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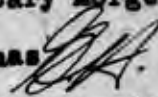
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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

 1
CONFIDENTIAL

DATE May 1, 1939

TO Secretary Morgenthau
FROM Mr. Haas 
Subject: The Business Situation,
Week ending April 29, 1939.

Conclusions

(1) The current business outlook remains clouded by European uncertainties, which have not been diminished by Hitler's Friday speech. On top of this, the coal strike obscures the underlying business trend, and has begun to affect new orders and activity in the steel industry.

(2) The basic business trend strengthened during March, as evidenced by an upturn in our index of basic demand and a further improvement in the seasonally-adjusted index of consumer buying.

(3) It is becoming increasingly evident that the present economy of Great Britain (and of various other countries) can be regarded in no other light than as that of a war economy, with its various probable consequences. British steel operations are at practical capacity, and some steel business has been diverted to this country. Conscription will still further reduce the available labor supply and increase the demand for uniform material and army equipment. Interest rates in Great Britain have advanced sharply; an inflationary type of armament financing is already in effect; and prices of staple commodities in Great Britain have begun to rise, affecting prices in this country.

(4) Sharply increased buying of copper and cotton textiles this week, as raw material prices were raised, lends some confirmation to our feeling that the present low inventory situation might conceivably bring on a general buying wave in the event of actual hostilities, rather than a contraction of demand.

Secretary Morgenthau - 2

The situation today

A firm basic business foundation kept industrial production in this country relatively steady throughout the first quarter of the year, in the face of unsettling developments abroad. During April, however, some reduction in business activity has been brought about by the more serious situation in Europe and by the bituminous coal strike which has been under way for four weeks.

While an actual war in Europe might change the picture somewhat, present indications are that the recent weakening in business activity should not be of long duration. Basic business indices continue to improve. The demand for war materials is beginning to offer support to commodity prices, with some immediate reflection in domestic buying. While the coal strike continues a depressing factor, its eventual settlement will bring an upturn in business.

The European war preparations, particularly in England, appear to be entering a stage where they are beginning to offer support to business activity in this country. In this connection, the present economy of Great Britain so far as its effect on world prices and business is concerned must be regarded as being on a well-advanced war basis, perhaps approximating in various aspects that of about December 1914, several months after the beginning of the World War.

In Chart 1 we show a comparison of trends in selected economic indices in Great Britain during the years 1914 through 1921. It will be noted that employment (reflected in unemployment figures) dropped immediately after the outbreak of war, then turned sharply upward. Commodity prices started to rise immediately while stock and bond prices began a declining trend. Interest rates rose sharply at the beginning of the war period.

Somewhat similar trends are already developing. Employment in Great Britain, after dropping seasonally in January (See Chart 2), made one of the most rapid gains in recent years during March, as work was rushed on armament and home defense projects. Steel operations have increased to virtual capacity, the output during March being only a shade under the all-time record established in November 1937. Recently some orders for finished steel products have been diverted to the United States and Canada, an order for 100,000 tons (equalling about two-thirds of the recent weekly averages for U. S. Steel Corporation) being placed in this country during the past week.

Secretary Morgenthau - 3

Interest rates in Great Britain have risen sharply, the rate on 3-months' bank bills showing a marked and unseasonal rise between the middle of March and the middle of April. Bond prices and stock prices have followed a declining trend, as during the World War.

Commodity price rise significant

Perhaps most important from our standpoint is the recent improvement in British commodity prices. Reuter's index of sensitive commodity prices in Great Britain has for some weeks been rising against the trend of prices here. (See Chart 3.) As an individual example, sugar prices in Great Britain have recently risen to the peak established during the speculative boom of early 1937, while the price in the United States has risen only moderately.

Among the factors operating to raise prices abroad has been an increased demand for spot commodities as a reserve against the possibility of war. The upturn in sugar prices in Great Britain is credited chiefly to heavy buying by Switzerland, Norway, Finland and other Continental countries that are taking precautions against an outbreak of hostilities. A second source of price strength has been in the increased demand for actual materials used in the defense and rearmament program. A pronounced upturn in the price of jute, for example, has been partly due to the demand for this material for sandbags used in air raid precautions. Inflationary aspects of the British Government's deficit financing program have doubtless contributed to an increase in speculative buying. Official estimates suggest that during the current year the Government will have to borrow \$1,500,000,000 and perhaps more, (roughly comparable to a deficit of about \$4,500,000,000 for the United States).

More recently the price improvement abroad has been communicated to raw material prices in this country. Price trends for a selected group of staple commodities quoted on our futures exchanges, where price influences are most quickly reflected, are shown in the lower section of Chart 3. The upturn in futures prices for wheat, tin, cotton and silk have been particularly pronounced. Improved statistical situations and other influences have accounted in part for the improvement in some commodity prices.

Price rise stimulates domestic buying

The strengthening of prices this week has been accompanied by more active buying in various commodity markets than had been seen in many weeks. In the textile market, sales of

cotton gray goods increased sharply, and print cloth sales this week of about 35,000,000 yards are said to be more than double the current production. Sheetings and cotton yarns have been in active demand at rising prices.

Buyers of copper, who had shown little interest in the market when copper could be bought for around 10 cents, were surprised into action this week by a mark-up to 10½ cents by one large producer. This unexpected price boost, according to trade reports, released the biggest flood of buying orders since last October.

Increased buying in other raw material markets has also been reported. It is possible that this may foreshadow a general buying wave in the event of actual hostilities, in place of the contraction of demand for many commodities which followed the outbreak of the World War. The current low level of inventories in most lines seems to favor such a development.

The World War brought an immediate heavy export demand for various American foodstuffs, wheat and beef (as shown in Chart 4) being of outstanding importance. Exports of wheat increased in 1915 to more than 400 per cent of the 1912-1913 volume, and exports of beef to more than 500 per cent of that level. Exports of cotton and of lard, which made up a considerable portion of total agricultural exports, declined during the war period, largely because of the elimination of the German market. Steel exports expanded markedly during the later war years.

Imports of staple commodities into the United States showed little immediate increase, but expanded during 1916 and 1917. As shown in the lower section of Chart 4, our imports of wool rose to nearly 300 per cent of the 1912-1913 volume, while imports of rubber, coffee, sugar, tin and hides increased moderately.

The steel situation

Steel orders have apparently not held the substantial gain reported last week. Orders reported by the U. S. Steel Corporation have declined to 37 per cent of capacity, as contrasted with the previous weekly figure of 53 per cent. Steel operations have also declined to 45.6 per cent of capacity

from 50.9 per cent last week. Some trade reports, on the other hand, indicate that steel orders during the past week were about unchanged from the previous week, and mention that the trend of orders is levelling out rather than declining. Structural steel and tin plate buying continues satisfactory.

There seems little doubt that the effects of the coal strike have extended this week to the steel industry, and have been a factor in the decline in steel operations, as well as having some effect on new orders. The Iron Age mentions that "some of the restriction on steel orders has been caused by the coal situation", particularly in regard to new orders from eastern railroads that are suffering large losses in revenue because of the strike.

While a settlement of the strike may be expected to provide some immediate stimulus to business, a further decline in activity in various industries may be expected if present plans of labor leaders for extending the strike immediately to other coal areas are carried out. A sharp decline in retail sales in such cities as Pittsburgh and Cleveland appears to reflect an extension of the effects of the strike to sections outside the coal areas.

Basic situation more favorable

Further improvement in the basic business situation during March is indicated by an upturn in our index of "basic demand", which has returned to the high level of last November, and by a further rise in our seasonally-adjusted index of consumer buying to a new high since early 1937. (See Chart 5.) Our composite index of new orders rose during March by about the usual seasonal amount.

Since industrial production, meanwhile, has been relatively low, an "upward pull" has been created which should operate to raise the business level as soon as retarding influences are removed.

Current business news

The New York Times index for the week ended April 22 rose fractionally to 86.4, from 86.0 the previous week. Significant movements among the components included substantial upturns in

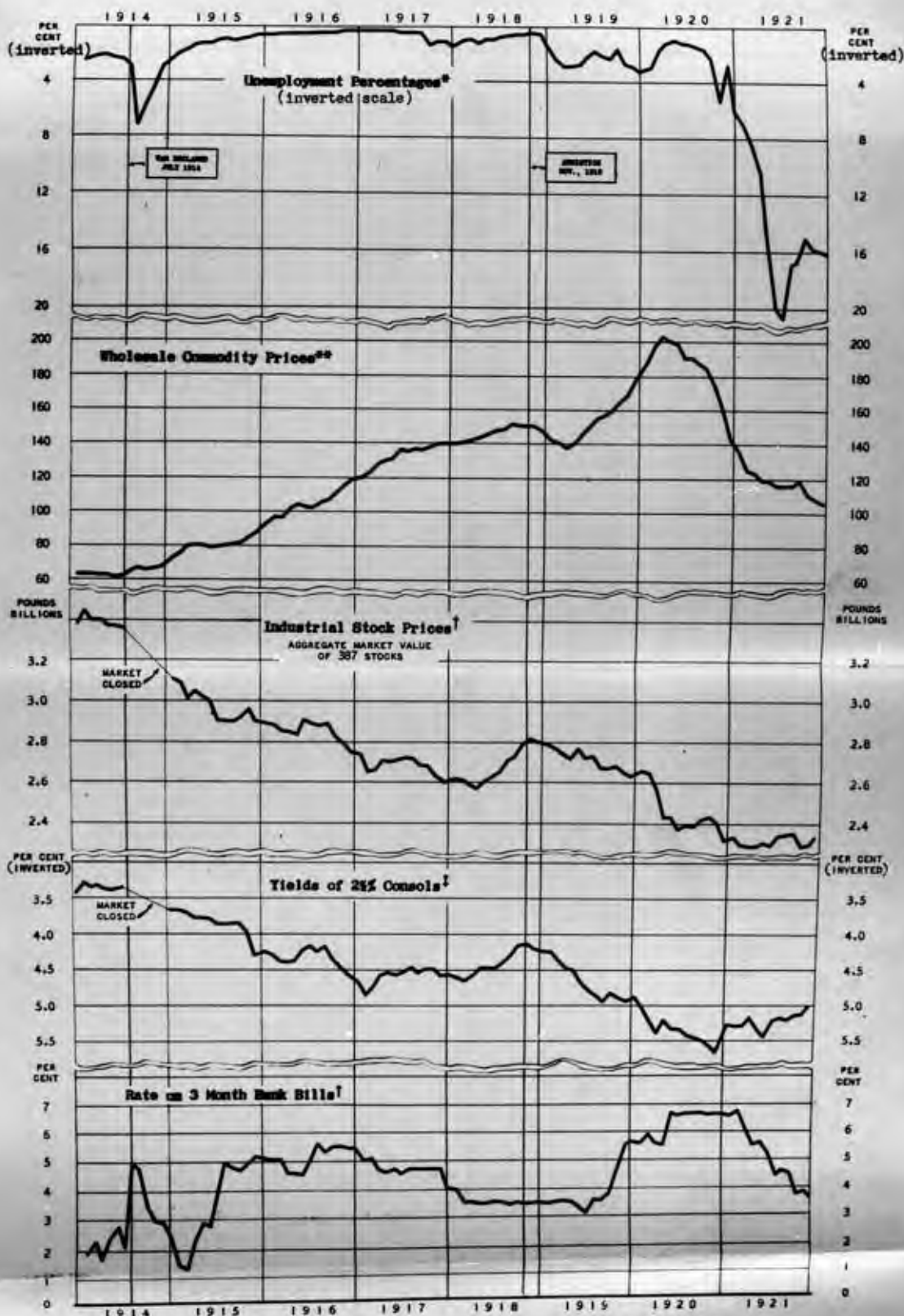
Secretary Morgenthau - 6

the indices of cotton mill activity and lumber production. For the following week, preliminary data indicate moderate declines in the adjusted figures for automobile production and steel production.

Automobile output this week declined more than seasonally to 86,640 units, which compares with 90,280 units last week. The conservative production policy followed by the industry this month has apparently held production down to the level of retail sales.

Lower steel orders have reduced our weekly new orders index to a new low for recent weeks, despite an upturn in textile orders and some improvement in orders for goods other than steel and textiles.

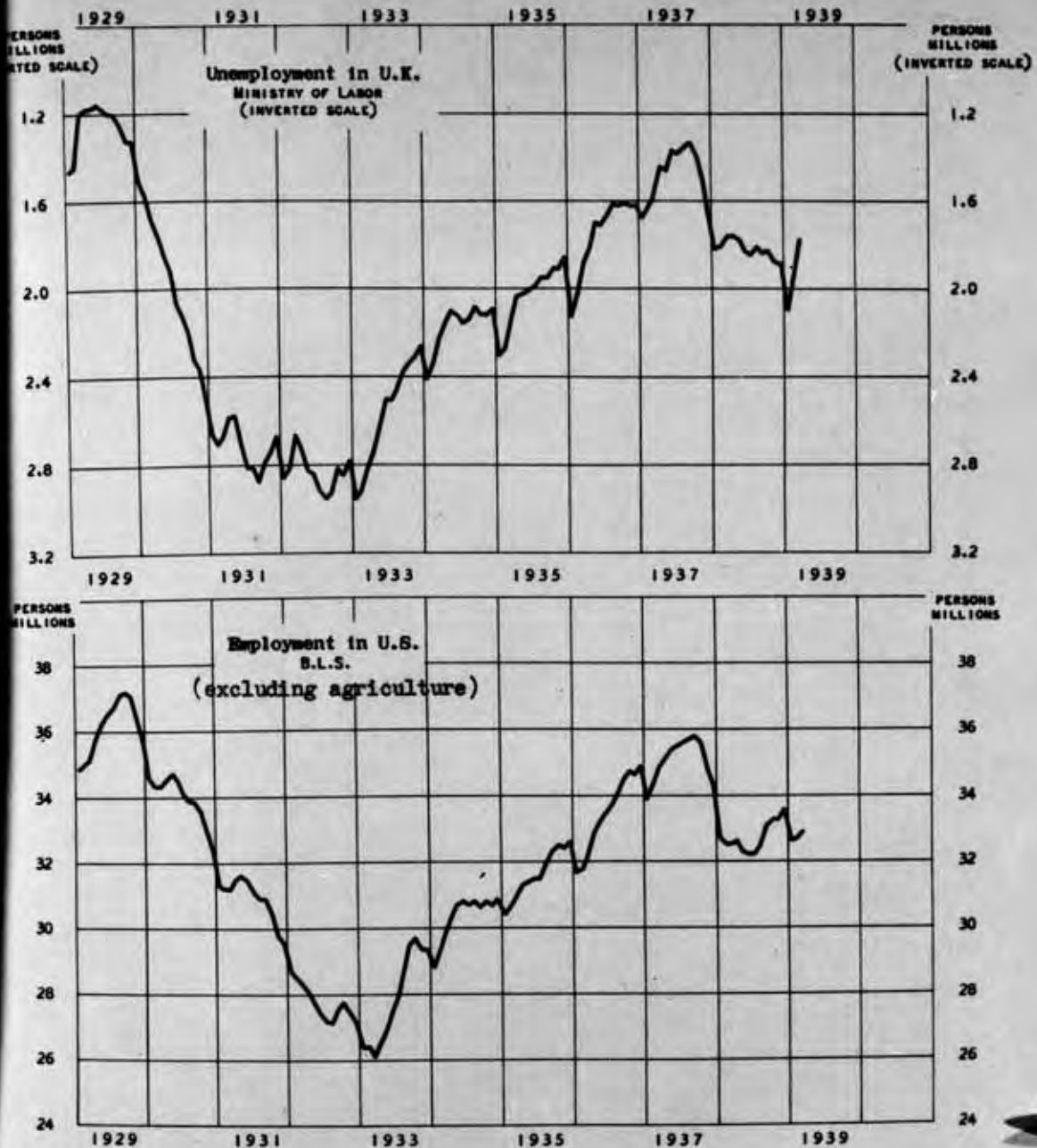
SELECTED ECONOMIC INDICES IN U.K. 1914 - 1921



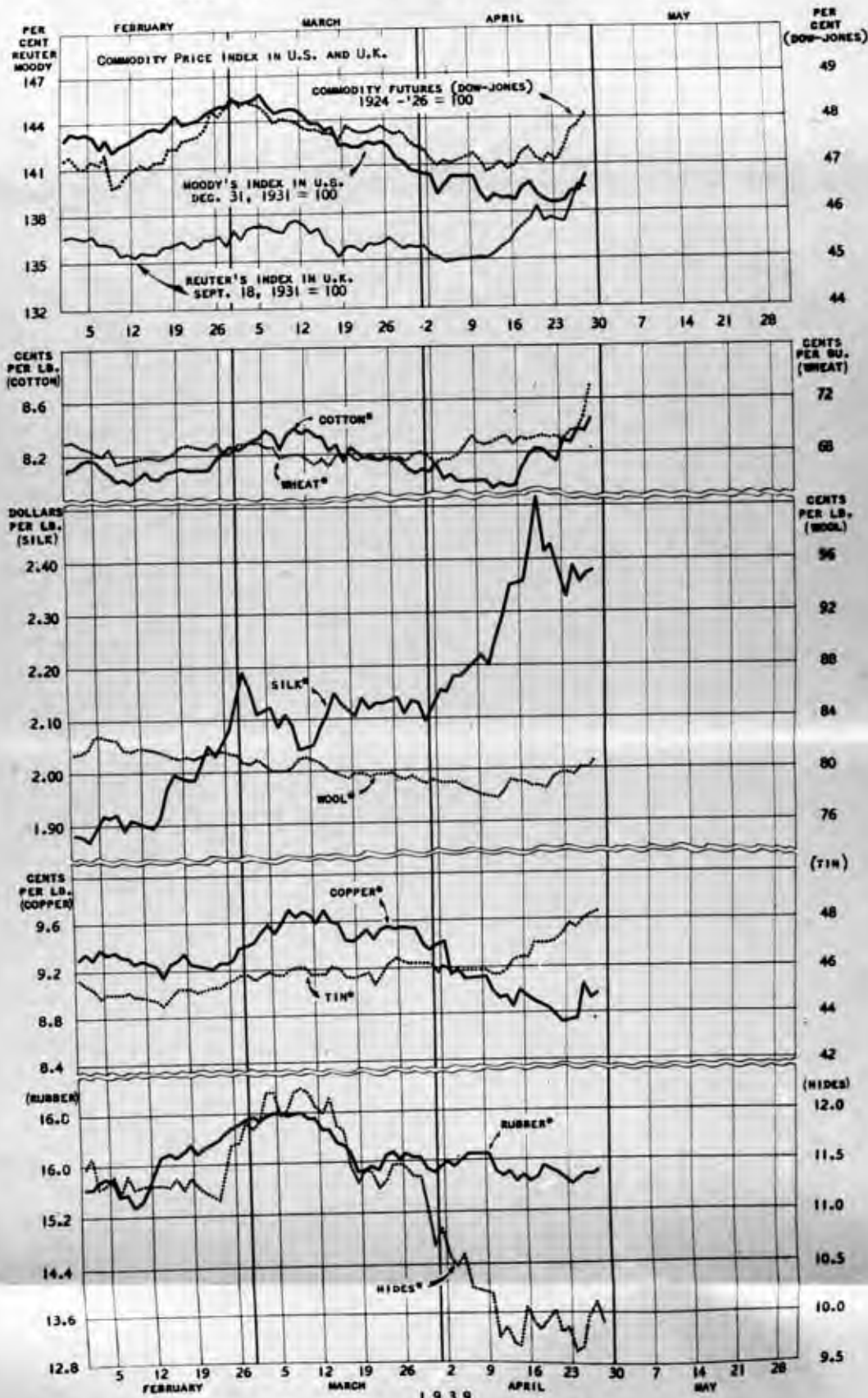
*TWENTY-FIRST ABSTRACT OF LABOR STATISTICS
**THE ECONOMIST

†THE BANKER'S MAGAZINE
‡STATISTICAL ABSTRACT OF U.K.

EMPLOYMENT IN U.K. AND U.S.



COMMODITY PRICE INDEXES AND PRICES OF SELECTED COMMODITIES, DAILY

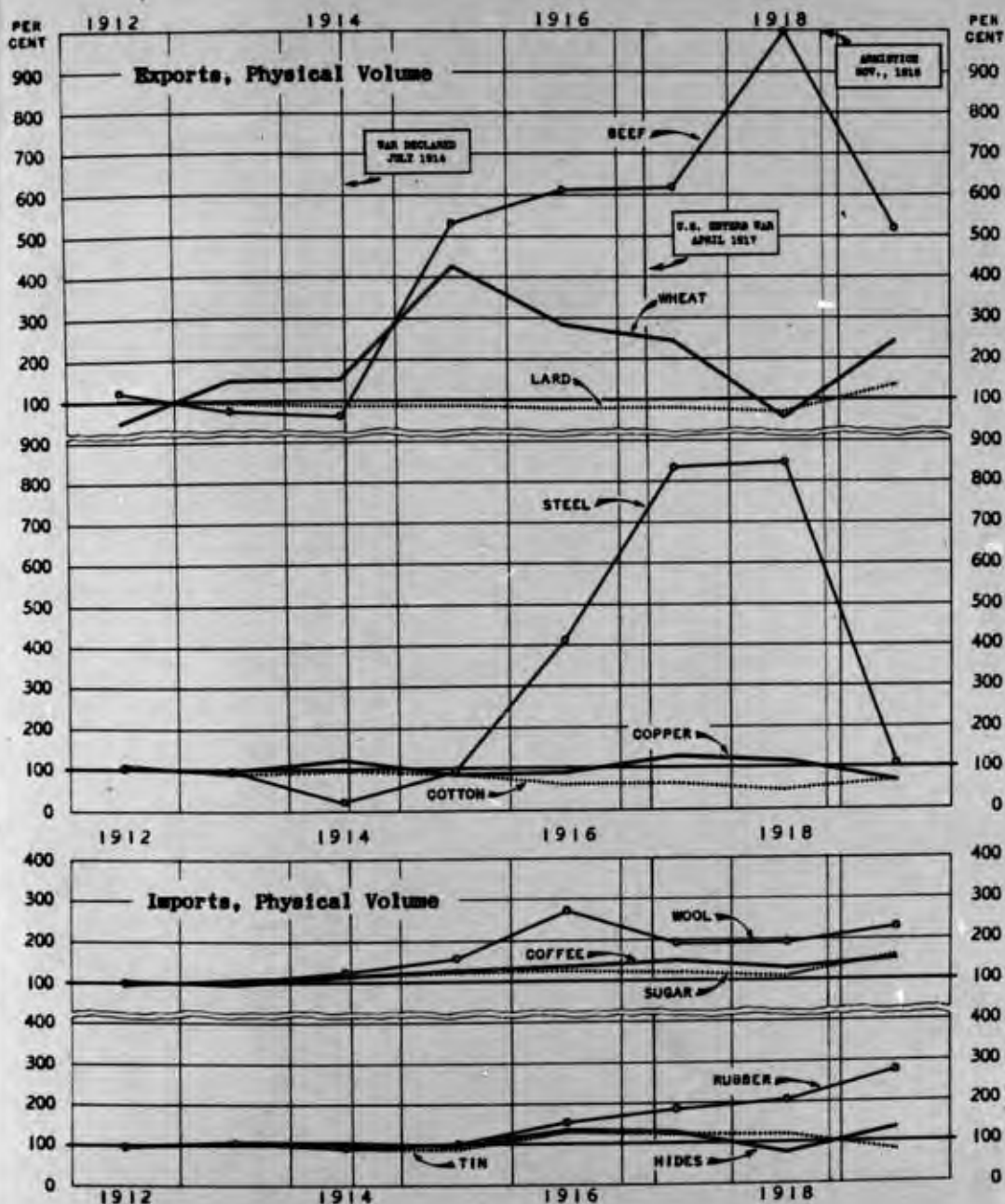


*ALL MAY FUTURES, EXCEPT HIDES, WHICH ARE JUNE FUTURES

EXPORTS AND IMPORTS OF SELECTED BASIC COMMODITIES, 1912 TO 1919*

1912 - 1913 AVERAGE = 100

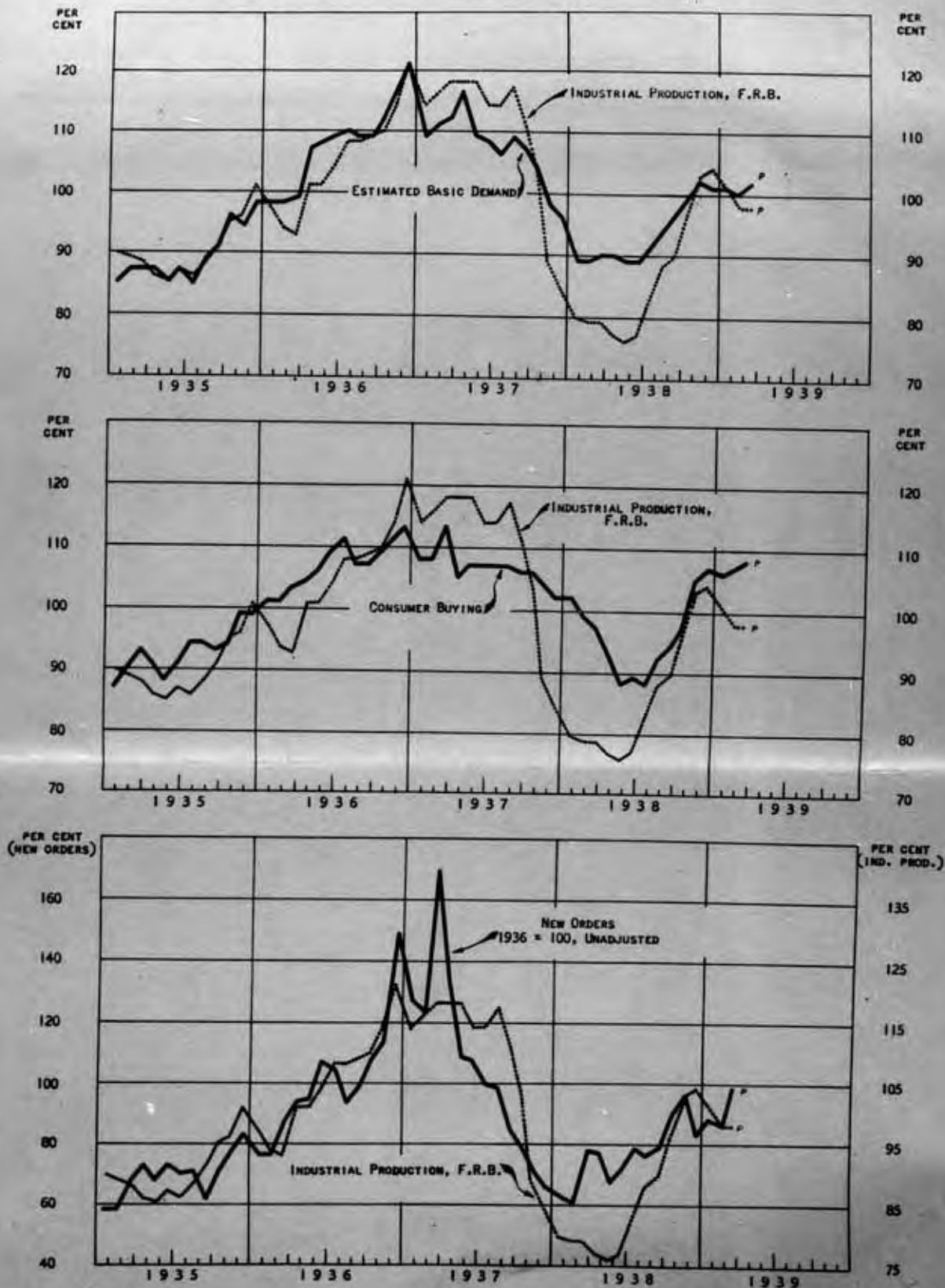
10



* 1912 - 1918, FISCAL YEARS; 1919 CALENDAR YEAR.

