

FBI NEW YORK NY Box 117

Subject File

PSF Tennessee Power Co.
Box 100 - A

10/18/38 PSF: Tennessee Power Co.

MEMO FOR GRACE

Don't you think, in view of the fact that the President says he may call for this this week, that you better keep it up there?

file personal

TOI

*copy
16-10*

THE WHITE HOUSE
WASHINGTON

Oct. 17, 1938

NOTE:

Place in special file marked:

Tenn. Power Co. File.

The President says I may call for this file this week some time.

djones

PSF: Tenn. Power Co. File

10/14/38

MEMO FOR THE PRESIDENT

As I understand, the present situation and attitude, it is that you prefer to revert to Mr. Willkie's original suggestion, which was that Mr. Willkie "would be glad to have any man whom the President would designate, fix a fair price for the Tennessee Electric Power Company properties". If this be the case, will you authorize me to relate to Mr. Willkie your willingness to designate such a person, both the Government and the Commonwealth & Southern to abide by that price determination?

Will you also authorize and permit me to describe in detail to David E. Lilienthal these recent occurrences, indicating to him very definitely that under no circumstances is the price resultant to be announced as the product of anything other than the negotiations between Lilienthal and Willkie?

In other words, the determination by the person you designate will be an unofficial, off the record, unpublicized advice to the two negotiators.

If the above be acceptable, I shall telephone Willkie at once, and I shall see Lilienthal at Norris, Sunday.

Please let me have your instructions.

George Fort Milton.

10/14

Special File
Jenn. Power Co
→ 10 20

- Mr. Milton: There is a certain possible alteration in the procedural technique; that, in order to have a definite technique, there have to be further discussions; that I shall hold certain of those discussions on Sunday; that I then will 'phone you, Wendell, Monday as to the final technical procedure. It will be probably Monday afternoon that I will 'phone you from Chattanooga.
- Mr. Willkie: And I understand that the whole question is then to be submitted for my consideration and acceptance or rejection?
- Mr. Milton: Well, naturally and normally. We are still in the tentative stages, are we not?
- Mr. Willkie: I understand everything is in the tentative stages.
- Mr. Milton: We are in the process of seeking to arrive at a definite procedure by which a specific end will be reached.
- Mr. Willkie: And I understand that our discussions up to this time are tentative and we are trying to work for an end.
- Mr. Milton: Everything to this moment is off the record, and when I telephone you again on Monday, that again

will be off the record.

Mr. Willkie: 100%. I think we can get much further in trying to arrive at something if we keep it that way.

Mr. Milton: Of course. I believe, Wendell, that we are on the road -- quite definitely so. At least the group for whom I am at the moment talking is definitely on the road for an end result.

Mr. Willkie: You can express to them my great desire to work it out.

Mr. Milton: You have a great desire to work it out?

Mr. Willkie: That is right.

MISS LE HAND

PSF: Tennessee Power Co.

THE WHITE HOUSE
WASHINGTON

file

10-25-38

Memo. for Miss Tully:

Mr. Mac thinks this should be held
somewhere in files very confidentially. I
don't know of any other very confidential place
except your files. Will you hold it there pls

Rboerta

Memorandum to THE PRESIDENT

New York City - October 13, 1958

This morning, at 10:30 A. M., I called upon Mr. Wendell Willkie, of Commonwealth and Southern, in company with Mr. William Stix Wasserman, of Philadelphia (who was the co-author with Francis Biddle and Arthur Paul, authors of The Business Man's Manifesto in favor of your re-election) and whom you know. Mr. Wasserman's relation in this present matter arises from the fact that he, first, a month ago, as a person interested in business recovery and the incentive thereto that would be given to a making of a T.V.A. peace, brought Mr. Willkie and myself together for a series of unofficial talks with one another.

