr. T. W. Lamont

September 11, 1942

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.
<table>
<thead>
<tr>
<th></th>
<th>1942</th>
<th>1941</th>
<th>1942</th>
<th>1941</th>
<th>1940</th>
<th>TOTAL ADVERTISING</th>
<th>GAIN OR LOSS OVER 1941</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIMES</td>
<td>17.46</td>
<td>17.11</td>
<td>6,217,281</td>
<td>6,393,424</td>
<td>6,455,516</td>
<td>176,193 L. 2.76</td>
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<tr>
<td>TRIBUNE</td>
<td>13.43</td>
<td>13.35</td>
<td>4,789,622</td>
<td>4,986,919</td>
<td>4,908,908</td>
<td>197,097 0.35</td>
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<tr>
<td>NEWS</td>
<td>24.28</td>
<td>25.23</td>
<td>6,647,518</td>
<td>9,427,061</td>
<td>9,446,140</td>
<td>778,733 L. 0.87</td>
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</tr>
<tr>
<td>MIRROR</td>
<td>7.19</td>
<td>6.64</td>
<td>2,655,926</td>
<td>2,480,169</td>
<td>2,868,258</td>
<td>115,737 G. 4.67</td>
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<tr>
<td>AMERICAN</td>
<td>8.06</td>
<td>7.80</td>
<td>2,685,560</td>
<td>2,594,212</td>
<td>2,660,634</td>
<td>50,533 L. 1.95</td>
<td></td>
</tr>
<tr>
<td>POST</td>
<td>6.69</td>
<td>6.40</td>
<td>2,385,984</td>
<td>2,391,817</td>
<td>2,306,675</td>
<td>7,973 L. 0.33</td>
<td></td>
</tr>
<tr>
<td>WORLD-TELE.</td>
<td>10.54</td>
<td>11.02</td>
<td>5,776,161</td>
<td>6,587,203</td>
<td>6,462,356</td>
<td>1,117,002 L. 17.29</td>
<td></td>
</tr>
</tbody>
</table>

### RETAIL ADVERTISING

| TIMES  | 22.05| 21.68| 2,568,065 | 2,544,202 | 2,783,208 | 178,137 L. 6.92 |
| TRIBUNE | 19.35| 19.02| 2,079,698 | 2,232,254 | 2,410,180 | 152,556 L. 6.83 |
| NEWS   | 14.84| 13.97| 1,593,519 | 1,639,002 | 1,714,283 | 47,403 G. 2.47 |
| MIRROR | 7.60 | 6.61 | 806,140 | 775,487 | 787,943 | 21,456 L. 5.62 |
| AMERICAN | 13.41| 12.75| 1,439,935 | 1,499,663 | 1,562,140 | 59,724 L. 3.98 |
| POST   | 3.21 | 3.22 | 144,261 | 140,325 | 150,728 | 11,073 L. 21.18 |
| SUN    | 9.66 | 11.43| 1,037,946 | 1,340,844 | 1,400,091 | 502,199 L. 22.60 |
| WORLD-TELE. | 9.98| 10.59| 9,101,489 | 1,242,068 | 1,352,722 | 170,659 L. 13.75 |

### AUTOMOTIVE ADVERTISING

| TIMES  | 16.94| 20.51| 127,641 | 387,388 | 388,702 | 255,547 L. 67.00 |
| TRIBUNE | 17.66| 18.72| 119,229 | 358,797 | 350,007 | 209,545 L. 68.76 |
| NEWS   | 27.68| 19.06| 186,659 | 382,279 | 421,719 | 159,420 L. 51.12 |
| MIRROR | 5.08 | 3.79 | 20,765 | 72,719 | 66,545 | 45,780 L. 71.46 |
| AMERICAN | 12.73| 11.88| 55,944 | 227,701 | 221,009 | 141,757 L. 62.26 |
| POST   | 2.06 | 4.25 | 13,894 | 82,749 | 67,305 | 88,555 L. 65.21 |
| SUN    | 9.07 | 10.53| 59,359 | 195,382 | 198,887 | 136,023 L. 69.62 |
| WORLD-TELE. | 9.07| 10.53| 61,208 | 200,404 | 192,849 | 148,199 L. 70.77 |

### FINANCIAL ADVERTISING

| TIMES  | 24.21| 27.72| 427,133 | 519,526 | 495,328 | 92,393 L. 17.78 |
| TRIBUNE | 17.55| 17.75| 309,668 | 332,709 | 361,364 | 32,914 L. 9.16 |
| MIRROR | 6.72 | 7.45 | 153,224 | 150,680 | 142,086 | 14,501 G. 10.28 |
| AMERICAN | 6.28| 9.16| 166,115 | 171,628 | 163,423 | 25,513 L. 14.07 |
| POST   | 6.09 | 4.57 | 100,300 | 85,577 | 100,996 | 14,702 G. 17.33 |
| SUN    | 12.02| 10.86| 212,095 | 205,617 | 240,164 | 6,478 G. 4.16 |
| WORLD-TELE. | 9.88| 9.11| 174,535 | 170,830 | 198,849 | 5,308 G. 2.06 |

### CLASSIFIED ADVERTISING

| TIMES  | 42.65| 37.65| 3,767,461 | 5,209,027 | 2,864,950 | 755,744 G. 17.40 |
| TRIBUNE | 21.37| 19.67| 1,887,972 | 1,676,217 | 1,997,241 | 357,352 G. 15.40 |
| NEWS   | 12.17| 8.98 | 24,218 | 32,350 | 33,750 | 8,604 L. 39.06 |
| MIRROR | 6.36 | 4.43 | 324,305 | 369,876 | 347,222 | 6,654 L. 12.21 |
| AMERICAN | 23.96| 23.48| 2,116,363 | 2,060,723 | 1,782,801 | 393,962 L. 19.20 |
| POST   | 4.29 | 5.23 | 327,163 | 440,384 | 576,939 | 620,910 L. 14.77 |
| SUN    | 1.34 | 1.70 | 118,600 | 144,996 | 160,206 | 285,206 L. 18.20 |
| WORLD-TELE. | 2.41| 7.55| 215,488 | 645,748 | 708,014 | 451,229 L. 66.97 |