INDUSTRIAL TRENDS COMPARED

1923 - '25 = 100, SEASONALLY ADJUSTED*



* EXCEPT NEW ORDERS

DEDICATION OF RHINEBECK POST OFFICE
Monday, May 1, 1959

Arrival of the President 3:30 p.m.

Invocation

Secretary Morgenthau turns Post Office
over to Postmaster General 2 minutes

Postmaster General accepts building. 2 minutes

Introduction of the President by
Mr. B. R. Frost, Chairman, Reception Com.

Platoon, Band, Ruffles, Star Spangled Banner

Speech by the President

Introduction of the Crown Prince & Princess
by the President

Platoon, Band, Ruffles, Danish National Air

Corner-Stone Laying

Music

Benediction

/s/ Starling

April 18 - Gridiron Dinner

17 - Open ball game, Washington, 8:00 P.M.
6:00 p.m. Address to National Parole Conference,
East Room (national hookup)

20 - 8:30 p.m. American Society of Newspaper Editors.

21 and 22 - Charlottesville, Va. - Franklin, Jr.

25 - *Address - Red Cross.*

26 - 10:00 a.m. Address White House Conference on Children in a
Democracy.

28 - Leave for Hyde Park

29 - At Hyde Park - Receives Norwegian Crown Prince and Princess

30 - Norwegians leave in a.m. The President motors to Fair - speech -
return to Hyde Park by 6:00 p.m.
6:00 p.m. - Crown Prince & Princess of Denmark at Hyde Park.

May 1 - Dames leave.
Dedicate new Post Office at Rhinebeck.

3 - Return to Washington

(?) 4 - Chamber of Commerce Dinner

5 - President of Nicaragua at White House.

6 - " " " leaves White House.

7 - Prime Minister de Valera at White House.

8 - " " " " leaves White House.

10 - 10:00 p.m. Radio broadcast dedicating new building of the
Museum of Modern Art, N. Y.

June 8 - King and Queen of England at White House

9 - King and Queen of England leave White House.
The President leaves White House for Hyde Park

10 - King and Queen of England at Hyde Park

11 - " " " " " leave Hyde Park

12 - West Point, N.Y.

22 - Conference of Governors-luncheon at Hyde Park (Mrs. Roosevelt to
act if the President not there).

Nov. 11 - Virginia Military Institute - speech.

Mr. President, Mr. Postmaster General, Citizens
of Rhinebeck and Dutchess County and

Guests:

It is my privilege as Secretary of the
Treasury to be able to speak for the builders of
this structure that is at once new and historic
and to deliver it into your care, Mr. Postmaster
General, for the use of the people of this community.

Among the 2,700 and more Post Office buildings
completed and occupied throughout this country this
new building at Rhinebeck stands apart as one to
which the President of the United States paid special
attention when the design of the new building was
in contemplation, and in which he continues to
evidence great interest.

- 2 -

The President's researches into all phases of the history of Dutchess County has resulted in his being thoroughly informed about the architectural as well as other traditions of this area. And in the case of this Post Office his interest was so great that he actually went to the remains of the old Beacon House and examined the stone work, and later when experimental panels of stone work were erected at the site of this new Post Office building he took the time to assure himself that the stone work of the new building would practically be a replica of that of the old Beacon House. And before work was actually started on the building he even personally looked over the drawings and specifications for the new Post Office.

- 3 -

It is thus that the Post Office in this community has a distinction which is entirely unique in the history of Post Office buildings throughout the country.

Of the thirty-three men who have been President of the United States only two of them have manifested a sufficient amount of practical interest in architecture to take part in the design of buildings. It so happens that both of these men were Democrats -- the first one was Thomas Jefferson and the second one is Franklin Delano Roosevelt.

During the time that I have been Secretary of the Treasury hundreds of Federal buildings have been constructed by my Department, and I take great personal interest in following the course of these

- 4 -

projects so far as my other duties will permit.

As a resident of Dutchess County I am proud of this new building. It is my hope that the historical associations that cluster around this new Post Office building may lead the people of Rhinebeck to preserve in their buildings the old Dutch character that is so thoroughly entrenched in this part of the country.

--oOo--

Mr. President, Mr. Postmaster General, Citizens
of Rhinebeck and Dutchess County and
Guests:

It is my privilege as Secretary of the
Treasury to be able to speak for the builders of
this structure that is at once new and historic
and to deliver it into your care, Mr. Postmaster
General, for the use of the people of this community.

Among the 2,700 and more Post Office buildings
completed and occupied throughout this country this
new building at Rhinebeck stands apart as one to
which the President of the United States paid special
attention when the design of the new building was
in contemplation, and in which he continues to
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- 4 -

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--oOo--

NOTES REGARDING THE NEW POST OFFICE BUILDING AT
RHINEBECK, NEW YORK

Among the 2700 and more Post Office buildings completed and occupied throughout this country this new building at Rhinebeck stands apart as one to which the President of the United States paid special attention when the design of the new building was in contemplation, and in which he continues to evidence great interest.

The President's researches into all phases of the history of Dutchess County has resulted in his being thoroughly informed about the architectural as well as other traditions of this area. And in the case of this Post Office his interest was so great that he actually went to the remains of the old Beacon House and examined the stone work, and later when experimental panels of stone work were erected at the site of this new Post Office building he took the time to assure himself that the stone work of the new building would practically be a replica of that of the old Beacon House. And before work was actually started on the building he even personally looked over the drawings and specifications for the new Post Office.

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During the time that I have been Secretary of the Treasury hundreds of Federal buildings have been constructed by my Department, and I take great personal interest in following the course of these projects so far as my other duties will permit. As a resident of Dutchess County I am proud of this new building and it is my hope that the historical associations that cluster around this new Post Office building may lead the people of Rhinebeck to grasp the opportunity given this community to center attention on this portion of the town to the end that any further growth or alterations might preserve the old Dutch character that is so thoroughly entrenched in this part of the country.

and this material for speech at [illegible]

INTRODUCTION

On March 4, 1933 there were approximately 310 contracts in force with architects in private practice, the contracts having been made during the fiscal years prior to that date.

Sixty-six contracts with private architects were made during the fiscal year of 1934 as a result of prior commitments or obligations.

All of these contracts were made by direct selection of architects from all sections of the country. In many instances the firms chosen were capable of producing well-designed buildings ~~without delay~~ but due to their unfamiliarity with the requirements of Federal buildings a considerable delay ensued in the placing of the work under construction contract.

The fundamental objective of the Emergency Construction Program was speed in the construction of buildings and it became necessary to organize a large and efficient technical force in the Office of the Supervising Architect in order that the benefits of the program might be made effective immediately. This necessitated the elimination of the services of private architects.

In order to enhance the quality of architectural design twenty-one architects of recognized standing from different sections of the country were brought to Washington in a consulting capacity and a Board of Design was created and four outstanding architects of national reputation were appointed to pass upon the entire production of the Supervising Architect's Office. Many Federal buildings recently completed reflect the fresh viewpoint and contribution of these consultants and the work of the Board.

Although the cost of accomplishing the program under this procedure was considerably less than the cost by any other method the principal gain was the starting of construction over the entire nation without delay.

The magnitude of the work may be judged by the following statistics:

AUTHORIZED CONSTRUCTION MARCH 1934 TO DATE

	<u>Number</u>	<u>Authorized Cost</u>
Post Office Buildings:	2119	\$291,236,019
Other Buildings, Including:	345	174,357,359
Court Houses		
Custom Houses		
Federal Office Buildings		
Marine Hospitals		
Quarantine Stations		
Appraisers Stores		
Border Inspection Stations		
Coast Guard Air Stations		
Federal Projects in the District of Columbia:		
 Total Buildings:	 <u>2464</u>	 <u>\$465,593,378</u>
	<u>Number</u>	<u>Amount</u>
Work Completed to Date:		
Post Offices	1360	\$150,115,492
Other Buildings:	<u>223</u>	<u>111,986,462</u>
	<u>1423</u>	<u>262,101,954</u>
Buildings Under Construction:		
Post Offices	190	29,172,236
Other Buildings	<u>80</u>	<u>35,577,607</u>
		<u>64,749,843</u>
Work yet to be placed under Contract:		
Buildings	<u>611</u>	<u>138,741,581</u>

With the rapid completion of the Emergency Construction Programs it is now possible to give consideration to securing architectural services as the result of competition among all qualified architects and thus afford an equal opportunity to the members of the profession to participate in the design of Federal buildings.

A trial competition was inaugurated in May of 1938 for the selection of designs for small Post Offices followed in July by a national competition for the Post Office and Court House at Covington, Kentucky. After consideration of the result obtained it has been determined to hold a series of regional competitions, the first announcement having been made on March 19. Eleven regions have been designated with the object of limiting the competition to the architects located within each region and thus obtain the benefit of their familiarity with conditions applicable to the proposed building.

There will be announced about May 1 the first of this series of competitions and it is hoped that the regional competitions will offer a logical and practicable solution of the employment of private architects for the design of the more important public buildings.

In October, 1934 the Secretary created a Painting and Sculpture Section (now Section of Fine Arts) in the Procurement Division for the purpose of securing appropriate embellishment of Public Buildings with murals and sculpture and at the same time spreading the benefits of the Emergency Construction Program to painters and sculptors. A sum approximating 1% of the total allotment for each building is usually applied to the cost of this decoration.

Artists have been selected in many instances by the holding of open competitions. In 93 competitions 5,623 artists have competed, submitting 11,905 sketches.

During the period from October, 1934 to date, 724 artists have been awarded contracts involving an expenditure of approximately \$1,060,000. At the present time eight competitions are being conducted involving 131 artists with an intended obligation of \$175,000.

Copies of Rhinebeck
Post office speech - May 1st.

Mr. President, Mr. Postmaster General, Citizens of
Rhinebeck and of Dutchess County and Honored Guests:

It is a privilege for me, as the representative
of the builders of this attractive structure, to deliver
it to you, Mr. Postmaster General, for the use of
the people of this community.

Dedication of this postoffice marks the
completion of 1,583 buildings constructed by the
Treasury Department since I became Secretary.

All of these structures share with this
new Rhinebeck postoffice the distinction that their
design and their construction have been influenced
by the desire and the determination not only to build
buildings of maximum usefulness but to give them a
character and a dignity that will be a genuine
contribution to the advancement of architecture in

- 2 -

the communities in which they have been built. In every step of the building program we have had that objective in mind. I wish to pay tribute to Admiral Peoples, head of Procurement Division, to Louis Simon, the Supervising Architect, and to Rudolph Stanley-Brown, architect of this building, for their loyalty to this objective.

In the early days of the program there had to be another objective. That aim was speed, as it was highly desirable to make the greatest possible contribution to the relief of unemployment. Happily we were able to combine the two objectives. We met the requirement of speed in the planning of buildings by organizing a large and efficient technical force in the office of the Supervising Architect. We recruited

- 3 -

a fine force of able architects and draftsmen who entered with the greatest enthusiasm into this inspiring work. The results of their efforts are shown in hundreds of structures in many states which have been widely commended as high types of public architecture.

Later, in order to enhance the quality of architectural design and its suitability to its surroundings we brought to Washington as part of our staff twenty-one architects of recognized standing from different sections of the country. In addition, a board of design consisting of four outstanding architects of National reputation was created to pass upon the entire production of the Supervising Architect's office. Many fine buildings recently

- 4 -

completed reflect the fresh viewpoint and the artistic judgment of these consultants.

This procedure accelerated construction; it resulted in substantial savings and it also produced a high quality of architecture and construction.

We desired something more, however. We have regarded the construction of public buildings as a truly National building program and we wished to stimulate the contribution of the best architectural concepts and talents from all over the country, wherever they might be found. We wished to make of the Federal program a general stimulant to the best in architecture, by giving all architects an equal opportunity to participate in the design of Federal buildings.

- 5 -

To do that we have inaugurated a system of competitions for the best designs. A trial competition was inaugurated in May of 1938 for the selection of designs for small postoffices, and this was followed in July by a National competition for the postoffice and courthouse at Covington, Kentucky.

After consideration of the results obtained in these first competitions it was determined to hold a series of regional competitions, the first announcement of this intention having been made on March 19 of this year. Eleven regions have been designated, with the object of limiting the competition to the architects located within each region and thus to obtain the benefit of their familiarity with the conditions that apply to the proposed building.

- 6 -

The first of this series of competitions is now being held. It is hoped that these regional competitions will enlist the abilities of private architects in the design of the more important public buildings.

Believing that a public building should not only serve practical uses but should also gratify the aesthetic sense of the community, we added in 1934 a new element in our public building program by creating the Section of Fine Arts. It is this Section which made possible the excellent mural being done in this building by Olin Dows in collaboration with

In the ideas we have put into effect in the public building program we have followed the lead of

- 7 -

one whose enthusiastic interest in the project of building beautiful and serviceable and appropriate public buildings never flags.

We have had in the history of the United States two Presidents who were sufficiently interested in architecture to suggest features of the design of public buildings -- and both of them with the happiest results. One was Thomas Jefferson. The other, who is with us today, is Franklin Delano Roosevelt.

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May 1, 1939.

Dear Mr. Spruill:

In the absence of the Secretary I am acknowledging your weekly letter dated April 29, 1939. Your comments will be brought to Mr. Mergenthau's attention as soon as he returns to the office.

Sincerely yours,

H.S. Klets,
Private Secretary.

Mr. Allen Spruill,
First Vice President,
Federal Reserve Bank of New York,
New York, New York.

cc to HF

CHP/dbe

TREASURY DEPARTMENT

43

INTER OFFICE COMMUNICATION

DATE May 1, 1939

TO Secretary Morgenthau

FROM W. H. Hadley

Review of the Government Market

Week ending April 29, 1939

The government security market was firm and quiet the first part of the week but turned strong and moderately active in the latter part. Gains of 5 to 14/32nds were recorded in intermediate and long Treasury bonds. Demand and buying was in evidence both from insurance companies and various banks in New York and outside. However, supply of issues was limited and the continued heavy pressure of excess funds forced prices to new highs. The average price of Treasury bonds of over 12 years maturity or callable date closed the week 3/8ths of a point above the previous week and 3 1/2 points above levels at the time of the December financing, when the present upward trend began. The rise from this latter date has been one of the sharpest and most persistent upward movements on record in spite of unsettling foreign news.

Treasury notes were mixed, the shorter issues moving off 2 and 3/32nds and the longest issues moving up 1 and 2/32nds. Guaranteed issues were 1 to 8/32nds higher, with the exception of the H. O. L. C. bonds callable in August, which were down 5/32nds as a result of price adjustment in anticipation of some refunding operation.

Dealers' Portfolios

The only sizeable change in dealers' holdings during the past week was an increase of about \$10 million in Treasury notes maturing over

1 year. However, this increase was somewhat counter-balanced by a reduction of about \$6 million in notes maturing under 1 year. Total holdings were up a little more than \$2 million.

Dealers' Portfolios
(in millions)

	Week ended April 22	Week ended April 29	Net Change
Treasury bonds	21.9	24.8	+ 2.9
Treasury notes (1 year)	21.9	16.2	- 5.7
Treasury notes (1-5 yrs.)	21.6	32.0	+10.4
Treasury bills	10.1	8.0	- 2.1
H. O. L. C. bonds	22.7	23.0	+ 0.3
F. F. M. C. bonds	5.6	2.2	- 3.4
	<u>103.8</u>	<u>106.2</u>	<u>+ 2.4</u>

Dealers' trading volume was slightly larger than the previous week, averaging about \$130 million daily, of which about \$100 million was in Treasury bonds.

New Security Issues

New corporate bond offerings included two rather sizeable items. The first, a \$52 million offering of long term bonds by Gatineau Power Company of Canada, moved very slowly at prices 1 to 1 1/4 points below the offering price of 98 1/4. This issue continued sluggish throughout the week. On the other hand, a \$50 million issue of long term bonds by National Steel Corporation was very well received and quickly sold at prices up to 3/4 of a point above the offering price of 99. A \$15 million block of serial notes, which were also well received, accompanied National Steel's bond offer.

Corporate Bond Market

The corporate bond market was dull and not very active. Medium and lower grade issues lost about 1/4 point on average while high grade issues showed very slight gains. Moody's BAA bond price average, however, is about

1 1/4 points above the low point reached in April subsequent to the Italian seizure of Albania, while AAA bonds are now about 5/8ths of a point above prices at that time.

Treasury Investment Accounts

During the week a total of \$33,250,700 bonds and notes were sold in the New York market for account of Postal Savings and F. D. I. C. Of this total, \$13,477,000 bonds were sold for Postal Savings while \$15,510,000 bonds and \$4,263,700 notes were sold for F. D. I. C. The breakdown of this week's sales by accounts and issues is shown below. These transactions clean up the amount of 1941 and 1940-43 bonds held in these two accounts. However, a total of about \$18,500,000 3-3/8% Treasury bonds of 1941-43 are still held in these two accounts and could be sold in the market.

For account of Postal Savings:

3-1/4% Treasury bonds of 1941	\$ 7,549,000
3-3/8% " " " 1940-43	5,928,000
Total	\$ 13,477,000

For account of F. D. I. C.:

1-5/8% Treasury notes of 3/15/40	\$ 513,700
1-1/2% " " " 6/15/40	3,750,000
3-1/4% Treasury bonds of 1941	6,557,000
3-3/8% " " " 1940-43	8,953,000
Total	\$ 19,773,700

In addition to these sales, there was a purchase in the market of \$400,000 2-3/4% Treasury bonds of 1960-65 for account of U. S. Housing Authority.

Reinvestment of funds from the sale of bonds were made in Special 2's for account of Postal Savings to the amount of \$10,000,000.

Federal Reserve System Account

Transactions for Federal Reserve System account were limited to purchase of \$37,518,000 Treasury bills to complete the replacement of last week's \$46,018,000 maturing Treasury bills and an additional purchase of \$6,653,000 various July bills in anticipation of this week's bill maturity of \$39,830,000.



DEPARTMENT OF STATE
WASHINGTON

PERSONAL

May 1, 1939

MEMORANDUM FOR MR. LOCHHEAD

With reference to Mr. Moffat's memorandum of March 15, 1939, transmitting the text of three personal letters written respectively to the Ambassador at Warsaw and the Ministers at Budapest and Bucharest with regard to the activities of Mr. Donald R. Heath, there are transmitted herewith for Mr. Lochhead's records, copy of a reply dated April 4 from the American Minister in Budapest, and of April 6 from the American Minister at Bucharest.

Enclosures:

Letter from
American Minister,
Budapest, dated
April 4, 1939;
Letter from
American Minister,
Bucharest, dated
April 6, 1939.

Department of State

BUREAU
DIVISION

Eu

48

ENCLOSURE

TO

Letter drafted 5/1

ADDRESSED TO

Mr. Lockhead

COPY

LEGATION OF THE UNITED
STATES OF AMERICABucharest, Rumania,
April 6, 1939.

Dear Pierrepont:

I take pleasure in acknowledging the receipt of your letter of March 13th regarding the impending visit of Donald Heath. I assure you that he will be given a warm welcome. Both Fred Hibbard and Shelly Mills know him. At one time he served with Fred Hibbard in Warsaw. As you may know, Heath began his career in Bucharest in 1920. As of possible interest there is attached hereto a list of people we have already thought of as useful contacts for him. I hope that he speaks fluent French as without it he would be seriously handicapped.

I shall be glad to get any hints he could give us, also as to how best to keep the Treasury supplied with just the kind of information it requires.

With every good wish,

As ever yours,

FRANK GUNTHER

Enclosure

Jay Pierrepont Moffat, Esquire,
Chief, Division of European Affairs,
Department of State,
Washington.

COPY

1. Mr. Pow of the Bank of Rumania Ltd.
2. Victor Badulescu of the National Bank of Rumania.
3. Victor Slavesco, "financial brains" of the old Liberal Party now Minister of Armament; for a time President of the Union of Industrialists.
4. D. Jordan, Secretary General of the Ministry of Finance and "understudy" of Constantinescu.
5. Virgil Magearu, "financial mind" of the old National Peasant Party; now Professor at the Commercial Academy.
6. Prof. Raducanu, Rector of the Commercial Academy.
7. Christian Pennescu Kertsch, former head of the Bucharest Chamber of Commerce; now Manager of Leonida.
8. George Cretzianu, brother of Alexander, Manager of Banca Romaneasca.
9. Nicky Chrissoveloni, Manager of Banca Chrissoveloni.
10. Minister Bujoiu.
11. Former Minister Gigurtu, head of Credit Minier.
12. Cesar Popescu, head of Distributia.
13. Malaxa.

COPY

AMERICAN LEGATION
Budapest, April 4, 1939.

Dear Mr. Moffat,

I have your letter of March 13 with reference to Mr. Donald Heath who will be down this way sometime in the next few months. I hope he will let us know well in advance of the date of his arrival so that we can be sure that the proper people are available. We certainly will be glad to do anything we can and also have his help in connection with financial reporting.

With warmest regards,

Yours sincerely,

JOHN F. MONTGOMERY

52

DEDICATION

OF THE NEW

POST OFFICE



RHINEBECK, NEW YORK

MONDAY, MAY 1, 1939

**BY THE PRESIDENT OF THE
UNITED STATES**

THE new Rhinebeck Post Office is an authentic reproduction of the first house of any consequence built in Rhinebeck, having been erected in 1700 by Hendrick Kip on a patent of land from the Dutch government. All of the stone used in the construction of this new building was taken from the ruins of the original house and from the adjacent Beekman lands.

Colonel Henry Beekman, Jr. became owner of the house in 1726 and improved and enlarged it at that time. He lived in it until his death in 1776. His daughter, Margaret, married Robert R. Livingston, the grandson of Robert Livingston, original patentee of lands adjoining on the north. They were the parents of ten children, whose names are familiar to every student of American history.

The Beekmans were leaders in the Continental cause before and during the Revolution. Their house was the gathering place of notables from every section for conferences to formulate plans in the interest of the Colonies.

It is interesting to note that the old Beekman House welcomed the first congregation to hear a sermon preached in the Town of Rhinebeck.

At the old Dutch church at four-thirty o'clock—

Henry Beekman's grave and Memorial Tablets of the Beekman and Livingston families, Chancellor Livingston Chapter, Daughters of the American Revolution directing.

Address: "The Tradition of Beekman House" by Rev. Frank D. Blanchard, minister.

PROGRAM

INVOCATION - REV. HENRY W. SHERWOOD, D. D.

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THE HONORABLE HENRY MORGENTHAU, JR.
Secretary of the Treasury

ACCEPTANCE OF NEW POST OFFICE,
THE HONORABLE JAMES A. FARLEY
Postmaster General

ADDRESS - THE PRESIDENT OF THE UNITED STATES

LAYING OF THE CORNER-STONE,
His ROYAL HIGHNESS, CROWN PRINCE FREDERIK
of Denmark and Iceland

SELECTION - - - - 18TH INFANTRY BAND

BENEDICTION - - - REV. FATHER JAMES M. KANE

THE PARADE

SECTION 1

Marshal—Wallace W. Foster
Aides—Mounted State Troopers
U. S. M. A. Band
Colors and Color Guard
Town and Village Officials and Members of Clergy
Detachment of 18th Infantry
Danish Girls — Scandinavian-American Society

SECTION 2

Commander—O. T. Yager
Aides—Lea L. Stewart, Roger Doyle
Miss Virginia Corcoran Miss Helen Wright
Legion Drum Corps
American Legion Posts of Dutchess County
American Legion Auxiliary

SECTION 3

Commander—Sergt. John Roosa
Aides—Ferd Gildersleeve, Fred Miller
Rhinebeck Band
Detachment of Deputy Sheriffs
Rhinebeck Fire Department, Rhinecliff Fire Department, Red Hook Fire
Department, Hyde Park Rescue Hook and Ladder Company,
Staatsburg Fire Department, Tivoli Fire Department

SECTION 4

Commander—Edward Pottenburgh
Aides—Clyde Swendsen, Steward Goodrich
Mrs. Deborah Dows Miss Janet Livingston
Rhinebeck High School Band
Rombout Hunt Club, Northwestern Dutchess Rod and Gun Club, Rhine-
beck High School, Northern Dutchess Hospital, Rhinebeck Grange;
Hub Garage, Thomas F. Moran & Son, Inc.; Red Hook
Grange, Rock City Grange
Bert Gay—1901 Oldsmobile

SECTION 5

Commander—Walter Schad
Aides—Tim Yager, Robert Bourne
Wassaic State School Drum Corps
Boy Scouts

SECTION 6

Commander—Miss Muriel Shelley
Aides—Miss Nancy Bourne, Irma Heuchele
Girl Scouts

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ADDRESS - THE PRESIDENT OF THE UNITED STATES

LAYING OF THE CORNER-STONE,
HIS ROYAL HIGHNESS, CROWN PRINCE FREDERIK
of Denmark and Iceland

SELECTION - - - 18TH INFANTRY BAND

BENEDICTION - - - REV. FATHER JAMES M. KANE

THE PARADE

SECTION 1

Marshal—Wallace W. Foster
 Aides—Mounted State Troopers
 U. S. M. A. Band
 Colors and Color Guard
 Town and Village Officials and Members of Clergy
 Detachment of 18th Infantry
 Danish Girls — Scandinavian-American Society

SECTION 2

Commander—O. T. Yager
 Aides—Lea L. Stewart, Roger Doyle
 Miss Virginia Corcoran Miss Helen Wright
 Legion Drum Corps
 American Legion Posts of Dutchess County
 American Legion Auxiliary

SECTION 3

Commander—Sergeant John Roosa
 Aides—Ferd Gildersleeve, Fred Miller
 Rhinebeck Band
 Detachment of Deputy Sheriffs
 Rhinebeck Fire Department, Rhinecliff Fire Department, Red Hook Fire
 Department, Hyde Park Rescue Hook and Ladder Company,
 Staatsburg Fire Department, Tivoli Fire Department

SECTION 4

Commander—Edward Pottenburgh
 Aides—Clyde Swenilsen, Steward Goodrich
 Mrs. Deborah Dows Miss Janet Livingston
 Rhinebeck High School Band
 Rhinebeck Hunt Club, Northwestern Dutchess Rod and Gun Club, Rhine-
 beck High School, Northern Dutchess Hospital, Rhinebeck Grange,
 Hub Garage, Thomas F. Moran & Son, Inc.; Red Hook
 Grange, Rock City Grange
 Bert Gay—1901 Oldsmobile

SECTION 5

Commander—Walter Schad
 Aides—Tim Yager, Robert Bourne
 Wassaic State School Drum Corps
 Boy Scouts

SECTION 6

Commander—Miss Muriel Shelley
 Aides—Miss Nancy Bourne, Irma Heuchele
 Girl Scouts

DEDICATION

OF THE NEW

POST OFFICE



RHINEBECK, NEW YORK

MONDAY, MAY 1, 1939

**BY THE PRESIDENT OF THE
UNITED STATES**

THE new Rhinebeck Post Office is an authentic reproduction of the first house of any consequence built in Rhinebeck, having been erected in 1700 by Hendrick Kip on a patent of land from the Dutch government. All of the stone used in the construction of this new building was taken from the ruins of the original house and from the adjacent Beekman lands.

