PSF: Treasury Dept., 1933-36

PSF: Treasury

PSF Treasury

October 9, 1933.

MEMORANDUM FROM THE PRESIDENT

FOR THE SECRETARY OF THE TREASURY

The more I analyze the situation, the more I am convinced that the Federal Reserve Banks should continue open market purchases of approximately $36,000,000. this week again. There is no doubt in my mind that you and I are being subjected to all sorts of silent pressure by some members of the banking fraternity who do not want to make loans to industry. They are in a sullen frame of mind, hoping by remaining sullen to compel foreign exchange stabilization and force our hands. If you and I force these funds on them they will have to act in accordance with our desires.

Let us keep up the present policy this week at least.

FDR MD

BF
Treasury

FISCAL YEAR 1934

(In millions of dollars)

November 10, 1933.

~~CONFIDENTIAL~~

	Estimates of receipts fiscal year 1934	Actual receipts fiscal year to date
RECEIPTS:		
Customs	290	133
Income tax	876	183
Miscellaneous internal revenue	1,367	587
Processing tax	447	81
Miscellaneous (exclusive of foreign receipts)	178	72
Total	3,158	1,056

	Authorized (as of July 1, '33)	Obligations incurred July 1,'33 to date	Estimates of expenditures f. y. 1934	Actual expenditures fiscal year to date
EXPENDITURES:				
a. General:				
1. General operations	2,386	884	2,528	965
2. Agr. Adj. Adm.	507	152	507	129
Sub-total above	2,893	1,036	3,035	1,094
b. Emergency:				
3. Public Works Adm.:				
Public bodies	930	91	400	3
Railroads	135	—	100	—
Public highways	[a] 571	405	300	81
Naval construction	275	154	54	4
Rivers, harbors, flood control	218	65	135	3
Reclamation (including Boulder)	[b] 100	8	14	4
Subsistence homesteads	25	—	9	—
Other	306	64	288	12
Sub-total, PWA	2,560	787	1,300	107
4. Farm Credit Adm.:				
Banks for Cooperatives	110	85	110	75
Production Credit Corporations	90	53	90	38
Commodity Credit Corp.	3	3	3	3
	203	141	203	116
Less receipts, etc.	63	48	63	52
Sub-total, FCA	[c] 140	93	140	64

	Authorized (as of July 1, 1933)	Obligations incurred July 1, '33 to date	Est. of expenditures f.y. 1934	Actual expenditures f. y. to date
5. Agricultural Adj. Adm.	100	1	100	[e] 3
6. Emergency Conservation work . . .	[d] 416	124	239	103
7. Civil Works Adm. . .	400	--	400	--
8. Nat. Industrial Recovery Adm. . .	4	2	4	1
9. Federal Land Banks, surplus	65	15	47	15
10. Federal Savings and Loan Ass'ns . . .	100	--	40	--
11. Federal Deposit Ins. Corporation .	150	--	150	--
12. Tennessee Valley Auth.	50	1	35	1
Sub-total, Items 5-12:	1,285	143	1,015	117
Reconstruction Finance Corporation:				
13. Direct expenditures.	[f] 411	291	[f] 411	
14. Preferred stock of banks	[g] 500	23	[g] 500	168
15. Relief	462	182	400	
16. Insurance companies.	50	--	40	
17. Agric. Adj. Act. . .	[g] 3	3	[g] 3	
18. Loans to closed banks	1,000	--	1,000	--
19. Commodity Credit Corp.	250	4	150	4
20. Farm Mortgage Relief	198	21	170	17
21. Loans to Joint Stock Land Banks	100	2	70	1
22. Stock Home Loan Bks.	82	22	60	21
23. Home Owners' Loan Corp.	199	8	50	8
Sub-total, RFC:	2,433	556	2,032	219
Total emergency:	6,418	1,579	4,487	507
Grand total expenditures:	9,311	2,615	7,522	1,601
Excess of expenditures			4,364	545
Increase in general fund balance less excess of trust fund receipts				461
Increase in public debt			4,364	1,006
Public debt June 30, 1933			22,539	22,539
Estimated public debt June 30, 1934, and actual public debt November 10, 1933			26,903	23,545

(Forward)		26,903
Estimated repayments applicable to retirement of public debt (see note):		
(1) From public works loans on self-liquidating projects	500	
(2) From RFC loans	2,000	2,500
Public debt to be retired from taxes after June 30, 1934 (see note):		24,403

NOTE: The application in this statement of repayments of loans or advances made by the Reconstruction Finance Corporation and by the Public Works Administration for self-liquidating projects to retirement of the public debt rests on the assumption that the Budget for the fiscal year 1935 will be balanced in the sense that there will be no further increase in the public debt after the close of the current fiscal year. In this connection it must be borne in mind that large commitments during the current fiscal year under the emergency public works program will be carried over to the fiscal year 1935. Unless receipts for the fiscal year 1935 (exclusive of such repayments) are sufficient to meet the general expenditures of the Government and also the emergency commitments carried over from 1934 to 1935, the application of Public Works and Reconstruction Finance Corporation repayments to public debt retirement as reflected in this statement is wholly misleading.

(a) $437M NRA and $134M unobligated balances carried over. Obligations include $394M commitments prior to July 1, 1933.
(b) $97M NRA and $3M unobligated balances carried over.
(c) $100M NRA (A.A.A.) and $40M Farm Credit Act.
(d) $323 NRA and $93M unobligated balances carried over.
(e) Excess credit, deduct.
(f) Deduct. In allowing $1,000,000,000 for loans to closed banks, the R.F.C. will be overcommitted (obligations not yet actually incurred) about $411,000,000. Payments on account of this overcommitment must be met out of receipts which are now coming in at the rate of about $50,000,000 a month.
(g) Indefinite authorization; subject to revision.

NOVEMBER 10, 1933.
ACCOUNTS AND DEPOSITS,
TREASURY DEPARTMENT.

THE UNDER SECRETARY OF STATE
WASHINGTON

November 15, 1933.

Dear Louis:

I enclose herewith a copy of a confidential telegram, in paraphrase, which reports the meeting of the directors of the Bank of International Settlements, which was held on November 13th in Basle, Switzerland. Possibly you may feel that the President will wish to see the informal and confidential expressions of opinion, which are set down in the paragraph beginning on page two, regarding the monetary policies of this Government.

Sincerely yours,

William Phillips

Enclosure.

The Honorable
Louis McH. Howe,
Secretary to the President,
The White House.

Paris

PARAPHRASE

November 14, 1933

Received 11:30 a.m.

Secretary of State,

Washington.

502, November 14, 11 a.m.

~~STRICTLY CONFIDENTIAL~~

Cochran returned from Basel reports that B.I.S. directors at yesterday's board meeting approved economies which will result in 20% diminution of budget. This included dismissal of 18 minor officers and clerks with six months full pay. The directors decided to continue the original policy of the bank accepting deposits on its own account in only those currencies which satisfy the requirements of the gold or gold exchange standard.

The directors were generally skeptical with reference to efficacy of the American monetary program and especially the gold purchase idea. They believe that actual inflation will be necessary if the President insists upon achieving his aim in price raising. The technical position of the gold block central banks is sound. Their governors are reconciled for the present to watching the American experiment and they will resort to no joint action so long as the purchases abroad are on the present small scale although there was some informal discussion of an agreement by the gold bloc central

banks

banks not to release gold to any central bank that does not reciprocate. Should such American purchases become heavy the central banks would view the situation more seriously. In present circumstances their chief complaint is supposed to be economic effect through deflation of European gold prices and the psychological effect on their people who are under the constant uncertainty as to the future of their own currencies as long as the American program is so doubtful.

The following expressions of opinion are informal and ultra-confidential. Norman (England) condemned the policy of a government as intolerable which sits up nights devising means for depressing its currency and the gold of other peoples. Beneduce (Italy) bitterly assailed gold purchase policy as a factor in deflating Italian prices mentioning as an example, wheat. Warren's activities, he thinks should be limited to drawing curves of a statistician and not extend to the responsibility of developing monetary policy of a government. Francqui (Belgium) thinks steps should take place toward definite revaluation and stabilization of the dollar. Trip (Netherlands) said that the Dutch Government and central bank are still firm in their policy of maintaining the gold standard but that it is felt by Dutch trade that it is substitute for strangling and that sentiment is growing in favor of a devaluation of the florin. Rooth (Sweden) favors stabilization of dollar at 4.86 to the pound and sale of gold rather than purchase by the United States. Bachmann (Switzerland) said his government is gaining gold but that railways and hotels of Switzerland are

are being obliged to make reductions in rate which they cannot afford. He is nervous over the French situation. Farnier (France) admitted that Moret's estimate given in the Embassy's telegram number 493, November 3, 11 a.m., that potential gold hoarding capacity in France has been emphasizing 12 billion francs is too conservative considering the extent to which French holders might dispose of government securities if the situation becomes more threatening. Vocke said no repercussion in the monetary field was felt in Germany from the American experiment and he understood that the United States would not desire that its policies inconvenience other countries any more than it was desired by Germany that her policies discommode others. He stressed the need, at this time, for strong governments. Incidentally another meeting of long term foreign creditors is being summoned by Schacht at Berlin in December when it is probable that he will suggest an extension of the six month moratorium and perhaps a decree in the percentage of transfer.

MARRINER

P=F: [Nov. (?) 1933]

Treasury folder

THE UNDER SECRETARY OF THE TREASURY
WASHINGTON

My dear Mr. President,

In view of the leave of absence which Secretary Woodin's health requires him to take, I am sure that you will wish, and you, of course, should have, complete freedom of choice as to whom you will place in charge of the Treasury. In order to facilitate this I am tendering my resignation as Under Secretary of the Treasury to take effect when my successor is appointed, or at

an earlier date should you so desire.

I am most appreciative of the opportunity which you and the Secretary have given me to have had some part in your administration during these stirring times, and also of the many marks of kindness which you and he have shown me. In leaving the Treasury may I also have with you my most sincere good wishes for the success of your administration in the years that lie ahead.

Respectfully

Fran Peterson

Private

This memorandum requires elucidation for the historical record.

Dec. 16, 1933.

During the last three weeks of November, a very definite drive was made by New York bankers and by political forces led by Ogden Mills and by pressure originating from British sources, to create definite sentiment in this country to have the gold content of the dollar definitely fixed by the United States. As a part of all this, assurance was given by the same sources that if the United States would go back on gold that Great Britain would follow.

My advices were (a) that England would not go back on gold simultaneously with us; (b) that England would like to have us go back on gold but would not follow herself, thereby keeping her favorable trading position absolutely liquid.

In order to place England on record, and solely for that purpose, and not because we intended or expected to go back on gold standard, George Harrison made this unofficial interrogation of Montagu Norman. As we expected, it was turned down by the Bank of England and the British Treasury.

Franklin D. Roosevelt.

FDR

The White House

FEDERAL RESERVE BANK

OF NEW YORK

December 12, 1933.

Dear Mr. President:

On November 27, following his return from Warm Springs, Secretary Morgenthau asked me to inquire of Governor Norman of the Bank of England, whether he thought the British government would be willing to join the United States government in de jure stabilization of their currencies in terms of gold either at once or following a short period of de facto stabilization.

While I have reported to you orally the substance of my conversations with Governor Norman on this subject, I am enclosing herewith a memorandum, as you suggested, recording the essence of these talks with respect to the specific question which Secretary Morgenthau presented to me. This memorandum has been prepared from contemporaneous and detailed notes of my conversations with Governor Norman.

Respectfully yours,

George L. Harrison

Hon. Franklin D. Roosevelt,
The White House,
Washington, D. C.

Enc.

PSF: Treasury

MEMORANDUM OF CERTAIN CONVERSATIONS BETWEEN GEORGE L. HARRISON, GOVERNOR OF THE FEDERAL RESERVE BANK OF NEW YORK, AND MONTAGU C. NORMAN, GOVERNOR OF THE BANK OF ENGLAND.

On November 28, 1933, I telephoned Governor Norman to inquire whether he thought the British government would be willing to join the United States government in de jure stabilization of their currencies in terms of gold either at once or following a short period of de facto stabilization. I told Governor Norman that while I had no assurance that the United States government would agree to prompt de jure stabilization of the dollar in terms of gold, nevertheless I would take the matter up with the Administration if Governor Norman thought there was a prospect that the British government would be willing to undertake an early de jure stabilization of the pound, if at the same time the United States government took similar action with respect to the dollar.

On December 1, Governor Norman advised me on the telephone that he had discussed the matter with Sir Frederick Leith-Ross of the British Treasury, and that he (Governor Norman) was quite certain that the British government would not now be willing to consider de jure stabilization of the pound in terms of gold in the near future whether by their own action alone or jointly with the United States government, nor would they be willing to give any commitment as to a minimum rate of stabilization in the future. Governor Norman went on to say, however, that they would be glad to consider an arrangement for de faco stabilization of the dollar-sterling exchange rate for a temporary period through the use of an agreed amount of gold. He asked me to ascertain, if possible, whether Washington would be interested now in considering such an arrangement.

PSF File Pres. Treasury File PSF Box 25

December 29, 1933.

Dear Governor Black:

In line with our previous conversations, I very much hope that arrangements for the immediate transfer of the gold of the Federal Reserve Banks to the Treasury can be made under existing legislation and without resort to a formal executive order. With a view to resolving doubts which some entertain, but which I do not share, the matter may be handled as follows:

(1) All gold coin, bullion and certificates received from others by the Federal Reserve Banks or Branches since March 4, 1933 (except in settlement of foreign balances) shall be turned over to the Treasury immediately and unconditionally; and payment therefor will be made in any coin or currency, dollar for dollar or at $20.67 per ounce as the case may be.

(2) The Federal Reserve Banks, Branches and Agents will forthwith transfer (subject to the condition subsequent mentioned in (4) below) to the Treasury, possession of, and title to, all other gold cointor bullion owned by them or on deposit with the United States, and will receive therefor gold certificates at the rate of $20.67 per ounce.

(3) All gold certificates by whomever held shall be deemed and treated by the Treasury as dollar obligations so that no profit or loss will accrue to any holder thereof as a result of any change in the gold content of the dollar; and they will be secured at all times by 100 percent. deposit of gold pledged as collateral therefor.

(4) Should the forthcoming session of Congress adjourn without ratification of the transfers above mentioned, and of any change in the gold content of the dollar theretofore made, the absence of such ratification shall operate as a condition subsequent to the transfer mentioned in (2) above, revesting title to the gold so transferred, except as to that portion of such gold as is attributable to profits resulting from any such devaluation, which in any event will be retained by the Treasury ~~upon the surrender of the gold cert~~

ury. Possession of such gold will be surrendered by the Treasury upon the surrender of the gold certificates received in payment therefor.

(5) Upon devaluation so much of the gold as is not attributable to profits therefrom will be returned to the Federal Reserve Banks but without agreement express or implied that such gold will not later be called into the Treasury.

(6) Such administrative acts and recommendations to the Congress as may be necessary for carrying out the foregoing arrangements will be made at the appropriate time.

Very sincerely yours,

Honorable Eugene R. Black,
Governor, Federal Reserve Board,
Treasury Department,
Washington, D.C.

COPY

35-57

PSF Treasury

January 22, 1934

File under Morgenthau

F. D. R.

MEMORANDUM

Senator W. H. King and Senator Burton K. Wheeler have talked to me about their proposal to add to the Gold Reserve Bill a section requiring the purchase of silver up to a billion ounces at a minimum rate of fifty million ounces per month, or until 371¼ grains of silver equal to 23.22 grains of fold in purchasing power.

At my request they talked the matter over with Secretary Morgenthau. It was pointed out to them that the President is now authorized, under the Thomas Amendment, to provide for the unlimited coinage of silver, which, as a practical matter, means that we can take silver in any quantities, from any place in the world, at any price up to $1.29 per ounce. The President now has the power to provide for the coinage of half, three-quarters, or any major fraction of the silver so taken. Accordingly, further enabling legislation is not needed. In consequence, no useful end would be served by introducing the complications of the whole subject of silver into Congressional consideration of the Gold Reserve Bill.

It was suggested to Senator King and Senator Wheeler that the word silver might be added to Section 10 (a) of the Bill, authorizing the Secretary of the Treasury to buy and sell gold, foreign exchange, etc., in order to stabilize the exchange value of the dollar. They were clear that this proposal added nothing to the bill from their standpoint.

Accordingly, it will be most fortunate if the Gold Reserve Bill passes without any amendment of any kind relating to silver.

Memo. filed 21

THE SECRETARY OF THE TREASURY
WASHINGTON

Treasury

January 24, 1934.

Dear Mr. President:

I am sending you herewith a memorandum in regard to the $2,000,000,000 fund which you asked me for today.

Respectfully,

H Morgenthau Jr

Enclosure.

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

MEMORANDUM

Re: Authority to Purchase Gold with $2,000,000,000 Equalization Fund without Further Legislative or Administrative Action.

The question is raised whether the Secretary of the Treasury may cause payments to be made from the general fund of the Treasury for the purpose of purchasing gold after the Gold Reserve Act has been enacted and after the President has issued a proclamation decreasing the gold content of the dollar, without further legislative or administrative action.

It is the view of the Treasury that the Secretary may make such purchases. The Gold Reserve Act specifically appropriates "out of the receipts which are directed to be covered into the Treasury under Section 7 hereof, the sum of $2,000,000,000, which sum when available shall be deposited with the Treasurer of the United States in a stabilization fund under the exclusive control of the Secretary of the Treasury * * *."

There are various means by which the profit in gold may be converted into credits. The best method from several points of view would be for the Secretary of the Treasury to deposit such of the gold as he desires to convert into a credit in the Gold Settlement Fund maintained by the Treasury for the Federal reserve banks. The gold would be deposited to the credit of specified Federal reserve banks who would create corresponding credits to the account of the Secretary of the Treasury on their books. This is a practice which has long been followed by the Treasury with gold in the general fund.

Treasury

THE SECRETARY OF THE TREASURY
WASHINGTON

January 31, 1934.

File Personal

Dear Mr. President:

I respectfully submit herewith information which I asked the State Department to secure for me. It is of such great interest that I am taking the liberty of sending it to you.

Faithfully yours,

H Morgenthau Jr

Enclosure.

The President,

The White House.

PARAPHRASE OF TELEGRAM RECEIVED.

From: American Embassy, London.
To: Secretary of State.
Dated: January 31, 11 a.m.

Last evening in the House of Commons the Chancellor of the Exchequer was asked "whether His Majesty's Government were using the exchange equalization fund to create an artificial value of sterling abroad in order to return to the gold standard; and what steps were being taken to safeguard the taxpayers against loss arising out of the purchase of foreign exchange."

Chamberlain replied "no, sir. The purpose of the exchange equalization account is to correct temporary fluctuations in the exchange value of sterling. It has not been used to create an artificial value for sterling for the purpose of returning to the gold standard or for any other purpose, and as there is a good deal of misunderstanding on this matter I should perhaps add that it would in my opinion be ineffective if so used. In reply to the last part of the question I would refer my honorable friend to the discussions which took place during the passage of the Exchange Equalization Account Bill and finance bill last year".

Question: "In view of the equalization fund that has been created in America, is there any likelihood of competition between our equalization fund and the equalization fund of America?"

Mr. Chamberlain replied: "We had better wait

and see what the operation of the fund in America is likely to be".

Question: "May I ask the right honorable gentleman whether the three hundred fifty million pounds is still in the equalization fund?"

Mr. Chamberlain replied: "Yes, sir".

Question: "Is not the existence of the new American exchange equalization fund an added reason why the conversations between us and America should be expedited?"

Mr. Chamberlain replied: "I do not know to what conversations the honorable gentleman refers".

Question: "Regarding currency and regarding our mutual obligations, are there no conversations now in prospect?"

Mr. Chamberlain replied: "No, sir, not that I know of".

Foregoing quoted from official text published this morning.

Confidential In connection with the foregoing well informed circles today state that Great Britain would accept an invitation from America for stabilization discussions, inasmuch as it would be considered unfriendly to refuse. Great Britain would realize, however, that any pound-dollar stabilization figure which would be acceptable today in Great Britain might give the French cause for claiming that Great Britain was driving them off the gold standard. It is therefore presumed that Great

Britain will endeavor to reach an understanding on this point in the discussions under contemplation, or as an alternative to drag out the course of stabilization procedure with the United States.

ATHERTON.

PSF Treasury

1

PSF Box 25 "Treasury" file

file

"private file"

file - H. M. regulation (3) (1)

THE SECRETARY OF THE TREASURY
WASHINGTON

October 17, 1934.

My dear Mr. President:

This message has just been phoned to me by the Federal Reserve and I am enclosing a copy herewith for your information.

Respectfully,

H Morgenthau Jr

The President,
The White House.

Basle, October 17, 1934.

Personal

Harrison,
Federal Reserve Bank of New York,
New York.

#17

Confidential for Governor

At private meeting of gold bloc Governors held in Basle after our Directors meeting, they expressed concern about the forthcoming conference at Brussels of the commercial and political representatives of the gold bloc countries, designed to study possibilities of making trade arrangements within the gold bloc which would tend to strengthen it economically. The Governors were concerned because the conference had been suddenly called with much publicity but without any preparation, and they feared it will consequently break down or reach trivial conclusions, thereby causing injurious repercussions in the monetary field, in that this failure would reveal to the world and to the gold bloc publicly that the gold bloc was only an expression and not a monetary or economic entity. Pressure for the meeting originated with the Belgians, who have suffered more than any other country from the recent fall of sterling. They see no reason on the business and economic side for continuing to suffer unless they can get some compensation by sending goods to other members of the gold bloc, several of whom have trade barriers and quotas which

operate against Belgium as well as against countries of the Sterling area. In particular the Belgians are trying to force the hand of the French to grant concessions such as taking Belgian coal instead of British. According to information from usually trustworthy persons in Belgium, if this conference fails utterly the Belgians will then leave gold bloc and let Belgas fluctuate with sterling. At present high Belgian authorities are making this statement privately but fairly openly, partly perhaps to frighten the French into making concessions because if Belgium suspends the operation of the gold standard Holland will be obliged to follow shortly. Such central banks as have been holding Belgas with us are transforming these deposits into gold because of their fear of the immediate future. The gold bloc central banks have nothing to do with the meeting, but each Governor agreed to warn his government of the grave reaction in the monetary field which might result from a public failure. The Italians are particularly anxious and made an effort to get the conference adjourned until after a preparatory commission had explored practicability of any agreement. The fundamental difficulty in any agreement for lowering trade barriers within the group is that the Belgian price levels and costs of production are lower than those of any other country in the gold bloc. Consequently they would benefit most from the creation of anything like an economic unit and industrialists in the other countries consider that they would suffer pro tanto.

