

Executive Secretary's Report
Domestic and Foreign Treasury in 1944
invited to meet with the Board, 7/12/44

Monday, July 17, 1944
Department of Treasury, Washington, D.C.

Book Review Committee
Meeting held at Treasury to review the
draft of the report, 7/17/44

Book of International Relations
Investigation conducted at
Washington, D.C., 7/17/44

PRESS CONFERENCES

BOOK 26:

July 1, 1944 - March 15, 1945

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Meeting held at Treasury, 7/17/44

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SECRETARY MORGENTHAU'S

PRESS CONFERENCE

July 1, 1944
10:15 a.m.

MR. McDERMOTT: The Secretary wants to say a word of welcome to you. The Secretary of the Treasury is also Chairman of the American Delegation and Chairman of the Conference.

H.M. JR: Well, I am very glad to welcome you all here, and I think a good way to open this meeting is to repeat a little conversation I just had with Senator Tobey back there, of New Hampshire. He said I could quote him. He said if any of you came here with cynicism in your heart instead of with the hope of helping us in our first effort at international cooperation - that is the attitude that not only he hopes, but I hope we will all have. After all, the American press has just as much of a responsibility as those of us who are Delegates, not only the American press, but all the press, representing not only the Americans, but the foreign, to

help make this Conference a success in the eyes of the world, and what is more important, in the eyes of our enemies. After all, we are at war, and each and every one of you, just as much as all of the Delegates, have a responsibility. It is going to be very difficult, and I am sure that we can count on your assistance to make this very important Conference for the future prosperity of this world a success. I have talked with Mr. McDermott and I think, considering what he has had to work with - he has moved heaven and earth to make all of you comfortable. You may not have hot water - right now I personally wish I had a pair of woolen socks - but if you will be a little patient and bear with us, I think that with the help of Mr. Kelchner and Mr. McDermott we will all try to make each other as comfortable as possible. I believe you all know that you are invited to the Plenary Session this afternoon, and also to the reception which the American Delegates are giving from five to seven. I hope you will come to both. If you are not entirely

satisfied, Mr. McDermott is here; he looks like a fellow who can take it and give it, if necessary. But from what he has outlined to me, I should think, considering the circumstances, that since we really only had one or two hotels to pick from in the entire East, the State Department has done very well.

Mr. White, of the American Delegation, will, if it is agreeable to you, meet with you each day. He has prepared a book outlining the various points. As far as we are concerned, the American Delegation, all of our contacts with you will be made through Mr. McDermott, and if you want to see any members of the American Delegation, or myself, I would appreciate it if you would contact Mr. McDermott. Those of you who work with me in the Treasury know I stick to that fairly closely, and when I have somebody in charge of the press, I work through him. I have a very short statement. If you would like, I will read it to you.

"The Conference is the third general gathering of all forty-five of the United Nations and Associated Nations. The first on Food and Agriculture at Hot Springs, Virginia, set out to improve the world's food supply and nutritional standards; the second on Relief and Rehabilitation at Atlantic City, New Jersey, provided cooperative assistance in meeting the immediate post-war problems of relief. We are here seeking to organize various phases of the peace even as the fighting is going on, in order to be ready for the earliest possible reconstruction of the world's shattered economy immediately after we have secured unconditional surrender.

"The United States is proud to be host to the Conference which has brought together sixteen Ministers of Finance, many Directors of Central Banks, and numerous other world authorities. The Treasury is particularly happy to have this part in the general plans for the organization of world peace and security which are being so wisely and so progressively laid down by Secretary of State Cordell Hull.

"The purpose of the Conference is very simple, wholly within the American tradition, and completely outside political considerations. The United States wants, after this war, full utilization of its industries, its factories, and its farms; full and steady employment for its citizens, particularly its ex-servicemen; and full prosperity and peace. It can have them only in a world with a vigorous trade. But it can have such trade only if currencies are stable, if money keeps its value, and if people can buy and sell with the certainty that the money they receive on due date will have the value contracted for - hence the first proposal - the Stabilization Fund. With values secured and held stable, it is next desirable to promote world-wide reconstruction, revive normal trade, and make funds available for sound enterprises, all of which will in turn call for American products - hence the second proposal for the Bank for Reconstruction and Development.

"We are here to find the answers to these problems and to reconcile the reasonable differences which

are always present in matters of such complexity.

I am sure we will do so."

Now, if anybody has any questions, I will be glad to answer.

Q Mr. Secretary, will you get to the Bank at this meeting, or will you just be discussing the Stabilization Fund?

A At this Conference? Oh, we will get to the Bank - oh, yes. We will get practically all of the formalities over with today and start working tomorrow.

Q Will you work through the Fourth?

A I believe so, yes.

Q Are there other mechanisms besides the Stabilization Fund or the Bank to come up?

A Not that I know of - just those two.

Q Mr. Secretary, is the American Delegation in complete agreement on some specific American plan?

A We will be - the united front among the United Nations.

Q May I ask whether this is an exploratory Conference, or do you actually intend to make some specific international agreements?

A If you will bear with me until this afternoon when I address the Conference, I will make that quite clear. If you don't mind waiting - we hope to come to an understanding. The understanding will then be referred to Congress for such action as it sees fit. We can't reach any agreements; it will simply be an understanding.