Colonel Henry Beekman, Jr. became owner of the house in 1726 and improved and enlarged it at that time. He lived in it until his death in 1776. His daughter, Margaret, married Robert R. Livingston, the grandson of Robert Livingston, original patentee of lands adjoining on the north. They were the parents of ten children, whose names are familiar to every student of American history.

The Beekmans were leaders in the Continental cause before and during the Revolution. Their house was the gathering place of notables from every section for conferences to formulate plans in the interest of the Colonies.

It is interesting to note that the old Beekman House welcomed the first congregation to hear a sermon preached in the Town of Rhinebeck.

At the old Dutch church at four-thirty o'clock—

Henry Beekman's grave and Memorial Tablets of the Beekman and Livingston families, Chancellor Livingston Chapter, Daughters of the American Revolution directing.

Address: "The Tradition of Beekman House" by Rev. Frank D. Blanchard, minister.

PROGRAM

INVOCATION - REV. HENRY W. SHERWOOD, D. D.

PRESENTATION OF NEW POST OFFICE,
THE HONORABLE HENRY MORGENTHAU, JR.
Secretary of the Treasury

ACCEPTANCE OF NEW POST OFFICE,
THE HONORABLE JAMES A. FARLEY
Postmaster General

ADDRESS - THE PRESIDENT OF THE UNITED STATES

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of Denmark and Iceland

SELECTION - - - - 18TH INFANTRY BAND

BENEDICTION - - - REV. FATHER JAMES M. KANE

THE PARADE

SECTION 1

Marshal—Wallace W. Foster
Aides—Mounted State Troopers
U. S. M. A. Band
Colors and Color Guard
Town and Village Officials and Members of Clergy
Detachment of 18th Infantry
Danish Girls—Scandinavian-American Society

SECTION 2

Commander—O. T. Yager
Aides—Lea L. Stewart, Roger Doyle
Miss Virginia Coeoran Miss Helen Wright
Legion Drum Corps
American Legion Posts of Dutchess County
American Legion Auxiliary

SECTION 3

Commander—Sergt. John Rousa
Aides—Ferd Gildersleeve, Fred Miller
Rhinebeck Band
Detachment of Deputy Sheriffs
Rhinebeck Fire Department, Rhinecliff Fire Department, Red Hook Fire
Department, Hyde Park Rescue Hook and Ladder Company,
Stanhurst Fire Department, Tivoli Fire Department

SECTION 4

Commander—Edward Pottenburgh
Aides—Clyde Swendsen, Steward Goodrich
Mrs. Deborah Dows Miss Janet Livingston
Rhinebeck High School Band
Roughout Hunt Club, Northwestern Dutchess Rod and Gun Club, Rhine-
beck High School, Northern Dutchess Hospital, Rhinebeck Grange,
Hub Garage, Thomas F. Moran & Son, Inc.; Red Hook
Grange, Rock City Grange
Bert Gay—1901 Oldsmobile

SECTION 5

Commander—Walter Schad
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Wassaic State School Drum Corps
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More Than 5000 Attend Rhinebeck Postoffice Dedication Ceremonies

President Advises Village To Use Early Dutch Colonial Architecture In Future

Prince Frederik of Denmark Lays Cornerstone; Farley; Morgenthau Speak

(Special to The Eagle-News)

RHINEBECK, May 1.—President Roosevelt, the nation's No. 1 "unlicensed architect," in dedicating the new postoffice here today looked askance upon "Victorian" architecture and advised residents of this village to copy the "early Dutch colonial style" of the new postoffice and the adjoining Beekman Arms hotel.

The dedicatory ceremonies, featuring the President, two cabinet members and an heir to the throne of Denmark, were witnessed by upward of 5,000 persons. The ceremonies were thoroughly intimate with the President, "introduced as your neighbor," setting the tone with his chatty address.

In replacing most of Rhinebeck's Crown Prince Frederik of Denmark, who laid the cornerstone of the edifice, and Princess Ingrid, an official guest, appeared to enjoy their participation in the program greatly. The ceremonies closed as President Roosevelt returned to the rostrum to inform the gathering that the Prince was now "a member in good standing of the union." Like the crowd, the President got a chuckle out of the remark of Benson R. Proff, master of ceremonies, requesting that the crowd "please clear Route 2 so the President can pass out."

Secretary Morgenthau said it was the 1,583rd postoffice built by the Treasury during his term of office, and added, like the President, that the government no longer has any desire to continue constructing

postoffices of stereotyped design. Postmaster General Farley described the ceremony as the first in which both he and the Chief Executive had participated.

Honor Guard of Infantry

The President arrived at the scene accompanied by Mrs. Roosevelt, his mother, Mrs. Sara Delano Roosevelt; Mrs. James Roosevelt Jr., his daughter-in-law; and Mrs. Morgenthau.

Several squads of infantry from the Fort Hamilton Army post comprised an honor guard as the United States Military Academy band of West Point played a musical salute.

On the platform were Laura Delano, Rhinebeck, cousin of the President; Mrs. Tracy Dows of this village, her son, Olin Dows, who will paint murals for the new building; and Rudolph Stanley-Brown, the architect.

The Rev. Henry W. Sherwood, 81-year-old pastor of the Old Stone Lutheran church, in his invocation bid his audience to "prize the liberties purchased at so great a cost."

Secretary Morgenthau devoted considerable of his talk to the efforts of the Procurement division in stimulating a desire for architectural beauty in postoffices and he told how the department had started competitions with this objective in mind.

Mr. Farley said this dedication was unique in that both the President and the Secretary of the Treasury came from the same county.

Accepts Building

He added that Rhinebeck could pride itself on its new postoffice, as it was one of only 300 being built in the country this year.

"It is a real pleasure to accept this beautiful building," he said, promising that it would be used "efficiently and well."

The President, recounting his trips as a boy through the town of Rhinebeck and noticing the old stone houses with long sloping roofs, told how his liking for stone architecture had developed.

He disclosed that he had been asked by the Postmaster General whether he wanted a postoffice at Hyde Park but had told him that Rhinebeck needed a new building more urgently. He took note of the government's trend away from the sameness of pattern which characterized the past.

"The Procurement division of the Treasury," said the President, "has sought to diversify design so that our newer postoffices do not look as though they had been turned out by the dozen."

Suggests Architecture

Making his architectural admonitions to the village, the President said:

"May I make a suggestion to you, my neighbors of Rhinebeck? At this crossroads of the village we now have the new postoffice, the historic old Beekman Arms Inn, and just beyond it the old stone building on the northwest corner.

"As time goes on some of the other buildings on the other side of the street and on this side will be replaced by new buildings. These other buildings are substantial enough but are not too close to the street. I might add that they represent a style which is not copied very much today and what is referred to with a smile as 'Victorian'. In his prepared speech he wrote that this style was 'not exactly in keeping with what we now call good taste' but allusion was dropped when the speech was given.

"When replacements occur," the President continued, "as they undoubtedly will in the years to come, I hope that new buildings will be set further back from the street, that they will conform more to the Colonial type that you in Rhinebeck will have here what in effect would be a large open square admired for its beauty by all who pass."

Introduces Prince

The President then introduced Crown Prince Frederik as the latter took up the trowel used in laying the cornerstone. The Prince was warmly applauded by the crowd, and a group of young women from the village attired in Danish costumes came to the fore during the ceremony.

The military honor guard lined up and the Army band played a selection as the Prince sealed the cornerstone. Immediately following the ceremony a member of the West Point band, Sergeant Carl A. Reberhold, who played under Prince Frederik in 1917 in the Danish Livgardens Musik-Corps, stepped up to His Highness to renew acquaint-

ance. Benediction by the Rev. James Kane closed the ceremony, after which President Roosevelt and his party entered the postoffice for a hasty inspection of the interior.

Unprotected by Secret Service men as is the President, Postmaster General Farley proved fair game to a throng of admirers who strove to shake his hand. Mr. Farley, to whom is attributed a phenomenal memory for names and faces, was heard to remark on several occasions, "Surely, I remember you."

Other Ceremonies

After the dedication the Chancellor Livingston chapter of the O.A.R. conducted historic ceremonies at the Dutch Reformed church. After viewing the grave of Henry Beekman, Jr., the audience entered the church to hear a talk on "The Traditions of Beekman House," by the Rev. Frank D. Blanchard, pastor of the church.

Mr. Blanchard began his talk with pointing out the pews which formerly belonged to families famous in Rhinebeck and American history. Discussing the Beekman family and its descendants, the pastor praised Robert R. Livingston, a signer of the Declaration of Independence, delegate to the Continental Congress, administrator of the oath of office of George Washington as president, chairman of the Foughters Constitution ratification convention, and who the pastor said was chiefly responsible for America's purchase of the Louisiana territory from France at a cost of \$15,000,000.

The pastor pointed out tablets and portraits on the walls of the church commemorating the illustrious Beekmans. Posted against the pulpit was a list of families who were "part of the traditions of Beekman house." In the list of some 300 names were many families still taking an active part in the life of Dutchess county.

May 16, 1939.

Dear Mr. Moore:

Thank you very much for your letter of May 2nd, which enclosed the copies of the programs which you had been so good as to obtain in accordance with my request. I am very glad to have these, and also to see the copy of the Poughkeepsie Eagle News which described the dedication ceremonies.

Thank you also for your word of appreciation in regard to my own part in the event.

I am glad to welcome you as a citizen of Dutchess County.

Sincerely,

(Signed) H. Morawenthan, Jr.

Mr. William J. Moore,
Construction Engineer, Field Force,
Public Buildings Branch,
Procurement Division,
Poughkeepsie, New York.

GKF/dbs

May 16, 1939.

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Public Buildings Branch,
Procurement Division,
Poughkeepsie, New York.

GWF/dbs

May 16, 1959.

62

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Public Buildings Branch,
Procurement Division,
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OMF/dbs



OFFICE OF
CONSTRUCTION ENGINEER

TREASURY DEPARTMENT

PROCUREMENT DIVISION
PUBLIC BUILDINGS BRANCH
FIELD FORCE

C L Poughkeepsie, New York. *pls.*

May 2, 1939 *etc*

Honorable Henry Morgenthau Jr
Secretary of the Treasury
Treasury Department
Washington, D.C.

Dear Mr Secretary:

As requested by you at the Rhinebeck Dedication Ceremonies yesterday I was able to secure the inclosed programs of the ceremonies.

I am also inclosing a copy of this mornings Poughkeepsie Eagle News as I believe you would be greatly interested in it.

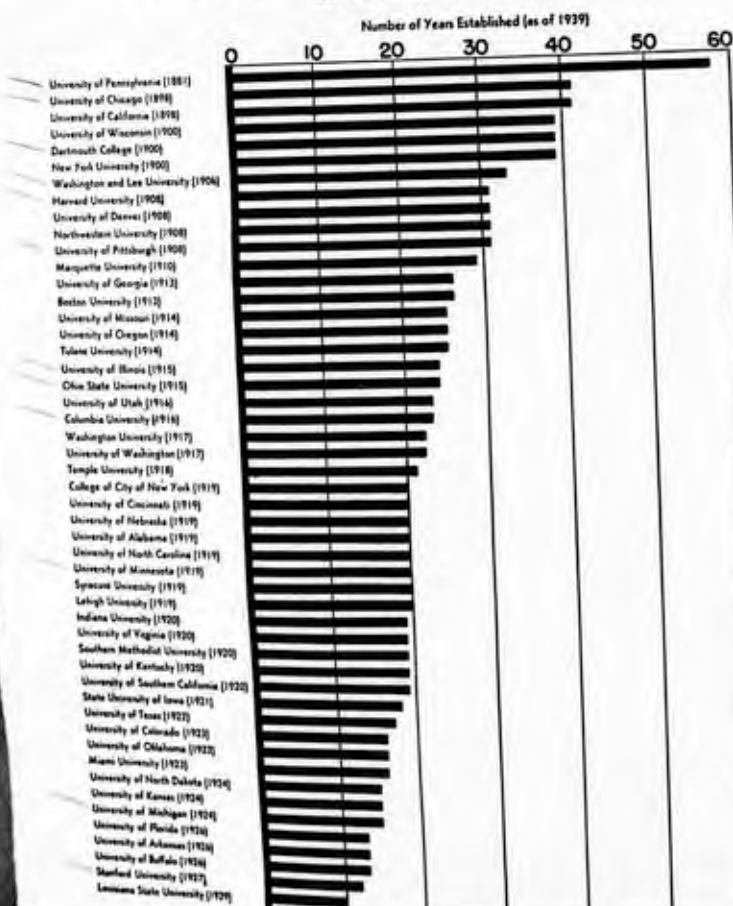
The citizens of Rhinebeck I believe are very proud of the Honor bestowed upon them on yesterdays occasion, may I as one of the new citizens of Dutchess County congratulate you Mr Secretary on the great interest you have shown and given to the County.

Respectfully yours,

William J. Moore
Construction Engineer.

<u>Institution.</u>	<u>Name.</u>
Brookings Institute.....	Leverett S. Lyon
Chicago.....	William H. Spencer
Columbia.....	Roswell C. McCrea
Dartmouth.....	Herluf V. Olsen
Harvard.....	Wallace B. Donham
Illinois.....	Hiram T. Scovill
Illinois.....	Lloyd Morey
Michigan.....	Clare E. Griffin
Minnesota.....	Russell A. Stevenson
Ohio State.....	Walter C. Weidler
Ohio State (former).....	Clyde O. Ruggles
Pennsylvania (former).....	Joseph H. Willits
Pittsburgh.....	Charles S. Tippetts
Southern California.....	Reid S. McClung
Stanford.....	J. Hugh Jackson
Syracuse.....	Charles Lee Raper
Washington & Lee.....	Glover D. Hancock
Wisconsin.....	Fayette H. Elwell

TIME ORDER OF ESTABLISHMENT OF 50 COLLEGIATE SCHOOLS OF BUSINESS*



LEVERETT S. LYON

Formerly, Dean, School of Commerce and Finance,
Washington University.

At Present, Executive Vice President,
Brookings Institute,
Washington, D. C.

Born: December 14, 1885, — Sollitt, Illinois.

	Beloit College	1906-07
Ph.B.	Univ. of Chicago	1910
LLB	Chicago, Kent College	
	of Law	1915
AM	Univ. of Chicago	1919
Ph.D	" " "	1921

s. Edward Payson and Charlotte (Rose) l.; m. Lucille Norton of Lockport, Ill., June 26, 1915; children: Richard Norton, David Mansfield.

Head dept. civic science, Joliet Twp. High Sch., 1910-14, 1915-16; admitted to Ill. bar, 1916; asst. in economics, 1916-17, instr. 1917-19, asst. prof., 1919-23, asso. prof., 1923, U. of Chicago; dean Sch. Commerce and Finance, prof. economics and head of dept., 1923-25, Washington U.; prof. economics, Robert Brookings Grad. Sch. of Economics and Government, 1925-29; mem. research staff and dir. ednl. activities and public relations of the Brookings Institution, 1929-32, exec. v.p., since 1932; dep. asst. adminstr. for trade practice policy, NRA summer 1934. U. S. del. to the International Congress on Business Education, Amsterdam, 1929, London, 1932. Editorial asst., U.S. Food Adminstrn., World War. Mem. Am. Economic Assn., Am. Statistical Assn., American Marketing Assn. (pres. 1933), Phi Kappa Psi (nat. pres. 1936-38), Sigma Delta Rho, Phi Delta Phi, Beta Gamma Sigma, Alpha Kappa Psi.

Clubs: Cosmos, Chevy Chase (Washington); Quadrangle (Chicago).

Author: Elements of Debating, 1913; Eight Lessons (in Bulletin of National and Community Life), 1917; A Survey of Commercial Education in the Public High Schools of the United States, 1919; A Functional Approach to Social Economic Data, 1920; Education for Business, 1922, 3d edit., 1931; Making a Living, 1926; Salesmen in Marketing Strategy, 1926; Hand-to-Mouth Buying, 1929; Some Trends in the Marketing of Canned Foods, 1930; Advertising Allowances, 1932; The Economics of Free Deals, 1933; A Preliminary Analysis for a Program of Economic Education, 1937; Joint Author: Our Economic Organization, 1921; Business Cases and Problems, 1925; Vocational Readings, 1927; ABC of the NRA, 1934; The National Recovery Administration, 1935; The Economics of Open Price Systems, 1936. Joint Editor: Textbooks in the Social Studies (11 vols.). Contbr. to professional and other journals.

Home: Persimmon Tree Road, Cabin John, Md.

Office: 722 Jackson Place, Washington, D. C.

WILLIAM H. SPENCER

Dean, School of Commerce and Administration,
University of Chicago.

Born: April 1, 1888, — Anniston, Alabama.

BS	Birmingham (Ala.) College	1907
Ph.B	University of Chicago	1913
J.D.	" " "	1913

s. James Wood and Loulou Evans (Morris) S.; m. Serena Atchison of Gower, Mo., March 20, 1920; children: Elizabeth Rutledge, John Atchison.

Instr. in English, Birmingham Coll., 1907-08, in Latin, 1909-11; asst. in polit. science, U. of Chicago, 1914-15; prof. law, Drake U., 1915-16; instr. in business law, U. of Chicago, 1916-19, asst. prof. business law, 1919-22, asso. prof. 1922-23, prof. since 1923, also asst. to dean of Sch. of Commerce and Administration, 1920-22, asst. dean, 1922-23, dean since 1924, sec. dept. of economics, 1927-28, dir. Inst. of Meat Packing, 1923-26; chmn. Chicago Regional Labor Board, 1934-35; Chmn. Univ. Broadcasting Council since 1935. Capt. Ordnance Department, U.S.A., in charge ordnance supply, U. of Chicago, later at Camp Hancock, Augusta, Ga., World War. Mem. Delta Chi, Pi Gamma Mu and Omicron Delta Kappa. Democrat. Methodist.

Clubs: Rotary, Union League, Quadrangle.

Author: Law and Business (3 vols.), 1921-22; A Textbook on Law and Business, 1929; Collective Bargaining under Section 7(a) of the National Industrial Recovery Act, 1935; The National Labor Relations Act, 1935. Editor: Materials for the Study of Business.

Home: 9361 Longwood Drive, Chicago, Illinois.

ROSWELL C. MCCREA

Columbia University (Dean, School of Business.)

Born: July 30, 1876, — Norristown, Pa.

AB	Haverford	1897
AM	Cornell	1900
Ph.D	Univ. of Pa.	1901
LLD	Columbia	1929

s. William Henry Harrison and Fredericka (Frankfurter) M.;
m. Marian L. Grater of Norristown, Pa., June 19, 1901;
children: Edith G., Winston, H. Thompson.

Acting head dept. history and civics, Eastern, Ill. State Normal School, 1901-02; instr. economics, Trinity College, 1902-03; prof. economics and sociology, Bowdoin College, 1903-07; asso. dir. New York School of Philanthropy, 1907-11; prof. economics, U. of Pa., Sept. 1911-16, and dean Wharton School of Finance and Commerce, 1912-16; prof. economics, School of Business, Columbia, since July 1, 1916, dean School of Business since July 1, 1932. Civilian commissioner on conscientious objectors, War Dept., 1918; dir. commercial examinations, Chamber Commerce State of New York since Feb. 1919. In joint charge of economic survey of New York Regional Plan, 1922-1928. Pres. Am. Assn. of Coll. Schools of Business, 1924-25; v.p. Acad. Polit. Science, 1930 —; mem. Phi Beta Kappa, Phi Gamma Delta, Beta Gamma Sigma (grand pres. 1925-30).

Club: Century.

Author: The Humane Movement, 1910. Editor of Am. Business Series (Henry Holt & Co.). Writer on economic and social subjects, mainly in tech. publs.

Home: 35 Claremont Avenue, New York, New York.

HERLUF V. OLSEN

Dean, Amos Tuck School,
Dartmouth College.

Born: August 2, 1899, — Omaha, Nebraska.

BS	Dartmouth College	1922
Graduate Student,	Univ. of Copenhagen	1922-23
"	" " " " Chicago	1923-25

s. Ole Clausen and Karen (Anderson) O.; m. Elspeth Morton
Duncan of Brantford, Ont., Can., April 3, 1926; children:
Herluf Vagn, Charlotte Foster Duncan.

Fellow of Scandinavian-Am. Foundation, 1922-23; fellow, later
asst., in dept. of economics, U. of Chicago, 1923-25; instr.
in economics, U. of Del., 1925-26; asst. prof., 1926-28, asso.
prof. and acting chmn. dept. of economics, 1928-29; sec. and
asst. prof. of business statistics, Amos Tuck Sch., Dartmouth
Coll., 1929-37, asst. dean, 1930-37, prof. of business statis-
tics and dean since 1937. Served with S.A.T.C., 1918. Mem.
Am. Econ. Assn., Am. Assn. of Collegiate Schs. of Business,
Phi Gamma Delta.

Club: Graduate (Hanover, N. H.). Contbr. to journals.

Home: 4 Dana Road, Hanover, New Hampshire.

WALLACE B. DONHAM

Dean, Graduate School of Business Administration,
Harvard University.

Born: October 26, 1877, — Rockland, Mass.

AB	Harvard	1898
LLB	"	1901

s. George E. and Sarah A. (Studley) D.; m. Mabel Higgins of
Cambridge, Mass. April 7, 1903.

Admitted to bar, 1901, and entered legal dept. of Old Colony
Trust Co., v.p. same, 1906-19; dean Grad. Sch. of Business
Administration, Harvard, since 1919. Dir. Great Island Corp.

Clubs: Harvard, Union.

Home: Dean's House, Soldiers' Field, Boston, Mass.

HIRAM T. SCOVILL

Head, Dept. of Business
Organization and Operation,
University of Illinois.

Born: February 22, 1885, — Lead River, Illinois.

AB Univ. of Illinois 1908

s. William Preston and Thresa Josephine (Thompson) S.;
m. Edith Eliza Stewart of Urbana, Ill., Aug. 31, 1912;
children: William Stewart, Mary Josephine, Janet Ruth.

With McGregor, Chase & Co., pub. accountants, Chicago,
1908-11, Deloitte, Plender, Griffiths & Co., 1911-13; prof.
accountancy and head dept. business orgn. and operation, U.
of Ill., since Sept. 1913; spl. accountant Ill. Pub. Utilities
Comm., summer 1914; auditor for constructing contractor,
Camp, McClellan, Ala., 1918. Mem. Am. Econ. Assn., Am. Assn.
Univ. Instrs. in Accounting (pres. 1920), Ill. Soc. Certified
Pub. Accountants (president 1937-38), Nat. Assn. Cost Accoun-
tants, Phi Beta Kappa, Kappa Delta Rho, Beta Gamma Sigma (nat.
pres.), Alpha Kappa Psi, Beta Alpha Psi (nat. pres.), Am.
Inst. Accountants. Awarded gold medal by Ill. Soc. C.P.A.
for passing examination with highest grade. Republican.
Presbyn.

Clubs: University (sec.), Union League (Chicago).

Author: A Uniform System of Accounts for Gas Companies, 1916;
Farm Accounting, 1918; Elements of Accounting, 1919; Elementary
Accounting, 1923; Accounting Procedure, 1926; also numerous
articles in periodicals. Editor: Wiley Accounting Series of
Text Books.

Home: 605 Michigan Avenue, Urbana, Illinois.

LLOYD MOREY

Comptroller, and instructor in Finance,
University of Illinois.

Born: January 15, 1886, — Iadonia, Missouri.

AB	Univ. of Illinois	1911
CPA	Illinois	1916
LLD	Lawrence College	1935

s. Hiram and Emma (Carter) M.; m. Edna Cox, August 6, 1912.

Bookkeeper, comptroller's office, U. of Ill., 1911-13; auditor, 1913-17, comptroller since 1917; instr. in accounting, U. of Ill., 1917-19; asst. prof., 1919-21, prof. since 1921. Organist and dir. music, Trinity Ch., Urbana, Ill., since 1911; teach of organ and piano, 1908-17. Consultant, Ill. Municipal League, 1920-28; specialist in ednl. finance, U.S. Office of Edn. (land grant coll. survey), 1929; chmn. Nat. Com. on Standard Reports for Instns. of Higher Learning, 1930-35; cons. on business orgn. and finance, various Am. univs., since 1921, chief consultant on educational finance American Council on Education since 1935; vice chmn. National Com. on Municipal Accounting since 1934; treas. University of Illinois Foundation since 1935. Mem. Am. Inst. Accountants, Ill. Soc. C.P.A., American Accounting Assn., Assn. Univ. and Coll. Bus. Officers (ex-pres.), Nat. Municipal League, Phi Beta Kappa, Beta Alpha Psi, Alpha Kappa Lambda. Methodist.

Clubs: University, Urbana Golf and Country, Rotary (Urbana).

Author: C.P.A. Problems and Solutions (with W. B. Castenholz), 1918; Manual of Municipal Accounting, 1927; Introduction to Government Accounting, 1927 (rev. 1936); University and College Accounting, 1930. Contbr. to Ednl. Business Manager and Buyer (Chmn. editorial staff), etc. Composer of several musical works.

Home: 803 W. Oregon Street, Urbana, Illinois.

CLARE E. GRIFFIN

Dean, School of Business Administration,
University of Michigan.

Born: March 22, 1892, — Allegan, Michigan.

BA	Albion (Mich.) College	1914
MA	Univ. of Illinois	1915
Ph.D	" " "	1918

s. Frank and Ethel May (Lewis) G.; m. Florence Lovina Parsons of St. Clair, Mich., Dec. 27, 1917; children: Frances Ethel, Nancy Letitia.

Instr. economics, Dartmouth, 1916-17; instr. transportation, Johns Hopkins, 1917-18; expert U. S. Shipping Bd. and Central Bur. of Planning and Statistics, Washington, 1919; asso. prof. commerce and industry, U. of Mich., 1919-25; professor marketing since 1925, dean Sch. of Business Administration since 1927. Ednl. dir., Detroit Chapter, Am. Inst. Banking, 1923-25. Served as 1st. lt. U.S.A., Sept. 1918-May 1919. Mem. Am. Econ. Assn., Am. Marketing Assn. Research Club (U. of Mich.), Delta Sigma Rho.

Club: University.

Author: Principles of Foreign Trade, 1924; Life History of Automobiles, 1926; contbr. Am. Economic Rev., Jour. Polit. Economy, Harvard Business Rev., etc.

Home: 21 Ridgeway Street, Ann Arbor, Michigan.

RUSSELL A. STEVENSON

Dean, School of Business Administration,
University of Minnesota.

Born: October 31, 1890, — Muskegon, Michigan.