Fraser

BF File Treasury (S) (1)

October 29, 1934

MEMORANDUM

Internal Revenue proposes to file an amended answer in the appeal of the Union Trust Company of Pittsburgh on its income tax liability for the year 1930. This answer alleges that the Trust Company fraudulently understated its income by $1,722,082.90, on which the additional tax would be $218,333.79. The answer will set out the following facts to substantiate this claim:

On November 8, 1930, the Trust Company went through the motions of a sale to the Union Savings bank (98% of whose stock was owned by the Trust Company and all of whose directors were directors of the parent Trust Company) of certain securities which had cost the Trust Company about $3,500,000.00. The then market price of these securities was about half of what they had cost. The Savings Bank not having cash to go through the form of paying the market price, the Trust Company "deposited" a little over this amount with the Savings Bank so that it would not need to pay out its own cash for the "purchase". On January 2 and January 3, 1931, the Union Savings Bank re-transferred the identical securities to the Union Trust Company. The price named in this re-transfer was equal to the purchase price of the said securities, plus incidental costs. The Trust Company's "deposit" was thereupon withdrawn.

On November 20, 1931 the Trust Company made a fictitious sale to the Savings Bank, at their then current market price plus accrued interest,

of certain United States Treasury Bondshaving a par value of ten million dollars. On the same day the Trust Company deposited with the bank the exact amount of the "sale" price (approximately $9,500,000.00), taking therefor a thirty-one day certificate of deposit. Meanwhile, the market price of the bonds declined and on December 16, 1931 the Trust Company recalled the sale, withdrew its pretended deposit and sold the bonds in the open market at a price lower than that of the pretended sale to the Savings Bank, thus taking a bigger loss than the fictitious sale would have shown.

On December 9, 1931 the Trust Company "sold" to its subsidiary Savings Bank at the then market price of $2,163,549.50, securities which had cost the Trust Company about $4,500,000.00. At the same time $2,200,000.00 was "deposited" with the bank. At the expiration of thirty days the identical securities were re-transferred to the Trust Company and the certificate of deposit was cancelled. The Trust Company claimed a deduction of $2,347,411.23 from its income for the year 1931 on account of such pretended sale.

By acting as an "accommodation purchaser", the Trust Company enabled other persons and corporations to fraudulently understate their incomes. Instances of accommodation purchases on the part of the Trust Company are the following:

On December 1, 1931 the Trust Company "purchased" from the Union Savings Bank for $83,500.00 certain bonds (Cuban and Chilean, the latter then in default!) which had cost the bank $274,054.25. The "loss" sustained by the bank as a result of this "sale" to the Trust Company was $190,204.25. On December 5, 1932, the bonds were re-transferred to the bank at approximately the same price. Payment in each instance was merely a matter of bookkeeping entries.

On December 30, 1931 the Union Trust Company pretended to purchase from Andrew W. Mellon certain common stock of the Pittsburgh Coal Company. The purchase price therefor, $500,000.00, was immediately returned to the Trust Company by Mellon to be applied upon his demand note. The Trust Company did not alter its cash position in making the purchase. In April, 1932 the Trust Company transferred the stock to Coalesced Company, a Mellon dominated corporation, upon "repayment" to the Trust Company of the pretended purchase price plus 6% interest for the number of days that the Trust Company had pretended to hold and own such stock.

On December 2, 1931, the Union Trust Company purchased from Andrew W. Mellon and R. B. Mellon, who was one of its vice presidents as well as a member of its Board of Directors and its executive committee, 54,000 shares of Western Public Service Corporation stock for $216,000.00. On January 8, 1932 this stock was re-transferred to the Mellons at a figure approximating the purchase price. By virtue of the sale of December 2 the Mellons sustained a "loss" of $804,000.00, half of which each claimed as a deduction in his income tax return for the year 1931.

On November 27, 1931 the Union Trust Company became an accommodation purchaser of 6,000 shares of Western Public Service Corporation stock from Roy A. Hunt (a member of the Board of Directors of the Union Trust Company and of its executive committee and president of the Aluminum Company of America) for a net price of $25,260.00. The identical shares were re-transferred to Hunt at a similar figure in February, 1932. Hunt sustained a "loss" of $99,740.00 as a result of this "sale".

On December 11, 1931 the Trust Company purchased from William B. Schiller, one of its directors, 5,000 shares of Western Public Service Corporation stock for $19,800.00, re-transferring said stock to Schiller in January, 1932 for $20,625.00.

On December 26, 1931 the Trust Company purchased from John H. Nicholson, a large customer, 500 shares of Armstrong Coke Company stock for $3,980.00, which stock was re-transferred to him on February 1, 1932 for $4,052.50.

"file personal"
PSF
Treasury

My dear Mr. President:
This cable seems important enough to bother you with it at this time. Hope you are feeling better,
Henry

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London, England

DATE: January 7, 1935, 6 p.m.

No.: 3 STRICTLY CONFIDENTIAL

Reference is made to telegram No. 21 of January 29, 11 a.m., from the Department.

Butterworth returned from Paris yesterday, where he had been consulting Cochran. On the return journey he had the following conversation with Monick, the French Financial Attaché in London. Monick had previously been summoned to Paris for consultation with Flandin in connection with Flandin's visit to London about January 20 -

It was stated by Monick that Flandin, in the course of his conversations, wishes to explore with the British economic and financial matters, sterling stabilization in particular. It is Flandin's opinion that if he is to keep control of the French political situation, he must move with some rapidity in this direction. Flandin and Monick are convinced that, in the absence of external pressure, the British will continue to play a passive role. Sterling stabilization is desired by the French. They seem to have firmly in mind the fact that it might be accomplished early in 1935, because of the impending British, French, and American elections in 1936, or that there will be indefinite delay of the matter.

The French furthermore anticipate movements from London - with a consequent weakening of the pound - in

view

view of the favorable prospects of Saar settlement, Franco-Italian rapprochement, and alleviated political influences at work on the Continent, together with returning confidence and economic progress in the United States. There will be a corresponding advantage to British exporters as the pound declines, and the French fear that in attempting to achieve a de facto stabilization agreement, there will be increased political as well as technical difficulties. Because of this, immediate action is desired by the French.

It was indicated by Monick that it is also feared by Flandin that agitation in America for further dollar devaluation to 50 cents would be stimulated by a decline in the pound. Such a devaluation could not possibly be survived by Flandin, since he had committed himself to his announced policy of ending deflation. Nor under such conditions could any of his possible successors deflate sufficiently to stay on the gold standard. The result would be the breaking up of the gold bloc, with chaotic consequences because of the disorderly disruptive international currency depreciation race that would inevitably follow.

Flandin in no way minimized the difficulties surrounding such a move towards stabilization, Monick said. That

the

the British would raise the question of a reduction in French trade barriers and tariffs is known to Flandin. However, Flandin was in a susceptible frame of mind since French opinion was losing faith in the efficacy of quotas. In addition, if it were not asked that concessions should be all on one side, Flandin would be willing to enlarge the scope of the Franco-British trade agreement. Flandin wished in any event to find out the British terms - on what terms, if any, stabilization in the near future would be undertaken by them.

In any undertaking towards stabilization, an obvious British difficulty (and British argument against stabilizing) which would have to be dealt with was the matter of gold moving out of Great Britain after stabilization. This would have two causes: (1) the probably adverse balance of payments, and (2) the repatriation of foreign funds, especially American, now in London.

There might be a serious check of confidence here due to losses of gold by Great Britain pursuant upon stabilization. Therefore it would probably be necessary to devise some means (perhaps through the equalization funds) of meeting this difficulty. Reference is made to despatch No. 1132 of December 29.

It was stated by Monick that in this complicated

problem

problem the United States also presents difficulties. Inquiry was made by Monick regarding renunciation of the President's power to further devalue the dollar. In answer I expressed the opinion, which I explicitly indicated was merely personal, that since the United States was already on the gold standard, such an action would be among other things, irrelevant. I also said that the selection of the branch of the Government to have power over the currency was, and should be, essentially a domestic concern. I reminded him of the former perennial complaints of Europeans of the lack of power vested in the Executive, and pointed out that now that the balance had been somewhat rectified, unfounded rumors and illogical uncertainty had paradoxically been given rise to. The admission was made by Monick that Flandin was not hopeful that such an eventuality was possible. Flandin knew that it certainly was not when he was in the United States, but did not know whether the situation had changed since then. Should a stabilization arrangement be entered into, however, he did harbor hopes that the President might be willing to agree to some such formula like this: that inasmuch as changes in rates of exchange involve international as well as national consequences, without previous consultation

sultation with each other, Great Britain, France, and the United States agree not to alter parities.

Another stumbling block is also constituted in war debts. In passing Monick referred to some semi-official scheme of settlement. It seemed unwise to pursue the discussion in that direction, inasmuch as I had no cognizance of it. However, the French I gathered were disturbed by war debts as a question which the British would raise in conjunction with de facto stabilization. The French also regard the question as one which the United States might find internally embarrassing if a public undertaking on stabilization produced a renewal of agitation for full payment on war debts. Monick created an impression - without being specific - that the French (repeat French) might be satisfied by private and confidential assurances regarding dollar devaluation, in the absence of any way out on war debts.

The French consider stabilization sufficiently vital to be willing to explore the issue, according to Monick, even though they are aware of the difficulties inherent in such a move and realize the extent of British unwillingness to undertake stabilization, as was recently indicated by Chamberlain in the House of Commons (see Embassy's 632, December 21, 6 p.m.). I was asked by Monick to keep our conversation strictly confidential. Monick was particularly

ticularly anxious that no mention of it to British sources be made. The offer was made by Monick to keep me informed regarding developments in connection with Flandin's proposed visit here on or about January 20th. Monick at the same time did not conceal the importance which he attached to the American point of view, as a contributing factor to the British decision, or his interest in ascertaining what may be the American point of view.

It is intended by Flandin that a policy of credit expansion is to be pursued, according to Monick. Authorization will be obtained by Flandin for the issuance of fifteen billions of franc Treasury bills, which under budgetary legislation, are now limited to ten billions. They have consulted with the banks, insurance companies, et cetera, and these institutions are willing to absorb the extra five billions, provided the Bank of France will at any time re-discount them. Objection to this was voiced by Moret, who is timid and anxious; his view was that it would set a precedent which, if a less financially orthodox government came into power, might be dangerous. Thus he was succeeded by Tanney, who is in sympathy with the present policy of the Government. It is felt by Flandin that this step is a beneficial accom-

plishment.

plishment. He is aware, however, that the improvement in France's finances, as exemplified by the upward movement in rentes, is merely a springboard from which he must move on to levels which are more substantially productive.

ATHERTON.

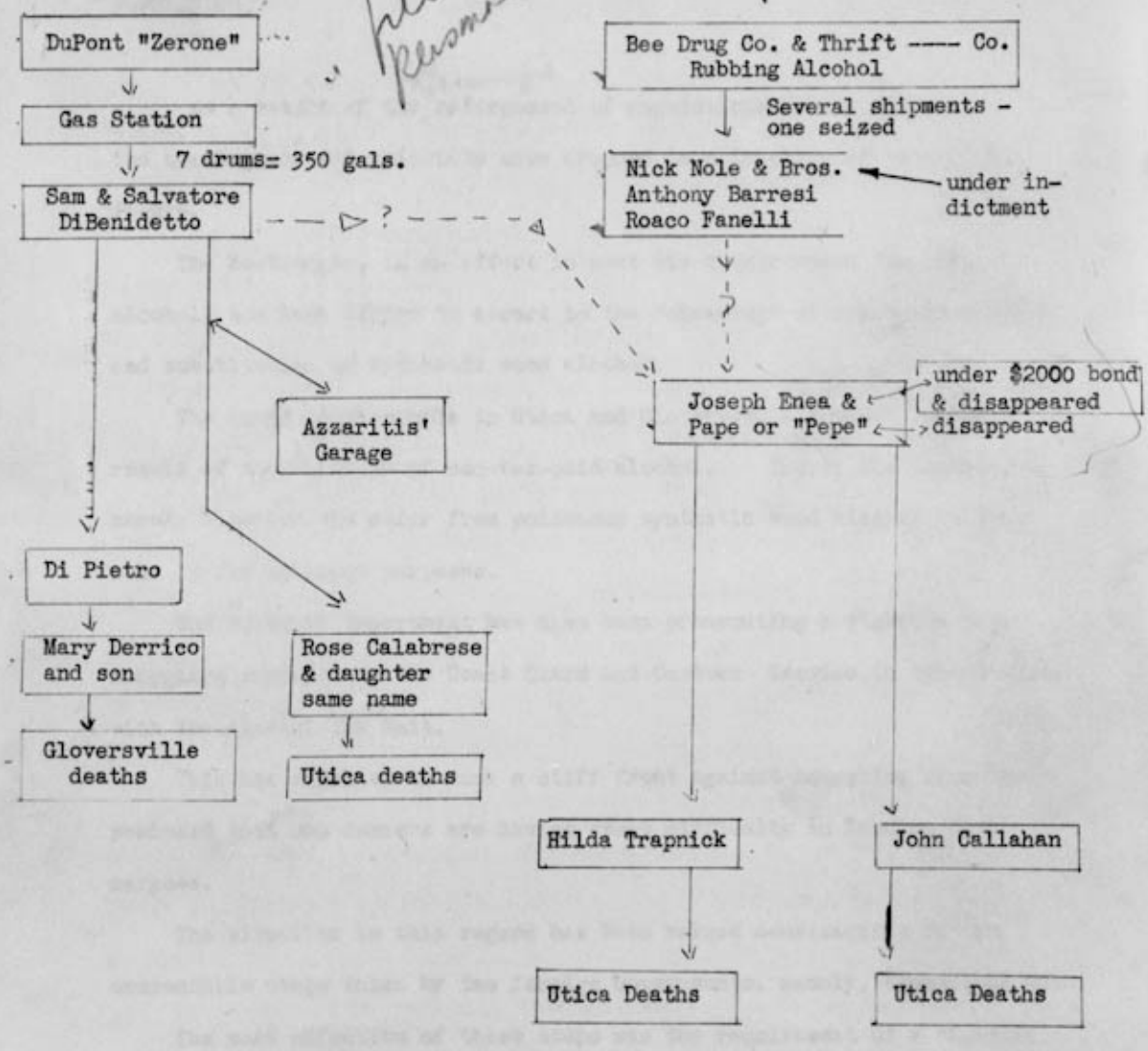
EA:LEW

February 2, 1935

PSF File Treasury (5)(1)

Deaths in Utica and Gloversville, New York:

"file personal"



MEMORANDUM

As a result of the Treasury's enforcement of regulations now in effect, the bootleggers' raw materials have dropped to a fraction of their former figure.

The bootlegger, in an effort to meet his requirements for illicit alcohol, has been forced to resort to the "cleaning" of denatured alcohol, and substitution of synthetic wood alcohol.

The death of 31 people in Utica and Gloversville,N.Y.,is an immediate result of the shortage of non-tax-paid alcohol. There, the bootlegger merely bleached the color from poisonous synthetic wood alcohol andthen sold it for beverage purposes.

The Treasury Department has also been prosecuting a vigorous anti-smuggling campaign by the Coast Guard and Customs Service,in coordination with the Alcohol Tax Unit.

This has resulted in such a stiff front against smuggling from the seaboard that rum runners are having great difficulty in landing their cargoes.

The situation in this regard has been helped considerably by the commendable steps taken by two foreign Governments. namely, Canada and Cuba.

The most effective of these steps was the requirement of a "landing certificate bond," in cases of exports of spirits. This bond is double the import duty on the commodity, and insures that it will be legally landed in the port for which the vessel clears.

This effectively blocked the efforts of rum runners who would clear from a foreign port with liquor, but, instead of going to that port, would proceed to the coast of the United States,into which the liquor would be smuggled.

Cuba has just recently taken a particularly commendable step to prevent the smuggling of alcohol into the United States. The requirement for land certificate bonds was already in effect in Cuba. However. alcohol was being shipped to smuggling bases in the West Indies, from which no such certificates were required, and from these bases the alcohol was smuggled into the United States. To prevent this the President of Cuba issued a decree to the effect that no shipments of alcohol or liquor would be permitted from Cuba to these smuggling bases. Cuba,being the principal source of supply to said bases, this resulted in the drying up of their supply.

In view of the commendable action of Canada and Cuba, it is confidently expected that several other foreign countries concerned will see fit to take similar action, particularly since the smuggled alcohol, in a considerable measure, eventually enters into direct competition with the legal liquor imported from these countries into the United States.

The principalsources from which rum runners may now obtain cargoes of liquor or alcohol are St.Johns, New Foundland, St. Pierre Miquelon and Mexico. It is expected that the British Government will take steps to inaugurate a system of landing certificate bonds on exports of spirits from St.Johns,New Foundland, that the French Government will take similar action in the case of St.Pierre, and that Mexico will inaugurate this system with respect to her ports on both the Atlantic and Pacific coasts

PSF
Treasury

3557

Feb 18 35

Gold times
Imp. ct.

Win unprivate obligations

Win gold certificate

Joint Resol. issued
but plaintiffs

Certificates - unfavorable
in Treasury

Congress no right?

FDR

First home run for your Buccaneer diplomat.
Henry.

File Treasury (5) (1)

MEMORANDUM FOR THE SECRETARY

PSF Treasury

February 19, 1935.

Subject: Newfoundland.

We have received confidential information from our Consul General at St. John's, Newfoundland, that the Newfoundland government has established a system of control over liquor exports, along the lines requested by us, said system having been approved by the Dominions office in London. This system went into effect last Saturday, February 16, at midnight.

The system is described as the Bermuda system of landing certificates, applying to vessels under 200 tons. (The rum running vessels are all under this tonnage, averaging around 100 tons.) This means that before a rum runner can clear with a cargo of alcohol or liquor, the exporter will have to deposit a cash bond equal to double the import duty on the spirits. This bond may only be returned upon the presentation of a landing certificate, from the port for which the vessel clears, to the effect that the spirits have been legally landed. Since the import duty on alcohol in Newfoundland is $5.80 a proof gallon, the amount of bond necessary per gallon of 180 proof alcohol is $10.44. In other words, a gallon of alcohol which costs the smuggler $.50 at St. Johns, will have to be covered by a bond amounting to over twenty times that amount, to insure its legal delivery in a designated foreign port before it can be exported. Since this puts up a prohibitive bar in the way of the smuggler's profit, it is safe to say that it will stop smuggling from Newfoundland.

The above information has not been received officially as yet, since the British Embassy here has not been notified in the premises by London.

To speed up the official notification (in order that we may be in a position to immediately arrange with France as to closing up St. Pierre by a similar arrangement), I have requested Mr. Osborne, Counsellor of the British Embassy to inquire by cable of London as to the decision in the matter. I did not disclose to Mr. Osborne the source of our information, but merely told him we had received word in a roundabout way, and would appreciate official verification if the facts were as reported. Upon receipt of the necessary official information from the British Embassy, the State Department will then proceed to close the deal with France.

The above information should not be given publicity at present, since the British Embassy, as I have stated above, do not know it as yet, other than what I told Mr. Osborne. If we should give it publicity at this time, the favorable position in which our Consul General is now established in Newfoundland might suffer, in other words, his information might be shut off. Therefore, I would suggest withholding publicity for a few days, until after we close with France.

B. M. Thompson

B. M. Thompson.

(Confirmation of cable taken over phone)

Sec Treasury

SECTION TWO. Telegram No. 444 of May 29, 1935, from the American Embassy, Paris.

up to $200,000,000 at their disposal. Should the present tendency continue, they feel, the present allotting daily of a fixed amount may conceivably fail to take care of the situation. The Bank of France would earmark gold automatically as sales of dollars were made, should such a large authorization be given to it. Guarantee was given by the two Bank of France officials that such gold as was earmarked would be free for export, and that even if an embargo should be imposed, no risk would be involved. While I was at the Bank of France, Cariguel had brought this matter up. He even suggested that the Bank of France would be willing to make daily shipments of gold to England should our people be the least hesitant about this procedure.

I visited Rueff at the Ministry of Finance after I had this conversation with Cariguel. Rueff also gave me assurances that should an embargo be imposed there would be no question of holding up gold earmarked for the United States. In his opinion the real test was occurring this morning when the project of law which was deposited with the Chamber yesterday was taken up for consideration by the Finance Committee. The decision had been made by Flandin that if the Committee meeting this morning should so oppose his policies that defeat appeared inevitable, this afternoon he would tender the resignation of the

Government.

Government.

At noon at the close of trading $21,500,000 had been sold by Guaranty. It is the opinion of this Bank that the market could be stopped if the Bank of France had authorization to sell $200,000,000.

END SECTION TWO.

STRAUS.

EA:LEW

6/15/38

MISS LE HAND:

The President wants to take this with him the next time he goes to Hyde Park.

W.L.M.

file

make F.D.R. file

BF
Treasury

June 6, 1935.

MEMORANDUM

TO: Secretary Morgenthau
FROM: Mr. Gaston
SUBJECT: Poughkeepsie retail liquor inspection.

There are attached hereto news and editorial clippings from newspapers in Poughkeepsie, N.Y., reflecting a highly critical attitude as to the inspection of retail liquor establishments in Poughkeepsie by special deputy collectors of Internal Revenue on May 27th, 28th and 29th, 1935.

The inspection of retail liquor establishments in Poughkeepsie, N.Y., was a part of a checkup of such establishments which is being carried on throughout the United States to determine to what extent there is wilful violation or failure to comply with federal laws and regulations with respect to the sale of intoxicating liquors and to advise retail merchants more fully of the requirements of such laws and regulations. The work was inaugurated in New York City on February 4, 1935, and has since been extended to eight other large cities and to various smaller communities. A list of principal cities in which a canvass has been conducted and a summary of results therein is attached. In the cases of the larger cities listed the cooperation of state and city liquor control agencies and police departments was enlisted, so that there might be a joint checkup as to compliance with federal, state and local laws, ordinances and regulations. In all cases the local authorities have welcomed the opportunity to cooperate with federal officers and the attitude of the press almost without exception has been one of commendation of the project and the manner in which it is being prosecuted.

It is worthy of note that extensive newspaper publicity was given to the New York drive and to the fact that similar canvasses would be carried on in other parts of the country, so that the community of Poughkeepsie should have had adequate notice of the character of the work contemplated in that community. In carrying on the canvass those in charge of the field crews have been instructed not to bring prosecutions except in cases of obvious wilful violation of the law and to impose only nominal, that is minimum, penalties as to all violations which are not of the wilful type. The aim has been simply to obtain as full

compliance as possible with federal laws and regulations and to inform dealers what will be expected of them. There was nothing peculiarly drastic in the treatment of the Poughkeepsie retailers, although the accounts in the Poughkeepsie newspapers tend to give that impression.

The check-up throughout the country has brought into the Treasury considerable sums in immediate revenue, besides guarding against future loss of revenue. Incidental to the major purpose it should also be noted that these inspection surveys have revealed to state and city authorities evasion of state taxes and local license fees and have thus augmented state and local revenues. Generally they have promoted better understanding of federal, state and local laws and regulations on the part of retailers.