Q In the form of a treaty?

A No, just an understanding. We can't do any more than come to an understanding as to principles involved, which will be referred to Congress for such action as it sees fit.

Q Will it require a Senate two-thirds?

A I don't know just what form it will take, whether it needs a two-thirds or not. I don't know whether it would take the form of a treaty or not. I am not sure. It take it everybody is in a good humor. It is a nice sunny day. We will have some fun as well as some work.

Q Mr. Secretary, somebody said the President might open the Conference. Is that so?

A What the President has done is send a message to the Conference welcoming them, which will be

read. He has sent a message of welcome.

Q Mr. Secretary, will we be able to get a copy in advance?

MR. McDERMOTT: Yes.

H.M.JR: It is available now.

Q Mr. Secretary, I would like, while you are here, to put in a request to Mr. McDermott to bring you around frequently to these press meetings.

A Well, I am here to please you ladies and gentlemen, and I mean that sincerely. After all, you people can make or break this Conference. I want to see you make it. So any time you want to see me you let Mr. McDermott know, and I will answer any question on or off the record, and my experience with the press, off the record, has been a hundred percent successful. So I am glad there are a few Treasury people here that can at least put in a word for me. So, as often as you want to see me, you let Mr. McDermott know. I am at your service.

Q Thank you.

Q Mr. Secretary, when do we have the first conference?

A Well, the thought was, tomorrow. If you want it

earlier, you can have it earlier, but this afternoon I think you men and ladies will be fairly busy taking down these speeches. But I don't think - you see, the Plenary Session meets at three. It is apt to run a couple of hours. If that is not agreeable, this is a good time to say it. The idea was to have it tomorrow?

MR. McDERMOTT: Tomorrow afternoon.

H.M.JR: At three. Is that all right?

Q Very good.

A Anybody rather have it earlier?

Q No.

A Then you will meet with Dr. White tomorrow at three.

Q This same place?

A Right here, three o'clock. Anything else?

Q Mr. Secretary, may I suggest - I don't know what the wire situation is going to be - getting it out--

A Mr. McDermott says he will stay here. As I get it, the wires, bowling alley, and the bar, are all within a hundred steps of each other. (Laughter)

MR. McDERMOTT: I don't care about bowling.

H.M.JR: You don't have to walk more than a hundred feet for the wires, the bar, and the bowling alley.

Q All I had in mind was the three o'clock. If the wire situation isn't clear--

A If you would see Mr. McDermott--

MR. McDERMOTT: I would like to ask everybody to remain after the Secretary leaves for about ten minutes. I can give you a picture of what has been going on.

H.M.JR: Anything else?

Again I hope you all not only have to work, but have a chance to have some fun, too.

Q Thank you.

Bretton Woods

SECRETARY MORGENTHAU'S

PRESS CONFERENCE

July 8, 1944
3:00 p.m.

MR. McDERMOTT: May we come to order? Secretary Morgenthau would like to say a few words to you.

H.M.JR: I just would like to say to you people that during the period I have been away I have been reading the papers very carefully and I would like to compliment the press on the very excellent way they have been handling this Conference. I have only the most complimentary remarks to make.

Off the record, and on second thought, I have been talking with the Treasury people from my room and they feel that they would rather handle the bond story in Washington, and I thought I would let them handle the bond figures from Washington. So that is all I have to say.

I am glad to be back.

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I thought I had better handle the bond figures from Washington, so that is all I have to say.

I am glad to be back, and I mean to stay with you all.

Q May I ask a question, Mr. Secretary?

A Yes.

Q What do you think of the Mexican proposal that the Monetary Fund should buy and sell to member countries gold and silver together and jointly at the fixed rate in terms of member countries, and in a ratio of, say, one ounce of pure gold to ten ounces of fine silver? (Laughter)

A You have had your answer!

Q Mr. Secretary, may I ask a question?

A Mr. McDermott said he brought three men in to answer that silver question.

Q Mr. Secretary, I don't want to ask a question about silver, but as spokesman for a number of members of the press, I would like to know by what authority and under what credentials Mr. David Hinchaw, the propaganda agent for the American Smelting and Refining Company, is present at this conference, and in this room?

A I will have to refer that to Mr. McDermott because he is completely responsible.

MR. McDERMOTT: I will have to check with my records and see if he has credentials.

H.M.JR: That is completely in your hands.

MR. McDERMOTT: I will take care of that.

H.M.JR: Any pleasant questions? (Laughter)

Q Secretary Morgenthau, how do you think the Conference is going, thus far? Are you satisfied with results up to date?

A Completely. I think it is going extremely well.

Q Mr. Secretary, since these bond figures are going to be released, can you, off the record, tell us the total? That is a pleasant question, isn't it?

A I would have been disappointed if somebody hadn't asked me. As of last night it was sixteen billion,

six hundred and fifty million.

Q What is off the record about it, Mr. Secretary?

A Nothing. It is being released in Washington.

Q You have until tonight for last-minute subscriptions from corporations?

A As of last night.

Q And still tonight?

A Still tonight. We take E, F, and G's up until the last day of this month.

Q Could you repeat that figure?

A Sixteen billion, six hundred and fifty million.