This morning I gave Mr. Willkie, by your authority, the question:

"You have said that you would be glad to have any man whom the President would designate, fix a fair price for the Tennessee Electric Power Company properties. The President asked me to ask you if you were willing to accept him as the individual to be the judge of a fair price?"

Mr. Willkie did not answer directly.

He did say this that he would be willing, at any moment to come to Washington, in company with Mr. Wasserman and myself as observers, to negotiate with you for a definite sales price for the properties in question.

I called McIntyre and had this response relayed to you. Your answer was that this was not the question which you had authorized me to ask Mr. Willkie; that it was a definite evasion. That under no circumstances would you thus engage but that your original proposition still stood. That Mr. Willkie had offered that you could select whatever person you chose to fix that fair price. That you had offered to put yourself in as the judge. What does Mr. Willkie say to this?

As soon as we hung up the phone, I related to Mr. Willkie that you were not willing to engage as a negotiator but that your offer to act as judge still stood. After a few moments silence, Mr. Willkie said

"Yes, I will do it. But I think that I am entitled to the opportunity to present my case."

After a few minutes more he said again he did not feel that there should be any likelihood that the judge would set as a price some such figure as \$30 million or \$40 million. I told him that that was ridiculous, that already there had been an authorized suggestion of \$74 million.

After concluding this conversation I then telephoned again. Had further conversations with McIntyre and McIntyre with you. I have telephoned Mr. Willkie that I am discussing this matter with you in Washington on Friday and that after that discussion I shall telephone him in more precision as to details of what thus far is still tentative.

George Fort Milton

I forgot to say that Mr. Willkie said that from a half to an hour's presentation time allotted him would enable him to give the complete digest of his reasons for believing that certain values that he contends to exist. Additionally he insisted he felt all these matters should be kept off the record until conclusion of such discussion.

Memorandum as to suggested procedure -

Definitions: First in whatever submissions or arguments or procedures that occur the President is not acting as a negotiator on behalf of the T. V. A.

Instead he is acting in acceptance of a suggestion of Mr. Willkie that the latter would take any person the President would designate as the proper person to determine a fair price for the properties being acquired; the President has suggested that he himself would so act. Therefore he is a judge between events presented rather than a negotiator as the representative of the one party of a buying and selling transaction.

That Mr. Willkie will informally and privately submit to the President his judgment of what he deems would be a fair price for the Tennessee Electric Power Company and properties; that this first presentation will be in writing; and will as Mr. Willkie desires be buttressed by whatever supporting data Mr. Willkie believes would contribute to his proof.

That the President as judge has no intention or purpose of any sort to pre-judge the case.

That after a careful consideration of Mr. Willkie's private memorandum and data, the President will arrange a more formal occasion at which Mr. Willkie can personally and with aides present whatever further evidence or argumentation he desires toward the maintenance of his proposals.

That this will be off the record, in the sense that it will not be a public act.

George Fort Milton

COPY

Wilkie to Geo. F. Milton

10/14 11:40 A. M.

Mr. Wendell Wilkie's original suggestion was that he would accept the determinations of any fair tribunal appointed by the President. If the President desires to assume the functions of acting as such arbitrator or judge for the fixing of the price to be paid for the electric properties of the Tennessee Electric Power Co., and associates by the TVA, we will be glad to present to the President any data as to such value in such form as he may desire. Whatever price the President determines, we will submit to the stockholders of the Commonwealth & Southern Corp. and, if desired, to the stockholders of the Tennessee Electric Power Co. (C. & S has 99.43 of common) Geo. F. Milton)

If the price is such as we believe a fair one, we will, in addition, recommend it.

1. 14 - Oct 14th

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anything

~~All he needs is to submit
it to his board~~

all we needs to do is
to submit the procedure
to his board

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C. pres. will say
to keep the price he
believes

(d)

W. S. WASSERMAN Co.
225 SOUTH FIFTEENTH STREET
PHILADELPHIA

For: THE PRESIDENT

Washington

D. C.

Handwritten initials