The federal violations found in all cities include: Failure to have or to post the federal occupational tax stamp, which all retail dealers in spirits and beer are required by law to purchase; the possession of unstamped bottles; the possession of unattached strip stamps; failure to destroy beer stamps; refilling of bottles; the possession of non-tax-paid liquor and the carrying on of rectification operations without legal authority to do so and without the payment of the special tax required.

It is worth noting that the inspections in all nine principal cities listed in the attached tabulation revealed a total of 10,310 violations in 68,864 inspections, the number of violations being 15 per cent of the number of inspections. In Poughkeepsie the number of inspections made was 152 and the number of violations found was 64, the percentage there being 42 as compared to 15 in the nine large cities. Only 2 of the 64 Poughkeepsie violations were referred to the enforcement branch for prosecution. These were cases of the possession of non-tax-paid liquor. Tax and penalties collected in Poughkeepsie amounted to $125.99, and offers in compromise in the amount of $1,195, with respect to the 62 violations not referred to enforcement, were submitted to the Collector of Internal Revenue. The average amount of tax, penalties and offers in compromise for each inspection in Poughkeepsie was $20.61. In the nine large cities listed the average amount collected for each inspection was $3.00.

The Amrita Club at 170 Church Street, Poughkeepsie, was among the places visited by inspectors and there were found 25 bottles of liquor without strip stamps and the standard compromise ~~penalty~~ of $100, applied in such a case, was suggested, which the officers of the club ~~and President~~ refused to offer. An investigation was subsequently made (on June 1) by O. W. Jones, Inspector in Charge, who interviewed four members of the Board of Governors and William E. Gibson, Steward-Manager. Jones believes that Gibson

and the officers of the club are truthful in their statement that the liquor was all tax paid but that the stamps had been washed off. It appeared that the club might offer a nominal compromise settlement of $25, although one member of the board objected to this as an admission of guilt. All asserted that the club had meticulously lived up to the letter of the law even during prohibition.

These are the results of inspections in leading cities:

New York City:
Number of inspections..... 23,453
Federal violations 3,684
Taxes and penalties collected..... $47,923
Offers in compromise..... 49,192

Chicago:
Number of inspections.....26,089
Federal violations..... 3,726
Taxes, penalties & offers in compromise..$55,129

Milwaukee:
Number of inspections 2,838
Federal violations..... 573
Taxes and penalties collected
and offers in compromise....$.....$ 8,122

Pittsburgh:
Number of inspections..... 2,353
Federal violations 196
Taxes and penalties collected..... $ 1,596
Offers in compromise 2,415

Philadelphia:
Number of inspections..... 4,186
Federal violations 844
Taxes and penalties collected ..... $ 10,533
Offers in compromise 10,477

Buffalo:
Number of violations..... 2,075
Federal violations 251
Taxes and penalties collected .....$ 1,191
Offers in compromise 3,195

San Francisco, Oakland
and Los Angeles:
Number of inspections 7,870
Federal violations 1,036
Taxes and penalties ..... $ 5,438
Offers in compromise 12,515

EDITORIAL

Poughkeepsie EAGLE NEWS

Monday, June 3, 1935

IT WOULD BE WORTH WHILE

The Eagle-News hopes that the report, current on Saturday, that licensed liquor dealers who were penalized last week by agents of the Internal Revenue bureau for highly technical violations of the federal liquor laws will protest to higher-ups in the bureau or the Treasury department proves well founded.

That such a protest will result in a waiver of the penalties imposed is probably to be doubted. So far as this paper knows, the agents neither exceeded their authority nor went beyond the strict letter of the law. There was apparent warrant for all the $10 levies imposed in the regulations which the federal government has devised to control the liquor traffic.

But perhaps it might do some good if the commissioner of Internal Revenue and some of his higher-up assistants had an opportunity to learn the reaction of reputable licensees to the sort of enforcement that came to Poughkeepsie's attention last week. If the matter is presented to them properly, they may well realize that harsh treatment of persons who have every intention of observing the law but may fail in some minor technicalities is not a good way to promote respect of law and wholehearted support for it. They may realize too that the man thus penalized after he has paid license fees may be inclined to think that there may be some advantage in not trying to observe the law at all. If they do come to such ideas, perhaps they may decide that the way to use the man power at their disposal is primarily in warfare against those who are engaged illicitly in the liquor business rather than in harassing dealers and organizations that are trying in good faith to co-operate with government.

The Poughkeepsie Eagle-News
(Established 1785)
Official Newspaper of the City of Poughkeepsie
Official Newspaper of the County of Dutchess
PUBLISHED DAILY, EXCEPT SUNDAY
By PLATT & PLATT, INC.
Entered at Poughkeepsie, N. Y. Post Office
as Second Class Mail Matter

Friday Morning, May 31, 1935

Subscription Rates
By carrier: per year $7.00, six months $3.50, three months $1.75, per month 60c; per week 15c.
By mail in first postal zone: per year $5.00, six months $2.50, three months $1.25, one month 50c.
By mail outside first postal zone: same rate as by carrier.
Audit regulations prohibit delivery of this newspaper to subscribers who are in arrears.

Member A. N. P. A. Member N. Y. S. P. A.

MEMBER OF THE ASSOCIATED PRESS

• • • • • NEUTRAL IN NOTHING • • • • •

LIQUOR LAW ENFORCEMENT

Poughkeepsie had an opportunity Tuesday and Wednesday to observe the type of enforcement of the federal prohibition laws which the Internal Revenue bureau is undertaking with its bands of roving agents.

Sixty of them came into town on Tuesday. While official secrecy marked their activities, it is known that they made two arrests and scores of seizures of liquor allegedly possessed in violation of some section of the statutes, and affected many civil compromises which cost licensed dealers in the aggregate hundreds of dollars.

There can be nothing but commendation for action taken by the revenue men against obviously intentional violations of law. But the vast majority of the seizures and civil assessments attributed to them were the result of the most minor sort of technicalities by law-abiding licensees of good reputation who even the agents themselves, if they had one iota of intelligence, knew had no intention of circumventing any federal statute. There were penalties in cases of kegs or bottles on which tax receipt stamps had fallen off; seizures of liquor of well known brands because stamps had dropped or been washed off the bottles that contained them when the agents must have been fully aware that the tax had been paid. On-the-premises retail dealers whose employees had made the unhappy mistake of putting fruit juices in empty liquor bottles were penalized. Dealers who buy liquor of foreign origin on which importers do not affix stamps to every bottle but send stamps to cover shipments were disciplined for any stamps that happened to be found loose.

The two day visit of the agents was a carnival of ferreting out technical offenses of which it is safe to say that 90 per cent were of the most innocent sort. The agents were not dealing with bootleggers or speakeasy proprietors, but with honest business men and organizations holding state and federal licenses. They were showing their authority not to crooks and criminals but to reputable proprietors of decent establishments. It may be said that those proprietors should have memorized every regulation in the long list sent out by the Internal Revenue department, and that failure to do so does not excuse them. But we think it also should be said that government and its agents ought to show some reasonable appreciation of the fact that drastic treatment of those who are trying to live up to the law is a harsh and a silly business.

The present liquor regulations are comparatively new. Those who are obviously trying to engage in the liquor business lawfully ought to be given a reasonable period to become familiar with the details of the regulations. In the vast majority of technical violations discovered by the Internal Revenue men in Poughkeepsie, a courteous warning would have been all that the situation warranted. Those who might have offended unwittingly should simply have been informed of the fact and advised of federal requirements which they had overlooked. If the aim of the Internal Revenue bureau is to have the law observed and respected, such a procedure would have served its purpose.

Prohibition lost the support of the public in part because of the manner of its enforcement. If enforcement of the liquor laws which followed repeal is to be permitted to become unreasonable and idiotic, these laws, too, will fall into disrepute and meet with resistance. If honest licensed dealers are to be subjected to severe penalties for minor technicalities, the Treasury department will find public indignation widespread. If the Internal Revenue bureau wants to enforce the liquor laws, it would do better to send its squads of 60 out hunting bootleggers than to loose them upon honest, law-respecting licensees.

POUGHKEEPSIE EVENING STAR

FRIDAY

May 3, 1935

IT WON'T HAPPEN AGAIN

Tempers are boiling as a result of the sweeping visit of the "G" men in search of violations of the alcoholic tax regulations of the Internal Revenue department. Moving on the city in a concerted force of about 30 men, the unit delved into liquor, wine and beer dispensing establishments indiscriminately and proceeded to enforce the letter of the law so vigorously that scarcely anyone escaped. There was no arguing with their actions. They explained who they were and went to work.

The regulations they enforced were picayune in many instances. Where strip stamps were found unattached, violations were charged; where strip stamps had been removed in the interests of cleanliness, violations were charged; where strip stamps had fallen from bottles and kegs, violations were charged; where bottles were used for non-alcoholic mixing beverages, violations were charged. If the letter of the law was not adhered to, they charged violations, admitting withal that there was no intent to violate the law. In such instances they offered opportunities of civil compromise in which the violator was permitted to offer to pay a fixed fine.

Reports indicate that such fines totaled more than $2,000. The swankiest clubs and hotels were victimized along with the more modest institutions. Where wilful violation was suspected, formal charges were filed.

Naturally, legitimate dealers who have been trying to obey the multitude of laws and regulations were incensed over such treatment. They resented being treated, as they phrased it, "like bootleggers and criminals", when they had paid their good money for the privilege of selling alcoholic beverages, and had made conscientious endeavors to obey the laws and regulations.

They have just cause for complaint, but on the other hand, the "G" men had a better story. They explained that the regulations have been known and in force for two years. They feel two years sufficient time for any legitimate dealer to acquaint himself with the regulations. They explained, too, that the drive is pointed toward abolition of illicit liquor. They contend that the taxpayer who pays for the privilege of selling alcoholic beverages is entitled to maximum protection, and they are striving to give it to him by driving out illicit liquor.

If the system is going to work, the "G" men have got to be tough about the whole business. Canada achieved its admirable regulatory system by being tough with the people and the United States must adopt the same attitude.

Warnings such as were served by formal charges and civil compromises are bound to have a lasting effect. It's a safe bet that the honest places nipped in the first drive, won't be caught again.

The drive was unpleasant, because it caught so many innocent violators—but it should have a most lasting effect in rectifying the situation.

POUGHKEEPSIE EAGLE-NEWS

Wednesday, May 29, 1935

Revenue Agents Visit City; Arrest Catharine St. Man; Levy Scores of Civil Fines

Squad of 60 Federal Men Check on Local Drink Dispensaries

WEISSMAN HELD

Accused of Possession Of Untaxed Liquor; Is Freed in Bail

Sixty agents from the federal Internal Revenue department swooped down on licensed liquor dispensaries in Poughkeepsie yesterday morning, affected one arrest, and made reported civil compromises with more than a score of other proprietors in whose establishments violations of federal law were found.

Arrested was Samuel H. Weissman, proprietor of the Congress tavern in Catharine street, who was arraigned at noon before U. S. Commissioner Platt and released in bail of $2,000 for a hearing on June 12. Bail was furnished by Samuel Meyer and Weissman was released after spending a few minutes in jail.

He is charged specifically with violating section 274, title 26 of article 201 and 207 of the liquor taxing act of 1934, and section 3328 of the revenue statute. According to the complaint filed against him by Cleveland B. Dodge, one of the agents, he was in possession of untaxed liquor, refilled bottles of untaxed liquor, altered strip stamps and six strips of stamps.

When he was arraigned before Commissioner Platt Weissman, who is represented by John J. Mulvey, pleaded not guilty.

Many Compromises Reported

Many of the leading hotels, restaurants, clubs and beer gardens of the city were reported to have compromised their claims civilly with the raiders, as provided by law, to escape the necessity of arraignments and court procedures.

It was said the agents devoted their attention mostly to an examination of bottles for tax stamps, an examination of kegs for stamps, and testing of liquor for possible watering. It was said that one hotel was fined $70, that fines in other cases ranged from $10 to more than $100. It was reported the compromises made totaled more than $1,000.

It was said that in most cases where violations were found the raiders made no charges of possession of bootleg liquor, but conceded that many bottles that bore stamps when purchased were without them because they had dropped off while the bottles were in use behind the bar.

The testing of liquor for watering was said to have taken place directly behind the bars where the bottles were in use.

Squad Strikes Quickly

The raiders, who have been swinging through the entire Hudson Valley region, were reported to have arrived in this city shortly before 11 o'clock. Working much like the agents of prohibition days, they swooped down on some 30 places all at once, two men going to each place chosen. The examinations in most cases took up to a half hour, and then other places were visited.

At the Newburgh office of the internal revenue department it was said the raiders were out on the road for several days and that they had been instructed to give out no information as to their operations. This information, it was said, might be forthcoming later.

POUGHKEEPSIE EVENING STAR

Wednesday, May 29, 1935

FEDERAL SQUAD ARRESTS WOMAN

Inspectors File Charge Against Mrs. Andrews

BULLETIN

"G" men conducting a clean-up campaign in Poughkeepsie for violation of federal regulations on liquor, wine and beer, this afternoon lodged a charge of possession of illicit liquor against Mrs. Sarah Andrews, who conducts a grocery store at 580 Main street. In the absence from the city of U. S. Commissioner Platt, she was released on $1,000 bond in city court for a hearing Saturday before Mr. Platt. Thomas F. Purcell appeared as her attorney and Mrs. Anna Moawood gave bond for her appearance.

Declaring war on illicit liquor, a flying squad of "G" men comprising an alcoholic tax unit of the Internal Revenue department, swept into Poughkeepsie yesterday, and today were winding up a canvass of all known retail liquor dispensers in the city.

Before coming to Poughkeepsie the same unit, which works out of New York city, conducted a similar clean-up in Newburgh. They are searching for liquor without proper U. S. government strip stamps, liquor without occupational tax stamps, bootleg liquor contained in properly labeled bottles, and other violations of the regulations governing retail liquor, wine and beer selling under federal laws.

The drive is the first of its kind since repeal became effective two years ago, and it is to be the first of periodic visits to retail dealers in Poughkeepsie and Dutchess county by flying squads of "G" men.

The flying squad consists of 30 operatives. They arrived in Poughkeepsie yesterday, set up headquarters in the Internal Revenue department at the postoffice, and then went out in teams to make indiscriminate inspections of all liquor selling places in the city. They do not operate on lists, but merly pass along the streets and visit all places where alcoholic beverages are sold. They identify themselves when the visit retail places, and then make their inspections. The teams are equipped with devices for analyzing and examining alcoholic beverages, and for measuring them to see if the labels are accurate.

So many violations were uncovered that a spokesman for the unit observed that "when we get through tonight, we'll be pretty sure this city is cleaned up."

Operatives of the unit declined to name any places against which proceedings were instituted. Proceedings are of two kinds: if there is a willful intent to violate the regulations, formal charges are lodged before a U. S. commissioner; if the violation is "innocent", and committed through ignorance of the regulations on the part of the dealer, he is offered an opportunity to compromise the claim. Operatives declined to tell what compromise offers had been received, explaining that all offers are subject to approval. It was reported, however, that more than two score of compromise offers were made, and that fines ranging from $10 to $100 and totaling more than $1,500 are involved.

Formal charges were lodged against one dealer yesterday, Samuel H. Weissman, proprietor of the Congress Tavern in Catharine street being charged with violating section 274, title 26 of articles 201 and 207 of the liquor tax act of 1934, and section 3328 of the revenue laws. Cleveland B. Dodge, the operative who lodged the charges, accused Weissman of possessing untaxed liquor, possessing refilled bottles of untaxed liquor, altered strip stamps and six strips of stamps. Held in custody, he was arraigned before U. S. Commissioner Platt and released on $2,000 bail for a hearing June 12. Samuel Meyer gave bail and John J. Mulvey appeared with Weissman, who pleaded not guilty.

Poughkeepsie EVENING STAR

Saturday, June 1, 1935

RAIDS MAY CAUSE FORMAL PROTEST

Members of Local Clubs Reported to Be Angry

Aroused over the manner in which a flying squad of 30 "G" men of Uncle Sam's alcohol tax unit conducted their operations in Poughkeepsie and obtained civil compromise offers from swanky clubs, some members are contemplating banding clubs and hotels and restaurants to engage in a legal battle seeking return of the monies they offered in compromise. President Roosevelt and Henry Morgenthau, Jr., secretary of the treasury, are reported to hold membership in two of the clubs which may join the protest move, according to reports.

Considerably angered over the way in which "G" men obtained compromise offers because of "innocent" violations of the tax regulations, victims have sent numerous letters to influential personages at Washington in protest.

Poughkeepsie SUNDAY COURIER

June 2, 1935

Formal Protest On Liquor Raids Will Be Forwarded to Capitol

Formal protest against the action of federal agents who a few days ago imposed heavy penalties upon local clubs and hotels and confiscated many bottles of liquor will be sent to the Enforcement Bureau, it was said last night.

One club connected with a prominent fraternal order is said to be contemplating this action and a letter may be forwarded to Washington tomorrow. It is said that officials of the organization have the matter in hand.

While there have been reports that the federal agents imposed penalties of approximately $1,000, it was said last night that the total was nearer $10,000.

There were 30 men in the raiding party which visited the city to enforce liquor tax provisions. They conducted similar raids in all the cities and larger villages in the Hudson Valley.

The alleged violations in high class clubs and hotels were purely technical, an officer of one of the clubs said yesterday. There had been no attempt to evade the law he said. The victims simply did not know of the existance of the petty rules which they were accused of violating.

"Penalties were imposed where orange and lemon juices were found in bottles which formerly contained liquor," said a prominent club member yesterday. "The federal agents were extremely discourteous and unnecessarily rough in their tactics. The proper officials will probably know on Monday what Poughkeepsie thinks of the whole matter."

Poughkeepsie EAGLE-NEWS

Friday, May 31, 1935

REVENUERS GO; VICTIMS ANGRY

Reputable Licensees Wrathy Over Penalties Imposed For Technicalities

The 60 roving agents from the Internal Revenue bureau of the Treasury department who spent Tuesday and Wednesday in Poughkeepsie checked out of town Tuesday night leaving behind them a record of two arrests, scores of civil compromises effected for technical violations of federal liquor regulations, and just about as many wrathful licensees.

How much the agents took out of Poughkeepsie could not be estimated yesterday, since their activities were veiled in official secrecy, but the amount was reliably reported to have run well into four figures, to say nothing of the confiscation of liquor valued at many hundreds of dollars.

The victims of the agents' activities recalled their experiences yesterday with well nigh unanimous anger. In most cases the offenses for which they were penalized were highly technical. In some instances it was reported that fines were levied for kegs of beer on which revenue stamp taxes had failed to stick. In other cases, bottles of well known brands produced by distillers whose names are such as to guarantee the legality of all transactions were seized because stamps had been inadvertently washed off. At least one reputable establishment said to have been debited with a violation because fruit juice used for mixed drinks had been put into a liquor bottle. When civil compromises were made, the uniform penalty for every offense, and each bottle constituted an offense, was $10.

Payment by Check

It was reported that those with whom civil compromises were made were instructed to obtain certified checks covering the amounts, made payable to the collector of Internal Revenue. It is understood that such settlements are subject to his approval.

There seemed to be some doubt yesterday whether appeals could be taken, but it is understood that some of the cases may be reviewed. There was talk that protests would be made by some of those penalized, and that perhaps the attitudes of some of the agents would be subjected to sharp criticism to their superiors.

The reaction of the average victim of the agents' foray was that the government was dealing much less than fairly with reputable dispensaries and organizations which were trying to liveup to the law and which had violated its details wholly unwittingly. There was plenty of bitter comment on the alleged unreasonableness of the procedure. One widely known north side club was reported to be seething with wrath.

In one instance at least, it was reliably reported that bitterness resulted in more than comment and that one agent found himself on the receiving end of a vigorous right hook.

Hauls Are Labeled

The hauls made by the agents were carried to the Internal Revenue bureau office in the Post Office where they were labeled for future reference. Whether they are to be sent to New York, nobody seemed to know, but it was agreed by those who saw the procession of agents bearing bottles into the federal building that a fine collection of high priced liquor had been gathered.

On Wednesday afternoon the agents made their second arrest, taking into custody Mrs. Sarah Andrews, who conducts a grocery store at 580 Main street, on a charge of the possession of illicit liquor. In the absence of United States Commissioner Isaac Platt, she was released in bond of $1,000 in city court for a hearing Saturday. Her bail was furnished by Mrs. Anna Moawood.

Poughkeepsie EVENING STAR
Friday, May 31,1935

'G' MEN ACCUSE MOAWOOD OF INTERFERENCE

LOCAL FLIER OUT ON BAIL

Understood to Be Result of Liquor Inspection

NO ASSAULT CHARGED

Mrs. Andrews Arraigned for Hearing June 13

Accused of interfering with "G" men when they visited the store of Mrs. Sarah Andrews at 580 Main street in their two-day clean-up this week, Thomas Moawood, local aviator, was released on $3,000 bail before U. S. Commissioner Platt this morning. At the request of his attorney, Thomas F. Purcell, the case was adjourned for hearing until June 13. Mrs. Andrews, understood to be an aunt of Mr. Moawood, was released on $1,000 bail for hearing on the same date on a charge of possession untaxed liquor. "G" men allege that they found some liquor in gallon jugs.

Lodging of charges against the flier raised to three the number of formal cases brought against local persons in the whirlwind clean-up of the "G" men. The first day of their visit they lodged charges against Samuel Weissman, Catharine street restaurateur, for alleged wilful violations of the federal regulations on liquor. Subsequently the charges against Mrs. Andrews and Moawood were brought.

Judge Purcell said that he did not know the exact nature of the charge against Mr. Moawood, but he understood from the proceedings that his client was accused of in some manner interfering with the work of the "G" men when they made their visit at the Andrews place. He said that Mr. Moawood did not commit any assault, but that there was some sort of a disturbance at the time of the visit.

'G' Men Nab Him

THOMAS MOAWOOD

BEACON LIGHT AND FISHKILL STANDARD

Friday, May 31, 1935.

G-MEN IN CITY CATCH LIQUOR LAW VIOLATORS

Compromise Infractions By Money Settlements—in Poughkeepsie Also

Government agents representing the Alcohol Tax Unit of the Internal Reveue Breuau made a flying visit to Beacon on Monday and visited all licensed liquor stores and saloons. Several infractions of the law were found and compromises were arranged with the violators who paid varying sums.

The agents were looking especially for illicit liquor and liquor on which the tax had not been paid. All of the violations found in Beacon were minor, the highest sum being paid amounting to $30.

In Poughkeepsie, where the agents were also active, two were found with untaxed liquor and arraigned before the U. S. Commissioner, Isaac Platt.