Q Compared with a goal of what?

A Sixteen billion.

Q Mr. Secretary, do you think there are any irreconcilable issues before this Conference?

A No, Mr. Luxford met me this morning at the airport and I rode down with him, and after listening to him, I am confident that it is going to be a success and we will all get together on an amicable and fair basis.

Q By the 19th?

A We have to.

Q Is there any likelihood it will be necessary to hold a future conference to settle some unsettled questions?

A I am repeating myself, but I am sure that what we came here to do can be accomplished. There is good will

expressed by all the conferees, and I am sure we can

all get together and conclude a successful Conference.

Q Both the Bank Plan and the Monetary Fund will all be rounded out ready for Congress?

A Ready for recommendations.

Q That wouldn't include par values on currencies?

A I am going to avoid, if you don't mind, those questions. You have some very able people here who can answer those questions.

Q Can you indicate when that might be sent to Congress if this Conference, by the 19th, comes to an agreement?
(No reply)

A Thank you.

Secretary Henry Morgenthau announced this afternoon that at the close of business July 7, total subscriptions to the 5th War Loan already received had exceeded the goal, and amounted to \$16,690,000,000. Of this amount, \$12,400,000,000 has come from corporations and \$4,290,000,000 from individual purchasers.

Although the total goal for the drive has been exceeded, Mr. Morgenthau said the returns are still incomplete. There is still a large volume of sales attributable to the 5th War Loan which has not been reported. This is especially the case with individuals whose bonds are issued to them through more than 75,000 agents in every State, County and local community in the United States.

The magnitude of this job, the Secretary said, is indicated by the fact that in the 4th War Loan more than 70,000,000 individual bonds were issued. Each issuing agent must record and report his sales to a Federal Reserve Bank which in turn reports to the Treasury. This process normally sometimes takes several days and in some cases, much longer.

Mr. Morgenthau pointed out that a large percentage of bond sales to individuals are made through payroll deductions affecting 27,000,000 workers in over 200,000 establishments. The payroll periods of these firms vary widely—weekly, bi-monthly, or monthly and it usually requires two or more payroll periods for a worker to accumulate not only enough for his regular purchase but to pay for his extra war bond subscription as well.

Secretary Morgenthau observed that in previous loans, only about two-thirds of the total bond subscriptions made by individuals during the course of the drive are reported to the Treasury bank by its closing date. It is for this reason, the Secretary said, that the reporting period for the 5th War Loan as announced at the beginning of the drive, will extend to July 31.

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"The results of this drive will be good news to the men on the fighting fronts", Mr. Morgenthau said. "But we should not forget that the sale of war bonds is a continuous obligation and opportunity for all on the home front. The 5th War Loan drive is another demonstration of the loyalty, unity and determination of the American people.

"A magnificent job has been done by the great army of volunteer workers who, in this drive, will have surpassed all previous records."

SECRETARY'S PRESS AND RADIO CONFERENCE

July 27, 1944
10:30 a. m.

- H.M.JR: Good morning.
- Q. Good morning, Mr. Secretary
- A. Any ideas?
- Q. Mr. Secretary, we were reading in the Daily Press that the Sixth War Loan Drive will open on November 11. Could you give us the goal, please?
- A. Well, I asked my chief sleuth, Charlie, where that statement came from, and he completely disowned it. I have to do the saying. The date has not been fixed; so the date not having been fixed, I haven't even discussed the amount of money or anything else with anybody. So I am very sorry, but I have to throw the story down.
- Q. Have you early conferences coming up on it?
- A. Mr. Gamble is on the West Coast. He will be back Monday. But I don't think that we will be making decisions quite so early this time, because we want to watch our balances a little bit longer.
(Discussion continues off the record)

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This is off the record.

We will have the announcement the first or second of August, or something like that. But it will run well over twenty billion dollars, not counting the subscriptions from the banks with saving deposits. But you can't use this.

Q. Not even background?

A. No, please. But I am just explaining that it will run well over twenty. We here feel that we want to watch the expenditures, so I don't think there will be any announcement on the Sixth War Loan.
(Discussion resumed on the record)

Now I am on the record.

I doubt there will be any for at least another month.

Q. Mr. Secretary, how are the subscriptions to the individual goal going? Is there any indication that that will reach--

A. We will reach our individual subscriptions, the total, but I am afraid we will not reach the E's. I mean, the total we set aside was six billion dollars for individuals. We will get that and

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more, too. But unless there are some corporations who haven't reported, or some big groups that we don't know about, I am afraid we will not make our goal on the E's.

Q. What was that--three billion?

A. Yes. We won't miss it by very much. We may miss it by a hundred million dollars. But we'll go well over on our six billion. There may be some corporations that haven't had a chance to turn in their subscriptions. Some of these corporations will buy a big block of E Bonds to sell to their employees, and then they don't make the final return until the last day of the month. There may be some of those which we don't know about.

Q. Mr. Secretary, your Sixth War Loan Drive is more apt to be after November 11 than before, isn't it?

A. I am sure it will come after the first of November, because our balances now are such--I mean, I'll say this much. If the war expenditures stay at the same level that they do now, with the money we have on hand we have enough money on hand to

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run us through until November. But the question which we don't know is as to what the war expenditures will be between now and then, and there is no sense making up our minds now. We might just as well sit back and wait.