BA	Univ. of Michigan	1913
Ph.D.	" " "	1919
MA	State Univ. of Iowa	1915

s. Augustus Walter and Carlisle (Gray) S.; m. Edna Kampenga,
Jan. 1, 1914; children: Robert Edwin, Harold William.

Instr. in economics, U. of Mich., 1913-14; instr. in
accounting, U. of Ia., 1914-16, asst. prof., 1916-17,
asso. prof., 1917-19, prof., 1919-20; prof. accounting
and head dept. of commerce, Coll. of Engring. and Commerce,
U. of Cincinnati, 1920-26; dean Sch. of Business Adminis-
tration, U. of Minn., since 1926, also dir. Employment
Stabilization Research Inst. since 1931. Pres. Am. Assn.
Collegiate Schs. of Business. Mem. American Assn. Univ.
Instrs. in Accounting, American Economic Assn., Beta Gamma
Sigma, Delta Sigma Pi, Beta Alpha Psi, Delta Sigma Chi,
Acacia. Mason.

Author: Principles of Accounting (with William A. Paton),
1918; Problems and Exercises in Accounting (with same),
1918; Problems and Questions in Accounting (with R. Emmet
Taylor), 1926; Accounting Principles, 1930; The Minnesota
Unemployment Research Project, 1931. Advisory Editor
Accountant's Handbook, 1931. Editor: A Type Study of
American Banking—Non-Metropolitan Banks in Minnesota, 1934;
Balancing the Economic Controls (with Roland S. Vaile),
1935.

Home: 1961 East River Road, Minneapolis, Minnesota.

WALTER C. WEIDLER

Dean, College of Commerce and Administration,
Ohio State University.

Born: September 26, 1888, — Columbus, Ohio.

AB	Ohio State University	1913
AM	" " "	1915
	Austin Scholar, Harvard	1916-17

s. John Adams and Laura Adella (Packard) W.; m. Ruth Catherine McNarney of Columbus, March 31, 1915; children: Betty Ruth, Walter Clark.

Instr. in economics and sociology, Ohio State U., 1915-16, 1917-19; prof. merchandising, Tulane U., 1919-20; same Ohio State U., since 1920, chmn. dept. business orgn., 1926-29, acting dean of Coll. Commerce and Administration, 1927-29, dean since Aug. 1929. Mem. Council Nat. Defense, summer 1917. Mem. Am. Econ. Assn., Nat. Assn. Teachers Marketing and Advertising, Alpha Kappa Psi, Beta Gamma Sigma.

Club: Faculty.

Author: The Principles of Marketing (with H. H. Maynard and J. N. Beckman), 1927; An Introduction to Business Management (with H. H. Maynard and Karl D. Reyer), 1933.

Home: 139 East North Broadway, Columbus, Ohio.

CLYDE O. RUGGLES

Formerly: Head of Dept. of Business Administration,
Ohio State University.

At Present: Professor, Public Utility Management,
Harvard, also
Chairman, Sub-Committee on Business
Education, American Council on Education.

Born: December 7, 1878, — Jefferson City, Iowa.

AB	Iowa State Teachers College	1906
AM	State University of Iowa	1907
Ph.D.	Harvard	1913

s. John Henry and Theodosia (Doggett) R.; m. Maud Vittetoe,
Sept. 1898 (she died 1900); m. 2d. Frances Holmes of Waterloo,
Ia., Aug. 30, 1906; children: John Holmes, Catherine Grace,
Rebecca Dorothy, Richard Francis.

Spl. research on federal reserve banking law for Nat. Monetary
Comm., Jan. Sept. 1909; head dept. history and social science,
Winona (Minn.) State Teachers Coll., 1909-13; asst. prof.
economics, 1913-14, prof., 1914-20, head dept. business admin-
istration, 1921-26, dean Coll. of Commerce and Administration,
1926-28— All Ohio State U.; prof. pub. utility management,
Harvard, since 1928. Also served as head Sch. of Commerce and
of dept. of economics, State U. of Ia., 1920-21; and as spl.
expert on investigation of terminal charges at U.S. ports, for
U.S. Shipping Bd. Dir. of Survey for the Electrical Industry
of the Extent of College Instruction in Pub. Utilities, and
of the Industry's Demand for College Graduates, 1927-28. Mem.
Am. Economic Assn., Alpha Kappa Psi, Beta Gamma Sigma, Pi Gamma
Mu, Acacia, Baptist, Mason.

Author: (rept.) Terminal Charges at U.S. Ports, 1919; Problems
in Public Utility Economics and Management, 1933; Aspects of
the Organization, Functions and Financing of State Public Utility
Commissions, 1937.

Home: 4 Lowell Street, Cambridge, Mass.

JOSEPH H. WILLITS

Until very recently, Dean,
Wharton School of Finance and Commerce,
University of Pennsylvania.

Born: June 16, 1889, — Ward, Pa.

AB	Swarthmore	1911
AM	"	1912
LLD	"	1937
Ph.D.	Univ. of Pa.	1916

s. Francis Parvin and Elizabeth Anna (Paschall) Willits;
m. Ruth Clement Sharp of Riverton, N. J., May 3, 1913;
children: Barbara Kinsey, Clement Paschall, Robin Dana.

Instr. geography and industry, 1912-17; asst. prof. 1919-20, prof. since 1920, Univ. of Pa., dean Wharton School of Finance and Commerce since 1933. Expert in study of unemployment for Philadelphia, 1915; sec. and v.p. Phila. Assn. for Discussion of Employment Problems, 1915-21; employment superintendent U.S. Naval Aircraft Factory, 1917-19; director of the Industrial Research Department, Univ. of Pennsylvania, since 1921; expert in charge of studies in labor relations, U.S. Coal Commission, 1922-23; mem. ednl. advisory bd. John Simon Guggenheim Memorial Foundation, 1924-28; mem. exec. com. Personnel Research Fed.; former member State Industrial Bd. of Pa. Mem. President's Emergency Com. for Employment, 1930-31; pres. Nat. Bur. of Economic Research, 1933 (exec. dir. since 1936); mem. Federal Advisory Council of U. S. Employment Service; mem. Am. Economic Assn., American Management Assn., Taylor Soc.

Author: The Unemployed in Philadelphia, 1915; (with others) What the Coal Commission Found, 1925; Studies of Labor Relations for the U.S. Coal Commission; also various brochures on labor subjects. Editor 3 vols. of Annals of Am. Acad. Polit. and Social Sciences.

Homer Ogden Avenue, Swarthmore, Pennsylvania.

CHARLES S. TIPPETTS

Dean, School of Business Administration,
University of Pittsburgh.

Born: January 16, 1893, — Glens Falls, New York.

Litt. B.	Princeton	1916
AM	"	1922
Ph.D.	"	1924
Law at Harvard		1916-17

s. of William Henry and Emily Katherine (Bell) T.; married Margaret Elizabeth Griffith of Minneapolis, Minn., April 4, 1920; children: Katherine Bell, Charles Sanford.

Instr. economics, Princeton, 1919-21 and 1923-34; asst. prof. economics State U. of Ia., 1924-25; prof., 1925-28; prof. business administration, U. of Wash., 1928-29; prof. economics U. of Buffalo, 1929-35; dean Sch. of Business Adminstrn., U. of Pittsburgh, since 1935; visiting prof. summer sessions, U. of Wash., 1930; W. Va. U., 1931, Ohio State U., 1932; vice chairman Federal Home Loan Bank of Pittsburgh. Director Pittsburgh Chamber of Commerce. Served as 1st. lt. 304th Inf., 76th Div., A.E.F., World War, 1917-19; capt. inf. O.R.C. 1919-34. Mem. Am. Econ. Assn., Royal Econ. Soc., Am. Assn. for Labor Legislation, Am. Assn. Univ. Profs., Scabbard and Blade, Order of Artus, Phi Beta Kappa, Beta Gamma Sigma, Delta Sigma Rho, Alpha Kappa Psi, Presbyn. Mason.

Club: University.

Author: State Banks and Federal Reserve System, 1929; Business Organization and Control System, 1932; (with S. Livermore). Revisor (with L. A. Froman) of Horace White's Money and Banking, 1935. Contbr. econ. articles.

Home: 405 Morewood Avenue, Pittsburgh, Pa.

REID L. McCLUNG

Dean, College of Commerce and
Business Administration,
University of Southern California.

Born: November 12, 1885, — Louisa, Ky.

B.Ed.	Morris Harvey College (W.Va.)	1902
AB	" " " "	1904
Ph.D.	New York University	1920
Graduate Student:	Vanderbilt for 2 years.	
"	Univ. of Chicago for 1 year.	

s. Samuel Floyd and Lorena (Rupert) McC.; m. Helen Odell,
Nov. 21, 1921; children: Mary Eleanor, John Reid.

Instr. in Latin, Willis Halsel Coll., Vinita, Indian Ty.
(now Okla.), 1904-05; instr. in economics, N.M. Mil. Inst.,
Roswell, 1907-09; v.p. and prof. economics, Morris Harvey
Coll., 1909-15; instr. in economics, Cornell U., 1915-17;
instr., advancing to prof. economics, and chmn. dept. 1919-
1927, dean Coll. of Commerce and Business Administration,
U. of Southern Calif. since 1927. Served as 2d lt., advancing
to major Machine Gun Corps, U.S.A., 1917-18; chief
personnel statistician, Gen. Staff, Washington, D. C.,
1918-19. Mem. Am. Econ. Assn., Beta Gamma Sigma, Phi Kappa
Sigma, Phi Kappa Phi, Pi Gamma Mu, Alpha Kappa Psi, Phi
Delta Kappa, Skull and Dagger; pres. Pacific Coast Economic
Assn., 1935. Southern Methodist.

Club: University.

Author: Earning and Spending, 1927. Editor: Hull's
Industrial Depressions (revised edit.), 1928. Author many
articles in scientific and professional publs.

Home: 951 Victoria Avenue, Los Angeles, Calif.

J. HUGH JACKSON

Dean, Graduate School of Business,
Stanford University.

Born: January 20, 1891, — Warren County, Iowa.

AB	Simpson College	1912
LLD	" "	1930
MBA	Harvard	1920

s. James Milton and Ella Viola (Marts) J.; m. Frederica Ann Harned, July 29, 1914; children: Jacob Hugh, Charlotte Frederica.

Instr. in bookkeeping, high schs., Davenport, Ia., and St. Louis, Mo., 1913-16; asst. prof. commerce, U. of Ore., 1916-17; asst. prof. accounting, U. of Minn., 1918-19; asst. prof. accounting, Harvard Grad. Sch. of Business Administration, 1920-21, prof., 1923-27; prof. accounting, Grad. Sch. of Business, Stanford, since 1926, dean since 1931; acting comptroller Stanford Univ., since 1937; associated with Price, Waterhouse & Co., New York, Boston, and San Francisco, 1921-30; acting prof. economics, Stanford, summers 1928, 29. Lecturer U. of Chicago, summer quarter 1923; lecturer William A. Vawter Foundation, Northwestern U., 1932. Mem. Am. Inst. Accountants, Nat. Assn. Cost Accountants (v.p. 1937-39), Am. Accounting Assn. (pres. 1929), Am. Economic Assn., Stanford Research Club, Calif. State Soc. of Certified Pub. Accountants, Council on Foreign Relations, Inc., Alpha Kappa Psi. Republican. Methodist.

Clubs: Bohemian (San Francisco); Faculty (Stanford); Kiwanis (Palo Alto); Los Altos (Calif.) Golf and Country; Rio Del Mar Country (Santa Cruz).

Author: Audit Working Papers—Their Preparation and Content, 1923; Bookkeeping and Business Knowledge (with T. H. Sanders and A. H. Sproul), 1926; Auditing Problems, 1929; also articles in mags. and tech. papers.

Home: 445 El Escarpado, Stanford University, California.

CHARLES LEE RAPER

Dean, College of Business Administration,
Syracuse University.

Born: March 10, 1870, — High Point, N. C.

AB	Trinity College	1892
Ph.D.	Columbia	1902
LLD	Lenoir-Rhyne College	1917

s. Solomon Andrew and Luzena (Hitchcock) R.; m. Henrietta Frost Williams of Paterson, N. J., 1904.

Instr. Greek and Latin, Trinity Coll., N. C., 1892-93; prof. Latin, Greensboro (N.C.) Female Coll., 1894-98; lecturer in history, Barnard Coll. and Columbia, 1900-01; asso. prof. and head dept. of economics and asso. prof. history, 1901-06, prof. economics, 1906-20, dean Grad. Sch., 1909-20, Univ. of North Carolina; prof. transportation since 1920, dean Coll. of Business Administration since 1921, vice-chancellor since 1936, Syracuse University.

Author: The Church and Private Schools of North Carolina, 1898; North Carolina—A Study in English Colonial Government, 1904; Principles of Wealth and Welfare, 1906; Railway Transportation, 1912; also papers on taxation, state and local, and on transportation. Connected with traffic bur. of Chamber of Commerce of Syracuse. Mem. N. Y. State Planning Council.

Home: 700 Ackerman Avenue, Syracuse, New York.

GLOVER D. HANCOCK

Dean, School of Commerce and Administration,
Washington and Lee University,
Lexington, Virginia.

Born: January 10, 1878, — Los Angeles, Cal.

AB	William Jewell College, Liberty, Mo.	1898
AM	" " "	1899
Ph.D.	Univ. of Wisconsin (Economics)	1908

s. Thomas D. and Laura (Dunn) H.; m. Mabel Kimzey, June 29, 1911.

Taught as prin. of high schs. and coll. prep. sch., 1900-05; spl. agt. Wis. State Tax Comm., parts of 1905-06-07; asst. prof. economics, Amherst Coll., 1908-10; prof. economics and commerce and dir. Sch. of Commerce, Washington and Lee Univ., Lexington, Va., 1910-19; dean of Sch. of Commerce and Administration, same univ., 1919—. Spl. lecturer in economics, Johns Hopkins, 1912; prof. economics, U. of Va., summer 1922. Mem. Am. Econ. Assn., Am. Polit. Science Assn., Am. Acad. Polit. and Social Science, Sigma Nu. Mem. State Comm. on State Fund for Workmen's Compensation Insurance, 1930-31; pres. Va. Social Science Assn., 1937-38. Episcopalian.

Home: Lexington, Virginia.

FAYETTE H. ELWELL

Director, School of Commerce,
University of Wisconsin.

Born: June 27, 1885, — Rural Dale, O.

AB	University of Wisconsin	1908
CPA	Wisconsin State Board of Accountancy	1914

s. William Harry Clayton and Georgia May (Herbert) E.;
m. Zora E. Fairchild of Elgin, Ill., June 30, 1909; children:
Nancy May (dec.), Lucy Ann, Mary Elizabeth, Fayette Herbert
(dec.).

Professor accounting and business administration, Cincinnati
College of Commerce, Accounting and Finance, 1908-10, dean
1909-10; prof. accounting, Marquette University, Milwaukee,
Wis., 1910-11; with U. of Wis. since 1911, professor account-
ing since 1917, director, School of Commerce since 1935: mem.
Elwell, Kiekhof & Co., certified public accountants,
Madison and Milwaukee, Wis. Member Wisconsin State Board of
Accountancy, 1914-23, pres., 1917-23; mem. Am. Assn. Univ.
Instructors in Accounting (pres. 1918), American and Wis.
societies of certified public accountants, Am. Economic Assn.,
Beta Gamma Sigma (grand pres. 1913-19), Theta Chi, Alpha Kappa
Psi, Beta Alpha Psi. Mason.

Clubs: Madison, Rotary.

Author: (with George W. Miner) Principles of Bookkeeping
(series of 7 books), 1918; (with George W. Miner and Frank C.
Touton) Business Arithmetic, 1923; (with J. V. Toner) Book-
keeping and Accounting (series of 5 books), 1926; Bookkeeping
for Today (series of 4 books), 1932; Brewery Accounting, 1934;
Brewery Bookkeeping and Cost Finding, 1935; Personal and
Business Record Keeping 1938.

Home: 2025 Chadbourne Avenue, Madison, Wisconsin.

QUADRUPLICATE

No. 178

83

Rangoon, Burma, May 1, 1939.

CONFIDENTIAL

SUBJECT: American motor trucks for China.

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON, D.C.

SIR: STRICTLY CONFIDENTIAL

Confidential

I have the honor to report that 1,386 American motor trucks for the Chinese Government have now been delivered at Rangoon. The total includes 590 Dodge and 508 General Motors (GMC) trucks shipped direct from the United States to Rangoon on American vessels, and 384 Dodge trucks originally shipped to Hong Kong and brought here from that place. The trucks included in the direct shipments are part of the purchases of the Universal Trading Corporation under the credit authorized by the Export-Import Bank, and are for the use of the Southwest Transportation Company, the concern in charge of the movement of war supplies.

Only 30 of the Dodge trucks delivered by American vessels have been assembled up to this time. Labor difficulties have interfered with the work, but it is thought that these have been overcome by the importation of 150 Chinese mechanics and carpenters from Yunnan. One hundred more Chinese workmen are said to be on the way to Rangoon. The American representative of the Chrysler Export Corporation who is here to super-

Regraded Unclassified

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vice operations hopes to be able to assemble 10 to 15 trucks daily. There are 115 Dodge trucks with cabs and stake bodies (all others consist of chassis only), and these are the vehicles that are now being turned out for service. The work of assembling GMC trucks has just been commenced.

The first 84 Dodge trucks brought here from Hong Kong have been assembled and equipped with bodies, and some have been shipped to Lashio en route to China. Nothing has yet been done with the other 500. As previously reported, these trucks were obtained through Dodwell and Company of Hong Kong, and they also are for the use of the Southwest Transportation Company.

Not to Assemble Trucks at Lashio.

Plans for assembling motor trucks for China at Lashio, the terminus of the Burma Railways in the Northern Shan States, have been abandoned, at least for the present, and the work will be done in Rangoon. After being fitted with locally-made bodies, assembled trucks will be shipped to Lashio by rail, and will be loaded there with war materials and sent into China. The seaplane hanger of the Irrawaddy Fleetilla Company, which has not been in use since seaplane service in Burma was discontinued last year, and part of the foundry of that concern at this port, have been leased for assembly purposes, but additional space is required.

The Chrysler representative in Rangoon has received information that many units of the second 500 Dodge trucks purchased by the Universal Trading Corporation will arrive at Rangoon this month on the American

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steamship ATLANTA CITY. These additional trucks will form part of the fleet of 1,000 which the Foo Shing Trading Corporation of China has agreed to maintain for the exportation of wood-oil to the United States for the Universal Trading Corporation of New York.

Four American Ships Deliver Trucks.

Direct shipments of American trucks to Rangoon have been made on the American vessels WICHITA, PRESIDENT MONROE, STEEL TRADER, and CITY OF RAYVILLE. The last of the four vessels named, which arrived at this port on April 28th, also brought from the Universal Trading Corporation 2,000 truck tires, 36 tons of heavy hammers, 10 tons of shovels, and five tons of road-grading equipment.

Three hundred five-ton Thornycroft trucks purchased by Chinese interests under a British credit are expected at Rangoon from England within a short time. According to press reports, the purchase comprises 1,500 of these trucks. It is also reported that 250 Bedford trucks for China will come here from England, where they are made by General Motors.

Respectfully yours,

Austin C. Brady
American Consul

Distribution:

1. Original and four copies to Department.
2. Copy to American Embassy, London.
3. Copy to American Consulate General, Calcutta.
4. Copy to American Consulate, Yunnan.

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APR 29 1940

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QUINTUPPLICATE

No. 179

86

*Not for
publication
attribution*

Rangoon, Burma, May 2, 1939.

STRICTLY CONFIDENTIAL

SUBJECT: Transportation arrangements in connection with exportation of wood oil from China to the United States.

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON, D.C.

SIR:

I have the honor to report that it appears that close cooperation between Chinese road-transport and export agencies will be required to prevent delay in the movement of wood oil from China to the United States, in conformity with the terms of the agreement between the Universal Trading Corporation of New York and the Foo Shing Trading Corporation of China, which is part of the agreement between the Universal Trading Corporation and the Export-Import Bank.

Mr. C. Chen, who came to Rangoon in April as the representative of the Foo Shing Trading Corporation, has sent a memorandum on the subject to New York, to Mr. K. P. Chen, of the Universal and Foo Shing companies. He points out that although the Southwest Transportation Company has had for some time several hundred trucks in operation between Kuming (Yunnanfu) and Lashio, not a single ton of through cargo has been carried to Lashio.

Immediate Negotiations Suggested.

He suggests immediate negotiations with T. L.

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-3-

seung (a brother of Madame Chiang Kai-shek), who is at the head of the Southwest Transportation Company, to the end that wood oil may be carried at once, "without further wasting the haulage in our direction". He has told me that he understands that some supplies of wood oil are now available for shipment at Kunning.

Mr. Chen also suggests in his memorandum that the operation of the thousand American motor trucks which the Foo Shing Trading Corporation has agreed to maintain for the exclusive transportation of wood oil be turned over to the Southwest Transportation Company, on the ground that such cooperation will more than double the corporation's carrying capacity, by giving it the use, also, of the Southwest's trucks. He says, in effect, that the transportation company wants to control traffic, and that his concern "might as well save expenses and men".

A copy of Mr. Chen's memorandum is enclosed herewith.

Proposed Use of Chungking-Haiphong Route.

Mr. Chen reports that he has received a letter from Dr. John Lossing Buck, American citizen and former college professor, who is now in charge of the transportation activities of the Foo Shing Trading Corporation and affiliated concerns, informing him that he has spent some time studying the feasibility of using existing roads between Chungking and Haiphong, Indochina, for export shipments, and that as a result he has recommended that the second thousand American trucks purchased by the Universal Trading Corporation

-3-

be shipped to the port of Haiphong, not to Rangoon.

According to advices received by the representative of the Chrysler Export Corporation now in Rangoon, some of the second 500 Dodge trucks bought by the Universal Trading Corporation, which form part of the second thousand American trucks, have already been shipped to this port.

The fact that roads between Chungking and the Indochina border could be more easily reached by Japanese bombers is put forward as a reason for the use of the Yunnan-Burma highway in preference to them.

Assurances New Road Will Be Kept Open.

Mr. Chen has received assurances from Mr. Ta'm Po-ying (P. Y. Tan), the Chinese engineer in charge of the Yunnan-Burma highway, that the road will be kept open during the coming rainy season. Estimates of the number of men now at work on the road range from 30,000 to 50,000 and more. Lieutenant-Commander Milton E. Miles, U.S.N., at present stationed at Manila, who arrived in Rangoon on April 28th after traveling by truck over the new road from Kunning to Lashio, accompanied by his wife and three sons, declared he was certain that far more than 50,000 men were now working on the highway. It is reported that the Chinese Minister of Communications will make an inspection of the Yunnan-Burma road within the next week or ten days, and will come on to Rangoon.

Mr. Carl Crow, American advertising man and author, is in Rangoon on his way to China over the Yunnan-Burma highway, of which he will write. He

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opens in the new road a short route to southwestern and central China, of great commercial possibilities.

Respectfully yours,

Austin C. Brady
American Consul

Enclosure:

Memorandum on the China-Burma Highway Traffic.

Distribution:

1. Original and four copies to Department.
2. Copy to American Embassy, London.
3. Copy to American Consulate General, Calcutta.
4. Copy to American Consulate, Yunnan.

800
ASH/cp

A true copy of
the above mentioned

Regraded Unclassified

(Unpublished)

Enclosure no. 1 to despatch no. 179, dated May 8, 1939, from Austin C. Brady, American Consul at Rangoon, Burma, on the subject of "Transportation arrangements in connection with exportation of wood oil from China to the United States".

Source: Mr. C. Chen, representative in Rangoon of Foo Shing Trading Co. ~~XXXXXXXXXX~~

THE CHINA-HUAKA HIGHWAY TRAFFIC

The Highway.

In hardly one month's time the monsoon season will begin, to last until the end of Oct. Yet even today, opinion differs widely as to whether this highway can be kept open during the raining season. At any rate the official statement of its Director, Mr. P. Y. Tan, is that it will be kept open through the raining season, as no less than 30,000 men are now employed to improve the road and to keep it open. Secondly, the South West Transportation Co., our official and sole organ for transporting ammunitions into China, is going full speed ahead in strengthening its posts along this Highway. Thirdly, as I wired to New York, Vice-Minister of Foreign Affairs, Mr. T. K. Tseng also advised us to send the 1000 trucks here for this Highway. Taking opinion from all angles and speaking as a transportation man, I finally believe, during the raining season interruptions may be inevitable but no break shall be so permanent and absolute as to paralyze the whole highway. It is much like the way we worked the Canton-Hankow Railway last year. According to records, the Japanese had been bombing the Line almost every day with interruption and yet we made good use of it for fully ten months.

The Traffic Technique to be Employed for This Highway.

There are two facts we have to grant as our hypothesis:

- 1) This Line is delicate, liable to break here or there from time to time, especially during the raining season.
- 2) While trucks require only an inspection and perhaps a minor tuning up, drivers as human beings, must have a 24-hour complete rest after a 2-day driving. Hence, it is necessary to divide the whole journey into sections, which from past experience are divided as under:

Section 1	Lashio to Mangshih	1 day
"	2 Mangshih to Longling (1 day)	
"	Longling to Paoshan (1 day)	2 days
"	3 Paoshan to Hsiakwan	2 days
"	4 Hsiakwan to Kuming	2 days

(Note: The first part of section 2, Mangshih to Longling, is the most dangerous and delicate of the whole Line).

-2-

At each section a number of spare trucks and drivers and parts will be stored to meet emergency. Golooms must also be erected. The idea is to have the trucks drive through whenever possible to avoid unnecessary transshipments. Then one truck should be unable to proceed, a spare truck is to carry on with the load under convey system. Repair is to be done at such points. Golooms are there to meet emergencies. Should a line be broken at any one given point, the other sections can still carry on, until repairs are completed. The aim would be to keep a steady, even flow of traffic like water through a pipe. Golooms are like reservoirs at sections to enable sectional flow even when a break takes place at a given point. Since the section between Mangshih and Langling is the most delicate, largest Golooms will have to be erected at both points.

An Estimate of Capacity on 1000 Trucks.

Present experience working on this line tells us that almost 80% allowance will be given to repairs, spares, etc. for any calculation sake, we, say, allow 100 trucks for this purpose and each month all trucks will make two round trips between Kunning and Lashio. Thus each day we will be able to dispatch an average of 64 trucks, or about 100 tons per day each way.

Co-operation and Division of Labor.