PSF
Treasury

file
Private
Cross reference to Sen
James Watson

THE SECRETARY OF THE TREASURY
WASHINGTON

~~Confidential~~

29 Aug 1935

AUG 29 1935

My Dear Mr. President:

In reply to your inquiry of August 26th relative to status of the case of former Senator Jim Watson, I transmit to you the following information which I have received:

The investigations in this case and the allied Finkelstein case were completed some time ago. In the Finkelstein case, which is already officially in the Department of Justice, informations have been filed charging failure to file returns in two different years. These are misdemeanor counts. The case has been receiving careful consideration as to the advisability of procuring an indictment for intent to defeat and evade tax, a felony.

A conference was held several weeks ago, attended by Mr. James Morris of the Department of Justice, Mr. Oliphant, Mr. Jackson, and Mr. Kent, Assistant to Mr. Jackson, at which the procedure to be followed in the Finkelstein and Watson cases was fully discussed, and the following conclusions reached. An indictment should be sought in the Finkelstein case immediately and the trial of that case should be expedited in every possible way. The Watson case should be held in statu quo for the time being, awaiting the outcome of the Finkelstein prosecution.

The above course of action was deemed advisable by the conferees for the following reasons: The case against the former Senator as it stands is not so overwhelmingly strong as to create a reasonable assurance of a conviction or to negative completely the charges of political persecution which would inevitably ensue upon his indictment at this time. The period of the statute of limitations will not run upon the earliest year involved in the Watson case until next Spring. The transactions which will form the basis of the Finkelstein prosecution are also transactions

in which the former Senator was in some manner involved and which resulted in financial benefits to him. His claim is that these benefits were all in the nature of gifts and therefore did not constitute taxable income. The developments in the Finkelstein prosecution may go far to establish the existence of some form of partnership relation between Finkelstein and the former Senator, which would strengthen greatly the Government's case against the latter, or they may tend to support Mr. Watson's explanation of the transactions. It seems possible that Mr. Watson may feel it necessary to come to Finkelstein's defense. Should he appear as a witness and subject himself to cross-examination, the advantage from the Government's point of view would be considerable.

In any event, it is felt that a much more accurate judgment as to the probable outcome of a criminal prosecution of the former Senator will be possible in the light of the record and outcome of the Finkelstein case.

Sincerely,

H Morgenthau Jr.

Secretary of the Treasury.

The President,
The White House.

file "Private"

file PSF Treasury

DEPARTMENT OF STATE
WASHINGTON

September 10, 1935

My dear Mr. President:

I forward an important report just received from our Embassy in London, relating a confidential conversation with Monsieur Monick, the French Financial Attaché in London. Monsieur Monick was previously stationned in Washington and I know him to be in the direct conficence of the French financial authorities and a reliable reporter. Hence, I am inclined to give faith to his presentation of the serious possibility that the French Government may, between now and next May, devalue at least twenty-five percent.

If such an event should occur in the framework indicated by Monsieur Monick, I think it quite possible to state that a relationship between ourselves and the British authorities in this general field may be important in examining just how far the French will go, and what might happen to the pound-dollar rate.

Faithfully yours,

Cordell Hull

Enclosure:
Telegram from
London, September 6,
1935.

The President,
The White House.

Department of State

BUREAU / DIVISION: EA

ENCLOSURE

TO

Letter drafted

ADDRESSED TO

PRESIDENT

U. S. GOVERNMENT PRINTING OFFICE 1—1053

MJP

A portion of this telegram must be closely paraphrased before being communicated to anyone. (B)

London

Dated September 6, 1935

Rec'd 3:20 p. m.

Secretary of State,

Washington.

428, September 6, 6 p. m.

FOR TREASURY FROM BUTTERWORTH.

The following strictly confidential conversation with Monick French financial attache may be of interest, particularly in comparing this French viewpoint with the British attitude, reported in my 423, September 4, 4 p. m. and previous telegrams:

Monick stated that the crisis in France was much more than a budgetary matter; that the two great problems are the high level of French prices as compared with world prices, and the gap between the prices which the farmer receives for his products and the prices he has to pay for what he has to buy. In attempting to cope particularly with the first problem, the Laval measures had been predicated on two aspirations: (a) That a rise in prices would take place in the United States in the near future, (b) That a tripartite stabilization arrangement, which

would

would include a readjustment of the franc's value, could be effected before the May elections. Unfortunately the trend of events now indicates that these hopes would probably not be realized; likewise confidence had not been reestablished in France, deposits were not coming out of hoarding, nor being repatriated, revenues continued to decline with the result that it was improbable that the conversion operations which were planned for the end of September could be carried out. In which case further borrowing would have to be resorted to which would further weaken confidence. Reports to the contrary notwithstanding, the relations between the Bank of France and the commercial banks still left much to be desired and, although the Bank of France was now discounting Treasury bills, it was doing so with the proviso that the presenter of the bills must prove, to the satisfaction of the Bank of France, the actual need for such action. Therefore even disregarding the disadvantageous effect which the Italy-Ethiopian dispute was having, it seemed probable, especially in view of the deterioration in the Dutch position, that another gold bloc crisis might occur this autumn, perhaps following the meeting of the French radical party on October 25th.

According

According to Monick, it is becoming increasingly clear to those in authority that if devaluation is not undertaken before the French elections in May, the left groups, who will then assume control, will cast aside the Laval decrees and, motivated solely by domestic considerations, will undertake a drastic devaluation regardless of international considerations; in which case a new cycle of currency dis-equilibrium would be instituted. Contained among the Laval decrees were many measures of a permanent reformative character which were long overdue. These should be preserved; and certainly the world should not be put through another series of currency depreciations. Therefore those in authority were seriously considering the question of devaluation. But such a devaluation would have to be on the Belgian rather than on the American model; the Government would have to devalue to the full extent and could not, for social and political reasons, hold any reserve power further to devalue.

That being the case, the question arose as to the course of the pound after such a French devaluation, when funds returned to France and French export competition was renewed. Whereas the Laval decrees,

from

REP

4-#428, Sept. 6, 6 p.m. from London

from a technical point of view, made it unnecessary for the French to undertake a drastic devaluation, given the instability of the pound and the indefiniteness of the British intentions, it was probable that France would be forced to devalue by at least (repeat at least) 25% in order to obtain some measure of protection from a further weakening of the pound. Monick took the view that after such a French devaluation, which would take Switzerland and Holland with it, the British might not have the means, much less the incentive, to prevent a weakening of sterling, for the issue would then become joined as to the dollar sterling rate period, Monick stated, it was important to know whether America would in the final analysis accept a sterling rate below $4.86. Questioned on this point, I confined my remarks to indicating that my personal observations on my recent trip led me to believe that American costs were and probably would continue to rise, and that personally I viewed the dollar sterling rate in terms of its significance to our raw material producers who competed not with the United Kingdom but with the sterling area.

Monick

REP

5-#428, Sept. 6, 6 p.m.from London

Monick intimated that after a decision had been reached before any action was taken it was probable that Washington would be advised (and I presumed questioned on this score). Monick inferred that the British would not be advised in advance, but it is obvious that little would be gained by this, for if Monick's account is correct the French are on the horns of a dilemma: the unwillingness of the British to commit themselves and the necessity of the French to take action before the May elections.

(GRAY) Gold at 140 shillings 10 pence, amount 30 bars. With the indications that the American authorities are willing to advance their sterling silver buying price in consonance with the appreciation of the dollar, India turned a buyer and took more of the fixing. Buying by India has continued after fixing. Chinese buying and selling approximately balanced at fixing.

The feature of the exchange market was the demand for dollars, which was general in character. Apparently no gold has yet been contracted for shipment from France to the United States but a movement is expected to develop on Monday.

The

REP

6-#428, Sept. 6,6p.m. from London

The Bank of France supported sterling. When it closed the British control sold francs, moving the rate to 74 29/32. (END GRAY)

ATHERTON

KLP

—

In press
Conference

file
"personal"

Treasury

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE May 19, 1936

TO Mr. Gaston

FROM Mr. Haas

Subject: The Business Situation.

Business this spring is the best in six years. In the week ending May 9 the New York Times index of business activity reached 100 for the first time since the week ending May 3, 1930. Except for a few minor set-backs, the Times index has shown a sustained uptrend since the middle of 1935.

Other indexes of business activity tell the same story. The index of industrial production (adjusted for seasonal influences) computed by the Federal Reserve Board stood at 93 percent of its base period, 1923-25, in March of this year; business records already available indicate that the index for April will be close to 100.

Moreover, unlike some of the earlier upturns of the recovery period, the current advance has not been built on inventory accumulation. It is encouraging also that the ten-months' upswing in business which began last July has been characterized by a broadening of the recovery movement to include many of the heavy industries,-- the sector of the recovery front which had formerly lagged farthest behind in the record of progress since March 1933.

Greatly expanded purchases of railroad equipment during the first quarter of this year, for example, reflect not only maintenance needs which can no longer be postponed, but also the improved financial position of the roads. Construction since the mid-summer of 1935 has been scoring wide leads over year-previous levels. Automobile output this year has been bettering the good record of the like period in 1935, despite the handicap of an abnormally high rate of production and sales toward the close of last year, due to the advanced automobile season. The sharply higher rate of steel activity during 1936 as compared with the early months of 1935 gives additional evidence of the strength of business improvement as reflected in the demand for this basic product, particularly important to heavy industry.

Although the New York Times index, unlike the index of industrial production computed by the Federal Reserve Board, purports to represent a percentage of "normal," this is far from being the case if we understand "normal" to mean relatively full employment of our human and material resources. Because of its peculiar construction, the Times

index does not measure our progress toward "normality" as thus defined. Similarly, recovery of the FRB index to 100 would not mean "normal" activity, but only activity on the scale of 1923-25, the base period for this index. The output of goods and services in this country must move above that in any previous year to bring full employment of our technical organization and of our working force. This follows from the fact that a "normal" rate of activity in this country must be a rate which increases each year. Due to the annual increase in our population, our laboring force is larger each year; additions are constantly being made also to our capital equipment, and it is a matter of common knowledge that the efficiency of our business organizations and the productiveness of our machinery are undergoing constant improvement.

Thus, it is not possible to express our recovery toward "normal" as a percentage of the figures for past years. We must produce more goods and find employment for more people now, to represent full employment of all our resources, than was true in any prior year. The New York Times index, although it purports to represent "normal," does not in fact define "normal" in these terms. As a result, it overestimates greatly the degree of our progress toward the elimination of unemployment, both of men and of machines.

PSF: Treasury

THE SECRETARY OF THE TREASURY
WASHINGTON

File "Personal" File Treasury

May 22, 1936

THE WHITE HOUSE
MAY 22 1936
RECEIVED

My dear Mr. President:

I am returning herewith your copy of "A Permanent Monetary Policy" together with Secretary Roper's letter, dated May 4 which you sent me. I am also inclosing a one-page memorandum prepared by Mr. Eccles expressing his views on this report.

Respectfully,

H. Morgenthau Jr.

Secretary of the Treasury

The President,

The White House.

BSF
Treasury

OFFICE OF THE DIRECTOR

TREASURY DEPARTMENT

PROCUREMENT DIVISION

WASHINGTON

May 27, 1936

"file private"

Personal and Confidential

MEMORANDUM FOR

THE PRESIDENT

In accordance with oral instructions of this morning I have examined, personally, the provisions of each Article of the Navy Regulations and of the changes proposed therein as listed in the two accompanying letters from the Chief of Naval Operations, and find they pertain merely to routine matters not fundamental in character in any respect and recommend they be approved accordingly.

E. H. Foley

Director of Procurement

PSF
Treasury

TREASURY DEPARTMENT

WASHINGTON

June 19, 1936.

My dear Mr. President:

The United Press News Service carried the following news item yesterday:

> "Already making plans to spend his new $300,000,000 fund, Administrator Ickes said today that '<u>preference</u> will be given applicants seeking <u>grants only</u>' in distributing the money to finance construction work-relief projects.
>
> "The grants, outright gifts to political subdivisions, will be 45 per cent of a project's cost. The applicant will supply the other 55 per cent from its own sources or by borrowing."

In view of our discussion of yesterday naturally this statement on the part of Secretary Ickes is very disturbing to me.

I would like to draw your attention to the following statement showing total emergency expenditures for relief of unemployment made during the months of July, August and September, 1935, and the total emergency expenditures for this purpose to be made for the same months of 1936, as estimated by the organizations involved, exclusive of any expenditures contemplated from the new relief appropriation of $1,425,000,000:

	1935	1936
July	$196,000,000	$269,000,000
August	267,000,000	225,000,000
September	248,000,000	178,000,000
	$711,000,000	$672,000,000

If you allocate $125,000,000 a month out of the $1,425,000,000 to Mr. Hopkins for July, August and September, we would spend $336,000,000 more in the first three months of the fiscal year 1937 than we did in the same three months of the fiscal year 1936, in spite of the fact that business conditions at this time are considerably improved over last year.

Under the existing circumstances and in line with your Relief Message to Congress of March 18, 1936, I would like to make two suggestions, (1) that no new money be allocated to any agency other than to the Works Progress Administration, and (2) that, inasmuch as the $300,000,000 limitation in the pending Deficiency Bill applies only to grants and not to loans, the Public Works Administration be restricted to making loans from the $250,000,000 revolving fund, and that if any grants are to be made they be restricted to funds made available to the Public Works Administration through allocations heretofore made by you from old Emergency appropriations.

Faithfully yours,

Henry Morgenthau Jr.

Secretary of the Treasury.

The President,
The White House.

file personal

McReynolds

PSF

File Treasury

TREASURY DEPARTMENT

WASHINGTON

July 29, 1936.

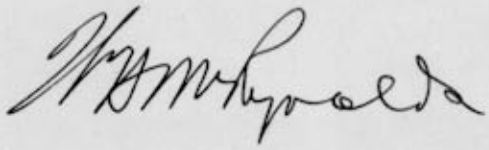
Dear Secretary:

Pursuant to your suggestion over the telephone today, I enclose a brief sketch of my Government service. The following supplement of personal history may be added:

I was born in Wilson County, Kansas, in 1880, and was brought up on various farms in the Southwest, including Kansas, Arkansas, Texas, and Oklahoma, where I remained except for brief periods of schooling until 1902. I went from Oklahoma to Battle Creek, Michigan, in November 1902, where I was employed in the law offices of Jesse Arthur, practising lawyer. My duties were those of Chief Clerk and Cashier. I studied law in that office for four years, had charge of the collection department for the firm, and handled all suits in Justice Courts, and participated in the trial of a few cases in the Circuit Court. I also did some court reporting during summer recess when trials were held during the absence of the official reporter on vacation. My formal education is limited to high school. Since I entered the Government Service in 1906, and have been constantly in Washington since that time, my only opportunity for voting during a National Election was in 1904, when I voted for Theodore Roosevelt for President. I have never taken active part in

political affairs, have never solicited endorsement or support from any political source for any purpose whatever. In the performance of my official duties, I have had personal contact with the high officials of several administrations, but my duties have never covered political questions in any manner whatever.

Sincerely,



Honorable Henry Morgenthau, Jr.,

Secretary of the Treasury.

William H. McReynolds

Appointed July 16, 1906, in the office of the Chief Post Office Inspector in Washington, coming from law office of Hon. Jesse Arthur, of Battle Creek, Michigan. Served on various investigating committees studying organization and procedure in Post Office Department and Postal Service.

Acted as Head of the Review Unit in the Chief Inspector's Office handling all inspectors reports until May 1913.

Detailed by Postmaster General Burleson to work with newly created Division of Efficiency which took over some of the functions formerly delegated to the President's Commission on Efficiency and Economy then being discontinued. In cooperation with other members of this group made studies of the organization and procedure in all bureaus of the Post Office Department which were utilized by the Postmaster General in reducing the personnel of that Department and the expenditures in substantial amount. Subsequently transferred to the rolls of the Bureau of Efficiency after it became an independent Bureau, and participated with other staff members of that Bureau in organization and procedure studies in all Government Departments and practically all bureaus. These studies involved the development and installation not only of new procedure and methods of office routine and the elimination of duplication and the installation of modern equipment, but also the development and installation of new systems of accounting and fiscal procedure. One of the incidents to the work on procedure was the development of equitable

standards of compensation for employees. The first concrete evidence of the development of this idea is contained in the provisions of the Appropriation Act for the Post Office Department at the time when the studies were being conducted there. While salaries were then uniformly provided in specific amounts for a definite number of positions, the Congress authorized the Department to adjust such salaries $100 above or below the specified rate to conform to the earnings shown to be due on the basis of the standards set up. Subsequently, this principle was carried into the Personnel Classification Act of 1923.

Acted as Director of the staff of the Personnel Classification Board established by that Act, having direct charge and responsibility for the installation of that system and the determination of the appropriate services and grades for all positions in the departmental service. After this installation was made became an active member of the Personnel Classification Board, representing the Bureau of Efficiency. Conducted the classification survey of all positions in the field service of the Federal Government in pursuance of the amendment to the Classification Act of 1928.

Proposed and successfully supported the amendment to the Classification Act of 1930 which abolished the alternate members of the Personnel Classification Board and created the position of Director of Classification as the operating head of that organization. Was appointed Director of Classification and occupied that position until the work was consolidated with the functions of the Civil Service Commission and placed under its jurisdiction.

Was appointed as Special Assistant Director of the Bureau of the Budget with the primary duty of recommending what changes should be made in the organization of the executive branch of the Federal Government with a view to eliminating jurisdictional confusion, and overlapping and duplication of effort.

Directly after the present Administration was inaugurated was appointed by the then Governor Morgenthau of the newly created Farm Credit Administration as his Administrative Assistant.

Came to the Treasury Department in November 1933 with Mr. Morgenthau when he became head of that Department and have since functioned as his Administrative Assistant and Budget Officer.

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Treas. Morg.

"file confidential"

THE SECRETARY OF THE TREASURY
WASHINGTON

September 9, 1936

My dear Mr. President:

I am sending you through Coast Guard the original text of a cable from Mr. Cochran received at the Treasury at noon today.

In collaboration with the State Department we have hurriedly drafted a tentative reply to this message. I am not at all sure just how we should handle this very important and delicate situation.

After you have read Mr. Cochran's cable and our tentative answer I would appreciate it if you would call me on the telephone.

Respectfully yours,

H. Morgenthau Jr.

The President,

Asheville, North Carolina.

(1)

FS
A portion of this telegram must be closely paraphrased before being communicated to anyone.
(C)

Paris

Dated September 9,1936

Rec'd 8:35 a. m.

Secretary of State,

Washington.

RUSH

844, September 9, 9 a. m.

FROM COCHRAN.

UTMOST SECRECY AND CONFIDENTIAL.

Reference to my telegram 843, September 8, 8 p. m., when Minister of Finance Auriol handed me the document under reference yesterday evening he stressed its secret and unofficial character. He said that any equivocation in the present negotiations would lead to an attack on the franc which would necessitate immediate imposition of exchange control. He seeks Secretary Morgenthau's reaction to this draft including any suggestions for modifications. In my 831, September 2, 5 p. m., I gave the background for this draft. There follows an English translation of the constituent parts of the draft, which has been checked by Rueff.

(SPECIAL GRAY). "Proposed note to the American and British Government's.

One.

CONFIDENTIAL
PLEASE DESTROY

FS 2-No. 844 , September 9, 9 a. m. from Paris

One. The Government of the Republic, while it has always discarded the possibility of unilateral devaluation, a simple episode in the economic struggle among nations, susceptible in turn of giving rise to new devaluations, is, on the contrary, very desirous of a real economic and monetary peace. It sees in this the principal means of putting an end to the development of autarchic tendencies, o f Germany lessening the restrictions and restraints of all sorts which paralyze trade and which create an atmosphere of general insecurity, involving the (END SECTION ONE)

KLP:CSB WILSON

3.

U

SPECIAL GRAY

Paris

Dated September 9, 1936

Rec'd 8:25 a.m.

Secretary of State

Washington

RUSH

844, September 9, 9 am. (SECTION TWO)

gravest dangers to peace..

Two. To this end the Government of the Republic desires in the first place to remedy the economic disequilibrium occasioned in the world by the fall of prices and by resultant devaluatioh of certain currencies. It is ready in so far as it is concerned to participate in a pre-stabilization agreement fixing the new monetary relations with precision and clarity, taking into account the world level of prices. The stipulations of such an arrangement should be maintained through the practice of close collaboration among the contracting parties and could not be modified except by common accord or in case of exceptional and unforeseen circumstances the final objective of the contracting parties being the general return to the international gold standard when the conditions necessary are found realized.

The text which constitutes an annex to the present note if it receives the approval of all the parties

concerned

concerned would presumably be of a nature to lead to the desired result.

Three. The Government of the Republic deems also that the conclusion of the afore mentioned agreement by attenuating the disequilibrium which at present isolates certain national economies should make possible immediate and vigorous action with a view to reduction of obstacles to trade. It is ready to consult with the American and British Governments as to the conditions under which such action could be undertaken with a

WILSON

MLP:CSB

5.

U
A portion of this telegram must be closely paraphrased before being communicated to anyone. (C)

Paris

Dated September 9, 1936

Rec'd 8:50 a.m.

Secretary of State

Washington

RUSH

844, September 9, 9 a.m. (SECTION THREE)

view to general resumption of trade and international transactions which it holds to be the necessary preface to political organization of peace.

(End of note)

Proposed prestabilization agreement.

The high contracting parties are decided to devote all their efforts and to establish the closest collaboration among themselves towards maintaining the rates of their respective currencies within the limits fixed in the attached table. These limits shall not be modified except by common agreement or subject to notifying the contracting powers in case of exceptional and unforeseen circumstances, the final objective of the contracting parties being the general return to the international gold standard when the conditions necessary are found to be realized.

(Table, read down:)

Currencies:

Currencies:

Dollar.

Pound.

Franc.

Rate against:

Pound, franc.

Dollar, franc.

Dollar, pound.

Lower limit:

Upper limit:"

(The above headings in the final paragraph are for a table which the French prefer to leave blank for the present. The rates would be established once the text of the agreement is approved in principle).(END OF SPECIAL GRAY)

Rueff suggested to me privately the need for haste lest circumstances may yet force France to act unilaterally. (END OF MESSAGE)

WILSON

CSB

For The Embassy at Paris,

FOR COCHRAN from the Secretary of the Treasury.

Your 844 September 9th. The document which Minister of Finance Auriol gave you last night for transmission to this Government has received our most interested consideration.

Please give the Minister of Finance the following message verbatim:

I have studied with most interested attention the text of the communication which the French Government indicates it might send to the American and British Governments. I understand the circumstances which have brought the French Government to consider realignment of the franc and to seek to take this action in such a way as it might result in bringing added stability into the field of foreign exchanges and increasing the movement of international trade. Furthermore I foresee that the creation of such stability should correct and ultimately bring to an end the disturbing and unwelcome movement of funds from one monetary center to another, which in itself is so clearly an element of uncertainty in the exchange and monetary situations. It would bring it about that the movements of capital would be governed by economic considerations and not by panic fears which have so recently caused extensive and disturbing refuge movements.