Q. Did you say "to" or "through" November?

A. Into November. We have enough money on hand now to run into November.

Q. Then it is very definite there won't be anything until elections, will there? Not to bring politics into it, of course!

A. I'd rather leave it in my own language, if you don't mind. For once I prefer it, if I may have that privilege!

Q. Mr. Secretary, on one aspect of this bond affair, have you any information on the G. I. ten-dollar bonds--how they are going, or the response?

A. No, but Charlie will find out. But I do know that on the trips that I made during the Fifth War Loan, every time I went to an Army post--the thing had only been out two or three days, and I never saw such interest as I did in this thing. Everybody

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knew about it and all were tremendously interested and liked it.

Q. Is there any possibility of giving civilians a chance on that?

A. Not a chance!

Q. They like it.

A. The reason I am emphatic is, the work involved, the mechanical work, the bookkeeping work is something tremendous. But we figure it is worthwhile doing it for the soldier; but we wouldn't have a very good excuse to do it for the civilians.

Q. Mr. Secretary, are any plans being made to sell the Bretton Woods agreement to Congress? Or do you plan any conferences along that line as soon as Congress comes back?

A. Well, we'll make every effort to inform the public of what happened at Bretton Woods, through the press and radio and all other media, but that is as far as I can go right now.

Q. Have you any information along that line to give out this morning?

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- A. No, I am sorry.
- Q. Mr. Secretary, I believe it was exactly forty-six days ago you told us you weren't buying any silver from Mexico, but I understand in the meantime there has been considerable purchase of silver. Would you care to comment on that?
- A. By us from Mexico? Is that a fact? In our bulletins?
- Q. I was told that, is all.
- A. I don't know. It would surprise me. There is no use arguing it either is or isn't; and I haven't the Treasury bulletin before me.
(Discussion continues off the record)
- But to show you--and this you can't use--how things are changed in Mexico: In all seriousness, up at Bretton Woods, Suarez, the Minister of Finance, said to me, would I consider lend-leasing silver to Mexico, because they were so short of silver that every ounce of silver they had was going into coinage. And would I consider lend-leasing silver to them so they could get more silver for coinage!

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Now, I don't want to use that, but that is how short they are down there. So why they should let any silver come to us, I can't understand.

Q. That is not for use in any way, is it?

A. I am sorry, no.

Q. Off the record, are you considering lend-leasing some silver to them?

A. No, I am not that courageous, to go up to Congress! (Laughter) I don't mind going up and explaining to the so-called Silver Committee that India may need more silver, because that makes sense.

Q. Or China?

A. Or China.

(Discussion resumed on the record)

Q. Mr. Secretary, could you tell us how soon this cashing of bonds over the counter at banks will begin?

A. No, but I'll be glad to find out for you and let you know.

MR. SHAEFFER: The next sixty days.

H.M. JR.: In the next sixty days. It is official, right out of the mouth of a horse!

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- Q. Has the amount been agreed on--the amount the banks will get?
- A. I am sorry I am not up to date on that. I am a little behind on a lot of things.
- Q. What is the situation on India silver, Mr. Secretary?
- A. I hear they are buying all they can get.
- A. There is that hundred million ounces which we lend-leased to them, and now they have made the request that they need additional silver over and above that for coinage, and that is being considered here now. They need still more for coinage purposes.
- Q. As much again as the first?
- A. What we did for a while was, we let them have five million ounces a month, and that is about what they need for coinage purposes.
- Q. That was under the lend-lease amount?
- A. Yes. It would still be. That is what they want now, over and above. The hundred million ounces are for stabilization purposes. They don't use that for coinage. What they need is silver very badly for coinage purposes.

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- Q. Mr. Secretary, would we make the coins for them here and ship them?
- A. No, they have very good mints there.
- Q. Is there anything doing on silver for China?
- A. No, not now.
- Q. Mr. Secretary, what is the latest on the tax discussions between Capitol Hill and your experts?
- A. Well, I think you gentlemen know they have these meetings. One meeting takes place in the Treasury, and the next meeting takes place up there on the Hill. According to Mr. Blough, he feels that they are going along very well, and they will continue to do that way this summer. I mean, it is an arrangement we worked out with the Joint Committee on Taxation.
- Q. Are you working on post-war taxes, or taxes for the next session of Congress?
- A. I think it is the whole field. We are inviting people in to give us their ideas, and it covers the whole field.
- Q. Did you see this Twin Cities plan?
- (Discussion continued off the record)

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- A. I have to go off the record.
All I know is what Roy Blough told me this morning. He said the story was unfortunate. Now, I haven't read the story. I don't know what it said. That is all I know.
- Q. You said he said it was unfortunate?
- A. ...because it gave a wrong impression of what happened. I don't know what the story is. But if you men want to see Roy Blough and get his version--
- Q. We would like to.
- MR. SHAEFFER: Yes, all right.
- H.M. JR: He said the story was unfortunate because it gave an incorrect impression of what took place there. I didn't read the story, and don't know who wrote it, and so forth.
But Blough is available to you people.
(Discussion resumed on the record)
- Q. Mr. Secretary, has any time been set for the first meeting of the Executive Council of the Fund?
- A. No. I am the only man from the Treasury who was at Bretton Woods who is working. The rest are all recovering!