Great savings and gains can be had through co-operation. For instance, we ought to co-operate with the South West Transportation Co.; because while they are solely interested in importation, we are solely interested in exportation. We are complementary to each other. Besides their 1000 trucks, now quickly being put into commission, they also have other trucks. By trip to Lashio unearched one feet which deserves your immediate attention and action; and that is at present the South West have about 400 trucks to run between Kunning and Chafeng and another 200 or more to run between Chafeng and Lashio. These 600 trucks have been running for some time and NONE EVER CARRIED ONE TON OF CARGO ALL THE WAY FROM KUNMING TO LASHIO, I beg to suggest that immediate negotiation be made with Mr. T. L. Seung, to have their trucks carry our cargo at once, without further wasting the haulage in our direction. Of course for the present we will have to offer to pay a reasonable freight and we also will have to promise not to hold up their trucks for loading or other purpose. Then we ought to have our own man at Lashio at once to look after our own cargo and to forward same by rail to Hongkong. We also must have men at Chafeng to check and tally, etc. where at present transshipment is necessary. When negotiating with Mr. T. L. Seung it would be well also to negotiate for future arrangements, that is when our 1000 trucks shall be put into commission. This co-operation will more than double our carrying capacity and also eliminate all trouble in connection with carrying commercial cargo. For the

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time being we will not bother about commercial cargo. Importation, South West cargo for the Government and exportation, our exports. By division of Labor I mean at each section, we will have our own staff and our own godowns. I also mean; the China-Burma highway bureau is to look after the permanent way, the South West Tr. Co. to look after traffic and we only need to look after our export cargo. The South West Tr. Co. want to have this power and we might as well save the expenses and men.

I have just noted Dr. Buck's letter, saying that the second 1000 trucks have been routed to Haiphong. Even it is decided to work these trucks on the Haiphong route, there is no reason why we should not negotiate with Mr. T. L. Soong to co-operate with the South West on both routes; that is to do exportation on both routes for the South West and do imports on both routes for us?

Seeing the condition in Lashio as I have, I strongly maintain that if our trucks are ever coming to Rangoon, it is far more practical and economical to have them assembled in Rangoon and shipped to Lashio by rail.

(Sd/-) C. Chen

April 26th, 1939.

RECEIVED

YAM 11 0309

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE May 1, 1939

TO Mr. White

FROM Mr. Gass

Subject: The Newly-Appointed British Ambassador

I think you may be interested in a brief characterization of the newly-appointed British Ambassador, the Marquess of Lothian. My information is based on a limited personal acquaintance, together with facts gathered from people, books and papers when I was in England. The subject is of direct interest to the Treasury since the Marquess of Lothian was made Ambassador to the United States because the British Government believed (quite rightly) that he was more likely than any other Englishman to succeed in getting the United States to support Great Britain financially, should the latter be involved in a European war.

The Marquess of Lothian, formerly Philip Kerr, is a representative of that slightly chastened group of "liberal imperialists" which came out of Oxford in the years immediately after the Boer War. Kiplingesque imperialism was going out of fashion; the deeds of Rhodes were already referred to with a knowing, apologetic smile. As Philip Kerr, he first became prominent in the working out of this new imperialism, under Lord Milner in South Africa. Then, as editor of the imperial quarterly "The Round Table", he was responsible for popularizing the phrase, the British Commonwealth, as opposed to the British Empire.

Somewhere along the road he read two thoroughly bad books on the formation of the American constitution, Fiske's "Age of Crisis" and Oliver's "Life of Hamilton". He has always since regarded them as containing the highest political wisdom. From them he took the doctrine of federation, which constitutes to this day the greater part of the rhetorical side of his political philosophy.

In the pre-war years he was one of the best known advocates of the idea of imperial federation, a free union among the (white) peoples of the Commonwealth, with an imperial parliament made up of representatives from each of the members of the union. This "project of a commonwealth" is distinguished by its disregard for the problems and aspirations of the native peoples. At bottom, I believe, the Marquess accepts the South African view that the native populations of the empire are to be kept permanently in the status of hewers of wood and drawers of water. Latterly, however, it has become politic to cover this view with unctuous words about trusteeship.

Mr. White - 2

Lothian has always been known as a liberal, and he even makes quite a play at being left-wing. He can make an equalitarian — even a Socialist — Commencement speech with the best of them. But Commencement speeches, like sermons, are not allowed to interfere with conduct seven days a week. Lothian has always been able to gain the support of those who are impressed with radical phrases and then go his own way. In 1931 he supported the "National" government. In matters of social policy he will be found with his hard-faced co-liberals, Lord Runciman and Sir John Simon. But, unlike them, he will continue to make left-wing speeches.

During the war and at the Versailles conference he was Lloyd George's secretary. It was never known then that he should raise his voice in defense of the defeated. He participated in the "hang-the-Kaiser" election. However, like Lloyd George, he began soon thereafter to believe that injustice had been done to Germany and Hungary. This aspect of his outlook on European affairs has become especially prominent since the attainment of power by the National Socialist regime in Germany. He has given public approval to the German reoccupation of the Rhineland, to the annexation of Austria, and to the Munich settlement. In all of these cases he has said that what the Germans were doing was right, though there might be some objection to the methods which they employed. Even after the annexation of the whole of the Czechoslovak State he has never gone back on his earlier position, never admitting that concessions to aggression have merely encouraged further demands, never appreciating that the attitude one took towards "Germany" ought to be conditioned by the kind of Germany one was confronting.

On several occasions, Lothian has substituted for J. L. Garvin, perhaps the best known of British pro-Fascists publicists. Garvin's chief weekly publication is a full page editorial in The Observer, the most influential of British Sunday newspapers. During the Ethiopian war and then later during the Civil War in Spain — as well as on other occasions — Lothian has replaced Garvin in writing this Sunday editorial. In each case the line taken, though much more subtle than that of Garvin, amounted to support for the Fascist party. However, it must be noted that Lothian would never concede that he had given such support. He continues to affirm that he is a convinced democrat and a proponent of a world federation supreme over all national States.

All of Lothian's pro-fascist editorials, as well as his verbal comments on international affairs, are introduced by a high-sounding prelude in favor of world federation. He never misses a chance to praise the wisdom of Hamilton and Madison and to show its application

Mr. White - 3

to the condition of the world today. He expatiates on the anachronism of national sovereignties in an interdependent world. He mocks the impudence of nationalisms in the face of a universal culture. He concludes that the world needs a genuine federation after the model of the American constitution. Then, with a swiftness which is disarming even to the most wary, comes the transition. Existing international law is inadequate. Therefore why try to enforce it? Its enforcement only perpetuates injustice. Hitler and Mussolini have been righting wrongs for which existing international law provides no remedy. Why should we interfere with them? Any effort to employ sanctions against aggressors is only - to quote his favorite phrase - "being led up the garden path". Let us meditate on the world federation. - It all comes so quickly that even very hard-headed persons are thrown off their balance.

I predict, therefore, that Lothian will be a big success in the United States. All the peace groups will be for him. He will outdo the State Department in the rhetorical force of his sermons. He will favor world federation, will speak much of the interdependence of the modern world, and will make fun of egotistical nationalisms. He will be eloquent in defense of democracy and will tell us over and over again that the new times require great institutional changes. He is very good company, likes a drink and can tell a good story. He will go over very well. - The moral will be, "We are all of us good fellows and let us all support the Chamberlain Government."

The Marquess has recently urged strongly that the United Kingdom resume token payments on its war debt to the United States as earnest of a sincere intention to make full payments "as soon as conditions permit". His thought is clearly that one or two token payments (of say \$10 million) are worth wagering on the chance that they may smooth the way to new loans of several billion dollars when Great Britain becomes engaged in another European war.

Lothian's personality and past record afford a strong presumption that he will be an extraordinarily active ambassador. His appeal will be addressed to the general public, rather than limited to official diplomatic channels. His first efforts will be directed towards overcoming widespread American antagonism to the Chamberlain policy of cooperation with Fascist aggression. It will be his job to prepare Americans to accept further "reasonable compromises" in Europe, and at the same time to create the background for American support of Great Britain should the latter ultimately be forced into a war in defense of her imperial interests.

In carrying out his propaganda in the United States, Lothian will be greatly assisted by his position as the head of the Rhodes Foundation. Of course, some ex-Rhodes Scholars will be especially immune to the blandishments of one whom they know as an able member of the "Cliveden set".

Mr. White - 4

However, in his work for the Rhodes Foundation, Lothian has met scores of influential Americans, and he does have especially direct access to about a thousand American ex-Rhodes Scholars, who live in all parts of the country and are very numerous in education, journalism and similar professions especially important in the formation of opinion.

It is quite possible that the Marquess of Lothian will be as influential an ambassador as has ever been sent us by Great Britain.

REB

GRAY

London

Dated May 1, 1939

Rec'd 3:15 p. m.

Secretary of State,
Washington.

588, May 1, 7 p. m.

FOR TREASURY FROM BUTTERWORTH.

Due to an unconfirmed story in the DAILY MAIL that Hitler would give the Poles two weeks in which to come to an agreement the London Stock Exchange opened weak and the tendency continued throughout the day. Equities were down and war loan loss of half a point to close at 90-7/8.

The foreign exchange market continues relatively inactive with the British control giving dollars at 4.68-1/8 the amounts being comparatively small. Insurance position remains uncertain and consequently only 89 bars were sold at gold fixing at parity of which five were married, Samuel Montagu taking the lot.

KENNEDY

CSB

03V1303R

MAY 1 1939

THE SECRETARY OF THE
TREASURY DEPARTMENT
WASHINGTON, D. C.
RECEIVED MAY 1 1939

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Paris, France

DATE: May 1, 1939, 5 p.m.

NO.: 868

FROM COCHRAN.

This morning the French stabilization fund acquired a fair amount of sterling. There has been a weakening in French rentes and shares. On European markets there is a generally troubled air, lest pressure is brought to bear on Poland by Germany.

There was a report in the press, which was confirmed to me by an official of the Finance Ministry, that France is today repaying on maturity the Dutch banking credit of 15 million florins which had been given to the French railways.

There is a report in AGENCE ECONOMIQUE that yesterday evening the Finance Minister of Belgium, Gutt, came to Paris.

The Amsterdam Stock Exchange Association in its annual report estimates that the total amount of Dutch capital invested in Germany is 970 million florins, and securities make up 550 millions of this total.

03V13038

BULLITT.

MAY 1 1939

RECEIVED MAY 1 1939
 MAY 1 1939
 MAY 1 1939

EA:LWW

MAY 2 - 1939

*Original mg. 118***Secretary Morgenthau****Mr. Foley, Acting General Counsel**

You asked me to look into the question of the Treasury's making loans to the treasuries of foreign countries, which countries are not in default on the payment of their obligations to the United States.

Under the provisions of Section 10 of the Gold Reserve Act setting up the stabilization fund "for the purpose of stabilizing the exchange value of the dollar" and authorizing the dealing in "gold and foreign exchange and such other instruments of credit and securities" as may be deemed necessary to carry out the purposes of the section, I believe that there is legal authority for the stabilization fund to make a loan to a foreign country if the loan may fairly be said to have the purpose and effect of stabilizing the exchange value of the dollar in relation to the currency of that country. Of course, there would be an important policy question in thus using the stabilization fund, and in view of your testimony to the congressional committees, you might wish to consult such committees before thus using the stabilization fund.

I have also drafted legislation, a copy of which is attached, which would authorize the Secretary of the Treasury, with the approval of the President, to make loans to foreign governments not in default to the United States.

(Initialed) E. E. F., Jr.

BK187
Hague
100

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

TO Secretary Morgenthau
FROM E. H. Foley, Jr.

May 2, 1939

Attached is a memorandum in regard to your duties as a member of the National Munitions Control Board.

I am also attaching, for your consideration, a draft letter to Huntington Cairns requesting him to attend in your behalf any meetings of the National Munitions Control Board at which you are unable to be present.

E. H. F.

Attachments

Secretary Morgenthau

May 2, 1939

R. H. Foley, Jr.

Attached is a memorandum in regard to your duties as a member of the National Munitions Control Board.

I am also attaching, for your consideration, a draft letter to Huntington Cairns requesting him to attend in your behalf any meetings of the National Munitions Control Board at which you are unable to be present.

Attachments

EHF:s Typed 5/2/39

MEMORANDUM

Re: The duties of the Secretary of the Treasury
as a member of the National Munitions Control
Board.

(a) The duties of the Board.

The Secretary of the Treasury under the terms of the Neutrality Act of 1937, is an ex officio member of the National Munitions Control Board. Act of May 1, 1937, 50 Stat. 131 (U.S.C., Sup. IV, title 22, sec. 245a, et seq.). The other members of the Board are the Secretary of State, who is Chairman and Executive Officer of the Board, the Secretary of War, the Secretary of the Navy, and the Secretary of Commerce. Meetings of the Board are convened by the Chairman and are held at least once a year. 50 Stat. 124 (U.S.C., Sup. IV, title 22, sec. 245b(a)).

The Board has the following specific duties:

1. The making of an annual report to Congress consisting of information and data collected by the Board and considered valuable in determining questions connected with the control of trade in arms, ammunition, and implements of war. Included in the report is to be a list of persons required to be registered under the Act as engaged in the business of manufacturing, exporting, or importing arms, ammunition, or implements of war. Also to be included is full information concerning the issuance of licenses for the exportation

or importation of arms, ammunition, or implements of war. Also to be included is information concerning licenses issued for the exportation of helium gas, together with such information and data collected by the Board and considered to be of value in the determination of questions relating to exportation of helium. 50 Stat. 126 (U.S.C., Sup. IV, title 22, sec. 245b(j)); Act of September 1, 1937, 50 Stat. 885 (U.S.C., Sup. IV, title 50, sec. 165).

2. The recommending to the President from time to time of a list of articles which the President is authorized to proclaim as arms, ammunition, and implements of war. 50 Stat. 126 (U.S.C., Sup. IV, title 22, sec. 245b(k)).
3. The recommending of the issuance of licenses for the exportation of helium and the proclamation of general regulations governing its exportation. Act of September 1, 1937, 50 Stat. 885 (U.S.C., Sup. IV, title 50, sec. 165).
4. To advise with the Secretary of State, as Chairman of the Board, and consent to regulations promulgated by him for the issuance of licenses for the exportation of tin-plate scrap. Act of February 15, 1936, 49 Stat. 1140 (U.S.C., Sup. IV, title 50, secs. 86-88).

Another duty less specific arises from the provisions of sec. 5(a) and sec. 5(f). Sec. 5(d) of the Neutrality Act makes it unlawful for any person to export or import any arms, ammunition, or implements of war without first having obtained a license therefor. Sec. 5(b) of the Act requires that persons engaged in manufacturing, exportation or importation of such arms, etc., shall register certain information with the Secretary of State. Sec. 5(c) requires the Secretary of State to issue a registration certificate upon payment of a registration fee and upon receipt of the information set forth in sec. 5(b). Sec. 5(f) provides as follows:

"Licenses shall be issued to persons who have registered as herein provided for, except in cases of export or import licenses where the export of arms, ammunition, or implements of war would be in violation of this Act or any other law of the United States, or of a treaty to which the United States is a party, in which cases such licenses shall not be issued."

Sec. 5(a) provides in part:

"There is hereby established a National Munitions Control Board (hereinafter referred to as the 'Board') to carry out the provisions of this Act.
* * * Except as otherwise provided in this Act, or by other law, the administration of this Act is vested in the Department of State. The Secretary of State shall promulgate such rules and regulations with regard to the enforcement of this section as he may deem necessary to carry out its provisions * * *."
(Underscoring supplied.)

Under the regulations issued by the Secretary of State he has taken upon himself the issuance of these export and import licenses,

apparently under the authority of that clause of sec. 5(a) which provides that the administration of the Act is vested in the Department of State. April 5, 1936, 3 Fed. Reg. 690, 693. It may be noted in that connection that the Secretary of State is not expressly referred to in sec. 5(f) as is the case in secs. 5(v) and 5(c) where the Secretary of State is given the duty of issuing registration certificates and of receiving the requisite information. The failure to designate who shall issue the licenses under sec. 5(f) of the Act should also be contrasted with 50 Stat. 885, which provides that the Secretary of State shall issue licenses for the exportation of helium, and with 49 Stat. 1140, which provides that tin-plate scrap can be exported only by licenses issued by the President (Executive Order 7287 on February 16, 1936, delegated that power to the Secretary of State, as Chairman of the Board).

On the other hand, the State Department undoubtedly has some functions in connection with the administration of sec. 5(f). It is just as clear that the National Munitions Control Board likewise has functions in that respect since sec. 5(a) by its very terms contemplates just that. The authority of both, so far as the enforcement of sec. 5(f) is concerned, is derived from the same source, sec. 5(a). Under that provision, the Board is "to carry out the provisions of this Act"; the Department of State is vested with "the administration of this Act".

"No rule of statutory construction has been more definitely stated or more often repeated than the

cardinal rule that 'significance and effect shall, if possible, be accorded to every word. As early as in Bacon's Abridgment, sect. 3, it was said that "a statute ought, upon the whole, to be so construed that, if it can be prevented, no clause, sentence, or word shall be superfluous, void, or insignificant."'¹¹ Ex parte Public Bank, (1928) 278 U.S. 101, 104; Accord: Glensberg & Sons v. Foplin, (1932) 285 U.S. 204, 208.

Admittedly, it is not easy to state just what the functional relation is between the Board and the Department of State; nor is it necessary to do so for present purposes. Suffice it to say that the Board has some functions in this respect which, at the very least, include a power to check activities of the Department of State which the Board believes to be contrary to the provisions of section 5(f). Surely the Board cannot "carry out the provisions of this Act" if it fails to curb practices which it believes to be contrary to the provisions of the Act. It follows that each member of the Board has the responsibility of bringing any irregularities known to him to the attention of the Board for appropriate action. In order to inform himself as to the legality of any particular practice, he is privileged, of course, to seek the legal advice of those charged by law with rendering him such advice.

(b) General duty of the Secretary of the Treasury as a member of the Board.

In MacDowell v. Board of Land Commissioners, (Wyo. 1935) 49 P.(2d) 663, 668, the court said (at page 668):

"It has been well stated that 'diligence, integrity and intelligent discretion, in the discharge of their

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duties, are required of the public officers, particularly where the rights of the public may be jeopardized by their neglect, and their obligation to the public is not discharged by a mere perfunctory performance thereof."

It is likewise well settled that where the judgment of a board or commission is required, it must be the board that forms the judgment as the result of the members meeting and conferring with one another. Congress Bank & Trust Co. v. Brockett, (Conn. 1930) 150 Atl. 743; State ex rel. Baria v. Alexander, (Miss. 1930) 130 So. 754; State ex rel. Mayer v. Schuffenhauer, (Wis. 1933) 215 N.W. 767; Lee County v. James, (Miss. 1937) 174 So. 76.

The duties of the Munitions Control Board may be classified as owing primarily to the public, although in some respects the Board may owe a duty to particular individuals. See: Mechem's Public Offices and Officers (1890 ed.) secs. 591 and 592.

(c) Who would be entitled to complain in the event that the Secretary should fail to perform his duty.

(1) Congress.

The Constitution, Article II, sec. 4, provides for removal from office on impeachment for and conviction of treason, bribery, or other high crimes and misdemeanors. While there has been no judicial definition of the phrase "high crimes and misdemeanors", it would seem clear, as an original proposition, that the failure of the Secretary to perform so

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small a portion of the aggregate of all his official duties would not constitute a high crime or a high misdemeanor.

Gf. 3 Hind's Precedents of the House of Representatives (1907) secs. 2009-2024. However, there are, of course, other ways in which Congress could voice its disapproval. No legislation dealing with non-feasance in office has been found.

(2) The President.

It is clear that the President has the legal power of dismissing one of his cabinet officers with or without cause.

Mayers v. United States, (1926) 272 U.S. 52; cf. Humphrey's Executor v. United States, (1935) 295 U.S. 603.

(3) Private individuals.

It is well settled that a private individual, when an interest of his is affected, may by mandamus compel a public officer to perform a ministerial duty. While mandamus cannot be used to compel an officer to exercise his discretion in any particular manner, mandamus will lie to compel an officer who refuses to do so to exercise his discretion.

Wilbur v. United States, (1930) 281 U.S. 206.

(4) The Public.

It would seem quite clear that a member of the general public could not compel, by legal means, performance by the

- 8 -

Secretary of his duties to the public. Meahan, supra,
sec. 598. While it is obvious that legal redress against
a high public officer who is derelict in his duty is nec-
essarily limited in scope, public criticism which is justly
deserved may have important and far-reaching consequences.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE MAY 2 - 1939

TO Secretary Morgenthau
FROM Mr. Foley, Acting General Counsel

Below is a comparison of the Treasury proposed foreign exchange Order and the British Order:

Treasury Order

Prohibits: (Except under license)

(1) All foreign exchange transactions, transfers of credit between banking institutions here and abroad, and the export of any currency, coin or bullion;

(2) All bank payments where a foreigner has an interest.

Exceptions are made for reasonable traveling expenses and other personal requirements.

British Order

Prohibits: (Except as exemptions are granted by the Treasury)

(1) Foreign exchange transactions and transfers of credit abroad (spelling out in more detail the prohibited transactions);

(2) The export of British currency, gold, foreign currencies and securities.

Exceptions are made for reasonable requirements of a trade or business, performing a contract made before a fixed date, and defraying reasonable traveling or other personal requirements.

Requisitions:(1) Gold:

Residents of Britain are required to sell gold to the government at market value. This provision does not apply to nonresidents of Britain and exception is also made for gold needed to perform contracts and for reasonable requirements of a trade or business.

Treasury OrderBritish Order(2) Non-British Currencies:

Residents of Britain owning currencies other than sterling, which are designated by the Treasury, are required to sell such currencies to the government at the price fixed by the Treasury.

(3) Securities:

British residents owning securities marketable outside of Britain are required, when requested by the Treasury, to sell the securities to the Treasury at a price to be fixed by the Treasury.

Requires Reports:

Reports are required to be filed with respect to all property situated in the United States in which a foreigner has an interest. Reports are also required to be filed with respect to transfers of such property.

Regulations:

The Secretary of the Treasury is authorized to issue regulations to carry out the Order.

Requires Reports:

British residents owning securities marketable outside of Britain are required to report such securities.

Authorized Dealers:

Provision is made for authorized dealers in foreign currencies and gold to act on behalf of the British Treasury.

Searches:

Provision is made for the searching of persons and baggage leaving Britain for any of the prohibited articles.

E.N. 76

CJ

PLAIN

LONDON

Dated May 2, 1939

Received 3:05 p.m.

Secretary of State,
Washington.

595, May 2, 6 p.m.

FOR TREASURY FROM BUTTERWORTH.

1. The situation regarding the war risk insurance of gold shipments to New York which arose out of the British Government's action, reported in the 4th paragraph of my 484, April 14, 7 p.m., bringing into force the so-called pool agreement has now been definitely defined. Lloyds Underwriters have stated, after conferring with the Board of Trade, it has been determined that such insurance has to be taken out in terms of sterling (not dollars) and that any compensation to be paid will be on the basis of the price ruling on the day after the gold would have arrived in New York, worked out on the number of fine ounces plus 2 percent. At the same time the Bank of England has informally intimated to some if not all of the banks doing an arbitrage business that in such an eventuality it would be prepared to replace in London such gold for the amount of sterling

the

-2- #595, May 2, 6 p.m., from London

the arbitrageur thus received.

The current reaction of the four largest American banks operating in London to this situation is as follows: One is discontinuing arbitrage altogether, two are very decidedly reducing their arbitrage operations and probably confining such shipments to American boats and the fourth bank is prepared to operate as usual; despite the doubts of the others it regards the Bank of England's informal assurances as adequate protection.

2. Asked in the House of Commons this afternoon "whether in view of the uncertainty prevailing among members of the stock exchanges he would give an assurance that he does not propose to discourage transactions in foreign securities where vendor and purchaser are both resident within the United Kingdom, or the purchase abroad of securities of a British dominion expressed in the terms of the currency of that dominion". The Chancellor of the Exchequer in reply referred to recent statements and added: "I can, of course, give no such assurance."

By inference this gives his previous statement recorded in my 537, April 21, 7 p.m., more precision.

3. The appearance today of an article in the Midland Bank Review has focussed attention on the money market and the prospects of the British Government's

cheap

-3- #595, May 2, 6 p.m., from London

cheap money policy. McKenna's contention that the British authorities have been backsliding into deflation, first, by starving the market of treasury bills in February and March, and secondly, by allowing bankers' cash to decline in March and April is widely discussed in the press.

Before the appearance of this article the Chancellor of the Exchequer in reply to a question in the House of Commons yesterday as to whether the Government intends to keep rates of interest as low as possible said:

"There is no difficulty in assuring my honorable friend of that. The policy of cheap money as far as it is the result of Government action remains the policy of the Government. The circumstances which affect rates of interest are well known to my honorable friend and I have always felt in connection with this subject that it has to be remembered that London is one of the great financial centers of the world and that any attempt artificially to interfere too much in these matters would defeat the end in view. Subject to that I entirely concur with my honorable friend's remarks."

This statement is so guarded in tone that it can hardly be looked upon as an assurance that interest rates
will

-4- #595, May 2, 6 p.m., from London

will not be allowed to rise further. Since the rise in the Treasury bill rate from just over 103 percent on March 17 to as high as pounds 1 11S 2D on March 31 there has been much discussion of money market prospects, the consensus of opinion being that the various factors causing this movement were temporary in character. Though short money rates in the past two weeks have eased slightly the Treasury bill rate falling to pounds 1 4S 3 1/2D last week largely as a result of official purchases, credit conditions have continued tight and doubts have begun to be felt as to the temporary character of the rise.

Meanwhile, gilt edged securities which are, of course, also influenced by political factors have declined in price steadily, war loan closed today at 91 1/2 which gives a yield of about 3 7/8 percent. It will be remembered that the Munich low was 93. As McKenna points out in his article, the clearing banks have been compelled to sell Government bonds to keep their cash and bill ratios at the customary levels. They have also tended to maintain more liquid positions than usual in the fact of international political tension and the fact that between October 1938 and March 1939 the clearing banks had sold pounds 34 million of their investments cannot

-5- #595, May 2, 6 p.m., from London

cannot be attributed entirely to their starvation of bills and cash since in part this movement was dictated by the abnormal desire for liquidity. There is no doubt, however, that these sales have tended to weaken the gilt edged market and the future course of interest rates is so important to the Government, in the face of armament borrowing prospects, that some concern is being expressed as to the situation.

Yesterday's disbursements of pounds 11 million in interest on 4 percent funding and 5 percent conversion loans will tend to ease the credit situation and according to the TIMES city editor "may be found to have given permanent relief unless further large foreign withdrawals should once again upset the position". This writer goes on to comment as follows: "Whether it is correct to argue that the authorities should have prevented the squeeze which developed between mid March and mid April is another matter. If the authorities had been liberal buyers of July bills at an earlier stage, three weeks ago, certainly the squeeze might have been less sharp. But is it, it may be asked, the right policy for the authorities to give the market the impression that any crisis can be ridden without strain?"

It

-6- #595, May 2, 6 p.m., from London

It would seem that the British authorities could, if they deemed it desirable, maintain short term rates at the cheap levels prevailing before the middle of March but that they feel that some of the effects of the present tension should be actually felt in the market. The problem from now on will evidently be to harmonize this policy with the needs of armament borrowing and the interests of the taxpayer.

4. For no ascertainable reason the London Stock Exchange was firmer today, also for the first time in weeks the Bank of England acquired dollars today. When the market opened the British authorities intimated that they would sell dollars at 4.68 1/8 but Lazards in London and Paris both offered dollars in fairly substantial quantities and eventually the rate went to 4.68 5/16 at which point the British authorities intervened to hold it. The exchange dealers assume that this action by Lazards was due to the extent of their long dollar position. 53 bars were sold at gold fixing of which 29 were married and Rothschild was the only buyer.