The text as now drafted seems to me possibly to raise certain questions and to foreshadow certain immediate commitments which I do not believe to be essential to the achievement of this desirable purpose, and on which the American Government must necessarily express its views. I have in mind particularly the last sentence in the English translation of numbered section two. I do not wish to suggest any specific revision of the text of this communication but rather merely to state what the position of this Government has been and would be in the contingency which his communication envisages:

(1) It is and has long been the purpose and constant effort of this Government to maintain stability of the dollar in international exchanges, and thereby to contribute to continued exchange stability, and during the large part of this period substantial stability has been achieved.

(2) This Government has not been unmindful of a like purpose and effort on the part of the British and the measure of success which has attended their efforts.

(3) Should the French Government for reasons of domestic policy realign on a mutually satisfactory basis the value of the franc in international exchange, this Government

will continue to use appropriate available resources for maintaining stability in international exchange on such new basis in the confident expectation that the British authorities will continue their purpose and effort in the same direction.

(4) The French Government will understand that in the continuous development of this Government's policy and decisions in the exchange field our ultimate and final decisions will have to take into consideration internal prices and economic conditions.

This Government would anticipate that some statement of intention substantially similar to that which it has just made would be forthcoming as well from the French and British Governments and possibly given simultaneous publication by all three Governments. This Government is furthermore prepared to discuss the precise measures that the central banking institutions of the three countries might contemplate in immediate fulfillment of this statement of intentions.

PSF
File Treasury

ASSISTANT SECRETARY OF THE TREASURY
WASHINGTON

September 20, 1936.

Dear Mr. President:

Secretary Morgenthau has asked me to hand you the enclosed cable which we have just received from Cochran in Paris.

At four o'clock this afternoon I showed Broadmead of the British Embassy the text of our message which Cochran delivered to the French authorities this morning. Broadmead is cabling his Government this evening so that the Chancellor of the Exchequer will have complete information on the situation when he returns tomorrow morning.

Faithfully yours,

Wayne C Taylor

The President,

The White House.

encl

MED
This telegram must be closely paraphrased before being communicated to anyone (c)

PARIS

Dated September 20, 1936

Received 9:15 a.m.

Secretary of State,

Washington

RUSH, 898, September 20, 11 a.m.

FOR SECRETARY OF THE TREASURY FROM COCHRAN.

At 10 o'clock this morning I read to Baumgartner Department's 359, September 19, 2 p.m., and handed to him a copy of our draft of suggested statement. He will now endeavor to obtain reactions of Minister of Finance Auriol to this draft and will confer thereupon with Monick. The latter leaves Paris for London at 3 O'clock this afternoon and has an appointment to see Chamberlain tomorrow morning before the Chancellor of the Exchequer confers with his assistants in regard to the French draft proposal.

WILSON

KLP

● PSF

Treasury Dept., 1937

Full personal

BSF

Treasury - Drawer 1-37

35 CLAREMONT AVENUE

New York
22nd January 1937

Dear Mr. President:

I hope that I shall soon be able to express to you in person my gratitude for the opportunity which you and Mr Morgenthau have given me to serve again in your administration. The responsibilities which the Undersecretaryship carries are very great, and there is no work I know of which is more vital and interesting. The association with yourself and with the Secretary in 1933-34 was a valued privilege. I can only assure you that I shall do all in my power to serve you well.

Faithfully yours -

Roswell Magill

File Personal

File Treasury PSF

UNITED STATES TARIFF COMMISSION
8TH AND E STREETS N. W.
WASHINGTON

RAYMOND B. STEVENS
VICE CHAIRMAN

January 23, 1937.

Dear Mr. President:

I have conferred briefly with both Secretary Hull and Mr. Sayre about the vacancy created on the Tariff Commission by the death of Thomas Walker Page. I understand that Secretary Hull has recommended for your consideration two men, - Mr. Grady and Mr. Edminster.

I have no intention of suggesting any other names. Both of these men are very competent and well qualified to be members of the Commission.

I do not think that you have met Mr. Edminster. I know, however, that you do know Mr. Grady personally, and undoubtedly have a high opinion of him. If you are disposed to choose Mr. Grady, I would like to see you for a few minutes before the appointment is offered to him. His selection would have one angle that might directly concern me personally. It is a matter that would be rather difficult for me to express in black and white, but I think it desirable that you know about it before any final action is taken.

I feel uncomfortable in taking up any of your time when you have so many serious and pressing problems, and I would not do so if it were not for the fact that you mentioned in your letter to me of last November the matter which now concerns me. A brief interview now would be a relief to my own mind, and, I think, avoid

the possibility of any slight embarrassment later.

I appreciate very much my designation as Vice Chairman of the Tariff Commission.

I thought your inaugural address an excellent one, both in substance and form. The only adverse criticism I have heard was that it was too general. I, myself, consider this praise. I am confident you were wise in not outlining definitely in advance the particular steps you are planning to take in the direction you have clearly indicated that you intend to go. An announcement of a specific program in advance would arouse the maximum amount of opposition and might divide support.

Yours, as ever,

Raymond B. Stevens.

THE WHITE HOUSE
WASHINGTON

January 29, 1937.

MEMORANDUM FOR THE PRESIDENT

You said you wanted to take this up with Secretary Hull at the Cabinet meeting.

G.

"file personal"

UNITED STATES TARIFF COMMISSION
8TH AND E STREETS N. W.
WASHINGTON

RAYMOND B. STEVENS
VICE CHAIRMAN

Treasury (5) Drawer 1-37
PSF
Treasury

January 28, 1937.

Dear Mr. President:

I am somewhat reluctant to take up any of your time by an interview when you have so many problems on hand, - floods, strikes and Congress. I think I can state in this note briefly but fully all I wish to say about filling the vacancy on the Commission.

Mr. Grady now holds an important place in the University of California and has been recently selected by the League of Nations as a member of its Economic Council. If he should give up these two positions to come to the Commission, he would naturally expect to be made Chairman as soon as the change would be made. Also I have reason to believe that Mr. Hull would recommend his selection as Chairman.

This situation troubles me a little because I had some desire myself to become Chairman in case Mr. O'Brien gave up the position, and last November you were kind enough to write me that if I wanted to be Chairman I was entitled to it. I think I could fill the place reasonably well, but it is not unlikely that Mr. Grady would make a better Chairman. While I would like the position I do not really care much about it. I do not dislike prestige and could endure a good deal of it without discomfort, but I have never

cared enough to make any sacrifice either to get it or retain it. All I have set my heart on is to retain the respect and affection of my friends. What satisfaction I might have in being Chairman would be destroyed if I thought you had selected me out of consideration for my feelings rather than in accordance with your own judgment as to what was best for the Commission.

To sum up the situation, -- either Mr. Grady or Mr. Edminster would make an excellent member of the Commission. If you prefer Mr. Grady, and desire to make him Chairman, I wish you would feel entirely free to do so.

If you desire to talk the situation over with me, of course, I will be very glad to do so.

Yours, as ever,

Raymond B. Stevens.

TREASURY DEPARTMENT
Office of the Secretary
Secret Service Division

"file confidential"

MEMORANDUM

May 17, 1937

To: Miss Le Hand

From: Mr. Murphy

On April 7, 1937, we received a circular sent to the President, for the attention of Miss Le Hand, mailed from Indianapolis, Indiana, purporting to be issued by the Vigilantes, and I caused investigation to be made in Indianapolis, Chicago, and Los Angeles.

An organization named The Vigilantes was formed in 1923 in Indianapolis to counteract the Ku Klux Klan, but it is now out of business and has not operated for years.

One Harry A. Jung is conducting an American Vigilant Intelligence Federation in Chicago, aimed to combat Communism; and one Jack Hughes is the head of an organization in Los Angeles, supposed to be against crime in general.

So far our investigation has not disclosed any Vigilantes organization operating in Indiana.

The above described circular stated that copies were being sent to senators, congressmen, and other prominent officials. So far this has not been confirmed. Congressman Louis Ludlow of Indianapolis and others have never heard of this organization.

Investigation is being continued.

TREASURY DEPARTMENT
Office of the Secretary
Secret Service Division

MEMORANDUM
April 20, 1937

P.F.

To: Miss Marguerite A. Le Hand,
Private Secretary to the President,
The White House.

From: Mr. Murphy, Secret Service

Attached is copy of report dated April 14, 1937, from our Chicago, Illinois office concerning communication addressed to the President by the National Executive Council of "The Vigilante's."

This is a status report and copy of supplemental report will follow as soon as received.

CHIEF

PSP Treasury Folder

April 14, 1937.

Re: "The Vigilantes"

MR. FRANK J. WILSON,
Chief, U. S. Secret Service,
Washington, D. C.

Sir:

I have the honor to submit the following special report covering the investigation relative to "The National Executive Council of 'THE VIGILANT'S'", CHIEF'S reference dated April 7th, which communication has several aspects of a threat against the life of the President. This investigation was conducted under my personal supervision, the result of which is as follows:

On April 9th I called at the Post Office Inspectors' office in Chicago and with Chief Clerk Wilbur a search was made of their files but they revealed nothing in connection with the organization known as "THE VIGILANTES".

I then called on Lieutenant Mike Mills of the Industrial Squad, Chicago police department, and conferred with him relative to the above matter; however, he stated he had no recollection of the above mentioned organization nor did their records reveal anything relating to same.

A check of the AMERICAN VIGILANT INTELLIGENCE FEDERATION, of Chicago, revealed that they maintain post office box 144, and that their offices are located in the Tribune Tower in Chicago; also, that this organization is still backed by HARRY A. JUNG, who was subject of an investigation covered by our special report of October 31, 1933. The activities of this organization have been centered in Chicago and apparently they have no connection with "THE VIGILANTE'S".

Under date of April 13, 1937, I proceeded to Indianapolis, Indiana, and, accompanied by Agent Gallagher, called at the police department and interviewed Detective Captain John Rademacher relative to the mimeographed letter which was mailed from Indianapolis on April 4, 1937, and addressed to the President. Mr. Rademacher disclosed that his department has no knowledge whatever of such an organization as that mentioned above. We then interviewed Postmaster Adolph Seidensticker relative to this matter and he advised that they had no record whatever of such an organization. We also contacted the Post Office Inspectors' office and the Superintendent of Mails and a search was made of their files relative to this matter, but nothing was found concerning any such organization.

We then interviewed Walter Boettcher, City Comptroller and Democratic county chairman of Marion County, but he had no information of any such organization that was active in the last campaign or at any time since. Their organization at Indianapolis had received no such communication.

We then interviewed JOHN ZAHND, who has organized various political groups during the past few years at Indianapolis. This man is considered a political crank but has never been suspected of any subversive activities or any antagonism towards the present administration. He advised us that he had never heard of "THE VIGILANTE'S" organization and said that his followers, known as the National Greenback Party, favored the Democratic candidates in the last election and still are largely in favor of the administration's policies.

A check of corporation papers on file with the Secretary of State of Indiana disclosed only one organization whose name approximates that of the one under investigation - THE VIGILANTE'S - which was incorporated in 1923. A copy of their articles of association is attached hereto. JAMES L. NIMAL, one of the incorporators, was interviewed at his rooming house, 1830 North Delaware Street. He said this organization was never completely set up and was discontinued within a year of its inception; that its purpose was to offset by education and propaganda the Ku Klux Klan activities which were widespread in Indiana in 1923. He stated VERL W. BENNETT, one of the three incorporators, is now an accountant in some Government bureau at Washington; that W. T. GILMORE, the third incorporator, is believed to be dead. Nimal disclaimed all knowledge of an organization known as "THE VIGILANTE'S". No organization of this name or any similar name is listed in the Indianapolis telephone book or city directory. Agent Gallagher was instructed to investigate any information he might receive relative to "THE VIGILANTE'S" and in this event to submit a supplementary report immediately.

Upon receipt of information received at this office today from Lieutenant Make Mills of the Industrial Squad, Chicago police department, to the effect that he had some information of interest to us in connection with the above matter, Agent Peterson was instructed to proceed there, and he interviewed Captain E. E. Kynett of the Los Angeles police department. Captain Kynett stated he had done considerable work in connection with the VIGILANTES organization in Los Angeles; that the principal organizer there was one JACK HUGHES, age 40, married, no children, residing at 823 South Fedora Street, Los Angeles, with his wife; that Hughes was formerly a police officer of the Los Angeles force and was discharged for brutality and conduct unbecoming an officer in 1928; that since this time Hughes has had no steady employment, and it is alleged that he is devoting his time in the effort to organize the VIGILANTES in Los Angeles, which is known as "THE

CALIFORNIA VIGILANTES", which it is alleged is affiliated with the "INTERNATIONAL ORDER OF VIGILANTES". Captain Kynett also stated that although he had no definite information to substantiate his theory, he was convinced the international headquarters of the "VIGILANTES" was located in Indianapolis, Indiana; that he has kept Hughes under surveillance day and night for the past year and that Hughes' numerous contacts are a matter of record of the Los Angeles police department; that Hughes was the editor of a weekly mimeographed pamphlet describing the activities of the order; that Hughes collected yearly dues of eight dollars each from the members of his organization; that Hughes at various times during the past several years attempted to affiliate his organization with various police and enforcement organizations in southern California; that Hughes had formulated a small intelligence unit within his organization for the purpose of probing into vice and graft conditions. Captain Kynett further stated that Hughes had at various times attempted to secure police permits to operate sound cars throughout the city for the purpose of enrolling members and advertising the VIGILANTES organization, but that such permits so far have been refused by the local police department. Captain Kynett stated he had in his files copies of various mimeographed pamphlets allegedly edited and distributed by Hughes and he advised he would be glad to furnish this Service with copies. He also stated he would notify this Service of any further information or developments in Los Angeles in connection with the VIGILANTES organization.

In view of the fact that JACK HUGHES, mentioned above, is evidently located in Los Angeles, I am forwarding the file in this case to Agent Grube in Los Angeles for investigation, with the suggestion that a cover be placed on Hughes' mail to ascertain whether or not he receives any communications from Indianapolis. It is also respectfully requested that Agent Grube call at the office of Captain E. E. Kynett and secure copies of the mimeograph circulars and any other information available about "THE VIGILANTE'S" organization.

Respectfully,

THOMAS J. CALLAGHAN

Acting Supervising Agent.

By Harry D. Buheer
Acting Agent in Charge.

HDA-L

CC: Agent Grube, Los Angeles.
Agent Foster, San Francisco.
Agent Gallagher, Indianapolis.

file personal

THE UNDER SECRETARY OF THE TREASURY

WASHINGTON

BSF

File Treasury Drawer 1-37

June 3, 1937

MEMORANDUM FOR THE PRESIDENT:

Following our conference with you this afternoon I saw Messrs. Rayburn, Doughton, Vinson and Cooper at the Capitol regarding the pending joint resolution for the tax investigation. Mr. Rayburn and Mr. Doughton told me that they had talked to Mr. O'Connor this afternoon and that he is adamant against making public the information developed by the joint committee, and against any part of the investigation being conducted by persons other than the committee or subcommittee. In other words he insists on the amendments which the Rules Committee made to the joint resolution. He has agreed, however, to call a meeting tomorrow morning of such members of the Rules Committee as he can get together, to reconsider the matter. Messrs. Doughton, Vinson and Cooper will attend the meeting and will try to persuade the Democratic members that the resolution should be reported in substantially the form in which introduced. Mr. Rayburn will try to see the Democratic members of the Rules Committee in the meantime. They are not convinced, however, that they can succeed in persuading the Rules Committee to reverse its former action unless further pressure is brought to bear upon them.

Mr. Rayburn stated that he had to let the joint resolution go over until Monday on account of Mr. O'Connor's opposition and the Republican opposition.

Roswell Magill —

Roswell Magill

PSF: Treasury

file confidential

THE SECRETARY OF THE TREASURY
WASHINGTON

October 7, 1937

My dear Mr. President:

I am inclosing herewith a confidential report which I thought would be of interest to you.

Respectfully,

H Morgenthau Jr.

The President,
The White House.

Confidential

PSF: Treasury

COPY

TREASURY DEPARTMENT

Inter Office Communication

October 6, 1937

To Secretary Morgenthau

From Mr. Haas

Subject: Recent exports of cotton and scrap iron and steel to Japan and imports of silk from Japan.

1. Scrap iron and scrap steel exports from the United States to Japan continue but in much smaller volume.

September exports of scrap iron and scrap steel from the United States to Japan were approximately 50,000 tons. This is about one-fifth of the monthly shipments during the first half of 1937. Shipments are being loaded right now on ships going to Japan, and other shipments are scheduled to leave within the next two weeks.

Scrap iron exporters claim that all Japanese buying of scrap iron and scrap steel in the United States stopped about four or five months ago. Shipments leaving now are on orders given before April. They claim that only a small amount of unfilled orders remain.

2. Raw cotton is still being exported to Japan but only in small amounts.

September cotton exports to Japan totaled about 40,000 bales (compared with 170,000 bales in September 1936 and an average of 124,000 bales for each of the first six months of 1937). It is estimated that there have been about 135,000 bales of American cotton ordered by Japan since August 1st, but most of these new orders have not been shipped. They await receipt of permission to ship. (Permission to ship about $100,000 worth of cotton was received yesterday according to the National City Bank.)

It is reported that Japan now has enough cotton to last three, possibly four months. The area in North China under control of Japan expects to have about 1 million bales of

cotton ready to move within a few weeks. This cotton formerly went mostly to Japanese mills in China. It will now be diverted to the mills in Japan.

The Department of Agriculture estimates that Japan will purchase 600,000 bales this cotton year (August 1, 1937 to August 1, 1938), compared with 1,5 million bales last cotton year. Japan has set aside 50 million yen for cotton purchases for months of September, October and November. Were half of that sum to be spent on American cotton it would represent approximately 50,000 bales a month which is close to our September exports to Japan.

We can obtain no evidence of any shift of cotton manufacture under Japanese direction from Japan to India. Two exporters, presumably conversant with cotton textile conditions in the Far East and in India felt that such a move on any substantial scale would definitely not be feasible. They were very skeptical about the possibilities of any such shift.

3. United States is still importing silk from Japan.

No restrictions have been placed on exports of silk from Japan to the United States. Silk importers in the United States are buying now and have been buying in recent weeks as much silk as they want, and they have been receiving their shipments on time. The latest cargo of silk arrived a few days ago and another one is due in a few days.

PSF Treasury

(1)

TREASURY DEPARTMENT

PROCUREMENT DIVISION

PUBLIC BUILDINGS BRANCH

IN REPLYING, QUOTE THE ABOVE SUBJECT, BUILDING, AND THESE LETTERS PB- SA-P&S

file personally

WASHINGTON

October 8, 1937

THE WHITE HOUSE

OCT 9 9 AM '37

RECEIVED

The Honorable

The President of the United States

My dear Mr. President:

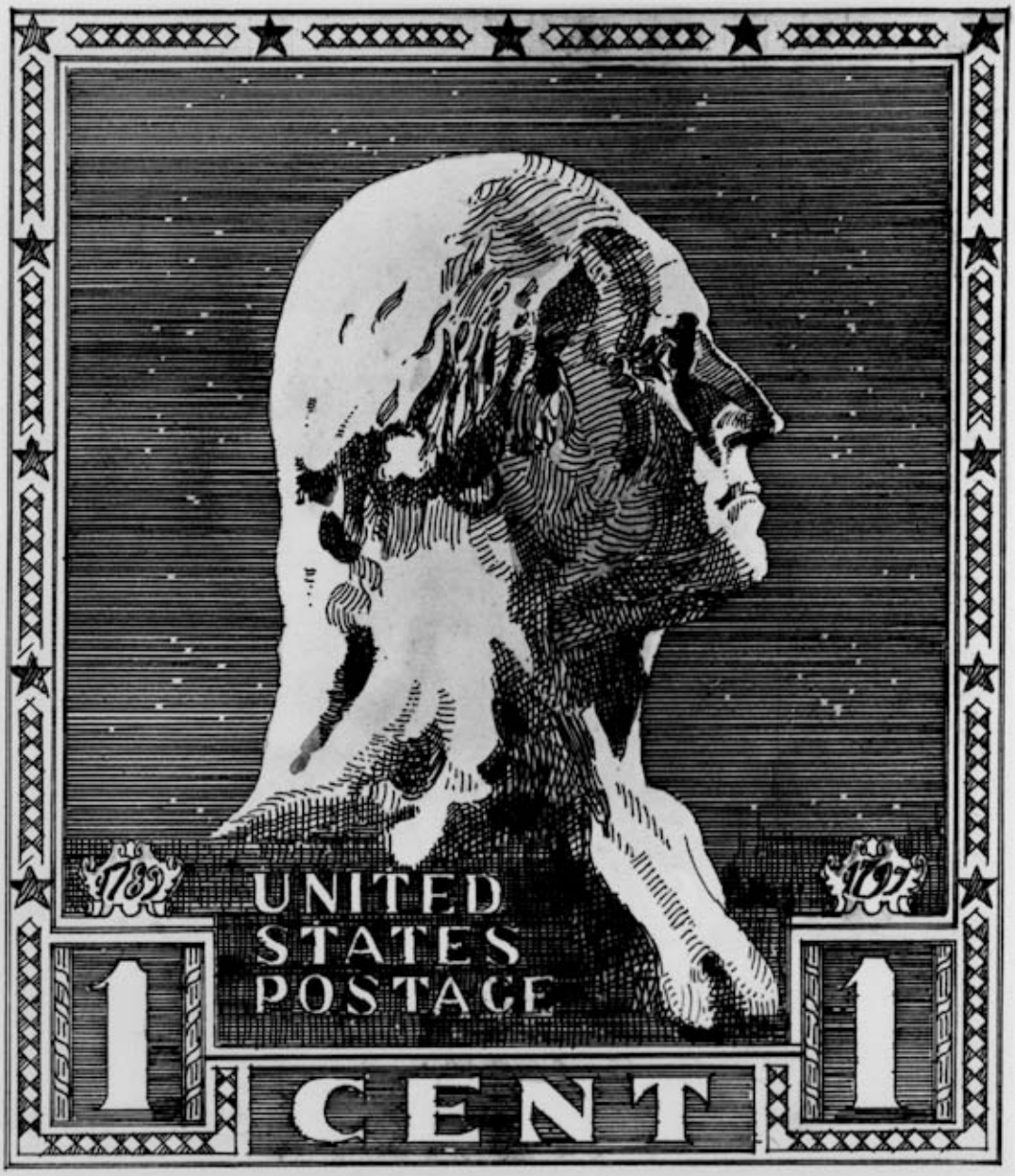
Thank you very much for your letter of October 2. I am delighted that you liked the design for the proposed Presidential Series of postage stamps. The Bureau of Engraving and Printing is following your suggestion and is working on an experimental engraving design to submit to you. There are, I understand, some technical questions involved as to how far the Bureau can preserve the general quality and effect of the design.