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Q. So is the press!

Q. Is it true that you slept in the woods,
Mr. Secretary?

A. Well, I slept in the Hotel, which was in the
woods.

Q. We got reports that you went out and had an
outing in the woods with Mr. Fred Smith one
evening, just to try roughing it.

A. No.

Q. Did you get your socks?

A. Did we get the socks!

MRS. KLOTZ: Which socks?

- H.M. JR: I think there is a story that other people slept
in the woods, but I didn't--if anybody wants that
for background! (Laughter)

Q. Mr. Secretary, seriously--

A. I was very serious!

Q. This is another line, but did you read this Ruml
report or proposal that has considerable tie-in
with the Treasury?

A. No, but when you see Blough you can ask him about
it.

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- Q. Have we any assurance he will say something about it?
- A. Oh, yes.
- Q. He doesn't talk much on these tax matters. That is not in disparagement, but I think the Treasury is a little reticent about speaking its views.
- A. Give him the Bretton Woods look, and I think he'll talk! (Laughter)
- Q. Mr. Secretary, we are pretty interested in where we go now from Bretton Woods on that world business.
- A. I can't say much just at this time, but I suppose at the appropriate time it will be presented to Congress. Now, what the appropriate time is, I just don't know, because I'll have to consult with the Congressional leaders, and they are not here. I mean, it is entirely up to Congress as to when they want to receive it.
- Q. How about the other countries? Did they all indicate they would push along the ratification as rapidly as possible?
- A. I think so, yes.
- Q. Is there a tendency to wait for reaction here?

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- A. I don't think so.
- Q. Has anybody calculated how long it takes in the process, how long it might be before it was ratified somewhere? Some would be longer than ours and some shorter?
- A. I think that is a safe statement!
- Q. I just wondered if it looked like it might be a year or six months.
- A. I wouldn't want to guess. I just don't know.
- Q. The ones I checked with yesterday said they didn't anticipate getting action this year.
- A. I really don't know. As far as we are concerned, it is entirely up to Congressional leadership-- when they figure it is a good time to bring it up. Whenever they think it is, we'll march on the Hill.
- Q. Mr. Secretary, do you think Senator Truman will make a better Vice President than Wallace?
- A. Listen, it is ninety degrees outside, and I think that is warm enough! Anything else? I'll do what Dewey did yesterday. Dewey said he wasn't talking yesterday.
- Q. You're not talking today! Thank you, Mr. Secretary.

SECRETARY'S PRESS AND RADIO CONFERENCE

August 24, 1944
10:30 a.m.

- H.M. JR: How do you do?
- Q. Good morning, Mr. Secretary.
- Q. We enjoyed your broadcast the other evening.
- A. Thank you.
- Q. Tell us about your trip, Mr. Secretary.
- A. I think the broadcast went over very well.
- Q. It was very well handled.
- A. That thing isn't so easy.
- Q. Forty-five minutes is a long time.
- A. I just wanted to say hello. I have no news of any kind.
- Q. Mr. Secretary, Mr. Eccles up there in testimony before the House Banking Committee yesterday left the plain inference that Treasury would support that bill of his that Mr. Spence introduced on guarantee of private loans to reserve banks out of the 139 million.
- A. I can give you an off-the-record answer if you want to know where we stand. I don't want to go on the record.

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(Discussion continues off the record)

The point is this. Neither Mr. Bell nor I think the Central Bank should be in the lending business. Mr. Eccles is very anxious to put the Federal Reserve in the lending business. We think after the war is over it should go back to the regular banking business. But he is very keen on this, and I don't know whether he is going to get it, but we won't go up and either support it or fight it.

Q. Can I use that on my own as my interpretation or what I think the Treasury's attitude is?

A. Yes, if you don't attribute it to us. We think just as soon as this thing is over that all this sort of thing, the lending of money, should go back to the regular institutions, whether it is the RFC - or on the domestic front.

Of course, he thinks that it is necessary to tide the situation over. As I understand it, on account of our feeling that way, he said he would limit it to three years.

Q. That is right.

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- A. That was the suggestion of the Treasury.
- Q. He encountered considerable opposition there yesterday.
- A. He won't get any support from this quarter, but we won't go up and fight him.
- Q. I appreciate getting that.
- Q. Have you any information on the German occupation currency, Mr. Secretary?
- A. Whatever we do, we do for the Army.
- Q. We can say that?
- A. No, you cannot. You will have to get that story out of the Army.
- (Discussion resumed on the record)
- Q. The reason I ask you is because you conferred in London with the Army Fiscal Officers.
- A. Well, we did a lot of conferring. That was in connection with the money that we printed for the Army for France, for the southern invasion. One thing you find, this money is coming back into the banks very much faster than anybody thought it would. They are re-depositing it.
- Q. What banks?

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A. In France.

To show you how they feel about it, they call it the "flag money," because it has a flag on it.

One of our men went into a store there and wanted to buy a bottle of wine. He offered them some Bank of France money. The Storekeeper said, "No, no, I don't want that; I want some of the de Gaulle money!"