KENNEDY

KLP

RECEIVED

MAY 3 1935

THE ARMY DEPARTMENT
Office of the Secretary
General Staff
Washington, D. C.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE MAY 2 - 1939

TO Secretary Morgenthau
FROM Mr. Foley, Acting General Counsel

You asked me to look into the question of the Treasury's making loans to the treasuries of foreign countries, which countries are not in default on the payment of their obligations to the United States.

Under the provisions of Section 10 of the Gold Reserve Act setting up the stabilization fund "for the purpose of stabilizing the exchange value of the dollar" and authorizing the dealing in "gold and foreign exchange and such other instruments of credit and securities" as may be deemed necessary to carry out the purposes of the section, I believe that there is legal authority for the stabilization fund to make a loan to a foreign country if the loan may fairly be said to have the purpose and effect of stabilizing the exchange value of the dollar in relation to the currency of that country. Of course, there would be an important policy question in thus using the stabilization fund, and in view of your testimony to the congressional committees, you might wish to consult such committees before thus using the stabilization fund.

I have also drafted legislation, a copy of which is attached, which would authorize the Secretary of the Treasury, with the approval of the President, to make loans to foreign governments not in default to the United States.

E. N. H.

A B I L E

To authorize the Secretary of the Treasury to make certain foreign loans, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That whenever the Secretary of the Treasury, with the approval of the President, shall find that such action will

- (1) contribute to the restoration of order in international economic relations;
- (2) facilitate international monetary equilibrium and encourage the maintenance of adequate monetary reserves;
- (3) stabilize the exchange value of the dollar; or
- (4) encourage and facilitate increased exports and imports and the exchange of commodities between the United States and other countries,

the Secretary of the Treasury, with the approval of the President, is authorized, on behalf of the United States, from time to time to lend to any foreign government which is not in default in the payment of its obligations or any part thereof to the Government of the United States, money, including gold and silver, upon such terms and conditions as the Secretary of the Treasury, with the approval of the President, may deem reasonable and appropriate and in the public interest: Provided, however, That the total amount loaned hereunder (gold and silver to be computed at the market value thereof at the time of the loan) shall not at any time exceed in the aggregate \$500,000,000, and that the total amount loaned to any one government shall not at any one time exceed in the aggregate \$100,000,000; and Provided, further, That at least fifty per cent of the amount loaned hereunder or the proceeds thereof shall be used for purchases of goods or services in the United States; and Provided, further, That such loans shall mature within ten years from the date thereof and shall bear interest at a rate not less than the rate borne by the then last-issued obligations of the United States having a substantially similar maturity.

Sec. 2. The authority herein conferred shall expire on June 30, 1941.

May 2, 1939

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To: The Secretary

From: Mr. Kanes

The President has asked you to look into the matter of business connections of Collectors of Internal Revenue. I am advised by the Bureau that they have no information in their files which will show the extent of the business affiliations of the Collectors. They advise me, however, that they can get this information by sending out questionnaires to the 64 Collectors. It is their opinion that more than half of these Collectors have other business affiliations.

I have advised the Bureau to do nothing further until you have had a chance to discuss this matter again with the President.

(Initialed) J.W.H.

JWH:JR

out to Secy at Home 5/2/39

TREASURY DEPARTMENT

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INTER OFFICE COMMUNICATION

DATE May 2, 1939.

TO Secretary Morgenthau
FROM E. H. Foley, Jr.

For your information

The members of the Subcommittee of the Senate Banking and Currency Committee handling our monetary legislation are:

~~Carter Glass of Virginia, Chairman~~
~~Alben W. Barkley of Kentucky~~
~~James F. Byrnes of South Carolina~~
~~John H. Bankhead of Alabama~~
~~Alva B. Adams of Colorado~~
~~Prentiss M. Brown of Michigan~~
~~William H. Smathers of New Jersey~~
~~John E. Miller of Arkansas~~
~~John G. Townsend, Jr., of Delaware~~
~~Robert A. Taft of Ohio~~

We can count Senators Barkley, Bankhead and Smathers in favor of the legislation and Senators Glass, Townsend and Taft opposed to it.

From all indications, Senators Byrnes, Adams, Brown and Miller are either doubtful or opposed to the continuation of the power to revalue the dollar. While Senator Byrnes has attended no hearings of the Subcommittee, it is possible, because he has been so closely associated with the White House on the Reorganization Bill, that he might be willing to go along. I know Senator Byrnes quite well and would be glad to talk to him if you think this is desirable. Senator Brown has worked closely with us on our legislation to eliminate tax exemption privileges from public salaries and public securities. Either Mr. Hanes or Mr. Wanchel who have worked rather closely with Senator Brown in connection with this legislation could talk to him. Senator Miller is the former Governor of Arkansas and should be interested in public works or bureau of public road projects. Perhaps the President could do something with him.

Bernstein and I talked to Senator Adams about his doubts as to the constitutionality of the delegation to the Chief Executive of the power to revalue the dollar. I am convinced that his doubts in this direction are merely a facade to cover up his unwillingness to continue this power because he believes it has an unsettling effect on business. I feel less optimistic about Senator Adams than any of the others. Perhaps Senator Pittman might be willing to talk to Senator Adams because of Senator

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Pittman's interest in the silver phase of the legislation. Early this winter when Senator Pittman came to Mr. Taylor's office he expressed a doubt as to the ability to purchase newly mined domestic silver at a price higher than the world price under the Silver Purchase Act, but was convinced that this could be done under the Thomas Amendment. It is the continuation of the Thomas Amendment that is involved in the monetary legislation now before the Senate Subcommittee.

E. N. 7h.

May 2, 1939
10:18 a.m.

Sumner
Welles: I hope you had a good weekend.

HMJr: Very nice.

W: Not too many festivities?

HMJr: Well, I've gotten so that I can say "Royal Highness" without stuttering.

W: (Laughter) Before I know it you'll be bowing and Mrs. Morgenthau will be curtsying.

HMJr: No. Bowing, but not curtsying.

W: I wanted to speak to you about the meeting that you were good enough to say that you had planned. I've got to have one more conference with our own people on this Nicaraguan thing which I'm going to have this morning.

HMJr: Yes.

W: And I think it would be better if I could meet with you and the rest of the people that you want tomorrow morning instead of today. Is that convenient for you?

HMJr: Just a minute. Well, I'll make it convenient. What time, so I can switch my appointments around?

W: What time -- the best time for me would be early in the morning tomorrow.

HMJr: Well, I don't know what you call early.

W: Well, say nine thirty.

HMJr: No, I could -- I could make it ten.

W: Ten o'clock tomorrow.

HMJr: Yes.

W: That'll be fine. I'll arrange for our people to be over there then and I'll be over at that time.

HMJr: Now, when you come over, or unless you want to do it before, there's a question of notifying the Italians about the cocoons the President keeps referring to - the silk countervailing duties.

W: Yes. Well, let me speak to you about that in the morning.

HMJr: Will you?

W: Yes, indeed.

HMJr: Because the President hasn't told the -- Hanes all about it, that we had done it.

W: Um-hm.

HMJr: He told him yesterday. But you can talk about it tomorrow.

W: Yes.

HMJr: And I mentioned it to him and I -- I think you'll find he wants to do it now.

W: Well, I think we ought to give them thirty days.

HMJr: Yes, that's the point, but I think.....

W: Yeah.

HMJr:the thirty days should start right away.

W: All right. Well, I'll speak to several of our people this morning and I'll be ready for you on that in the morning.

HMJr: Thank you.

W: All right, thank you, Henry. I'll be over at ten then.

HMJr: Right.

W: Good bye.

May 2, 1939
10:29 a.m.

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HMJr: Hello.
Leon
Henderson: Hello, Mr. Secretary.
HMJr: Leon?
H: Yes.
HMJr: Henry Morgenthau. How are you?
H: Pretty fair.
HMJr: Leon, in going over a very important document with the President yesterday he said he'd like me to show it to you.
H: Um-hm.
HMJr: And see whether it's in tune with your last job.
H: Um-hm.
HMJr: Now, what are you doing around three o'clock?
H: I'm at your convenience.
HMJr: Will you come to my office?
H: Sure.
HMJr: And -- this is just between the two of us and the President.
H: All right. I'll be there at three o'clock.
HMJr: You better allow an hour.
H: All right, fine.
HMJr: O. K. I'll be glad to see you.
H: I'll be glad to see you too, Henry.
HMJr: All right.
H: Good bye.

May 2, 1939
10:32 a.m.

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Operator: Go ahead.

HMJr: Hello.

Bill
Myers: Hello, Henry.

HMJr: Hello, Bill.

M: How are you this morning?

HMJr: I'm all right. How are you?

M: All right. Henry, the best man in Farm Credit is Hill.
Of course you know that.

HMJr: Yeah.

M: The next best man -- and I've looked -- I've thought over
the national picture -- is Esgate.

HMJr: Esgate?

M: I have no reservations about him. The only difficulty is
that he ought to have a career job if you can protect him.

HMJr: I see.

M: He feels sensitive about his boy's handicap.

HMJr: Well, I can't guarantee him any career job.

M: Well, I know that. We put him -- I took him from -- from
the Deputy Governor and made him a -- head of the Mortgage
Corporation. He's doing a swell job, but -- he's the
same sort of a fellow as Danny Bell, only not quite such
a nice personality.

HMJr: Because I can't guarantee anybody that comes in anything
as assistant secretary.

M: I -- I realize that.

HMJr: What about Brennan?

M: Well, Brennan is all right. He's shrewd and he's ambi-
tious and he's able. Of course, Brennan might take it
because Brennan's life ambition is to get in -- don't
laugh -- to get on the Federal Reserve Board.

HMJr: Well, would I want him here if that's what he's working towards?

M: He's been working towards that for years. Well, you know George, and I know him. He's a good administrator; he's loyal and he's shrewd.

HMJr: Has he got -- how about financial judgment?

M: He's got good judgment. He's a good credit man.

HMJr: Uh-huh.

M: He's -- he's been interested all his life in livestock credit, but he likes the -- the banking business. He likes the association with big bankers.

HMJr: Well, would you trust him?

M: Yes.

HMJr: But not sure, huh?

M: Yes, I'm sure. He -- he's -- he likes to finagle politically.

HMJr: Yeah. Would you call him a New Dealer?

M: (Laughter) What do you call me?

HMJr: You?

M: Yeah.

HMJr: With reservations, yeah.

M: Well, I'd put an extra reservation or two in.

HMJr: I see, I see.

M: He's -- he -- of course, you know he's a nephew of that Chicago Brennan -- that -- that political leader.

HMJr: Well, that was Indiana.

M: All right.

HMJr: And he's dead, isn't he?

M: All right.

HMJr: Politically.

M: Say have you ever -- I want to make one more suggestion. Have you thought of Charlie Mylander?

HMJr: I don't know him.

M: Well, it's C. H. Mylander -- M-Y-L-A-N-D-E-R.

HMJr: Yeah.

M: He's Vice President of the Huntington National Bank of Columbus, Ohio.

HMJr: Yeah.

M: He's been on the committees of the American Bankers Association. He's between 45 and 50; he came into banking from the Public Relations publicity end.

HMJr: I see.

M: He is free to move -- and he's -- he is -- has a very good personality. He would -- I tell you who would know him very well -- that's Tom Smith and Bob Fleming.

HMJr: I see.

M: Both of them have worked with him on committees of the A.B.A.

HMJr: How do you happen to know him?

M: Well, he's -- he's a friend of the Senator from Ohio and he's -- I appointed him on the Board at Louisville.....

HMJr: Oh, yes.

M:and he's done a good job. Now, I don't know how much water he'd draw as a banker.

HMJr: I see. Well, that isn't as important as can he hold his liquor.

M: Yes, I think so.

HMJr: Yeah. But you -- you think that's -- he's worth looking into?

M: I think he's worth looking into.

HMJr: The other one of your Farm Credit prospects don't sound so good, do they?

M: Not from your standpoint, Henry.

HMJr: No. No.

M: I wouldn't have any question, as I say, about Esgate, if he'd be willing to take it.

HMJr: Right.

M: I do have a reservation or so about George Brennan, because he's -- he's -- he doesn't get down and work hard himself, and sometimes a fellow has to.

HMJr: Yeah. Well, I'm ever so much obliged and you're going to be in Monday?

M: Yeah.

HMJr: Fine!

M: Could -- would there be a chance of seeing you first thing in the morning?

HMJr: What do you call the first thing?

M: Well, a quarter of nine, or eight thirty, or nine.

HMJr: Oh, you're coming in.....

M: I'm coming in Pennsylvania at eight o'clock. I wrote to you and I -- you don't need to give me an answer now, but.....

HMJr: Yeah. Well, I -- let me think -- you did write me?

M: Yeah.

HMJr: Okey-doke.

M: Sorry I can't help you more, Henry.

HMJr: All right. Good bye.

GROUP MEETING

May 2, 1939.
11:00 A. M.

Present: Mr. Hanes
Mr. Gaston
Mr. Bell
Mr. McReynolds
Mr. Gibbons
Mr. Graves
Mr. Lockhead
Mr. Foley
Mrs. Klotz
Mr. Haas
Mr. White
Mr. Duffield

H.M.Jr: Good morning.

I don't want you people to think I only play around with royalty. You want to get Mr. White or Mr. Hanes to tell you what kind of a huntsman I am. One shot - a bull's eye. I'll let them tell you in their own peculiar fashion.

White: I'd rather not tell it while you're around.

H.M.Jr: That's what I thought. All I want to say is, while I was stalking this animal of the cat family, my Treasury assistants stood on the top of the hill. Nobody came to my rescue. That's all I want to say. The cheering section was only a hundred yards away.

White: I'm going to give an impressionistic view of that episode, so I don't want you there.

H.M.Jr: I just want you to know that the Treasury, when it comes to hunters - they stay on top of the hill; I've got to go down in the valley.

McR: Ought to be more choicy in whom you take with you among the Treasury family.

H.M.Jr: Also I was told by the President of the United States yesterday that I'd lose my job if I didn't get him a Post Office in Hyde Park.

Gaston: Told it publicly, apparently.

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H.M.Jr:

Farley said, "No appropriation from the Post Office."
So I said, "Well, that was to balance the budget,
and I'm no longer interested."

(On phone) Hello. (Conversation with Congressman
Doughton follows:)

May 2, 1939
10:55 a.m.

HMJr: Hello.

Operator: Mr. Doughton is in a committee meeting. They'll call him out and have him call you.

HMJr: Thank you.

O: Right.

11:02 a.m.

Robert
Doughton: Mr. Doughton.

HMJr: Hello, Bob?

D: All right, Henry.

HMJr: How are you?

D: Excellent. Perfect, so far as health is concerned. How are you?

HMJr: I'm all right.

D: Good! When did you get back?

HMJr: I got back a few minutes ago and I put in a call for you.

D: Well, I've been around here since pretty early.

HMJr: And -- well, I just got -- I flew in from Dutchess County this morning.

D: How's that?

HMJr: I came -- I -- I came in by aeroplane this morning from Hyde Park.

D: Well, I'm glad you made a safe landing.

HMJr: Now, Bob, I read all about ⁱⁿ the papers that the Hill says we've got a program and then you -- this and that and the other thing.

D: Yeah.

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HMJr: When do you think your committee will be ready to hear me?

D: Well, it's the hardest matter in the world to say. We're not making the progress we ought to with this Social Security.

HMJr: Yeah.

D: I would think -- after we get -- my own individual thought is, while I haven't discussed it with my committee -- members of it -- that when we get -- finish our work in executive session, agree on what we want in this -- in the way of amendments to the Social Security Act, it will then take our experts at least a week to draft that in legislative form. And while they are drafting that -- before we brought it down to the House, my thought was we could hear you.

HMJr: When would that be?

D: Are you ready?

HMJr: Now, this is just between -- strictly between the two of us, you see?

D: Yeah.

HMJr: And -- and no -- I haven't talked to another living soul on the Hill.

D: Yeah.

HMJr: I think I could be ready Monday.

D: You think you could be ready Monday?

HMJr: Yeah. I am ready - I left it with the President yesterday.

D: How's that?

HMJr: I left the program with -- I left the suggestions with the President yesterday.

D: Well -- are you hopeful to getting his concurrence, if I may ask?

HMJr: Yes, I'm very hopeful.

D: Huh?

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HMJr: I'm very hopeful.

D: You are?

HMJr: Yes.

D: Well, that'll -- that'll be a wonderful thing for us, you know. That'll -- that'll clear the decks so that we'll know what to start -- what we're starting with.

HMJr: Well, what I'm trying to get, just between you and myself, supposing that I got a clearance from the President, say by Thursday -- or even Friday -- could I call you up and say it's all right and that.....

D: Of this week?

HMJr: Well, I mean, if I knew Thursday or Friday, would that be too.....

D: Yes, you call me any time.

HMJr: Would that be too late to be, say, invited up there Monday?

D: To be invited Monday?

HMJr: Yes.

D: No, it wouldn't be too late, but I don't believe we'll be ready to invite you Monday.

HMJr: You don't?

D: No, I don't. We might do this -- we -- if you wanted to have a conference with a few of us, we might get together some evening or sometime. It has been -- some suggestion -- I think maybe it came from Mr. Hanes -- that maybe you'd like to get together with Senator Harrison, and Jerry Cooper and just three or four of us and talk over the program before it went before the committee.

HMJr: I see.

D: Have you thought about that?

HMJr: Yes.

D: Well, if -- what's your thought on this.....

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HMJr: Well, I -- I think we'll cross the bridge with the White House first.

D: How's that?

HMJr: I want to -- I want to come to an agreement with the President first.

D: Well, that's -- that's the important thing of all.

HMJr: And once he and I have come to an agreement, I'll give you a ring.

D: You'll give me a ring and we'll decide on our strategy then.

HMJr: That's right.

D: That'll be fine. I'd run down any time to talk it over with you and Mr. Hanes.

HMJr: Yeah.

D: And then as to when -- just when we could arrange for you to come before the committee, now I couldn't tell about that, but I'd be glad to know your program as soon as you reach an agreement with the President.

HMJr: But in any event, you're not waiting on me.

D: Oh, no, we're not waiting on you.

HMJr: All right.

D: We're not waiting on you, but of course, any time that -- you see, we can't take up any active work on it until we get through with this -- we get through with this Social Security. But if we knew what it was, why we might get in -- we might get in a little time on it while the drafting service is working on our bill. We want to economize on time all we can. It's a shame how slow we're getting along, but I just can't rush it any more than I am.

HMJr: Well, I'm going to try to shoot for Monday.

D: How's that?

HMJr: I'm going to try to get everything ready for Monday.
D: So you'll be ready?
HMJr: Yeah.
D: Well, would you -- you haven't decided yet when you're going to have a -- when you find out just where you stand....
HMJr: Yeah.
D:and what you've agreed on -- whether or not -- what you're going to recommend.
HMJr: Yeah, because I don't know what the President may do. He may want to sit in on the conference.
D: Well, that's what I thought. Maybe -- that's what -- I think Mr. Hanes had that in mind.
HMJr: He's a good man. We don't want to keep him out.
D: Who's that?
HMJr: The President.
D: Fred?
HMJr: No, the President.
D: Oh, we can't leave him out of anything unless it's understood, you know.
HMJr: Yeah.
D: Yeah. Well, whenever you get your matters clear with him...
HMJr: Yeah.
D: You call me and then we'll decide what's the next move.
HMJr: Yeah, but this conversation, now, is just between the two of us.
D: I understand absolutely.
HMJr: O. K.
D: I won't pass it on to a single living soul.

HMJr: That's right.
D: All right.
HMJr: Right.
D: Thank you very much.
HMJr: Good bye.
D: Good bye.

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Bell: Somebody watch the ticker.

H.M.Jr: Countess Von Reventhlow said to me last night when I sat next to her that her father was a diplomat. She's Lady in Waiting to Her Royal Highness the Crown Princess of Denmark. I've learned my lesson. And, as the Countess Von Reventhlow said to me, her father trained her when she was a child - he said, "If you've got something that you want to tell somebody and you find that you have to say....." - get this, Johnny, this is a good story - "..... If you've got to say, 'please promise not to tell it to anybody,' don't tell the story. And I've always followed that. My father said that if you've got to get a promise out of a person not to repeat it, don't tell the story."

White: Thereupon you told her the Scotch story.

H.M.Jr: No, thereupon she started asking me a lot of questions she had no business to. I didn't ask her to make any promise, I didn't tell her anything. She's a smart girl. The Crown Prince is just about as - well, he needs a wife and a Lady in Waiting to make up for his shortcomings.

Gibbons: You mentioned Bob. Bob Wagner called on Thursday and wanted to catch up with you. I didn't talk to him since.

H.M.Jr: Well, we'll get hold of him too.

Johnny, you got anything?

Henes: Not a thing.

H.M.Jr: Mr. Gaston?

Gaston: Mr. Knoke called Archie Friday and said that they wanted to establish a new practice about giving out information on gold; that they proposed to give out daily all the arrivals of gold and weekly the net change in earmark. He suggested that Knoke talk to me. Knoke didn't talk to me, but I got a letter from the other man which was dated Friday - I received it today - Roehlse - in which he tells

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what they propose to do. He doesn't ask our consent. This morning the figures are in the Times on the new basis.

H.M.Jr: Well, you and Archie aren't going sissy on me. Can't you take care of your own gold statistics?

Gaston: We can't control the Federal Reserve.

H.M.Jr: Yes, you can. All you've got to do is tell them.

Gaston: They just go wild.

H.M.Jr: Just fix up a letter. Tell me what you think I should write and I'll write George Harrison a letter.

Lochhead: Bernstein ought to be in on that.

H.M.Jr: While you're at it, I wish you'd please take a look at all these gold statistics the Department of Commerce gives out. I mean anybody trying to follow it - by the time you read Commerce, Federal Reserve in New York, Federal Reserve Bulletin in Washington, Treasury Bulletin, it's enough to make anybody cockeyed.

Lochhead: Well, the Department of Commerce gives out figures once a week.

H.M.Jr: Look, gentlemen, I don't want to - you've got Mr. Gaston, Mr. White, and an attorney, and Mr. Lochhead; between you, get together and give me a letter, will you?

Gaston: Yes, I think that's right. I think you should sign a letter to Harrison.

H.M.Jr: Well, I'm not going to fuss with it, but I mean I'll sign a letter. Anything else?

Gaston: The National Emergency Council, as you know, is doing a series of broadcasts of Cabinet officers. They began with the President. They are recorded on discs and shipped out around the country. They have recorded the President, Secretary Hull, Attorney General Murphy and Mr. Hopkins. They'd

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like to record you sometime this week if you could find the time, at any hour to be selected by you. And there's a draft here that you can look at if you want to do it.

H.M.Jr: Well, do you want to send it up to the house?

Gaston: I'll be glad to send it up to the house, yes.

H.M.Jr: If the tax statement remains as good as it is, why, maybe we can give part of that or something on it, just to give them something instead of a lot of blah-blah.

Gaston: Of course, the pattern of these others is simply describing the routine functions of the Department - no news in them whatever. The thing may be broadcast any time between now and the end of this year. It will not have timely broadcasting, or may not have timely broadcasting.

Bell: They're educational programs.

H.M.Jr: Now, you people overheard this tax thing, and again I can't overemphasize the fact that I am in one of the most delicate positions I have been with the White House on this tax matter, and I want to caution everybody: they don't know anything about it, don't know when I'm going up on the Hill, don't know what the condition of it is, don't know anything. I'm not in conference with anybody. The Tribune has a story this morning and they have an editorial, and it all just makes my position that more difficult.

White: The Post had a story. I didn't see it.

Gaston: Associated Press story. They all had it yesterday afternoon and this morning.

H.M.Jr: Please, everybody, just play dumb. I mean I can't help it if the newspapermen get sore. I don't care.

Gaston: They haven't been getting any help from us.

H.M.Jr: I wouldn't try to help them.

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Gaston: I noticed the announcement in the Star that you are to make a speech before the Military Surgeons next Monday.

H.M.Jr: Militant Surgeons?

Gaston: Yes.

H.M.Jr: Do I know anything about it?

Gaston: Apparently arranged by Dr. Parran. Dr. Parran and you are to address the army surgeons on Monday, according to the Star.

McR: He's the president of the association that's meeting.

H.M.Jr: I don't know anything about it. What do you talk to Military Surgeons about?

McR: I was wondering how you happened to be talking. I supposed it must be right if it was in the newspaper.

H.M.Jr: No.

Gaston: Are you sure that in an off moment you haven't accepted this engagement?

H.M.Jr: No.

(Hearty laughter)

It's possible.

Johnny, there are two things. There's one from J. Thomas Heflin - "Be delighted to have the appointment of Internal Revenue Collector for Birmingham." You know anything about it?

Hanes: Tom Heflin? No. He's talking about that new decentralized office which I guess was - the announcement was made that Birmingham is going to be the headquarters for that southern division. He probably wants to get it.

Gaston: We're giving out a story today about the staff for the Birmingham office.

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Hanes: The staff has already been chosen, as I understand it.

Gibbons: Civil Service anyhow.

McR: It's all Civil Service; no appointments to be made at all.

H.M.Jr: And then the President writes me: "Collectors of Internal Revenue must get out of business just like the deputies. Do we have....." - he doesn't say what - ".....do we have Collectors of Internal Revenue in private business?"

Hanes: In private business?

H.M.Jr: Yes.

Hanes: Never heard of one, did you?

H.M.Jr: Well, they are. Oh, sure.

Graves: They're not supposed to be actively.

H.M.Jr: Well, in order to - of course they are. I mean look at your one in New York, Jim Hoey.

Gibbons: Jim Hoey is - you ought to have his business.

H.M.Jr: Well, would you do this, Johnny, so I can answer the President. Would you please find out, and then I can talk to him about it.

Hanes: Can I take that?

H.M.Jr: Yes.

Klotz: I'll have it photostated.

Hanes: Heflin wants the job himself.

H.M.Jr: I don't know what he means. But our Collectors of Internal Revenue are in business; no question about it.

McR: Yes, many of them are.

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Hanes: I thought that was against the law, to be in business and take.....

H.M.Jr: Well, Mrs. Klotz will send you in the memo on it. I don't know what he has in mind, but I'd like to go over it.

Duffield: When you went away, we had to postpone that question of what to do with the various banking bills. Can we know what we are to do with them sometime or other?

H.M.Jr: Well, Mr. Hanes - we were both of us rushed. Now, I'm free at 2:30 if you want to do it. I'm not crazy about doing it, but do you want to talk about banking legislation?

Hanes: You had all the information. We were just going to hear from you.

H.M.Jr: Yes. Well, do you want to talk a little bit about it?

Hanes: Suits me anytime.

H.M.Jr: 2:30. What?

Hanes: Yes.

H.M.Jr: If you've got a letter for me, if I'm to write a letter - anybody who is in on the banking, if they'll be here at 2:30. Have you got a letter for me?

Duffield: On the Brown bill. I don't know whether it's all right. I don't know what we want to do.

H.M.Jr: I'll tell you now, just keep it to the Brown bill.

Duffield: Don't say anything about banking legislation in general.

H.M.Jr: No, because the President doesn't want to shut the door. It's all right to write on the Brown bill. He didn't even know what it was, isn't even interested.