I enclose herewith a photograph of the design which won the second prize which I thought you might be interested in seeing. I particularly like the border around the stamp and I have suggested to the Bureau that they might use this as a sort of frame to use in connection with the final design.

Very respectfully yours,

Edward Bruce

Edward Bruce, Chief
Section of Painting & Sculpture


1789
1797
UNITED
STATES
POSTAGE
1
1
CENT

1141
P.A.S.

Second Prize

BUILDING:

TYPE OF WORK: Stamp Design

BY: Bauer, Chas.

TITLE:

BF
Treasury

THE SECRETARY OF THE TREASURY
WASHINGTON

"file confidential"

October 15, 1937

My dear Mr. President:

I am sending you this confidential memorandum on our current trade with Japan, which may be of interest to you. The information was collected by telegraph.

Respectfully,

H. Morgenthau Jr.

The President,
Hyde Park, New York.

COPY

TREASURY DEPARTMENT

Inter Office Communication

October 14, 1937.

To Secretary Morgenthau

From Mr. Haas

Subject: Current U. S. trade with Japan.

1. For the first week of October, 1937:

U. S. exports to Japan	$ 1,727,000
U. S. imports from Japan	3,328,000

(Past weekly export figures are not available. Monthly table of U. S. exports to Japan is appended.)

Export declarations received during the first week in the month are apt to be lighter than during the remainder of the month. Therefore, no conclusions can as yet be definitely drawn from the low figures for exports.

2. The leading items of export during the first week of October were as follows:

Sulphite (wood pulp used for rayon manufacture).....	$ 445,000
Pig iron.....	197,000
Steel sheet bars and plates.....	644,000
Diesel oil.....	123,000
Steel scrap.....	65,000
Molybdenum concentrate.....	64,000
Lumber.....	23,000
Machinery.....	26,000
1 Truck chassis.....	4,000
Miscellaneous.....	136,000
Total	$ 1,727,000

There were no exports of cotton to Japan.

3. Leading items of import were:

Raw silk.....	$ 2,040,000
Perilla oil.....	178,000
Cotton manufactures.....	124,000
Rayon manufactures.....	123,000
Silk manufactures.....	73,000
Sardine meal.....	60,000
Fish, canned tuna, crabmeat, etc.	60,000
China and porcelain.....	63,000
Lily bulbs.....	53,000
Woolen manufactures.....	44,000
Earthenware.....	38,000
Vegetable food products.....	35,000
Pyrethrum flowers.....	34,000
Camphor.....	21,000
Novelties, toys, jewelry, etc..	167,000
All others	215,000
Total	$ 3,328,000

United States - Trade with Japan - Monthly - January 1936 to date

(In thousands of dollars)

	1936		1937	
	Total exports	General imports	Total exports	General imports
January	19,022	15,384	22,364	17,683
February	13,339	14,539	24,745	18,382
March	16,401	12,670	29,971	17,660
April	16,250	13,141	26,928	20,423
May	14,403	12,053	36,177	18,244
June	13,627	11,088	25,194	18,637
July	11,995	12,187	26,509	16,482
August	10,764	16,948	24,644	16,297
Total - 8 months	115,801	108,010	216,532	143,808
September	21,328	16,017		
October	26,663	15,930		
November	24,100	15,340		
December	16,433	16,427		
Total - Year 1936	204,325	171,724		

THE SECRETARY OF THE TREASURY
WASHINGTON

October 26, 1937

P.F.

Japan China
Morgenthau

My dear Mr. President:

I am sending you herewith a memorandum on current United States trade with Japan and China, which I trust you will find of interest.

Faithfully,

H Morgenthau Jr

The President,
Hyde Park, New York.

Enclosure.

INTER OFFICE COMMUNICATION

DATE October 26, 1937

TO Secretary Morgenthau

FROM Mr. Haas

Subject: Current trade with Japan and China. (Preliminary data)

Trade with Japan

1. United States exports to Japan

	October 1937	October 1936	August 1937
1st Week	$1,727,000		
2nd Week	5,746,000	For whole month	For whole month
3rd Week	4,492,000		
Three weeks	$11,965,000	$26,663,000	$24,644,000

Excluding cotton, our exports this month are already greater than exports of October 1936:

Exports - 3 weeks October 1937, excluding cotton - $11,410,000
" whole month October 1936 " " 9,787,000

2. United States imports from Japan

	October 1937	October 1936	August 1937
1st Week	$3,328,000		
2nd Week	3,984,000	For whole month	For whole month
3rd Week	3,419,000		
Three Weeks	$10,732,000	$15,930,000	$16,297,000

Aside from imports of perilla oil ($332,000 this month and none last October) the make-up of imports from Japan appear to be approximately the same. So far it appears that the total of imports from Japan will be about 8 percent less than last October, and 10 percent less than August 1937.

(Figures for our trade with Japan for September are unobtainable from the Department of Commerce until about November 3rd.)

3. United States cotton exports to Japan remain negligible.

1st Week --	nil
2nd Week	$192,000
3rd Week	297,000
Three weeks	$489,000

Last October cotton exports to Japan amounted to $16,876,000.

4. Compared with previous months, there is a sharp decrease in exports of scrap iron and steel.

1st Week	$ 65,000
2nd Week	354,000
3rd Week	468,000
Three weeks	$887,000

Monthly average March to August 1937, $5,600,000.

5. Raw silk imports from Japan continue at a remarkably even rate.

1st Week	$2,040,000
2nd Week	2,087,000
3rd Week	2,095,000
Three weeks	$6,223,000

(Average monthly imports from Japan in 1936, $8,000,000)

6. The following items show large decreases in exports to Japan compared with October of last year.

	1st 3 weeks of October 1937	Month of October 1936
Cotton, unmanufactured	$489,000	$16,876,000
Finished iron and steel manufactures	100,000	1,440,000
Wood, unmanufactured	90,000	420,000
Tobacco	10,000	384,000

7. The following items show large increases in exports to Japan compared with October of last year.

	1st 3 weeks of October 1937	Month of October 1936
Iron and steel semi-mfg.	$3,084,000	$197,000
Pig iron	567,000	None
Hides and skins	545,000	141,000
Ferro-alloys	224,000	6,000

U. S. Trade with China

(We have begun with the third week; will not be able to obtain trade figures of the first two weeks of October before December.)

8. U. S. exports to China and Manchuria.

	North China and Manchuria	Shanghai, South China and Hong Kong
3rd week only of October 1937	$457,000	$787,000

For whole of China and Manchuria

Whole month October 1936	$4,283,000

If the exports during the third week are a good sample, our exports to China for the whole month will be greater than last October.

9. United States imports from China and Manchuria.

	North China and Manchuria	Shanghai, South China and Hong Kong
3rd Week of Oct. 1937	$414,000	$956,000

For whole of China and Manchuria

Whole month Oct. 1936	$4,957,000

Our imports from China likewise will be greater than last year, if the 3rd week is a good sample.

10. Leading export items to China:

(a) North China and Manchuria - 3rd week only.

Petroleum products	$ 194,000
Steel sheets and plates	123,000
Vehicles and parts.....	32,000
Electrical machinery and appliances.....	18,000
Industrial machinery....	17,000
Cotton.....	14,000
Lumber.....	12,000
Other.....	47,000
Total.....	$457,000

(b) Shanghai, South China ports, Hong Kong.

Tobacco	$306,000
Edible vegetable products	97,000
Steel sheets.....	89,000
Printed matter.....	46,000
Petroleum products.....	69,000
Electrical machinery....	46,000
Radio and apparatus.....	45,000
Other.....	89,000
Total.....	$787,000

11. Leading imports from China.

(a) Imports from Manchuria and North China - 3rd week only.

Bristles.....	$ 135,000
Wool and manufactures	132,000
Leather.....	68,000
Other.....	79,000
Total.....	$ 414,000

(b) Leading imports from Shanghai, South China ports and Hong kong.

Raw silk.....	$ 244,000
Wood oil.....	189,000
Tin.....	142,000
Flax and hemp manufactures.....	128,000
Food products.....	56,000
Tea.....	37,000
Other.....	160,000
Total.....	$ 956,000

Of the total of $11,900,000 of exports to Japan during the first three weeks of October, the following items account for almost all of the total:

Iron and steel semi-manufactures	$3,084,000
Petroleum products	2,364,000
Scrap iron and steel	889,000
Copper	833,000
Paper base stocks	623,000
Pig iron	567,000
Industrial machinery	565,000
Hides and skins	545,000
Cotton	490,000
Chemicals	393,000
Asphalt	300,000
Ferro-alloys	224,000
Automobiles, trucks and parts	207,000
Lead	167,000
Photographic and projections goods	105,000
Other	544,000
	$11,900,000

Of the total of $10,737,000 of imports from Japan during the first three weeks of October, the following items account for the bulk:

Raw silk	$6,223,000
Cotton manufactures	625,000
Perilla oil	332,000
Tea	305,000
Silk manufactures	292,000
Rayon manufactures	287,000
Porcelain and chinaware	274,000
Fish	268,000
Inedible animal products	215,000
Wood and paper manufactures	209,000
Wool manufactures	188,000
Lily bulbs	155,000
Perethrum flowers	135,000
Earthenware	138,000
Metal manufactures	121,000
Other	970,000
	$10,737,000

THE SECRETARY OF THE TREASURY
WASHINGTON

October 28, 1937.

PSF: Treasury

My dear Mr. President:

I am sending you herewith a confidential report on market conditions from Dr. W. Randolph Burgess, Vice President of the Federal Reserve Bank of New York. I am sure you will be interested in reading this.

Faithfully,

H Morgenthau Jr

The President,

Hyde Park, New York.

Enclosure.

FEDERAL RESERVE BANK

OF NEW YORK

[redacted]

October 23, 1937.

Dear Mr. Secretary:

Accompanying general disorder in the securities markets this week the market for new issues continued to be practically closed. Two sizeable issues mentioned in my last letter as pending were deferred or withdrawn: those of North Boston Lighting Properties and the Appalachian Electric Power Company. The only issues sold were several small, relatively short term, high grade offerings totalling about $12,000,000. They were the following:

Chicago, Burlington & Quincy R. R. equipment trust, 1938-47	$ 3,650,000
California 3 months warrants	3,350,000
Massachusetts serial bonds 1938-67	3,000,000
Maine serial bonds 1938-48	1,000,000
6 other municipal issues	974,000
Total	$11,974,000

These issues were reported to be fairly well received.

In the absence of any substantial new issues the principal problem for the underwriters has been the disposition of previous commitments, and especially the Bethlehem Steel 3 1/2 per cent convertible 15 year debentures and Pure Oil Company 5 per cent preferred stock.

Bethlehem Steel 3 1/2 per cent convertible 15-year debentures, (originally $48,000,000) first offered to stockholders at 100 and then by the underwriters (who bought the issue at 98) to the public at 95 1/2, are reported to have sold as low as 78 last Monday but have since recovered to around 84. Within this range of prices underwriters and dealers have disposed of fair-sized amounts of their portions of this issue during the past week. At these

prices the issue showed a yield of 5 per cent or better. Losses on sales at prevailing prices are of course substantial - 10 to 20 per cent of the original cost, but most of the underwriters prefer to take losses promptly at the market than to have an issue, once publicly offered, remain hanging over the market. Some of the stronger syndicate members, however, are retaining their bonds for a better market.

The largest issue still overhanging the market is the Pure Oil Company 5 per cent preferred stock, of which stockholders took less than a million dollars. Yesterday the underwriting syndicate paid the company for the $43,439,400 stock remaining unsold, and apparently contemplates holding the issue off the market entirely for the time being. The outstanding 6 per cent preferred stock of the Pure Oil Company, which has the same preferences (as to earnings and dividends) as the new issue, but no conversion rights, closed last night at 92. The new issue would have to sell around 77 to give the same yield.

Other recent issues, even though successfully sold by the underwriters, have likewise sold at sharp discounts from their offering prices but have since recovered most of the ground lost. The renewed losses in the stock market Friday and to-day have not as yet diminished materially the recovery on the part of these bonds. Idaho Power first mortgage 3 3/4 per cent bonds, offered at 98 1/2, on October 6, were offered at one time as low as 93 3/4 after the syndicate was closed, but are now quoted around 98. Central New York Power general mortgage 3 3/4 per cent bonds, offered at 99 on October 7, another fairly high grade issue which the underwriters disposed of successfully, were offered as low as 93 1/2 but the market is now about 97 1/2.

The fair reception to the few new issues this week and the partial recovery in the price of previous offerings and bond prices in general leave

the market perhaps a little better than a week ago but not in condition to take sizeable amounts of even the highest grade bonds. A very substantial change would be necessary before it would furnish the capital necessary for new undertakings.

Very truly yours,

W. Randolph Burgess

W. Randolph Burgess
Vice President.

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

WRB.H

PSF
Treasury

THE SECRETARY OF THE TREASURY
WASHINGTON

File
Confidential

November 15, 1937

My dear Mr. President:

I am sending you herewith reports dated November 3 and 12 on the subject of "Current Trade with Japan and China".

The report of November 3 covers preliminary data for the month of October and the November 12 report reviews that period and includes data for the first week of November.

Faithfully,

H Morgenthau Jr.

The President,

The White House.

Enclosures.

File Treasury

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE November 3, 1937

TO Secretary Morgenthau

FROM Mr. Haas

Subject: Current trade with Japan and China. (Preliminary data)

Trade with Japan

1. United States exports to Japan

	October 1937	October 1936	September 1937
1st week	$ 1,727,000		
2nd week	5,746,000		
3rd week	4,492,000	For whole month	For whole month
4th week	6,763,000		
Four weeks	$18,728,000	$26,663,000	$16,842,000

Excluding cotton, our exports this month, although incomplete, are almost twice as great as the exports during the whole month of October 1936, and considerably greater than the exports of September 1937:

Exports - 4 weeks October 1937,	excluding	cotton -	$17,715,000
" whole month October 1936	"	"	9,787,000
" " " September 1937 .	"	"	15,354,000

2. United States imports from Japan

	October 1937	October 1936	September 1937
1st week	$ 3,328,000		
2nd week	3,984,000		
3rd week	3,419,000	For whole month	For whole month
4th week	4,060,000		
Four weeks	$14,791,000	$15,930,000	$15,988,000

The composition of our imports from Japan is approximately the same as that of October 1936. It now appears that the total imports this month may be slightly less than that of a year ago, or of a month ago, but not by more than 5%.

3. United States export of cotton to Japan remains negligible.

1st Week	nil
2nd Week	$192,000
3rd Week	297,000
4th Week	452,000
Four weeks	$941,000

Last October cotton exports to Japan amounted to $16,876,000.

4. Compared with previous months, there is a sharp decrease in exports of scrap iron and steel.

1st Week	$ 65,000
2nd Week	354,000
3rd Week	468,000
4th Week	106,050
Four weeks	$993,050

Monthly average March to August 1937, $5,600,000.

5. Raw silk imports from Japan continue.

1st Week	$2,040,000
2nd Week	2,087,000
3rd Week	2,095,000
4th Week	1,861,000
Four weeks	$8,083,000

(Average monthly imports from Japan in 1936, $8,000,000)

6. The following items show large decreases in our exports to Japan compared with October of last year.

	Four weeks of October 1937	Month of October 1936
Cotton, unmanufactured	$941,000	$16,876,000
Finished iron and steel manufactures	136,000	1,440,000
Wood, unmanufactured	192,000	420,000
Tobacco	19,000	384,000

7. The following items show large increases in exports to Japan compared with October of last year.

	Four weeks of October 1937	Month of October 1936
Iron and steel semi-manufactures	$ 3,580,000	$ 197,000
Pig iron	887,000	None
Hides and skins	833,000	141,000
Ferro Alloys	279,000	6,000
Petroleum products	4,216,000	2,224,000
Copper	1,441,000	956,000
Pig lead	167,000	None
Scrap brass	418,000	104,380
Industrial Machinery	1,345,000	658,000
Coal tar products	255,000	63,000

United States Trade with China

8. United States exports to China and Manchuria.

	North China and Manchuria	Shanghai, South China and Hong Kong
3rd Week	$ 457,000	$ 787,000
4th Week	565,000	1,788,000
3rd and 4th Weeks of October 1937	$1,022,000	$2,575,000

For whole of China, Manchuria and Hong Kong

Whole month October 1936 $5,049,000

If the exports during the third and fourth week are a good sample, our exports to China for the whole month will be considerably greater than last October.

9. United States imports from China, Manchuria and Hong Kong.

	North China and Manchuria	Shanghai, South China and Hong Kong
3rd Week	$ 414,000	$ 956,000
4th Week	653,000	724,000
3rd and 4th Weeks of October 1937	$1,067,000	$1,680,000

For whole of China, Manchuria and Hong Kong

Whole month October 1936 $5,446,000

Our imports from China will probably be somewhat greater than last year if the 3rd and 4th week is a good sample.

10. Leading export items to China

(a) North China and Manchuria - 3rd and 4th weeks only

Iron and steel semi-manufactures	$ 218,000
Tobacco	205,000
Petroleum products	205,000
Vehicles, parts and accessories	136,000
Electrical machinery and apparatus	44,000
Cotton	38,000
Industrial Machinery	36,000
Other	140,000
Total	$1,022,000

(b) Shanghai, South China ports and Hong Kong

Petroleum products	$ 608,000
Tobacco	409,000
Iron & Steel semi-manufactures	280,000
Vehicles, parts and accessories	216,000
Edible vegetable products	209,000
Iron & steel finished manufactures	112,000
Radio and apparatus	90,000
Wood, unmanufactured	80,000
Electrical machinery	72,000
Industrial machinery	76,000
Copper	70,000
Industrial chemicals	60,000
Other	293,000
Total	$2,575,000

11. Leading imports from China.

(a) Manchuria and North China - 3rd and 4th weeks only

Bristles	$ 340,000
Food products	171,000
Wool and manufactures	168,000
Leather	104,000
Other	284,000
Total	$1,067,000

(b) Shanghai, South China ports and Hong Kong

Wood oil	$ 419,000
Raw silk	341,000
Tin	193,000
Flax and Hemp manufactures	181,000
Tungsten ore	103,000
Food products	98,000
Tea	58,000
Chemicals	33,000
Other	254,000
Total	$1,680,000

Of the total of $18,728,000 of exports to Japan during the first four weeks of October, the following items account for almost all the total:

Petroleum products	$ 4,216,000
Iron & steel semi-manufactures	3,580,000
Copper	1,441,000
Industrial machinery	1,345,000
Paper base stock	1,106,000
Scrap iron and steel	994,000
Cotton	941,000
Pig iron	887,000
Hides and skins	833,000
Vehicles	634,000
Scrap brass	418,000
Ferro Alloys	279,000
Coal tar products	255,000
Fertilizer	208,000
Wood, unmanufactured	192,000
Pig lead	167,000
Industrial chemicals	133,000
Photographic and projection goods	131,000
Other	968,000
Total	$18,728,000

Of the total of $14,791,000 of imports from Japan during the first four weeks of October, the following items account for the bulk:

Raw silk	$ 8,021,000
Cotton manufactures	1,119,000
Tea	457,000
Silk manufactures	456,000
Chinaware and porcelain	374,000
Rayon manufactures	356,000
Fish	333,000
Inedible animal products	331,000
Perilla oil	307,000
Wool manufactures	272,000
Pyrethum flowers	260,000
Paper manufactures	237,000
Earthenware	197,000
Chemicals	189,000
Lily bulbs	183,000
Wood manufactures	163,000
Metal manufactures	156,000
Food products	153,000
Glass manufactures	136,000
Flax and hemp manufactures	135,000
Other	956,000
Total	$14,791,000

TREASURY DEPARTMENT

Treasury Dept

INTER OFFICE COMMUNICATION

DATE November 12, 1937

TO Secretary Morgenthau

FROM Mr. Haas

Subject: Current trade with Japan and China

A. Trade with Japan for month of October 1937 1/

(1) United States exports to Japan.

United States exports to Japan during October 1937 were 25 percent greater than during September 1937, but considerably less than our exports during the summer months of 1937, and less than our exports for October 1936.

	1937	1936
October	$21,133,000	$26,663,000
September	16,842,000	21,328,000
August	24,643,000	10,763,000
July	26,509,000	11,995,000
June	25,194,000	13,627,000

Excluding exports of raw cotton, our exports for October 1937 were twice as great as our exports during the same month of 1936.

United States exports to Japan, excluding raw cotton

	1937	1936
October	$19,582,000	$ 9,787,000
September	15,354,000	10,552,000
August	23,449,000	9,201,000
July	24,566,000	10,965,000
June	21,962,000	9,352,000

1/ Previous reports cover weekly figures only. This report is for the whole month of October. The report also includes the trade for the first week in November. See page 6.

(2) United States imports from Japan.

United States imports from Japan in October 1937 were 4 percent less than during the preceding month, and 4 percent less than during October 1936.

	1937	1936
October	$15,338,000	$15,930,000
September	15,988,000	16,012,000
August	16,297,000	16,948,000
July	16,482,000	12,187,000
June	18,637,000	11,088,000

(3) Cotton exports to Japan increased during the latter part of October, but the total for the month was but a small percentage of the total exports of cotton during October, 1936.

U. S. cotton exports to Japan - October 1937 - $ 1,551,000
U. S. cotton exports to Japan - October 1936 - 16,876,000

(4) Compared with previous months, there was a decrease in exports of iron and steel scrap to Japan.

Exports of iron and steel scrap to Japan - October 1937 - $1,148,000
Exports of iron and steel scrap to Japan - September 1937 - 1,402,000
Exports of iron and steel scrap to Japan - Monthly average, May to August 1937 5,600,000

(5) The following items show large decreases in our exports to Japan compared with October 1936.