Q. So now it is de Gaulle money?

A. Yes - which I thought was a rather amusing story, in view of some of the protests at the beginning. Now, I don't know whether any of it got over here, but a recent survey made among the Allied troops showed that only ten percent of the pay is being spent in France, which is an amazing record. As a matter of fact, where the French were so worried that we were going to cause inflation, prices have been dropping, and now they are a little bit worried that we are not spending enough.

Q. That is typical French, isn't it?

Q. There was a story in the New York Times last week which said the inflation was terrific.

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A. That is not true. I don't know which Times you are referring to. I am sorry, but I'll have to throw that down hard. They don't know what they are talking about. The prices have steadily dropped. I am sorry, but they just don't know their facts. They had better have some of their correspondents on the ground. It is most likely one of these chair-borne reporters who wrote that story.

Q. It was a dispatch from France.

A. The man just doesn't know what he is talking about. I got a long factual story on prices. Prices have steadily dropped. Only yesterday McCloy said there was a protest from the French that we were not spending enough money.

Q. How about making that report public, or a digest of it?

A. I don't see any reason why not. You (Mr. Shaeffer) can ask Mr. McCloy or General Hildring why it can't be made public.

Thank you for bringing out the story!

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- Q. I, also, am indebted, sir!
- Q. Do you think the old Bank of France will ever be re-constituted, Mr. Secretary?
- A. I haven't really discussed that.
- Q. Did you discuss it with de Gaulle?
- A. No, but there will be a Bank of France.
- Q. But not the "hundred family" type they had around France?
- A. That was done away with under the regime of Mr. Blum.
- Q. Allegedly.
- A. Actually.
- Q. But the influence still existed.
- A. Not as much.
- But, you see, the running of France is practically entirely in French hands, and we treat them on a consultive basis. The thing is in very good shape as far as the civil population is concerned.
- Q. Any news of the Reconstruction Bank or the Fund?
- A. No, nothing.
- Q. Do you have any idea when it will be brought up in Congress?

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- A. No.
- Q. Do you have anything specific on when they will have a conference on commercial policy? It was one of the things left hanging up there.
- A. No, I don't; I haven't heard.
- Q. The service people are for it.
- Q. When will you launch the Sixth War Loan Drive? I understood you were to decide this week.
- A. No, we are working on it. We had a conference on it yesterday, Mr. Bell, Mr. Gamble, and myself, but nothing has been decided. I mean, they are making a lot of plans.
- Q. Mr. Secretary, have you passed on the final regulations on banks cashing in or redeeming E bonds? Do they come through you?
- A. You mean the question of, what do you call it?
- Q. Remuneration to the banks? \
- A. That has been cleared, yes. I thought you meant the Federal loans.
- Q. No, the other.
- A. That was cleared yesterday.
- Q. Will it be out soon?

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A. You can ask Bell; he has it.

MR. SHAEFFER: The Feds will send them to commercial banks to be received the day after Labor Day. We will make an announcement the same day, and the plan will go into effect October 1.

H.M.JR: The announcement on the refunding was out today, wasn't it?

MR. SHAEFFER: Yes.

Q. Mr. Secretary, did you steal the tapestry?

H.M.JR: Now, you ought to ask Mr. Goebbels that.

Q. He said you did.

A. Well, Bayeux is in the English zone. I was not in the English zone; I was only in the American zone. I personally don't think it is worth answering, but I will give you the answer. I was not in the town. No, if that is the worst that they could spread with their lies--I thought it would be a very amusing story.

Q. Mr. Shaeffer let us know that you would not possibly do anything like that.

A. Did you need that reassurance?

Q. I was just asking.

A. They are very clever about it. They credit it

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to Algiers radio. That is the way they did it. They had many other things. They had some counterfeit dollar bills that they dropped over the lines. There are a lot of things, but I don't think it makes any impression on our soldiers.

Q. How can they drop these?

A. From an airplane.

Q. Were there many of them?

A. I just saw one.

Q. Good counterfeiting?

A. Not too good.

Q. Do you have one, Mr. Secretary?

A. I tried to get one, but I couldn't.

Q. Thank you, sir.

SECRETARY MORGENTHAU'S PRESS AND RADIO CONFERENCE

10:35 a.m. November 16, 1944

- Q Good morning, Mr. Secretary.
- H.M.JR: Good morning.
- Q Long time no see, Mr. Secretary.
- A Well, I have seen the press in other cities. But I sort of felt that unless I had something to offer there wasn't much use in this one way traffic--questions and no answers.
- Q That is a good sign for this morning, then.
- A Well, we are on the eve of the Sixth War Loan Drive. Mr. Gamble, the Director, is here with me, and we feel that the organization work in advance of this Sixth War Loan Drive has been the best it has ever been; there is cooperation from all groups, business, press and radio. It has been most encouraging. I have been to a number of these regional meetings like Atlantic City and New Orleans and Los Angeles. The enthusiasm there was amazingly good.
- Q How are the banks doing on it?
- A Excellent. I attended a township meeting at

- 2 -

East Fishkill last week, so that is the level at which they really sell them. I was most pleased to find how well the townships are organized. I mean, the literature is out in the hands of the workers. We will have some five million volunteers going to work beginning Monday, I mean, ringing doorbells. We won't overlook anybody. But I really think that the advance work that has been done is the best it has ever been. Now, the rest is up to the American public.