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Duffield: I'll have that letter ready for you at 2:30.

H.M.Jr: All right.

Duffield: That's all I have.

H.M.Jr: George?

(Haas hands H.M.Jr. various material)

Have you touched particularly on commodities?

Haas: Yes. That's a very interesting situation there. We're doing some more work on it this week, going to have some more. I mean particularly the relationship between the British situation and ours.

Seltzer went up to see the automobile people yesterday. Knudsen couldn't see him because he was out of Detroit; he was in New York at a Directors' meeting. But he saw Keller. And the G.M. people feel about as they did the last time he was up there. And Keller's unbridled optimism - still optimistic, but not quite as optimistic as he was before.

H.M.Jr: Well, Keller has gone to a four-day week.

Haas: Huh?

H.M.Jr: Keller has gone to a four-day week.

Haas: I hadn't seen that.

H.M.Jr: Well, I did.

Haas: The figures on that - well, he's working up some reports. He just got in this morning. I haven't had much chance to talk to him.

The crucial sales figure of Chrysler - I mean for the last week - will not be available until today at 3:00 o'clock, and we'll get those over the telephone; whereas, General Motors' comparable figures will not be available until Thursday. So we'll give you this report and we'll follow it up when the other figures come in.

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H.M.Jr: Watch your commodities now, will you, very closely; you've got a commodity man back there. I mean let him.....

Haas: You might be interested - we're taking out the individual ones that make up these indices to see just which ones are rising over there more rapidly.

H.M.Jr: I wish you'd talk to somebody over in Agriculture, because this man saying that wheat is only going up because of shortage of crops is just silly. I wish you'd talk to the best wheat man over in Agriculture. Who's buying the wheat? That's what I'd like to know.

Haas: The sugar situation is very interesting. They're storing it - war stores, you know.

H.M.Jr: That's the stuff I want to know. And I'm interested in wheat. I mean when I was in Farm Credit I could find out from them who was actually buying the wheat and where it was shipped. I want 24-hour service on that, George.

Haas: O. K., I'll do it.

H.M.Jr: (To Foley) Yes sir.

Foley: Congressman Thomas F. Ford of California, who is a member of the Banking and Currency Committee, has written a letter about some legislation to take over the stock of the Federal Reserve member banks, and wants to know what effect that would have on the ownership of the fifteen billion dollars of gold, and so on. It isn't clear from the letter just what he has in mind. If it's all right with you, I'll ask one of the boys to drop in and find out what's bothering him.

H.M.Jr: All right.

Foley: The Attorney General is still away, up in New York. He is expected back sometime today. Jim Morris is recommending, in view of our recommendation on the Annenberg Case, that it be presented to a Grand Jury for investigation. He feels that there is a good deal of evidence of irregularity, but he

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doesn't think that the case has been investigated sufficiently to establish evidentiary facts to prove criminal intent. However, he believes that such intent may be developed by Grand Jury investigation and he is so recommending to the Attorney General. Now, that would mean that our people would have to continue to work with their people both before it is presented to the Grand Jury and after indictments are obtained and before the case is actually tried. But that is in line with our thoughts on the matter before it was turned over to the Department of Justice, so I think we're all right.

H.M.Jr: Well, we're through other than requests from them for cooperation. The responsibility is the Attorney General's.

Foley: It's his responsibility, that's right, but I think he's going to ask that our people in the field continue to work.....

H.M.Jr: That's all right.

Foley:with them in developing the case.

H.M.Jr: But be awfully sure on your records about requests and everything else. I mean I've been through this before.

Foley: Well, there hasn't been anything formal, Mr. Secretary. It's simply been telephone conferences between Jim Morris and myself.

H.M.Jr: Well, I read in the papers since I've been gone that the Attorney General announced he was going to present this to the Grand Jury - been on the radio and everything else.

Foley: Well, the matter hasn't been submitted to him as a result of those conferences, Jim Morris tells me.

H.M.Jr: Well, there is the clipping - look it up for me in the papers, will you, Herbert? I'm under the

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distinct impression that the Attorney General said he wasn't going to present it to the Grand Jury.

Gaston: Grand Jury?

H.M.Jr: Yes.

Gaston: The last I saw he said was that that these conferences - that there didn't seem to be much hope of compromise of the case as the result of the conferences with Annenberg and his representatives.

H.M.Jr: Well, I mean.....

Gaston: I'll get out the clippings for you.

H.M.Jr: But please remember it's his responsibility.

Foley: O. K., sir.

H.M.Jr: Right, Johnny?

Hanes: Right.

Foley: I've been keeping in touch with Jim Morris to find out how the matter stood over there, but no action has been taken by them since we formally submitted the case to them.

H.M.Jr: I again say it's his responsibility.

Foley: Yes.

H.M.Jr: Anything else?

Foley: Senator Wagner says that Glass is holding back in connection with our stabilization continuation, and I thought maybe you might want to think about giving Senator Glass a ring and talking to him about it on the telephone.

H.M.Jr: I'll ask Bob Wagner what I should do.

Foley: I think he'd like a telephone call from you.

H.M.Jr: (On phone) Senator Wagner of New York, please.

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Foley: I have that legislation you asked for over the telephone the other day.

H.M.Jr: Oh.

Foley: The last paragraph on the first page, sir.

H.M.Jr: O. K.

Foley: Here's a brief comparison of the British currency control order and our order, together with our conference with Bewley - Archie and Bernie and I.

And here's a brief - here's a discussion of your duties as a member of the Munitions Control Board.

H.M.Jr: I want that for lunch today.

Foley: And a letter designating Cairns to represent you when you are not available.

H.M.Jr: (On phone) Hello. (Conversation with Senator Wagner follows:)

May 2, 1939
11:23 a.m.

HMJr: Hello.

Operator: Senator Wagner.

HMJr: Hello.

Robert
Wagner: Hello.

HMJr: Hello, Bob?

W: Hello, Henry.

HMJr: How are you?

W: Oh, pretty fair. How are you?

HMJr: I'm fine.

W: Good! You always are.

HMJr: Oh?

W: Say, it's funny that you called up -- I called up --

HMJr: Well.....

W: Or didn't you get a note that I called up last week?

HMJr: Well, Steve Gibbons.....

W: I called up and you went up to -- up to the country, and I said, "That's where all gentlemen should be."

HMJr: That's right.

W: Yeah.

HMJr: Well, we've got to look after these Royalties -- help them make the New York Fair pay for itself, you know.

W: You bet your life!

HMJr: You can't leave it all to Grover Whalen.

W: (Laughter) Well, he's got it pretty near all, hasn't he?

HMJr: So they tell me.

W: So I see. Ed -- or -- Ed Flynn is getting into the picture at least anyway.

HMJr: Yeah.

W: I didn't get to the Fair -- I know you did.

HMJr: No, I didn't.

W: Oh, did -- did you duck it?

HMJr: I'm going to wait until it's finished and then go up and see it in.....

W: Yeah, so am I.

HMJr:about a month from now.

W: Yeah. And anyway it was a terrific crowd there.

HMJr: And I didn't have any high hat.

W: Well, I'll get you one.

HMJr: O. K.

W: Say listen, I wanted to talk to you about a couple of things.

HMJr: Well, that's what I'm calling you up for.

W: Yeah. What did you have in mind?

HMJr: Well, one our stabilization fund.....

W: Well, I talked to -- I'm handling a very sensitive old gentleman. I talked -- I had a meeting this morning and I talked to him and I asked him if he wouldn't finish up this week and submit it to his sub-committee. Whatever they do -- they -- they are going to report against it, you know. Then I'll have to put it up to the full committee.

HMJr: Yeah.

W: And I'm trying to -- I'm trying to -- you may have to help there; the President may have to help on it.

HMJr: Well, that's what I'm calling up for. I'm willing to help. You just -- if you give me.....

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W: Well.....

HMJr:a hint -- why -- how I can help.

W: I talked to Frank Murphy about Brown, but Brown has so committed himself, I don't know what he's going to do, you know.

HMJr: Yeah.

W: In the -- in the hearings in the sub-committee he sort of -- was very definite about the thing.

HMJr: Yeah.

W: But of course they can always find a reason if -- if they want to. I talked to Frank. Now, I don't know whether Frank talked to him or not.

HMJr: I don't know.

W: You suggested that -- I didn't want to do it directly.

HMJr: Yeah.

W: And I'm going to try and get a line on it. It's going to be awfully close. You can't do anything with any of the Republican boys, can you?

HMJr: No, if I could you'd shoot me.

W: What's that?

HMJr: If I could you'd shoot me, wouldn't you?

W: Yeah. Well, I know -- I thought you might be just friendly with some of them.

HMJr: Not.....

W: Playing the game of politics now, of course, pure and simple.

HMJr: Well, Bob, I'm awful anxious to -- to get it out and I'm here and I'll do anything that I can.

W: I -- I'll do anything that I can, but mind you, I haven't got -- that -- that's the toughest committee in the Senate.

HMJr: Yeah.

W: I've gotten by pretty well so far, but I'm going to have an awful time with this, and I got ahold of the -- old Carter this morning, because I think he was ready to let the thing slide along, and I asked him to finish this week his hearings -- there's several more that want to be heard -- and let's have it up next week and we -- we'll just -- they'll report it adversely and then I'll try and get a favorable report. But it isn't -- it isn't -- it -- you know, we've got this line up in the Senate. It's much more effective than in the House.

HMJr: Yeah.

W: And what -- you can't do anything with Adams, I suppose, can you?

HMJr: With Adams? I don't -- I don't think I, personally, can do anything with either Adams or Brown, but.....

W: Of course, I'm -- I'm -- I thought maybe we could interest him in this silver provision. You know, he's strong for the silver thing and I've been sort of leaning against it.

HMJr: Well, I tell you -- I expect to see the President again tomorrow and I'll certainly mention it to him, and I -- I do think, though, that -- that it's up to the sub-committee to report the thing out one way or the other.

W: Well, that's what I -- exactly what I said today, and he has promised to do it the end of the week. That -- because I think I know how the votes are going to be there, but I'll need a little help with the full committee.

HMJr: Right.

W: I think I can -- I think I -- now, could you do anything with Miller?

HMJr: Miller?

W: Arkansas.

HMJr: No, I don't think so.

W: Can the President, do you know?

HMJr: Well.....

W: You know, I'm very friendly with all these fellows, but they.....

HMJr: Well, I'll talk it over with.....

W: -- you need a little outside help.

HMJr: I know. I'll talk it over with all of them. There's Miller, there's Adams, and there's Brown. We -- we'll look them over and see if there's anything we've got pending. We may have some appointments or something.

W: Yeah, that's what I mean.

HMJr: See?

W: That's what I mean.

HMJr: Well, we'll look them over -- those three states.

W: Yeah, well I might, later in the day, give you one or two more.

HMJr: All right. We'll look them all over.

W: Now listen, on this inquiry -- Steve got all excited about it -- Gibbons.

HMJr: Yeah.

W: I wanted to talk to you about that. I think we ought to do something along that line and we ought to have it in friendly hands. You know, there are three resolutions that have been introduced already.

HMJr: Yeah.

W: And they're going to come up -- it's going to come up sooner or later.

HMJr: Yeah.

W: And if we'd have it -- I'd rather do it than have somebody do it that isn't friendly or that -- has got crackpot ideas.

HMJr: Yeah. Well, I tell you, would you have lunch with me tomorrow?

W: Tomorrow is Wednesday.

HMJr: We'd have it right here in the Treasury.

W: You -- you -- it's a bad day for me tomorrow.

HMJr: Make it either Wednesday or Thursday; either day that suits you best.

W: Will you -- will you make it Thursday?

HMJr: I'll make it Thursday.

W: Fine!

HMJr: One o'clock?

W: Yeah, I'll drop up there.

HMJr: Right in the Treasury.

W: Yeah.

HMJr: That'll be swell!

W: I'll -- where will I come? To your office?

HMJr: Come right to my office.

W: All right.

HMJr: And -- if you come.....

W: Yeah, and we can go over some names too.

HMJr: Fine.

W: All right.

HMJr: Thank you.

W: You bet.

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H.M.Jr: Now, you fellows get busy and look these fellows over and see if there are any Collectors of Internal Revenue or anything else.

Gibbons: Arkansas, Michigan,.....

H.M.Jr: And Colorado.

Gibbons: Colorado.

H.M.Jr: But get the list out on who is on the sub-committee and let's look them over. But those three states particularly. And you might ask - call up Jim Farley and ask him if he's got anything, will you?

Gibbons: I was going to suggest that.

H.M.Jr: Call up Jim, will you?

White: Brown seems to be the one that might be pushed over most easily.

Gibbons: I think Jim can handle him.

H.M.Jr: Will you call him?

Gibbons: Yes.

H.M.Jr: What other ideas have you got?

Foley: That's all I have.

H.M.Jr: Harry?

White: There's a cable that you may not have seen that reported that Chamberlain notified the German Embassy that he is prepared to release most of the Czech gold reserves.

H.M.Jr: The Germans laughed at it. I saw it.

White: They laughed at that? They were amused, yes.

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There's a letter here from Senator Wagner that may have some significance only because of what you're doing, in which he - it's addressed to me; I don't understand why - says that Mr. Matthes - a young man that he wants to get a job for. Seems to have most of his training in English literature, and I thought maybe Gaston or somebody else might be

Gaston: What have we to do with literature?

White: I'll send this over to Mr. McReynolds.

H.M.Jr: Right.

White: The net flow of capital last week, week ending April 20, was 85 million dollars, bringing the total up to 620 million for the year.

H.M.Jr: How much last week?

White: 85 the week ending April 19; that's the last. That brings the total, since the upturn began on July 20 last year, to a billion four hundred million. This is just capital imports, not gold. Gold is much larger. That's all; I have some other things I'll give Mrs. Klotz.

Lockhead: Foreign exchanges are all quiet. The belgas recovered quite sharply, and they're building up their gold stock; evidently they're going to run it up to 100 million. They've got almost 30 million here and are continuing to ship on every boat.

H.M.Jr: Harold?

Graves: I spent considerable time last week with Mr. Irey and his people on this Pacific Coast moving picture case. Mr. Oftedal, who is the investigator in charge of that case, was here and has now gone back to the Coast to prepare his reports, which I think probably will be in here by the 22nd. That's two weeks from Monday.

H.M.Jr: God!

McR: Better than six months that they told you before.

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H.M.Jr: Two or three months.

Graves: And I see no reason why, if all goes well in that case, it can't be ready to go to the Department of Justice this month.

H.M.Jr: Swell. Can I tell that to the Attorney General?

Graves: Well, this has got to be checked here by Mr. Foley's man after the administrative report is in, and I would doubt the wisdom of making any commitments to the Attorney General about it, although personally I feel.....

H.M.Jr: Does it look good from the Treasury standpoint?

Graves: Yes.

Gaston: After he sees the papers he can give a better story to the press than he could with just your telling him.

H.M.Jr: Well, how are you going to make a Democratic racket-buster?

Gaston: That's all right. I approve. But he can have a better story when he sees the papers.

H.M.Jr: What papers?

Gaston: That Mr. Oftedal is going to send him.

H.M.Jr: Oh, that's all right. Just before we send it to him, Elmer Ireby and Harold Graves and I will fly to Los Angeles and clean it up. Or maybe we could have a sign painted "Los Angeles Airport" and go out to (words not understood).

(Hearty laughter)

McR: Getting on to these rackets.

H.M.Jr: Anything else, Harold?

Graves: Yes, I think you'd be interested to note again that on the first of May, which was yesterday, the Bureau of Internal Revenue set up the last of the decentralized divisions in this new program.

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H.M.Jr: Now you're free to go to work.

Graves: Well, we're free to try to make this machine work. It's completely set up. We have, or they have, offices open now in 38 cities.

H.M.Jr: 38.

Graves: 38.

H.M.Jr: That's wonderful.

Graves: And I think that from now on.....

H.M.Jr: Well, one of these days not too far off, I hope, Mr. Hanes is going to visit some of these, the way we originally talked, and make some talks in these cities, let the country know what we are doing - when you (Hanes) get time. We talked about that six or eight months ago.

Bell: Summer vacation.

H.M.Jr: All right.

Gibbons: Saw that they let the contract for the Virginia Coast Guard air radio.

H.M.Jr: No.

Gibbons: Two hundred and five thousand odd dollars.

McR: I just gave Nell a note on it this morning.

H.M.Jr: I haven't seen Nell.

Gibbons: Both committees of Congress have passed the appropriations or acted favorably on the request, for the three cutters and the 15 planes.

H.M.Jr: Where is it now?

Gibbons: It is now ready to come up on the floor of both Houses.

H.M.Jr: It's out of the committees?

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Gibbons: Out of both committees.

H.M.Jr: All right.

Gibbons: Now, on the Post Office - Treasury appropriations committee, we had a request in there for a long-range plane in North Carolina and one in San Francisco. They allowed us one. See, Ludlow, chairman of the sub-committee, is a pacifist, and I had to get the Collector of Customs from Indianapolis to come on here and sit down with him and had to do some real politics here.

H.M.Jr: See if you can do some real politics on this committee on the stabilization fund.

Gibbons: Yes.

H.M.Jr: I really wish you'd concentrate on that.

Gibbons: Yes.

H.M.Jr: I wish you'd concentrate on that, see if Farley can't give us help.

Gibbons: Yes.

H.M.Jr: Dan?

Bell: You of course know we sold out all of the bonds and notes that you ordered. Out of the 55 million dollars that we sold, we made a profit of two million nine.

H.M.Jr: Very nice.

Bell: About six percent on the postal savings and about four percent on the FDIC.

H.M.Jr: Very nice.

Bell: Do you want to give any more orders at this time?

H.M.Jr: No, I want to sit down with Hanes and you and talk it over a bit.

Bell: All right.

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H.M.Jr: I mean I'd just as lief watch it for a day or so, but if you'd keep after me - will you?

Bell: Yes.

H.M.Jr: I didn't know it was 55. I thought it was 45. They said 43 or 45.

Bell: It's twenty-five Federal Deposit and about 31 Postal Savings.

H.M.Jr: Lochhead sent me a memorandum that, including the five million which would be delivered in May, it was 43 or 45 - April and May.

Lochhead: April and May. I think you sold a few of them out before April, didn't you, Dan?

H.M.Jr: April and May it was.

Bell: This is since we started the program.

Lochhead: This is from the very beginning of the program. The other was the month of April.

H.M.Jr: All right.

Bell: Jesse Jones has submitted a new draft of the minutes of the Commodity Credit. I think you can sign these, because it merely appoints Hudson as.....

H.M.Jr: Has my attorney seen them?

Bell: No, he hasn't.

H.M.Jr: Well, would you let him look over it. I'll sign it in order to - and let him look at it before it leaves the shop.

Bell: This is just putting this man on the Board of Directors to take Jesse Tapp's place that went out.

H.M.Jr: Let it clear through the General Counsel.

Bell: The only other thing I have is, when do you want to talk Home Owners Loan?

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H.M.Jr: Well, I can call those any day, can't I?

Bell: Yes.

H.M.Jr: Beginning now.

Bell: Yes, any day. The question is whether we shouldn't call them and let the market settle down before you announce your refunding for four or five days.

H.M.Jr: Well, what I think I'll do is this, Dan. I want to talk it out, don't want to settle anything today. Maybe around 4:00 or 4:30 if I leave - maybe you'll walk part way home with me.

Bell: Fine.

H.M.Jr: Huh? I can talk it over. Before we do anything, John, we'll talk with you. But I've got some - I think it's foolish to have that hanging over our heads - I mean having called it and having to meet that - unless we have to, and I'd like to see whether the foreign situation would either get better or worse. It seems silly to make yourself refund - what is it, eight or nine hundred million?

Bell: Nine hundred million.

H.M.Jr: I mean it's something we don't have to do. A week from now we might see more clearly. Why bump your head up against nine hundred million when it isn't something you have to do? I mean that's the way I feel. I mean if we called nine hundred million and then next week we had a war in Europe, we'd think, "My heavens, why did we add that to our burden?" Huh? It's a lot of money, if something should go wrong.

Bell: There is this Friday Polish situation, liable to change over night.

H.M.Jr: Anything can change over night - anything. I just don't see - I mean in a week or two weeks the thing might look perfectly clear and we might see that everything is lovely. I'm just going to stall on it.

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Bell: Well, you can do it on June 1. The note issue is due June 1.

H.M.Jr: How much?

Bell: That's three twenty-five million.

H.M.Jr: June. I have to do that.

Bell: Yes.

H.M.Jr: What?

Bell: Yes.

H.M.Jr: Three twenty-five. Didn't we talk about paying that off?

Bell: They have a hundred fifty million cash but they thought they might like to refund the whole thing and save the cash. They've got a hundred fifty million cash.

H.M.Jr: But how much is coming due?

Bell: Three twenty-five.

H.M.Jr: That's a good-sized block right there. What? And when would you do that?

Bell: I was hoping to do the whole thing as of May 15, which would have two purposes. One would be to get the three twenty-five out of the Treasury territory around June 1, and then to get the August 1 call date out of August, which is a bad month, and bring them back to May.

H.M.Jr: Well, you'll get a chance to talk to me when I walk home.

Bell: All right.

H.M.Jr: But I'm not going to shoot when I don't see the whites of their eyes yet. Huh?

Hanes: Not if we don't have to.

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H.M.Jr: What? Mac?

McR: Danny suggested the other day that we might add on this executive order in the reorganization an order that would consolidate in the head of each department all appointive power, taking care of situations where some subordinate officers of the department have authority to appoint. Treasury is involved with respect to.....

H.M.Jr: Is it important?

McR: Well, I consider it of considerable importance.

H.M.Jr: Who brought it to your attention?

McR: Dan Bell.

H.M.Jr: What's the nigger in the woodpile?

Bell: We were just talking about the various things that might be done, and we have discussed here from time to time, you know, the appointments, particularly the appointments in the Comptroller of the Currency, and we thought it might be a good time to bring that authority in to the head of the department, where it belongs, not have a subordinate officer appointing personnel of any type.

H.M.Jr: Got any feeling on it, Johnny? It's new to me. Want to think about it?

Hanes: Yes, I'd like to think about it.

McR: Can't think very long and get it in. We're supposed to get it in today.

Hanes: Is that in the statute, Danny, the power of.....

Bell: Yes.

H.M.Jr: May I suggest this? It's new to me. I'm seeing you fellows at 2:30, see? If you have a little talk with Mr. Hanes about it before that, and then maybe when you come in at 2:30 you fellows can tell me what you think, see? You say today is the last day?

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McR: Well, we're supposed to get it over, I think, today.

H.M.Jr: At 2:30 come in. It's new to me.

Foley: I think it's very important, Mr. Secretary, and I agree with the policy. It cuts right straight across all the departments. We haven't had a chance to check situations that might be affected. You see, it will involve every single one of the executive departments.

H.M.Jr: Well, I should think from the President's standpoint he'd jump at it, but I just wondered what it meant, that's all. And talk it over.

Foley: It will cause comment when it goes down on the Hill, because it's the thing that they'd be more interested in than almost anything else. It will take away the appointment power on United States Attorneys, transfer it to the Attorney General; appointment power on the United States Marshals, transfer that to the Attorney General. It will take away the appointment power of the people in the Comptroller of the Currency's office, put that in you. I think it ought to be done. I think it's terribly important to concentrate these things in the heads of the departments.

H.M.Jr: With so many things popping I'm trying to go slow rather than be wrong.

Gaston: Fine chance to improve the Internal Revenue machine, the Collectors' offices.

Foley: Yes.

H.M.Jr: Well, if you people would go into Mr. Hanes' office whenever it's convenient to him, then come back and give me a recommendation, I'd be glad to receive it. These Civil Service fellows - by God, you've got to watch them, you know. I don't mean maybe. You never know what they're going to pull next. You (Hanes) and I are just a couple of amateurs.

Klotz: It's the truth.

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H.M.Jr: Of course it's true. That's my new policy: to tell the truth.

Bell: Straight from the shoulder.

McR: New policy?

Klotz: That goes so far back with you.....

H.M.Jr: Got any other good ideas?

McR: No.

Bell: Got one on accounting.

McR: I haven't got that.

H.M.Jr: Well, anyway, anybody that wants an executive order - I've got from 2:30 until 3:00. The banking thing will only take three or four minutes. Anybody that wants to come in on the executive order - I'm.....

McR: We'll have an executive order on the accounting set-up at that time.

May 2, 1939
2:10 p.m.

Operator: Go ahead.

HMJr: Hello.

Gordon

Rentschler: Hello, Henry.

HMJr: Hello, Gordon.

R: How are you today?

HMJr: I'm fine.

R: Henry, I wanted to call you first about our talk in regard to the Argentine.

HMJr: Yes.

R: To tell you that Jim Perkins got back all right.

HMJr: Fine!

R: But he's very tired from two and a half months of trip.

HMJr: I can understand.

R: We are sending him up in the country for ten days just to loaf.

HMJr: Yeah.

R: But I wanted you to know definitely that he was at work on the things that we talked about.

HMJr: Yeah.

R: And just as soon as he comes back, he's going to make a point of arranging an appointment with you and talk it all over.

HMJr: Fine!

R: Because he's coming back first.

HMJr: Fine!

R: Now the next thing that we -- he and I talked this morning -- while we know this is out of your bailiwick, we have nobody whatsoever to suggest. But as step number one,

I hope they get a very strong Ambassador down there to take the place of Weddell, who was a pretty good bird.

HMJr: Well, that's out of my bailiwick.

R: I know it is, but if there is any chance, I -- there's nothing we can do about it. That fellow ought to be a strong man.

HMJr: Well.....

R: We're delighted that Weddell is going over to Spain because we've got problems there, and we like to work with him, and we think he's going to be an excellent man on the job.

HMJr: Well, Gordon, I really don't know.

R: I see. That -- but on the other program that you had in mind, why Jim is going to work that out.

HMJr: Good!

R: And he'll have quite a little memorandum with him when he comes.

HMJr: Uh-huh.

R: There's just -- it'll be ten days before he gets back, and as soon as he comes, why then either he alone, or he and I together will arrange an appointment with you and come down and chat with you.

HMJr: Give me a couple days' notice.

R: Yes, we will do that.

HMJr: All right.

R: All right, Henry. There's nothing else new?

HMJr: Nothing but what happens every day.

R: Yeah. Well, you're no more, or less disturbed about the situation abroad than when we talked to you.

HMJr: I don't think so.

R: Yeah, I think so. Just rocking along.

HMJr: Unfortunately -- no better or worse.

R: Well, we've put our things all in order. We've got our thing all set so that if it moves tomorrow morning, why we press a button and get into action.

HMJr: Wonderful!

R: And I imagine that's all we can do, isn't it?

HMJr: I think so.

R: There's not -- on this Chinese currency situation, there's nothing that's concerning -- you're concerning yourself about that, is there?

HMJr: No, I'm not.

R: That's all right. We think you can rock along better than

HMJr: No.

R: But if there's anything comes up on that that you are disturbed about, I'm keeping it all in line and we'll talk to you about it when you want to.

HMJr: Fine.

R: And if not, we won't bother you with it.

HMJr: All right, Gordon.

R: All right, Henry. It's nice to say "hello" to you.

HMJr: Thank you.