	October 1937	October 1936
Cotton, unmanufactured	$1,551,000	$16,876,000
Finished iron and steel manufactures	136,000	1,440,000
Wood, unmanufactured	223,000	420,000
Tobacco	19,000	384,000
Naval stores, gums and rosins	4,000	103,000

(6) The following items show large increases in exports to Japan compared with October 1936:

	October 1937	October 1936
Petroleum products	$4,585,000	$2,224,000
Iron and steel semi-mfg.	3,982,000	187,000
Copper	1,893,000	956,000
Industrial machinery	1,394,000	658,000
Paper base stock	1,222,000	798,000
Scrap iron and steel	1,148,000	nil
Hides and skins	898,000	141,000
Pig iron	887,000	nil
Scrap brass	418,000	nil
Ferro-alloys	279,000	6,000
Coal tar products	255,000	63,000
Lead	167,000	nil

(7) The composition of our imports from Japan, with a few exceptions, was approximately the same in October 1937 as that of October 1936. These exceptions were:

	October 1937	October 1936
Silk manufactures	$ 475,000	$ 253,000
Flax, hemp and Ramie manufactures	136,000	19,000
Wool manufactures	277,000	148,000
Rayon manufactures	374,000	142,000
Perilla oil	346,000	nil
Pyrethum flowers	260,000	75,000
Raw silk	8,076,000	9,077,000
Food products (excluding tea)	193,000	475,000

(8) Of the total of $21,133,000 of exports to Japan during October 1937, the following items account for almost all:

Petroleum products	$4,585,000
Iron and steel semi-manufactures	3,982,000
Copper	1,893,000
Cotton, unmanufactured	1,551,000
Industrial machinery	1,394,000
Paper base stock	1,222,000
Scrap iron and steel	1,148,000
Hides and skins, raw	898,000
Pig iron	887,000
Vehicles, parts and accessories	788,000
Scrap brass	418,000
Ferro-alloys	279,000
Coal tar products	255,000
Fertilizers	238,000
Wood, unmanufactured	223,000
Lead	167,000
Industrial chemicals	137,000
Photographic and projection goods	131,000
Others	937,000
	$21,133,000

(9) Of the total of $15,338,000 of imports from Japan during October 1937, the following account for the bulk:

Raw silk	$8,076,000
Cotton manufactures	1,157,000
Silk manufactures	475,000
Tea	462,000
Chinaware and porcelain	385,000
Rayon manufactures	374,000
Fish	365,000
Perilla oil	346,000
Inedible animal products	343,000
Wool manufactures	277,000
Pyrethum flowers	260,000
Paper manufactures	252,000
Earthenware	206,000
Chemicals	199,000
Lily bulbs	198,000
Food products	193,000
Wood manufactures	175,000
Metal manufactures	164,000
Glass manufactures	142,000
Flax, hemp and Ramie manufactures	136,000
Other	1,153,000
	$15,338,000

Data on our trade with China for the whole month of October can not be reported as yet inasmuch as we began collecting weekly figures of our trade with China in the third week of October. October trade figures will be available from the Department of Commerce in a few weeks.

B. United States trade with Japan and China during first week of November 1937.

(1) United States exports to Japan during the first week of November were considerably lower and imports from Japan were somewhat lower than the first week of October, but the report of the first week is inadequate to draw any definite conclusions. The inadequacy is particularly true of exports, for export declarations received during the first week do not represent the full volume of actual exports during the week.

	First week of November 1937	First week of October 1937
U. S. exports to Japan	$1,180,000	$1,727,000
U. S. imports from Japan	3,245,000	3,328,000

(2) The leading items of export to Japan during the first week of November were as follows:

Petroleum products	$ 639,000
Iron and steel semi-manufactures	132,000
Cotton, unmanufactured	97,000
Copper	76,000
Fertilizer	72,000
Wood, unmanufactured	38,000
Vehicles, parts and accessories	36,000
Other	90,000
	$1,180,000

(3) The leading items of import from Japan during the first week of November were as follows:

Raw silk	$2,157,000
Cotton manufactures	205,000
Tea	98,000
Fish	85,000
Porcelain and chinaware	67,000
Rayon manufactures	66,000
Silk manufactures	65,000
Food products (vegetable products)	52,000
Pyrethium flowers	45,000
Earthenware	35,000
Paper manufactures	33,000
Camphor	31,000
Other	306,000
Total	$3,245,000

(4) United States trade with China during the first week of November 1937.

	North China and Manchuria	Shanghai, South China and Hong Kong
Exports, 1st week of Nov.	$428,000	$116,000
Imports, " " " "	215,000	609,000

The documents received, particularly export declarations, during the first week of the month are inadequate for drawing definite conclusions as to the totals of our monthly trade with China.

(5) The principal items of export to China were as follows:

(a) To North China and Manchuria:

Tobacco	$166,000
Iron and steel semi-manufactures	$157,000
Petroleum products	103,000
Other	2,000
	$428,000

(b) To Shanghai, South China and Hong Kong:

Iron and steel semi-manufactures	$37,000
Fruits and nuts	25,000
Vehicles, parts and accessories	18,000
Other	36,000
	$116,000

(6) The principal items of import from China were:

(a) From North China and Manchuria:

Wool and manufactures	$116,000
Bristles	32,000
Leather	28,000
Other	39,000
	$215,000

(b) From Shanghai, South China and Hong Kong:

Tin	$173,000
Inedible vegetable products	119,000
Flax, hemp and ramie manufactures	109,000
Wood oil	25,000
Other	183,000
	$609,000

PSF

File confidential

Treasury Dept

THE SECRETARY OF THE TREASURY
WASHINGTON

November 18, 1937

My dear Mr. President:

I am inclosing herewith the preliminary report for the first two weeks of November on, "Current United States Trade with Japan and China," in the hope that it will be of interest to you.

Faithfully,

H. Morgenthau Jr.

The President,
The White House.

Enclosure.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE November 17, 1937.

TO Secretary Morgenthau

FROM Mr. Haas

Subject: Current United States trade with Japan and China (Preliminary data)

United States trade with Japan during first two weeks of November 1937.

(1) United States exports to Japan during first two weeks of November were considerably lower than during the first two weeks of October of this year.

United States exports to Japan

	First two weeks of November 1937	First two weeks of October 1937	Month of November 1936
1st week	$1,180,000	$1,727,000	For whole month
2nd week	4,813,000	5,746,000	
Total 2 weeks	$5,993,000	$7,473,000	$24,100,000

(2) United States imports from Japan during the first two weeks of November were somewhat less than the imports during the first two weeks of October.

United States imports from Japan

	First two weeks of November 1937	First two weeks of October 1937	Month of November 1936
1st week	$3,245,000	$3,328,000	For whole month
2nd week	3,654,000	3,984,000	
Total 2 weeks	$6,899,000	$7,312,000	$15,340,000

(3) United States export of cotton to Japan remains negligible.

November, 1937:	1st week	$ 97,000
	2nd week	149,000
		$246,000

November, 1936: Whole month $14,701,000

(4) There apparently has been a shift in the composition of our exports to Japan during the first two weeks of November, compared with the first two weeks of October.

(a) The following items show large increases in our exports to Japan, comparing the first two weeks of November with the first two weeks of the preceding month.

	First two weeks of November 1937	First two weeks of October 1937
Petroleum products	$1,694,000	$1,289,000
Copper	738,000	577,000
Vehicles, parts and accessories	481,000	149,000
Industrial machinery	526,000	265,000
Hides and skins	311,000	186,000
Industrial chemicals	191,000	33,000
Ferro-alloys	331,000	189,000

(b) The following items show sharp decreases in our exports to Japan during the first two weeks of November compared with our exports during the first two weeks of October.

	First two weeks of November 1937	First two weeks of October 1937
Iron and steel semi-manufactures	$512,000	$2,639,000
Scrap iron and steel	44,000	419,000
Pig iron	25,000	354,000

(5) The composition of our imports from Japan remains without significant change. Raw silk imports were $3,916,000 during the first two weeks of November, compared with $4,127,000 during the first two weeks of October, which is very similar to the $2,000,000 average per week importation during the whole of 1936.

(6) Of the total of $5,993,000 of exports to Japan during the first two weeks of November 1937, the following items account for almost all:

Petroleum products	$1,694,000
Copper	738,000
Industrial machinery	526,000
Iron and steel semi-manufactures	512,000
Vehicles, parts and accessories	481,000
Ferro-alloys	331,000
Hides and skins	311,000
Paper base stock	260,000
Cotton, unmanufactured	246,000
Industrial chemicals	191,000
Fertilizer	118,000
Naval stores, guns and rosins	84,000
Coal tar products	81,000
Scrap iron and steel	44,000
Pig lead	41,000
Wood, unmanufactured	40,000
Other	295,000
	$5,993,000

(7) Of the total of $6,899,000 of our imports from Japan during the first two weeks of November, the following items account for almost all:

Raw silk	$3,916,000
Cotton manufactures	411,000
Silk manufactures	227,000
Tea	214,000
Fish	183,000
Pyrethium flowers	164,000
Chinaware and porcelain	144,000
Rayon manufactures	129,000
Paper and manufactures	111,000
Wool manufactures	100,000
Perilla oil	86,000
Food products	83,000
Glass manufactures	78,000
Earthenware	74,000
Metal manufactures	64,000
Flax, hemp and ramie manufactures	62,000
Wood and manufactures	50,000
Chemicals	50,000
Lily bulbs	36,000
Other	717,000
	$6,899,000

United States trade with China during first two weeks of November.

(1) United States exports to China and Manchuria during the first two weeks of November were considerably less than during the third and fourth weeks of October 1937 (which is the only available basis of comparison of weekly figures). The decrease was particularly severe for South China and Hong Kong.

United States exports to

	North China and Manchuria	Shanghai, South China and Hong Kong	Total
1st 2 weeks of Nov. 1937	$ 854,000	$ 770,000	$1,624,000
3rd and 4th weeks of Oct. 1937	1,022,000	2,575,000	3,597,000

For whole of China, Manchuria and Hong Kong

Whole month of November 1936	$3,769,000

(2) United States imports from China and Manchuria during the first two weeks of November were somewhat less than during the third and fourth weeks of October 1937.

United States imports from

	North China and Manchuria	Shanghai, South China and Hong Kong	Total
1st 2 weeks of Nov. 1937	$ 797,000	$1,498,000	$2,295,000
3rd and 4th weeks of Oct. 1937	1,067,000	1,680,000	2,747,000

For whole of China, Manchuria and Hong Kong

Whole month of November 1936	$4,659,000

(3) Leading export items to China

(a) North China and Manchuria, 1st 2 weeks of Nov.

Iron and steel semi-manufactures	$467,000
Tobacco	166,000
Petroleum products	114,000
Vehicles, parts and accessories	35,000
Other	72,000
	$854,000

(b) Shanghai, South China ports and Hong Kong

Iron and steel semi-manufactures	$375,000
Petroleum products	110,000
Edible vegetable products	74,000
Fish	36,000
Vehicles, parts and accessories	33,000
Medicinal products	23,000
Other	119,000
	$770,000

(4) Leading imports from China during the first two weeks of November 1937.

(a) From North China and Manchuria

Bristles	$308,000
Wool and manufactures	271,000
Perilla oil	63,000
Leather	57,000
Other	98,000
	$797,000

(b) From Shanghai, South China ports and Hong Kong

Tin	$463,000
Inedible vegetable products (other than wood oil)	198,000
Raw silk	155,000
Flax, hemp and ramie manufactures	149,000
Wool and manufactures	82,000
Wood oil	73,000
Inedible animal products	70,000
Edible vegetable products	64,000
Cotton manufactures	41,000
Other	203,000
	$1,498,000

THE SECRETARY OF THE TREASURY
WASHINGTON

PST
Morgenthau

December 4, 1937

My dear Mr. President:

For your information I am transmitting herewith a memorandum on "Current United States trade with Japan and China."

This report is a preliminary one for the first four weeks of November.

Faithfully,

H Morgenthau Jr

The President,
The White House.

Enclosure.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE December 2, 1937

TO Secretary Morgenthau

FROM Mr. Haas

Subject: Current United States trade with Japan and China (Preliminary data)

United States trade with Japan during the first four weeks of November 1937

(1) United States exports to Japan during the first four weeks of November were considerably lower than during the first four weeks of October of this year.

United States exports to Japan

	First four weeks of November 1937	First four weeks of October 1937	Month of November 1936
1st week	$ 1,180,000	$ 1,727,000	
2nd week	4,813,000	5,746,000	For
3rd week	4,745,000	4,492,000	whole month
4th week	3,730,000	6,763,000	
Total 4 weeks	$ 14,468,000	$18,728,000	$ 24,100,000

(2) United States imports from Japan during the first four weeks of November were slightly higher than the imports during the first four weeks of October.

United States imports from Japan

	First four weeks of November 1937	First four weeks of October 1937	Month of November 1936
1st week	$ 3,245,000	$ 3,328,000	
2nd week	3,654,000	3,984,000	For
3rd week	4,356,000	3,419,000	whole month
4th week	4,027,000	4,060,000	
Total 4 weeks	$ 15,282,000	$ 14,791,000	$ 15,340,000

(3) United States export of cotton to Japan remains negligible.

November 1937:	1st week	$ 97,000
	2nd week	149,000
	3rd week	266,000
	4th week	161,000
	Total	$673,000

November 1936, whole month $14,701,000

(4) The major items in our exports to Japan during the first four weeks of November 1937 are given below, with a comparison of the exports during the first four weeks of October 1937:

	United States exports to Japan	
	First four weeks of November 1937	October 1937
Petroleum products	$ 4,451,000	$ 4,216,000
Copper	1,570,000	1,441,000
Industrial machinery	1,383,000	1,345,000
Iron and steel semi-mfrs.	1,171,000	3,580,000
Paper base stocks	940,000	1,106,000
Vehicles, parts & accessories	840,000	634,000
Cotton, unmanufactured	673,000	941,000
Scrap iron and steel	564,000	994,000
Brass	550,000	418,000
Hides and skins	372,000	833,000
Ferro-alloys	356,000	279,000
Fertilizer	234,000	208,000
Industrial chemicals	216,000	133,000
Pig iron	201,000	887,000
Coal tar products	181,000	255,000
Wood	94,000	192,000
Pig lead	41,000	167,000
Photographic & projection goods	13,000	131,000
Other	618,000	968,000
Total	$14,468,000	$18,728,000

(5) The major items in our imports from Japan during the first four weeks of November 1937 are given below, with a comparison of the imports during the first four weeks of October 1937:

	United States imports from Japan	
	First four weeks of	
	November 1937	October 1937
Silk	$ 8,094,000	$ 8,021,000
Cotton manufactures	979,000	1,119,000
Fish	500,000	333,000
Silk manufactures	455,000	456,000
Wood and manufactures	443,000	163,000
Tea	433,000	457,000
Pyrethrum flowers	373,000	260,000
Perilla oil	357,000	307,000
Porcelain and chinaware	308,000	374,000
Paper and manufactures	260,000	237,000
Earthenware	220,000	197,000
Rayon and manufactures	205,000	356,000
Food products - vegetable	193,000	153,000
Glass and manufactures	189,000	136,000
Wool and manufactures	183,000	272,000
Inedible animal products	163,000	331,000
Flax, hemp and ramie manufactures	142,000	135,000
Metals and manufactures	139,000	156,000
Chemicals	94,000	189,000
Lily bulbs	69,000	183,000
Other	1,484,000	956,000
Total	$15,283,000	$14,791,000

United States trade with China during the first four weeks of November

(1) The value of our exports to China during the first four weeks of November 1937 is already much higher than our exports during the whole of November 1936.

United States exports to

November 1937	North China and Manchuria	Shanghai, South China and Hong Kong	Total
1st 2 weeks	$ 854,000	$ 770,000	$1,624,000
3rd week	1,229,000	1,616,000	2,845,000
4th week	573,000	616,000	1,189,000
Total 1st 4 weeks of November	$2,656,000	$3,002,000	$5,658,000

For whole of China, Manchuria and Hong Kong

Whole month of November 1936	$3,769,000

(2) The value of United States imports from China and Manchuria during the first four weeks of November is considerably higher than during the whole of the same month last year.

United States imports from

November 1937	North China and Manchuria	Shanghai, South China and Hong Kong	Total
1st 2 weeks	$ 797,000	$1,498,000	$2,295,000
3rd week	396,000	1,121,000	1,517,000
4th week	652,000	1,279,000	1,931,000
Total 1st 4 weeks of November	$1,845,000	$3,898,000	$5,743,000

For whole of China, Manchuria and Hong Kong

Whole month of November 1936	$4,659,000

(3) Leading export items to China:

(a) North China and Manchuria, first four weeks of November:

Iron and steel semi-manufactures	$1,510,000
Vehicles, parts and accessories	312,000
Petroleum products	267,000
Tobacco	197,000
Cotton, unmanufactured	168,000
Wood, unmanufactured	61,000
Other	141,000
Total	$2,656,000

(b) Shanghai, South China ports and Hong Kong:

Petroleum products	$ 808,000
Iron and steel semi-manufactures	524,000
Tobacco	333,000
Vehicles, parts and accessories	231,000
Edible vegetable products	201,000
Printed matter	133,000
Industrial machinery	130,000
Other	642,000
Total	$3,002,000

(4) Leading imports from China during the first four weeks of November 1937:

(a) From North China and Manchuria:

Bristles	$ 787,000
Wool and manufactures	494,000
Leather	98,000
Perilla oil	63,000
Other	403,000
Total	$1,845,000

(b) From Shanghai, South China ports and Hong Kong:

Wood oil	$ 624,000
Tin	622,000
Flax, hemp and ramie manufactures	423,000
Raw silk	412,000
Inedible vegetable products (other than wood oil)	255,000
Bristles	194,000
Food products - vegetable	142,000
Wool and manufactures	139,000
Tea	132,000
Other	955,000
Total	$3,898,000

PSF
Treasury

file personal

THE SECRETARY OF THE TREASURY
WASHINGTON

December 14, 1937

MEMORANDUM FOR THE PRESIDENT:

Our best information is that the net current liquid assets of the Japanese Government, as of December 11th, are $55,000,000.

H Morgenthau Jr.

THE SECRETARY OF THE TREASURY
WASHINGTON

File Personal

December 15, 1937

My dear Mr. President:

I am enclosing herewith for your information a memorandum dated December 14, on, "Current United States Trade with Japan and China."

Faithfully,

H. Morgenthau Jr.

The President,
The White House.

Enclosure.

PSF
Treasury

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE December 14, 1937

TO Secretary Morgenthau

FROM Mr. Haas

Subject: Current trade with Japan and China

A. United States trade with Japan during November 1937 1/

(1) United States exports to Japan.

United States exports to Japan in November 1937 were 9 percent less than during October 1937, considerably less than our exports during the summer months of 1937, and 24 percent less than in November 1936.

	1937	1936
November	$18,295,000	$24,100,000
October	21,133,000	26,668,000
September	16,842,000	21,328,000
August	24,643,000	10,764,000
July	26,509,000	11,975,000
June	25,194,000	13,627,000

Excluding exports of raw cotton, our exports to Japan in November 1937 were almost twice as large as our exports in the same month of 1936, but considerably less than our exports to Japan during the summer months of 1937.

United States exports to Japan, excluding raw cotton.

	1937	1936
November	$17,498,000	$ 9,335,000
October	19,582,000	9,787,000
September	15,354,000	10,552,000
August	23,449,000	9,201,000
July	24,566,000	10,965,000
June	21,962,000	9,352,000

1/ Previous reports cover weekly figures only. This report is for the whole month of November.

(2) United States imports from Japan.

United States imports from Japan in November 1937 were 12 percent larger than during the preceding month, and 13 percent larger than during November 1936.

	1937	1936
November	$17,282,000	$15,340,000
October	15,420,000	15,930,000
September	15,988,000	16,012,000
August	16,297,000	16,948,000
July	16,482,000	12,187,000
June	18,637,000	11,088,000

(3) Cotton exports to Japan continue to be negligible.

	U. S. exports of cotton to Japan
November 1937	$ 797,000
October 1937	1,551,000
November 1936	14,765,000

(4) Exports of iron and steel scrap to Japan were lower in November than in the preceding months.

	U. S. exports of iron and steel scrap to Japan
November 1937	$ 633,000
October 1937	1,148,000
September 1937	1,402,000
Monthly average, May to August 1937	5,600,000

(5) The following export items show increases in trade with Japan during November 1937, compared with October 1937. The value of exports in November 1936 is shown for comparative purposes.

	November 1937	October 1937	November 1936
Petroleum products	$5,706,000	$4,585,000	$3,611,000
Copper	2,433,000	1,893,000	567,000
Industrial machinery	1,507,000	1,394,000	654,000
Vehicles, parts and accessories	1,217,000	788,000	960,000
Brass	723,000	418,000	79,000

(6) The following export items show decreases in trade with Japan during November 1937, compared with October 1937. The value of exports in November 1936 is shown for comparative purposes.

	November 1937	October 1937	November 1936
Iron and steel semi-manufactures	$1,622,000	$3,982,000	$ 170,000
Cotton, unmanufactured	797,000	1,551,000	14,765,000
Scrap iron and steel	633,000	1,148,000	274,000
Hides and skins, raw	372,000	898,000	32,000
Pig iron	234,000	887,000	Nil
Ferro-alloys	170,000	279,000	16,000
Wood, unmanufactured	94,000	223,000	28,000
Lead	63,000	167,000	Nil
Photographic and projection goods	13,000	131,000	142,000

(7) The composition of our imports from Japan, with a few exceptions, was approximately the same in November 1937 as that of October 1937.

(a) The import items showing large increases in trade were:

	November 1937	October 1937	November 1936
Raw silk	$8,943,000	$8,076,000	$9,987,000
Fish	764,000	365,000	300,000
Tea	535,000	462,000	203,000
Silk manufactures	533,000	475,000	299,000
Pyrethrum flowers	455,000	260,000	82,000
Paper and manufactures	315,000	252,000	67,000
Glass and manufactures	222,000	142,000	54,000

(b) The import items showing large decreases in trade were:

	November 1937	October 1937	November 1936
Lily bulbs	$ 84,000	$198,000	$ 43,000
Rayon and manufactures	227,000	373,000	381,000

(8) Of the total exports of $18,295,000 to Japan during November 1937, the following items account for almost all. The value of exports during October 1937 and November 1936 are shown for comparison.

	November 1937	October 1937	November 1936
Petroleum products	$5,706,000	$4,585,000	$3,611,000
Copper	2,433,000	1,893,000	567,000
Iron and steel semi-manufactures	1,622,000	3,982,000	170,000
Industrial machinery	1,507,000	1,394,000	654,000
Vehicles, parts and accessories	1,217,000	788,000	960,000
Paper base stock	1,103,000	1,222,000	700,000
Raw cotton	797,000	1,551,000	14,765,000
Brass, including scrap	723,000	418,000	79,000
Scrap iron and steel	633,000	1,148,000	274,000
Hides and skins, raw	372,000	898,000	32,000
Fertilizers	262,000	238,000	115,000
Pig iron	234,000	887,000	Nil
Industrial chemicals	216,000	137,000	223,000
Coal tar products	206,000	255,000	75,000
Ferro-alloys	170,000	279,000	16,000
Tobacco and manufactures	140,000	18,000	217,000
All other	954,000	1,440,000	1,642,000
Total	$18,295,000	$21,133,000	$24,100,000

(9) Of the total imports of $17,282,000 from Japan in November 1937, the following items account for almost all.