Q Are you going to be particularly busy yourself in this campaign?

A Well, I am participating in a broadcast Saturday evening in Chicago--Navy--with Admiral King, and one Monday night in New York.

Q Alone in New York?

MR. GAMBLE: Yes, you are the principal speaker. The broadcast part of it is alone. Otherwise, it is the leading members of the War Finance Committee of New York, out the Secretary's portion of it, which will be one of the official launching speeches of the Drive, will be broadcast over one hundred and seventy-three stations of the Mutual Network.

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- H.M.JR: From nine to nine-fifteen under the auspices of a hair restorer. (Laughter)
- Q Are they giving way to you, Mr. Secretary?
- A Yes.
- Q Is the Chicago one going to be broadcast?
- A Yes, that is the regular Sunday Army Hour.
- MR. GAMBLE: The Saturday evening Navy show at six-thirty.
- H.M.JR: Then Sunday night, two hours on the four chains-- whatever they call them--networks.
- (Discussion off the record)
- A This is off the record and under censorship and everything else. We hope the President will participate, but you people can't break it under volunteer censorship. All I am saying is that I don't know, but we hope.
- Q We can't hope, either, can we?
- A No, under volunteer censorship, you can't hope, which is what the newspapers are supposed to live up to.
- Q You look at me as though I don't.
- A Well, I was just looking around. If anybody feels annoyed, it is too bad.
- Q Mr. Secretary, would you care to comment?

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A Do I make myself clear? We are hoping the President will participate in that two hour broadcast Sunday night. If he doesn't I will anyway. It is Saturday, Sunday and Monday. (Discussion resumed on the record)

Q Would you care to comment this morning, Mr. Secretary, on a statement that J. Monroe Johnson of OBT reportedly made to the press, saying that plans or efforts to switch the Army-Navy game from Annapolis to another city were "an outrage"? It is on the front page of the Times Herald this morning. We assume, of course, that the Treasury is back of this change.

A Everybody in Washington has been buzzed on this thing. There is quite a campaign under a very warm invitation from Mayor Fiorello LaGuardia to come to New York. If the people who are responsible for where the thing should be played--I don't know who is responsible--should decide that they should go to New York, I think we can sell somewhere between five and ten million dollars' worth of bonds to see the game. It is strictly from a bond-selling angle that we would like to see it.

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Now, whether that is the thing to do, and whether they want to move the cadets and the Navy boys and all the rest, that is up to somebody else.

But if they decide to move them, see, we can sell a lot of bonds. Now, somebody has to decide which comes first, the chicken or the egg. If they decide to move them, we will sell somewhere between five and ten million dollars worth of bonds through the game being played in New York City.

Now, all I can say is, if they decide, fine, we will sell a lot of bonds. But it isn't up to us.

Q Mr. Secretary, in the event they did that, would people pay their regular admission price plus a bond?

MR. GAMBLE: That would have to be done.

H.M. JR: Yes.

MR. GAMBLE: That hasn't been worked out, of course.

H.M. JR: Am I too conservative on ten million dollars?

MR. GAMBLE: I think so, Mr. Secretary. It is more likely we could raise fifty million dollars. It is not an exorbitant figure.

Q Could you raise more there than in Philadelphia, or Baltimore?

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H.M.JR: I will say this, we could raise--well, the bigger the stadium, the more we will raise. I don't know who has the biggest stadium.

Q Well, you specified New York.

A Well, that was because I happen to have a call from the Mayor of New York. I didn't have a call from the Mayor of Philadelphia. But I am not playing one city off against the other; I am sure Philadelphia will do just as well as New York, depending on the number of seats. I mean, I don't know who has the biggest stadium, that is all.

MR. SHAEFFER: Philadelphia has.

Q They seat one hundred and two thousand at Municipal Stadium in Philadelphia for football games, and they can seat seventy thousand in the Yankee Stadium.

H.M.JR: Fiorello said eighty thousand.

Q I got that from my desk.

A I don't know, but make it perfectly clear we are not doing anything. We don't know whether they should or should not be moved.

Q You haven't put anything in your recommendation yourself?

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A No, I am just saying that if they move them we will sell a lot of bonds, and our job is to sell a lot of bonds, so we hope they move them.

Q In other words, you wouldn't sell bonds if it went to Annapolis?

MR. GAMBLE: We wouldn't have the same opportunity.

H.M.JR: The audience is so much smaller. What is it, eight thousand?

MR. GAMBLE: They can accommodate as many as eighteen thousand by bleachers, and so forth, at Annapolis. But they have all accepted their ticket orders at Annapolis; they have accepted them without the idea that it was to be a war bond game.

Q If it is moved, will it be moved to New York?

H.M.JR: I don't know who has the decision, whether it is the Secretary of War, the Secretary of the Navy, or the President. I just don't know.

Q Mr. Secretary, according to the papers this morning it was up to Mr. Roosevelt.

A I just don't know. You understand where we stand. My job is to sell bonds. If we can have an Army-Navy game to help, fine.

MR. GAMBLE: That is correct, sir.