R: Saw your Daddy Sunday. He looked very well-behaved and we couldn't attract his attention. He sat two or three seats in front of us, but I think he got a little bit chilled, but other than that all right.

HMJr: All right.

R: Bye-bye.

HMJr: Good bye.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Paris, France

DATE: May 2, 1939, 5 p.m.

NO.: 870

FROM COCHRAN.

This afternoon by half-past three Guaranty had bought \$2,400,000 for the French control. This currency was somewhat offered against sterling, and there was no clear evidence where it came from. The most active unit on the market is the belga, which continues to dominate the market. Last evening the Belgian National Bank started to acquire sterling, and today it got more. Paris had its most calm and orderly May day in many years, which pleased Paris traders; workmen were content to stay at their jobs.

There is developing a fairly active demand for the new three year national defense bonds, the commission for the banks being 1/2 percent.

BULLITT.

RECEIVED

MAY 3 1939

EA:LWW

THEATRE DE L'OPERA
PARIS
MAY 3 1939
RECEIVED

Prepared by Lawrence H. Seltzer

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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE May 2, 1939

TO Secretary Morgenthau

FROM Mr. Haas

Subject: The Automobile Situation as Reported to and by
Mr. SeltzerI. The Industry as a Whole

Although the month's record may be materially affected by the figures for the last eight to ten days of April, not yet reported, retail sales during the first three weeks did not show the usual seasonal gains and are considered mildly disappointing.

President Keller of Chrysler is a shade less bullish than he was two weeks ago, but the General Motors people seem to be somewhat less pessimistic. Both Ford and General Motors showed increases in the second 10-day period of the month over the first, whereas Chrysler showed three successive weekly declines — which may well account for the changes in sentiment.

In setting its final production schedules during the past two weeks for the remainder of the 1939 models of all of its makes except Chevrolet, General Motors made only minor reductions (ranging from 1-1/2 to 4 percent) in the tentative output schedule contained in Mr. Seltzer's memorandum of April 18. Neither Chrysler nor Ford has yet determined final production programs for the season.

There is very little steel left to be purchased for the remainder of this year's models. The steel makers will begin rolling steel for the new model requirements of some of the parts-makers at the end of May or early June, and, for the motor car manufacturers, in late July and in August. The price situation on automobile steel is reported to be far from strong, with some possibility of a recurrence of last year's price war.

Secretary Morgenthau - 2

Trade circles expect the industry's production record for the next two months to be substantially as follows, as compared with 1938:

	1939	1938
May	330,000	210,000
June	275,000	189,000

The preceding months' figures were as follows:

	1939	1938
January	354,000	227,000
February	312,000	203,000
March	375,000	239,000
April	376,000	238,000

II. General Motors

The General Motors people, like so many others, feel a great deal better about the business outlook than they felt two or three weeks ago simply because things haven't gone to pieces. Their present expectation is that, barring the outbreak of war, the next few months will see neither a significant rise nor a significant decline in the volume of business activity. They look for an FRB remaining stable between 93 and 95 for the next few months, with a good possibility of an upturn sometime during the summer. A moderate such upturn could be brought about merely by the replenishment of inventories.

The remaining big decision for General Motors 1939 model season will probably be made by the middle of next week on the volume of Chevrolet output for May, June, July, and August. The decisions arrived at in the last two weeks respecting Buick, Cadillac, LaSalle, Pontiac, and Oldsmobile production schedules made only slight downward changes from the figures submitted in Mr. Seltzer's memorandum of April 18. Mr. G. E. Wilson, who has just been elected Executive Vice President of the Corporation, declared at a policy meeting recently that the Corporation couldn't afford to take too pessimistic an outlook because its own decisions constituted an important causative influence upon the general business situation.

Secretary Morgenthau - 3

III. Chrysler

President Keller of Chrysler believes that, though the peak of the production and retail season may be past, there is still a very lively retail market for automobiles, and he intends to exploit it this month by a country-wide special sales campaign. When interviewed on Monday, May 1, he was a shade less bullish than he had been two weeks before, presumably because of the declining trend of Chrysler retail sales during the first three weeks of April. The figure for the final week in April, which was telephoned Mr. Seltzer Tuesday afternoon, showed an increase of about 10 percent over the preceding week. Chrysler retail sales during April have been as follows:

Week ended April 1	20,389
April 8	19,481
April 15	17,768
April 22	17,487
April 29	19,235

IV. Ford

Ford's retail sales so far this year, as obtained through a secondary source in close contact with the company, have been as follows:

January	51,000
February	46,000
March	75,000
April 1-10	17,000
April 10-20	21,000

Trade circles expect Ford to produce about 90,000 cars in May, 75,000 in June, 50,000 in July, and perhaps 30,000 in August.



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TREASURY DEPARTMENT

WASHINGTON

May 8, 1939.

MEMORANDUM ON HOME OWNERS' LOAN

CORPORATION FINANCING

The Secretary asked me to walk home with him and explain the contemplated financing of the Home Owners' Loan Corporation.

I told him that the Corporation has \$325,000,000 of 1-1/2% securities maturing on June 1 next and that in addition it has \$905,000,000 of 2-3/4% securities maturing on August 1, 1949, but callable on August 1, 1939, or any interest payment date thereafter upon sixty days' advance notice.

I explained to him that we had been discussing with the Corporation the possibility of offering to the holders of the June maturities a new one-year obligation for 40% of their holdings and a new two-year obligation for 60% of their holdings. This would about meet the Corporation's requirements for debt retirement purposes in the next two years. I explained that we had also discussed the possibility of announcing this week a call of the \$905,000,000 for payment August 1 and announcing on May 8, in connection with the refunding of the \$325,000,000 June maturity, a five-eight or six-nine-year security in exchange for the called bonds. I told him it was hoped that the announcement of these refunding issues could be made Monday, May 8, as of May 15th. This would remove the financial operations of the Home Owners' Loan Corporation from the June 1 period, a time when the Treasury is considering its June 15 financing, and it would also remove the financing operations of the Corporation from the August period, a time when the market is not usually in a good condition for financing large operations.

I told the Secretary that he had to refund the \$325,000,000 June 1 maturity in whole or in part; that he could use approximately \$100,000,000 to \$125,000,000 of the cash balance which the Corporation has with the Treasury to pay off part of this maturity, but that I thought it might be better if we refunded this entire maturity and allowed the Corporation to keep its cash balance as a safety valve in case we should decide later to refund the \$905,000,000. This cash balance would also be available to pay off in cash those holders who did not take advantage of the refunding.

After considering the matter at some length the Secretary decided that in view of the European situation he did not want to call the \$905,000,000 August 1 issue and have it hanging over his head until a refunding operation could be concluded. He thought the most conservative plan to follow would

- 2 -

be to refund at this time only the June 1 maturity, announcing it on Monday, May 8, and carrying through the operation as of May 15. He said we might take another look at the situation about May 20th to see if the call and new refunding operations could not be conducted as of June 1st.

After we got to his house he called up Under Secretary Hanes and explained to him what he had decided to do, and Hanes fully agreed with this plan.

The Secretary asked me to explain the matter to Mr. Fahey and said that he would announce on Thursday morning at his press conference that he did not intend to call the August 1 issue at this time but that he would announce on May 8 a refunding as of May 15 of the June maturity. I explained the matter to Mr. Fahey this evening and he said it was quite all right with his Corporation as it would have to rely on the Treasury's wishes in the matter. He said he hoped however that this decision did not preclude further consideration of this matter before June 1st, the last day on which a call can be made. I told him that the Secretary would review the situation about May 20th.

sub B

May 2, 1939

2:30 p.m.

PRESENT: Mr. McReynolds
Mr. Duffield
Mr. Foley
Mr. Gaston
Mr. Hanes
Mr. Upham
Mr. Preston Delano
(Mr. Bartelt for part of meeting)

HM, Jr.: The other day Hanes gave me a list on pending banking legislation (See exhibit #1) and I took it up with the President.

On the so-called Brown Bill transferring the Comptroller's office, the President said he never heard of it and it was meaningless so far as he was concerned. So on the strength of that I told Hanes that Delano can write his letter and I will write a letter against the Brown Bill.

2. Senator Wagner's resolution - President never heard of it; didn't know what it was. Of course what I am saying is all in the room.

3. So-called regulation of bank holding companies. President said so far as he was concerned he was for it, for a bill which would freeze bank holding companies. He said, "Put it on ice", and then wrote "Dry".

4. Bill to increase the F.D.I.C. from \$5,000 to \$10,000. He wrote no.

5. Various bills to finance small businesses -- didn't seem to know anything about it.

6. Bills subjecting bond issue trust indentures to S.E.C. supervision. -- Didn't know anything about it. He said, "Is that the Barkley Bill?" I said, "Yes." He put O.K. with a question mark after it.

7. A bill to postpone from February 1, 1939 to February 1, 1944 the date after which a director of a Federal Reserve member bank may not be a director

of more than one other bank. -- President said no. That's to take care of somebody's friends.

8. A bill to extend until 1942 the date on which officers and directors of member banks must have repaid any loans received from their own banks. -- He said no on that.

9. A bill to allow establishment of branch bank offices by national banks under the same capital-requirement terms as apply to State Banks. -- President said, "Well you know how I have felt about this thing ever since I have been Governor. I think you ought to limit branch banks within their trading limit. Let them have branch banks within their limit distance."

10. A bill transferring to the Treasury deposits in national banks which have been dormant for ten years or longer. -- no comment.

It does this for me - I can write saying no on the Brown Bill and sit tight and do a little scouting.

Mr. Delano: I would like to have a little elaboration of that opinion on branch bank. It would help us.

HM, Jr: I heard the President talk about that a great many times. He thinks a bank should be limited to have branches within its trading area.

Mr. Delano: Could we explore that? Is there a definition?

HM, Jr: I think he was thinking in terms of up-state New York. Take Syracuse, its trade area is 50 miles.

Mr. Hanes: Within state limits?

HM, Jr: He didn't say.

Mr. Foley: Might take you over the state line.

HM, Jr: Did you get any answer from the other agency or do we each write our own letter?

- 3 -

Mr. Duffield: We write our own. Probably R.F.C. and F.D.I.C. should write one. As we originally said, we do not recommend any banking legislation, I have written it.

HM, Jr.: Let me read it out loud. (See exhibit #2)

Mr. Hanes: That's all right.

Mr. Delano: We are on record rather elaborately against it.

HM, Jr.: Yes, Hanes told me. Anybody see why I should not write this kind of letter? Why not write this letter and send a copy to each member of the group? (See exhibit #3)

Send this by hand and simply say to Jones and the others if I don't hear from them by tomorrow noon, unless you have some comment by tomorrow noon, I will send this out.

Mr. Hanes: That's all right.

HM, Jr.: (To Duffield) Will you see that each one gets a copy?

All right, Dan.

Mr. Bell: That can't be taken as sort of implying approval.

Mr. Upham: You would be under the criticism of bankers for approving the removal of the Comptroller's office by the Reorganization Bill to the F.D.I.C.

HM, Jr.: But I am not recommending to the President.

Mr. Upham: But you are saying that this is not necessary because it can be done another way.

HM, Jr.: I will leave it this way: You have until noon tomorrow.

Mr. Delano: I think it is a very important point.

Mr. Foley: If you write this kind of a letter and say, "It is deemed advisable," I can do it but there is not any need for any new legislation because we already have the power.

HM, Jr: Why don't you, for me, say this - "I think the Comptroller's office should be in the Treasury."

Mr. Foley: If you do that then the people who don't want it in the Treasury will be in favor of the Brown Bill. Whereas, you say under the Reorganization Bill the bureau can be transferred to F.D.I.C. if it is desirable. Then you are not lining up against the Brown Bill or for certain people.

HM, Jr: If you ask me do I want it transferred, then why not say so?

Mr. Gaston: I think we ought to line up against the Brown Bill. You leave your friends in doubt here. The Treasury does not know.

HM, Jr: I am against, this year, as far as I can tell, this session, of having any transfer out of the Treasury. Why not say so?

Mr. Hanes: That's the way I read it. I didn't get any doubt.

HM, Jr: Take another crack at it before you send it out of the Treasury.

Trot out your other executive order.

Mr. McReynolds: Johnnie fed us lunch and convinced us -- after all, he fed us so much we could not talk after we got through -- he convinced us the best thing to do on this (exhibit #4) was to let Danny take it over to Smith and say, "Here's something that involves all departments, not merely the Treasury. We think you should initiate it rather than have the Treasury initiate it."

HM, Jr: I will sign it with him. I think he is right.

Mr. McReynolds: So we have nothing for you to sign.

(At this point Mr. Delano and Mr. Upham left the meeting and Mr. Bartelt came in.)

Mr. Bell: You know we have discussed on several occasions in the past the question of centralizing the accounting authority in the Treasury. The Brownlow Committee went quite a ways last year in trying to centralize it in the Treasury and there was so much confusion they transferred to the Budget Bureau. Under this reorganization you can't touch the accounting office but we thought you could transfer from heads of departments the authority of supervising the accounting systems prescribed by the Comptroller General and that would enable us to get controlling accounts on the books of the Treasury of not only departments and agencies but corporations and enable you to see a consolidated financial statement. We would give the President an executive order giving that authority, setting up a Treasury division of fiscal affairs.

HM, Jr: I would have to put myself in your hands.

Mr. McReynolds: The only thing we are doing in the order while the President transfers supervision over accounting systems he can't transfer authority to prescribe them. We are suggesting the President put in his order a recommendation to Congress that Congress give the Treasury, by legislation, authority to prescribe the system.

HM, Jr: If this is something that Bell and Eddie Bartelt want I am more or less willing to sign blind on it.

Mr. Gaston: I am for this very strongly.

Mr. Bell: I think I should also tell you that there is a provision in here for you to evaluate the assets of these banks' activities.

HM, Jr: I will sign it with the understanding if Mr. Hanes doesn't like it we have a chance to withdraw it.

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Exhibit II

April 21, 1939

List of Pending Banking Legislation

1. Senator Prentiss Brown's bill to transfer the examining and supervisory functions of the Comptroller's Office and the examining functions of the Federal Reserve Board to the Federal Deposit Insurance Corporation.

2. Senator Warner's resolution and other allied resolutions authorizing an investigation to determine monetary and banking policy for the Government.

3. Various bills to eliminate or regulate bank holding companies.

4. A bill to increase the Federal Deposit Insurance Corporation insurance limit on each deposit from \$5,000 to \$10,000.

5. Various bills to provide financing of small businesses by the Government.

6. Bills subjecting bond issue trust indentures to Securities and Exchange Commission supervision.

7. A bill to postpone from February 1, 1939 to February 1, 1944 the date after which a director of a Federal Reserve member bank may not be a director of more than one other bank.

8. A bill to extend until 1942 the date on which officers and directors of member banks must have received any loans received from their own banks.

9. A bill to allow establishment of branch offices by national banks under the same capital-asset terms as apply to State banks.

10. A bill transferring to the Treasury the dormant accounts in national banks which have been dormant for one year or longer.

My dear Mr. Chairman:

Reference is made to your letter of April 4, 1939, requesting a report on S. 2045, A Bill "To transfer to the Federal Deposit Insurance Corporation all Federal bank-examining functions, and for other purposes".

This bill would transfer the Office of the Comptroller of the Currency and its bank examining and supervisory functions from the Treasury Department to the Federal Deposit Insurance Corporation. I am opposed to the removal of the Comptroller of the Currency or his duties from the Treasury Department at this time and accordingly I recommend against enactment of those sections of S. 2045 which affect the Treasury Department.

Very truly yours,

Secretary of the Treasury

Honorable Robert F. Wagner,
Chairman,
Committee on Banking and Currency,
United States Senate.

ESD:hp 5/2/39

Exhibit III

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May 2, 1939

Memorandum:

To: Mr. Jesse Jones Mr. Hanes
 Mr. Leo Crowley Mr. Daniel Bell
 Mr. Marriner Eccles Mr. Foley
 Mr. Ronald Ransom Mr. Preston Delano

From: Mr. Duffield

Secretary Morgenthau now proposes to send the attached letter as a report on the Brown Bill. If you believe that the Treasury should not send such a report on this Bill, or if you have any comments on this report, would you please call the Secretary or Under Secretary Hanes before noon on May 3.



FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON

OFFICE OF THE CHAIRMAN

May 3, 1939.

My dear Mr. Secretary:

Mr. Duffield has been kind enough to send me a copy of your proposed letter to Senator Wagner on the Brown Bill.

I concur wholeheartedly with the thought expressed in this letter. I see no reason for any banking legislation of this nature at the present time. However, should there be hearings and I am asked to testify, I will inform the Committee that as far as the Federal Deposit Insurance Corporation is concerned the cooperation existing between it and the Treasury is such that there is no necessity for any legislation on the matter at this time.

Very truly yours,

Chairman.

The Honorable Henry Morgenthau, Jr.,
Secretary of the Treasury,
Washington, D. C.

TREASURY DEPARTMENT

Exhibit IV

INTER OFFICE COMMUNICATION

186

DATE

May 2, 1939.

TO Mr. McReynolds
FROM E. H. Foley, Jr., Acting General Counsel

I have initialed the attached executive order transferring to the heads of the executive departments the power of appointment of all officers and employees in such departments now vested by law in subordinate officers thereof because I am informed that you are anxious to put it in channels at once. While I am in entire agreement with the purpose sought to be accomplished by the order, I want to point out that this order will draw considerable attention in Congress when presented. For this reason, I would feel much more comfortable about it if I had an opportunity to examine the various statutes involved so that I might have an opportunity to bring to your attention all the situations affected by it.

F.H.F.

May 2, 1939.

MEMORANDUM

TO: Secretary Morgenthau
FROM: Mr. Gaston

I am enclosing proposed draft of your speech in the National Emergency Council series of departmental broadcasts. I am also enclosing copies of the drafts used by the Secretary of State and the Attorney General. These have already been recorded. The system is to make a phonograph record, which is done in the office of the recording company here. The entire series, including interviews by Lowell Mellett with the President and with each one of the cabinet officers, is to be shipped out to stations throughout the country which have requested the talks. They will be used at the convenience of the broadcasting station.

Lowell Mellett is anxious that your recording be made some time this week, if you can find the time. The talk itself is less than fifteen minutes long and a half hour at the recording studio should be sufficient.

REORGANIZATION PLAN NO.**TRANSFER TO THE HEADS OF THE EXECUTIVE DEPARTMENTS
OF THE FUNCTIONS OF APPOINTING ALL OFFICERS AND
EMPLOYEES IN SUCH DEPARTMENTS.**

WHEREAS, Title I of the Reorganization Act of 1939 provides for reorganizations within the executive branch of the Government; requires the President to investigate and determine what reorganizations are necessary to effectuate the purposes of section 1(a) of Title I of said Act; and authorizes the President to prepare reorganization plans; and

WHEREAS, after investigation I find and declare that the transfer to and consolidation in the head of each department of the functions relating to the appointment of persons to offices and positions therein now vested by law in and exercised by subordinate officers or employees of such departments is necessary to effectuate one or more purposes of section 1(a) of Title I of said Act;

NOW, THEREFORE, by virtue of and pursuant to the authority vested in me by Title I of said Act, I have prepared the following Reorganization Plans:

Section 1 — Transfer of Functions.

There is hereby transferred to the head of each department all functions now vested by law in any other officer thereof relating to the appointment of persons to offices and positions in such department, including agencies thereof, and to the fixing of the compensation, transfer, promotion, demotion, suspension, or dismissal of such persons.

- 2 -

Section 2 -- Definition of Terms.

For the purposes of this Reorganization Plan:

(a) The term "departments" means the ten executive departments and the field services thereof.

(b) The term "agencies" means any commissions, corporations, owned or controlled by the United States, boards, bureaus, divisions, services, offices, authorities, or administrations within the departments and the field services thereof.

Section 3 -- Appropriations, etc.

The records, property (including office equipment) and personnel affected by any transfer under this Reorganization Plan and the unexpended balances of appropriations available for use in connection with any function transferred by this Reorganization Plan are transferred to the extent prescribed by the Director, Bureau of the Budget, for use in connection with the transferred function.

Section 4 -- Exceptions.

Nothing contained in this Reorganization Plan shall be deemed to transfer functions from any agencies excepted from the Reorganization Act of 1939 by section 3(b) of that Act, or from any officers or employees thereof.

Section 5 -- Effective date.

This Reorganization Plan shall become effective in accordance with the provisions of section 5 of the Reorganization Act of 1939.

The White House.

TO THE CONGRESS OF THE UNITED STATES:

Pursuant to the provisions of the Reorganization Act of 1939, I submit herewith Reorganization Plan No. _____, entitled "Transfer to the Heads of the Executive Departments of the Functions of Appointing all Officers and Employees in such Departments". I find that the transfer and consolidation proposed in this Plan is necessary to accomplish one or more of the purposes of section 1(a) of the Act.

As you know there are numerous laws which vest the appointment of certain officers and employees in the executive departments in officers inferior to the department heads. Nevertheless, the heads of the departments are responsible for the acts of such officers and employees although they do not have the power to appoint or remove them. This is indeed an anomalous situation which I think should be corrected. The proposed Plan would serve that purpose. It would consolidate the control of all personnel in the executive departments in the heads thereof by transferring to such officers the powers which are now vested in other officers to appoint and remove officers and employees. I feel certain that the proposed Plan, in addition to increasing the efficiency of the Government, will result in some savings inasmuch as the services of all the personnel, whose duties are concerned with appointment of officers and employees and the keeping of records with respect to such appointments, will no longer be necessary.

I trust that this Reorganization Plan will meet with your approval.

The White House,

TO THE CONGRESS OF THE UNITED STATES:

Pursuant to the provisions of the Reorganization Act of 1939, I submit herewith Reorganization Plan No. , entitled "Transfer to the Heads of the Executive Departments of the Functions of Appointing all Officers and Employees in such Departments". I find that the transfer and consolidation proposed in this Plan is necessary to accomplish one or more of the purposes of section 1(a) of the Act.

There are numerous laws now in effect under which the function of appointing certain officers and employees in the executive departments is vested in officers of such departments other than the heads thereof. The effect of these laws is to create an anomalous situation in which the heads of the departments are responsible for the acts of officers and employees whom they have no power to appoint or remove. It is the purpose of the proposed Plan to correct this condition. The Plan would transfer to and consolidate in the heads of executive departments all functions relating to the control of personnel now vested in subordinate officers. I feel certain that the proposed Plan, in addition to increasing efficiency in the departments affected, will result in economies.

I trust that this Reorganization Plan will meet with your approval.

The White House,

LJA:LJB:mfw
5/1/39



TREASURY DEPARTMENT

WASHINGTON

The Director,

Bureau of the Budget.

Sir:

There is transmitted herewith a Reorganization Plan, together with an appropriate letter of transmittal addressed to Congress for the President's signature. The Plan would transfer to and consolidate in the heads of executive departments all functions relating to the control of personnel now vested in subordinate officers. The Department is of the opinion that the consolidation of such functions will result in a more efficient and economical administration of the affairs of the departments affected.

Very truly yours,

Secretary of the Treasury.

The Director,

Bureau of the Budget.

Sir:

There is transmitted herewith a Reorganization Plan, together with an appropriate letter of transmittal addressed to Congress for the President's signature. The Plan would transfer to and consolidate in the heads of executive departments all functions relating to the control of personnel now vested in subordinate officers. The Department is of the opinion that the consolidation of such functions will result in a more efficient and economical administration of the affairs of the departments affected.

Very truly yours,

Secretary of the Treasury.

L.A.M.F.W.
5/1/20

6/2/20 E.N.F.H. msk

The Director,

Bureau of the Budget.

Sir:

There is transmitted herewith a Reorganization Plan, together with an appropriate letter of transmittal addressed to Congress for the President's signature. The Plan would transfer to and consolidate in the heads of executive departments all functions relating to the control of personnel now vested in subordinate officers. The Department is of the opinion that the consolidation of such functions will result in a more efficient and economical administration of the affairs of the departments affected.

Very truly yours,

Secretary of the Treasury.

LH:mf
5/1/36

The Director,

Bureau of the Budget.

Sir:

There is transmitted herewith a Reorganization Plan, together with an appropriate letter of transmittal addressed to Congress for the President's signature. The Plan would transfer to and consolidate in the heads of executive departments all functions relating to the control of personnel now vested in subordinate officers. The Department is of the opinion that the consolidation of such functions will result in a more efficient and economical administration of the affairs of the departments affected.

Very truly yours,

Secretary of the Treasury.

LH:mdw
6/1/50

The Director,

Bureau of the Budget.

Sir:

There is transmitted herewith a Reorganization Plan, together with an appropriate letter of transmittal addressed to Congress for the President's signature. The Plan would transfer to and consolidate in the heads of executive departments all functions relating to the control of personnel now vested in subordinate officers. The Department is of the opinion that the consolidation of such functions will result in a more efficient and economical administration of the affairs of the departments affected.

Very truly yours,

Secretary of the Treasury.

LSA:mf
6/1/39

The Director,

Bureau of the Budget.

Sir:

There is transmitted herewith a Reorganization Plan, together with an appropriate letter of transmittal addressed to Congress for the President's signature. The Plan would transfer to and consolidate in the heads of executive departments all functions relating to the control of personnel now vested in subordinate officers. The Department is of the opinion that the consolidation of such functions will result in a more efficient and economical administration of the affairs of the departments affected.

Very truly yours,

Secretary of the Treasury.

LH:mfw
8/1/30

The Director,

Bureau of the Budget.

Sir:

There is transmitted herewith a Reorganization Plan, together with an appropriate letter of transmittal addressed to Congress for the President's signature. The Plan would transfer to and consolidate in the hands of executive departments all functions relating to the control of personnel now vested in subordinate officers. The Department is of the opinion that the consolidation of such functions will result in a more efficient and economical administration of the affairs of the departments affected.

Very truly yours,

Secretary of the Treasury.

LH:mfv
5/1/30

The Director,
Bureau of the Budget.

Sir:

There is transmitted herewith a Reorganization Plan, together with an appropriate letter of transmittal addressed to Congress for the President's signature. The Plan would transfer to and consolidate in the hands of executive departments all functions relating to the control of personnel now vested in subordinate officers. The Department is of the opinion that the consolidation of such functions will result in a more efficient and economical administration of the affairs of the departments affected.

Very truly yours,

Secretary of the Treasury.

LAS:fw
5/1/50

The Director,

Bureau of the Budget.

Sir:

There is transmitted herewith a Reorganization Plan, together with an appropriate letter of transmittal addressed to Congress for the President's signature. The Plan would transfer to and consolidate in the heads of executive departments all functions relating to the control of personnel now vested in subordinate officers. The Department is of the opinion that the consolidation of such functions will result in a more efficient and economical administration of the affairs of the departments affected.

Very truly yours,

Secretary of the Treasury.

LH:mf
8/1/50

The Director,

Bureau of the Budget.

Sir:

There is transmitted herewith a Reorganization Plan, together with an appropriate letter of transmittal addressed to Congress for the President's signature. The Plan would transfer to and consolidate in the hands of executive departments all functions relating to the control of personnel now vested in subordinate officers. The Department is of the opinion that the consolidation of such functions will result in a more efficient and economical administration of the affairs of the departments affected.

Very truly yours,

Secretary of the Treasury.

LSA:fw
5/1/20