	November 1937	October 1937	November 1936
Raw silk	$8,943,000	$8,076,000	$9,987,000
Cotton manufactures	1,130,000	1,157,000	1,162,000
Fish	764,000	365,000	300,000
Tea	535,000	462,000	203,000
Silk manufactures	533,000	475,000	299,000
Pyrethrum flowers	455,000	260,000	82,000
Perilla oil	385,000	346,000	Nil
Porcelain and chinaware	355,000	385,000	140,000
Paper and manufactures	315,000	252,000	67,000
Vegetable food products, except tea	284,000	193,000	175,000
Metals and manufactures	234,000	216,000	131,000
Earthenware	232,000	206,000	92,000
Wool and manufactures	227,000	277,000	57,000
Rayon and manufactures	227,000	373,000	381,000
Glass and manufactures	221,000	142,000	54,000
Wood and manufactures	164,000	175,000	62,000
Flax, hemp and ramie manufactures	157,000	137,000	27,000
Chemicals and related products	123,000	199,000	306,000
All other	1,998,000	1,724,000	1,815,000
Total	$17,282,000	$15,420,000	$15,340,000

B. Trade with China for the month of November 1937

(1) United States exports to China, Hong Kong and Kwantung.

United States exports to China, Hong Kong and Kwantung increased considerably in November 1937 over October 1937, and are greatly in excess of our exports one year ago.

	North China, Manchuria and Kwantung	South China and Hong Kong	Total
November 1937	$3,490,000	$6,212,000	$9,702,000
October 1937	-	-	7,153,000
November 1936	-	-	4,035,000

(2) United States imports from China, Hong Kong and Kwantung.

United States imports from China, Hong Kong and Kwantung were about the same in November 1937 as during the previous month, but considerably higher than imports during November 1936.

	North China, Manchuria and Kwantung	South China and Hong Kong	Total
November 1937	$2,129,000	$4,749,000	$6,878,000
October 1937	-	-	6,914,000
November 1936	-	-	4,668,000

(3) The principal items of export to China were:

(a) To North China, Manchuria and Kwantung:

Iron and steel semi-manufactures	$1,967,000
Petroleum and products	572,000
Vehicles, parts and accessories	325,000
Tobacco and manufactures	198,000
Raw cotton	192,000
All other	236,000
Total	$3,490,000

(b) To Shanghai, South China and Hong Kong:

Petroleum and products	$1,566,000
Vehicles, parts and accessories	1,354,000
Iron and steel, semi-manufactures	762,000
Tobacco and manufactures	415,000
Vegetable products, edible	292,000
Firearms and ammunition	243,000
Explosives	165,000
Industrial machinery	156,000
Medicinal and pharmaceutical products	88,000
Electrical machinery and apparatus	85,000
All other	1,086,000
Total	$6,212,000

(4) The principal items of import from China were:

(a) From North China and Manchuria:

Bristles	$ 879,000
Wool and manufactures	545,000
Leather	139,000
All other	566,000
Total	$2,129,000

(b) From Shanghai, South China and Hong Kong:

Tin	$ 776,000
Tung (wood) oil	721,000
Flax, hemp and ramie and manufactures	653,000
Raw silk	420,000
Wool and manufactures	263,000
Bristles	210,000
Tea	153,000
Vegetable food products (except tea)	170,000
Cotton manufactures	113,000
Silk manufactures	113,000
All other	1,157,000
Total	$4,749,000

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GENERAL COUNSEL
TREASURY DEPARTMENT
WASHINGTON

December 15, 1937.

MEMORANDUM TO SECRETARY MORGENTHAU

Pending study of other angles, the President may be advised to this extent:

Under the amendment of March 9, 1933, to the Trading With The Enemy Act, the President is authorized to find and declare a "national emergency" existing, for example, by reason of the necessity to forestall acts and events which might plunge this Nation into war, to quarantine a war situation which is endangering the United States, or to assure reparation in order to avoid the necessity of resort to force.

Upon such a declaration of a "national emergency", the President could prohibit transactions in foreign exchange, withdrawal of bank credits in this country or export of gold or its proceeds. This reference is to exchange, credits and gold owned by the Japanese Government. Those privately owned are being studied further.

This proclamation declaring the "national emergency" would, in terms, be limited to the Oriental situation and the events flowing therefrom. Likewise, action under this proclamation would be limited to foreign exchange, credits and gold directly or indirectly related to the Oriental situation.

Herman Oliphant

PSF
Treasury folder (1)

December 28, 1937.

Dear Ray:-

I do not know that I have ever received a more delightful and wholly satisfactory letter than yours, and especially because your health is fully restored and the worries are gone.

Do not forget, however, that you are still one of the youngsters carrying the torch of liberal democracy and that you and I are going to see the fight through together.

My affectionate regards to you all.

Always sincerely,

Hon. Raymond B. Stevens, Chairman,
United States Tariff Commission,
Washington, D. C.

UNITED STATES TARIFF COMMISSION
WASHINGTON

RAYMOND B. STEVENS
CHAIRMAN

December 22, 1937

Mr. Marvin H. McIntyre,
The White House

Dear Mac:

I am enclosing with this note a very personal letter to the President which contains some information about myself which I know will give him some pleasure. Some time just before Christmas Day when he is at leisure please give it to him. It contains no matters of business that will worry him at all.

With best regards and my best wishes for a Happy Christmas and New Year,

Yours sincerely,

Raymond B. Stevens

UNITED STATES TARIFF COMMISSION
WASHINGTON

RAYMOND B. STEVENS
CHAIRMAN

December 22, 1937

The President
The White House.

Dear Mr. President:

This will be the happiest Christmas I have had for many years and I look forward to the next year with courage and with pleasure. In large measure this is due to you and I want you to know how fortunate my present situation is.

I. I am entirely out of debt to any person in the world for the first time in thirty years. I own some five to six hundred acres of land on which there is now no mortgage or lien. The land is not of great worth to anyone else but very valuable to me.

There is now a good prospect that the money I loaned during the depression to relatives and friends will be repaid to me.

At last I have a home that gives me great satisfaction both as to interior and exterior. It is situated on the spot I love best in the world - "In Landaff Town on Jockey Hill". I am enclosing several pictures which show what my wife did with the old barn that remained on my old place after the fire in 1926.

Twenty years ago I saw a spot on the West Coast of Florida which I set my heart on owning some day. Last year I was able to buy it. It is a remote and lonely spot with superb fishing right at the door and endless opportunities for inland and gulf fishing within easy access. It is taxed for $100 but I would not sell it for $10,000. I am going to spend my

Christmas vacation there camping on the beach with my wife and my two boys.

I enclose a picture taken from an airplane which shows Little Marco Pass and the plot of land I own.

II. I am on very friendly terms with my wife and with all my wife's relatives. My son, now a junior at the best college in the United States, and my two step-children, who are grown up and now have good positions, are a great help and comfort to me.

III. I have a position which pays a good salary and work which I like and which I can do fairly well, and if I give it up I shall only do so because I can have another position which I would like even better.

IV. I have more good and devoted friends than any person I know. Some of these friends are farmers and working people in New Hampshire whose confidence and affection are very valuable to me. Some of my friends occupy very high positions in the world. One lives in the White House.

V. Last, and perhaps most important of all, my health is good and still improving. I recently went to Dr. Ruffin and he told me that I was sound as an old pine knot and the only thing I had to fear now was old age.

You will see that from every standpoint I am in a more fortunate position today than I have ever been. I am convinced that I would never have been able to recover my health had it not been for the help you gave me. The certainty that I could secure a good position which would permit me to carry out all my obligations to my family relieved me of worry, which is a devastating force. I do not think you will ever realize quite how much your support and confidence has meant to me.

You will receive thousands of letters with holiday greetings and good wishes. You will receive none, however, that came from a fuller heart

Raymond G. Stevens

than mine. I do not wish you a Happy Christmas because I know you will have it and I do not wish you a Happy New Year because I am sure you will go through the coming year with courage and good cheer. I do wish you with all my heart some good breaks during the new year. You have had some unfortunate ones during the past year. I am not one of those who regret the fight you made on the Supreme Court or consider the final action in the Congress as a serious personal defeat. You lost the battle but you won the campaign and the fight had a great educational value not only on the public but on the Court itself. During the fight, however, you did have a few bad breaks. Senator Robinson's death was one and Black's undisclosed connection with the K.K.K. was another. I do not think, however, that the effects will be serious or lasting.

A good part of the recession in my opinion is due to business itself. The tax situation and some uncertainty about your policies on utilities may or may not have been a factor. The chief reason for the recession was the too rapid expansion of business and the too rapid increase in prices.

I am not surprised at the decrease in Party cohesion and discipline in Congress. I regret it but I have long expected it and consider it to some extent inevitable. The Democratic Party has long been composed of conflicting elements. The surprising thing is that for over four years you were able to wield it into an effective and unified instrument of recorery and reform.

When I return from Florida after the New Year I want to see you again. I have an important matter with regard to the Tariff Commission itself to take up with you and I have a complete report to make to you about the International Boundary Commission which is most satisfactory.

My wife and my children join with me in sending to you and yours our best wishes, our respect, and our affection.

Yours, as ever

Raymond B. Stevens.

PSF
Treasury

THE SECRETARY OF THE TREASURY
WASHINGTON

File

December 30, 1937

My dear Mr. President:

I am enclosing herewith for your information a memorandum dated December 30, on, "Current United States Trade with Japan and China."

Faithfully,

H Morgenthau Jr

The President,
The White House.

Enclosure.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE December 30, 1937

TO Secretary Morgenthau

FROM Mr. Haas

Subject: Current United States trade with Japan and China (Preliminary data)

United States trade with Japan during the first three weeks of December 1937. 1/

(1) United States exports to Japan during the first three weeks of December were lower than during the first three weeks of November of this year.

United States exports to Japan

	First three weeks of December 1937	November 1937	October 1937
1st Week	$1,704,000	$ 1,180,000	$ 1,727,000
2nd Week	5,305,000	4,813,000	5,746,000
3rd Week	2,394,000	4,745,000	4,492,000
Total 3 Weeks	$9,403,000	$10,738,000	$11,965,000

(2) United States imports from Japan during the first three weeks of December were sharply lower than the imports during the first three weeks of November 1937.

United States imports from Japan

	First three weeks of December 1937	November 1937	October 1937
1st Week	$2,159,000	$ 3,245,000	$ 3,328,000
2nd Week	3,406,000	3,654,000	3,984,000
3rd Week	2,672,000	4,356,000	3,419,000
Total 3 Weeks	$8,237,000	$11,255,000	$10,731,000

1/ Our trade with Japan for the three weeks must be interpreted extra cautiously because of the holiday interference with the filing of import and export declarations. Nonetheless, the continued lower level of imports is not without significance, for past data show no seasonal decline during December.

(3) The following items show large increases in our exports to Japan during the first three weeks of December as compared with the first three weeks of November 1937:

	First three weeks of December 1937	November 1937	October 1937
Paper base stock	$1,389,000	$841,000	$623,000
Industrial machinery	939,000	745,000	565,000
Cotton, raw	854,000	512,000	490,000
Tobacco	257,000	Nil	10,000
Wood, unmanufactured	100,000	71,000	90,000
Chemical specialties	51,000	13,000	22,000

The following items show sharp decreases in our exports to Japan during the first three weeks of December as compared with our exports of these items during the first three weeks of November 1937:

	First three weeks of December 1937	November 1937	October 1937
Petroleum products	$2,186,000	$3,262,000	$2,651,000
Copper	417,000	1,091,000	833,000
Brass & scrap brass	304,000	440,000	29,000
Fertilizer & fertilizer material	134,000	178,000	119,000
Coal tar products	102,000	139,000	137,000
Hides and skins	79,000	345,000	545,000
Ferro-alloys	51,000	342,000	224,000
Industrial chemicals	31,000	207,000	87,000
Naval stores, gums and rosins	15,000	88,000	5,000

(4) The imports of raw silk were over $1,500,000 less in the first three weeks of December than in the first three weeks of November 1937. The relative composition of the imports other than silk was approximately the same, although the total was lower.

	Imports during the first three weeks of December 1937	November 1937	October 1937
Raw silk	$4,487,000	$6,169,000	$6,223,000
Imports other than raw silk	3,750,000	5,086,000	4,508,000
Total	$8,237,000	$11,255,000	$10,731,000

(5) Of the total of $9,403,000 of exports to Japan during the first three weeks of December 1937, the following items account for almost all:

Petroleum products	$2,186,000
Paper base stocks	1,389,000
Industrial machinery	939,000
Cotton, raw	854,000
Iron and steel semi-manufactures	712,000
Vehicles, parts and accessories	690,000
Scrap iron and steel	448,000
Copper	417,000
Scrap brass and brass	304,000
Tobacco and manufactures	257,000
Fertilizers	134,000
Coal-tar products	102,000
Wood, unmanufactured	100,000
Hides and skins	79,000
Pig lead	75,000
Edible vegetable products	55,000
Chemical specialties	51,000
Ferro-alloys	51,000
Industrial chemicals	31,000
All other	529,000
Total	$9,403,000

(6) Of the total of $8,237,000 of our imports from Japan during the first three weeks of December 1937, the following items account for almost all:

Raw silk	$4,487,000
Cotton manufactures	605,000
Tea	345,000
Porcelain and chinaware	219,000
Pyrethrum flowers	206,000
Paper and manufactures	197,000
Fish	190,000
Silk manufactures	170,000
Chemicals and related products	144,000
Vegetable food products, except tea	136,000
Flax, hemp and ramie and manufactures	125,000
Metals and manufactures	123,000
Earthenware	96,000
Wool and manufactures	81,000
Wood and manufactures	80,000
Glass and glassware	76,000
Rayon and manufactures	74,000
Bristles	60,000
All other	823,000
Total	$8,237,000

United States trade with China during the first three weeks of December 1937.

(1) United States exports to China and Manchuria during the first three weeks of December increased over the first three weeks of November 1937, the increase going wholly to Shanghai, South China ports and Hong Kong.

United States exports to:

	North China & Manchuria	Shanghai, South China & Hong Kong	Total
1st 3 weeks of Dec. 1937	$2,003,000	$4,093,000	$6,096,000
1st 3 weeks of Nov. 1937	2,083,000	2,386,000	4,469,000
Whole month of December 1936			$5,255,000

(2) United States imports from China and Manchuria during the first three weeks of December were approximately the same as in the first three weeks of November of this year.

United States imports from:

	North China & Manchuria	Shanghai, South China & Hong Kong	Total
1st 3 weeks of Dec. 1937	$ 864,000	$2,926,000	$3,790,000
1st 3 weeks of Nov. 1937	1,193,000	2,619,000	3,812,000
Whole month of December 1936			$5,365,000

(3) Leading export items to China:

(a) To North China and Manchuria

	First three weeks of December 1937	First three weeks of November 1937
Iron and steel semi-manufactures	$1,091,000	$1,126,000
Vehicles, parts and accessories	439,000	276,000
Petroleum products	174,000	263,000
Tobacco	24,000	166,000
Other	275,000	252,000
Total	$2,003,000	$2,083,000

(b) To Shanghai, South China ports and Hong Kong

	First three weeks of December 1937	First three weeks of November 1937
Petroleum products	$1,055,000	$ 750,000
Vehicles, parts & accessories	848,000	189,000
Tobacco and manufactures	502,000	131,000
Iron and steel semi-manufactures	461,000	504,000
Edible vegetable products	247,000	106,000
Printed matter	108,000	107,000
Firearms and ammunition	99,000	Nil
Paper and manufactures	95,000	59,000
Wood, unmanufactured	83,000	28,000
Industrial machinery	63,000	129,000
Electrical machinery and appliances	61,000	50,000
Other	471,000	333,000
Total	$4,093,000	$2,386,000

(4) Leading import items during the first three weeks of December 1937:

(a) From North China and Manchuria

	First three weeks of December 1937	First three weeks of November 1937
Bristles	$342,000	$ 391,000
Wool and manufactures	137,000	417,000
Furs, leather and manufactures	78,000	94,000
Perilla oil	57,000	63,000
Cotton manufactures	49,000	47,000
Edible animal products	31,000	19,000
Other	170,000	163,000
Total	$864,000	$1,194,000

(b) From Shanghai, South China ports and Hong Kong

	First three weeks of December 1937	First three weeks of November 1937
Tin	$ 528,000	$ 482,000
Flax, hemp & ramie & manufactures	455,000	305,000
Tung (wood) oil	372,000	305,000
Bristles	251,000	113,000
Edible vegetable products	221,000	171,000
Wool and manufactures	141,000	90,000
Furs, leather and manufactures	140,000	52,000
Edible animal products	136,000	38,000
Raw silk	125,000	335,000
Cotton manufactures	102,000	67,000
Tungsten ore	60,000	Nil
Other	395,000	661,000
Total	$2,926,000	$2,619,000

PSP Income 1937

TOTAL GOVERNMENTAL DEBTS AND LONG-TERM PRIVATE DEBTS

IN THE UNITED STATES, 1930, 1934, 1935, 1936

(Billions of dollars)

	1930	1934	1935	1936
GOVERNMENTAL DEBTS (June 30)				
Gross direct debt of the Federal Government	16.2	27.1	28.7	33.5
Obligations of governmental corporations and credit agencies (excluding inter-agency interests)				
--Guaranteed	---	.7	4.2	4.7
--Not guaranteed	1.3	2.6	2.3	2.3
Total debt of the Federal Government and its corporations and credit agencies	17.5	30.4	35.2	40.5
Estimated debts of State and local governments (gross debt less sinking fund assets)	16.4	17.2	17.4	17.6
Total governmental debts (June 30)	33.9	47.6	52.6	58.1
PRIVATE DEBTS (end of year)				
Total long-term private debt	84.6	75.3	74.2	72.9
Total governmental debts and long-term private debts	118.5	122.9	126.8	131.0

Based on materials prepared by the Department of the Treasury and the Department of Commerce.

Long-Term Private Debt in the United States

(December 31 of each year)

(Figures in billions of dollars)

	1930	1934	1935	1936
Railway	13.41	13.41	13.25	13.27
Public Utility	14.02	14.78	15.03	14.76
Industrial	10.82	8.47	8.15	7.80
Farm Mortgage	9.10	7.65 *	7.55	7.30
Urban Home Mortgage	22.30	18.35 *	17.95	17.80
All other urban realty	14.93	12.68	12.30	12.00
Total	84.58	75.34	74.23	72.93

* Revised figures.

Except as noted, the figures for the years 1930 and 1934 correspond with those shown in "Long-Term Debts in the United States", U. S. Department of Commerce. The figures for 1935 and 1936 are preliminary only.

Prepared by the Division of Economic Research,
Bureau of Foreign and Domestic Commerce,
Department of Commerce.
December 16, 1937.

THE SECRETARY OF THE TREASURY
WASHINGTON

DEC 2 1937

My dear Mr. President:

In response to your request of November 12, transmitted through Mr. Magill, for information on the total amount of public and private debts in the United States for 1929 and subsequent years, I beg to submit the following data:

Accurate information respecting the debt of the Federal Government and its agencies is of course available for each of the years covered by your inquiry. We also have available for each of these years fairly good estimates of the amounts of State and local debts. As respects the amount and composition of private debts, however, reliable and adequate data are most difficult to obtain and are available for only three of the years covered by your inquiry; and even then only if short-term debts are excluded.

The only official study that has been made of private debts in recent years is that summarized in a report issued in the fall of 1936 by the Department of Commerce, entitled "Long-Term Debts in the United States." This report, a copy of which is attached hereto, gives estimates for the years 1930, 1934, and 1935 of private long-term debts, that is, in general, debts with a maturity of one year or more. These estimates are based upon summations of the debts of individuals and reporting business units other than financial corporations. By reason of various duplications and omissions in the estimating process, the final estimates are subject to a considerable margin of error.

In the following table, there are presented the estimates of long-term private debt contained in the volume cited, the total short- and long-term debt of the Federal Government and the obligations of governmental corporations and credit agencies, and the estimated short- and long-term debts of State and local governments, for the years 1930, 1934, and 1935:

Total Governmental Debts and Long-Term Private Debts
in the United States, 1930, 1934, and 1935

(Billions of dollars)

	1930	1934	1935
Governmental debts (June 30)			
Gross direct debt of the Federal Government	16.2	27.1	28.7
Obligations of governmental corporations and credit agencies (excluding inter-agency interests)			
— Guaranteed	-	.7	4.2
— Not guaranteed	1.3	2.6	2.3
Total debt of the Federal Government and its corporations and credit agencies	17.5	30.4	35.2
Estimated debts of State and local governments (gross debt less sinking fund assets)	16.4	17.2	17.4
Total governmental debt	33.9	47.6	52.6
Private debt (end of year)			
Total long-term private debt	84.5	74.9	73.4
TOTAL GOVERNMENTAL DEBTS AND LONG-TERM PRIVATE DEBTS	118.4	122.5	126.0

Great difficulties are involved in arriving at any useful estimates of the aggregate volume of short-term (under one year) private debts, which are excluded from the above compilation. An estimate made by the Twentieth Century Fund ("The Internal Debts of the United States," Macmillan, 1933) placed the amount of this debt at $103.6 billions, as of December 31, 1932. This estimate, however, included $41.5 billions of liabilities of banks to their depositors, as well as loans by banks to these depositors; whereas much of the depositors' claims against the banks arose out of bank loans to the depositors. The overlapping and duplications involved in such treatment of short-term debts in the case of banks and their depositors are also involved to some extent in other data bearing upon short-term debt. I may point out that the total volume of notes and accounts payable of corporations submitting balance sheets with their income-tax returns for the year 1934 amounted to $27 billions.

I believe you may be interested in a classification of long-term private debts, as presented on page six of the attached volume. For the years 1930 and 1934, the only recent years for which the data are cited, the classification is as follows:

Department of Commerce Estimates of Long-Term Private Debt (end of year)

(Billions of dollars)

	1930	1934
Railway	13.4	13.4
Public utility	14.0	14.8
Industrial	10.8	8.5
Farm mortgage	9.1	7.8
Nonfarm - home mortgage	22.3	17.7
Other urban real estate debt	14.9	12.7
Total	84.5	74.9

The official figures for the debts of the Federal Government and its corporations and credit agencies, and fairly close estimates for the debts of State and local governments are presented for 1929 and subsequent years in the appended table.

Faithfully yours,

H Morgenthau Jr

The President,

The White House.

Attachments

Total Governmental Debts in the United States, June 30, 1929-1937

(Billions of dollars)

	1929	1930	1931	1932	1933	1934	1935	1936	1937
Gross direct debt of the Federal Government	16.9	16.2	16.8	19.5	22.5	27.1	28.7	33.5	36.4
Obligations of governmental corporations and credit agencies (excluding inter-agency interests)									
-- Guaranteed	-	-	-	-	-	.7	4.2	4.7	4.7
-- Not guaranteed	1.3	1.3	1.4	1.3	1.4	2.6	2.3	2.3	2.3
Total debt of the Federal Government and its corporations and credit agencies	18.2	17.5	18.2	20.8	23.9	30.4	35.2	40.5	43.4
Estimated debts of State and local governments (gross debt less sinking fund assets)	15.2	16.4	17.5	17.7	17.9	17.2	17.4	17.6	17.6
Total governmental debts	33.4	33.9	35.7	38.5	41.8	47.6	52.6	58.1	61.0