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Q Mr. Secretary, is there anything new in your work on Bretton Woods--securing agreement on the Hill? Are you going before any of the committees? I noticed that Senator Wagner said it might be postponed.

H.M.JR: Well, we are asking the advice of the Chairman and the minority, I mean, Wagner, Tobey, and Wolcott. We are asking them what they think, both parties, and approaching it strictly non-partisan--what do they think would be the best time to hold hearings.

We haven't had an answer.

Q Mr. Secretary, in view of the report of the Subcommittee of the Senate Military Affairs Committee, is there anything you can say about the so-called Treasury Plan, particularly because the leaders of the three Allied powers are going to meet pretty soon?

A No.

Q The plan is still alive, isn't it, Mr. Secretary?

A The answer to that question is, "no comment," thank you.

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- Q The plan is still alive?
- A I am not going to get in on any more. Thank you.
- Q Thank you.
- Q Mr. Secretary, could you tell us at this time anything about Treasury thinking on post-war taxes?
- A No, other than Mr. Bell and Mr. Blough are up on the Hill this week consulting with Mr. Doughton, and other Members, I believe, were there. Everybody seemed pleased at the progress that has been made as between the technical staff of the Joint Committee on Taxation under leadership of Mr. Stam and our people here, and I believe Senator George and Mr. Doughton gave out a statement. But we will continue working with them for the time being.
- Q Mr. Secretary, assuming that the war doesn't end, say, by January or February, would the Treasury present a new tax program for next year?

- A That is double "if." One "if" is bad enough!
- Q Without any assumptions?
- A No, I don't--
- Q Senator George said he didn't think there could be any tax reductions in 1945. Do you subscribe to that general belief?
- A I am not going to get into it now. I think we have the best working relations with the Hill that we have had all summer, and I would like to keep it that way. I mean, to say anything at this time would be very premature.
- Q There have been some reports that you might resign, Mr. Secretary. Is there anything to that?
- Q He celebrates his eleventh anniversary tomorrow.
- A It is like asking "have you stopped beating your wife?" I am not going--
- Q Well, all of the Cabinet Officers do submit their resignations at the end of each term, don't they, Mr. Secretary?
- A That is what the newspapers tell me.
- Q But you never have?
- A I am not going to answer it because it is the President's business.

- Q It is very much your business.
- A No, it is his business. But we are looking for another house.
- Q Here in Washington?
- A Yes. We thought we were awfully smart three years ago. We took a house for three years and gave ourselves ten days to move out, so our lease expires on February 1, 1945.
- Q They won't renew?
- Q You mean you didn't think the President would be here for a Fourth Term, Mr. Secretary?
- A No, I didn't - not three years ago.
- Q Why do you have to move, Mr. Secretary?
- A The owner wants to move back.
- Q You ought to go to the OPA!
- A Not if the owner wants to move back, they tell me. If anybody knows of a nice house--
- Q Has John L. Sullivan submitted his resignation?
- A How much do you know?
- Q All!
- A Did you hear his answer?
- MRS.KLOTZ: Everything.
- H.M.JR: Why don't you tell the gang?

- Q It is true then, of course, depending on certain--
- A Let me tell you, this is New Deal, Fourth Term; let's all live up to it. This is off the record. (Discussion off the record)
- He did submit his resignation. This is really off the record, you know, anyway. But it is dated December 1, and I have forwarded it to the President and the President hasn't acted on it yet. So you don't know anything from me.
- Q He is taking the Navy job?
- A That is outside of the Treasury.
- Q That is part of the story that is circulating.
- A I am just telling you, off the record, what he already knows, and most likely all the rest of you know. But it was dated December 1, and I forwarded it to the President, and it is up to him to do whatever he wants with it.
- Q Is it perfectly all right to use the fact that you have forwarded it to the President?
- A No.
- Q He is out of town, isn't he, now?
- A It is dated December 1.

- Q That is the only condition under which I can use it, that I get it from you?
- A No, you can't use it. I thought I had made that clear. You can't use anything I said about John L. Sullivan's resignation.
- Q Can we use it on our own authority, Mr. Secretary?
- A No, I don't think that is fair to John, and it isn't cricket to Treasury relations to the President.
- (Discussion resumed on the record.)
- Q Speaking of cricket, Mr. Secretary, do you favor the British loan program that has been talked about?
- A I think cricket is a very nice game if you know how to play it and follow it, which I don't.
- Q There is a lot of talk about a British loan of five billion dollars, Mr. Secretary - reconversion loan to help them. Can you tell us anything about it? Is it still just a discussion?
- A All I can say is this: There is a Committee here, and it is in the discussion stage.
- Q The loan?
- A It is not a loan, it is Lend-Lease. There is no loan. There is a discussion of Lend-Lease going

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on between the British Government and the United States Government.

Q In 1945? Is that the period under discussion?

A No, the period under discussion is what they call Phase II. That is an English expression which starts after the war in Germany ceases.

Q Mr. Secretary--

A It is strictly in the discussion stage. It is not a loan, it is a continuation of Lend-Lease as it would apply largely to the Pacific. Now, that is important.

Q Well, Lend-Lease prohibits commercial advantage. I mean, in other words, the Act prohibits advances for non-war purposes. Isn't this something which would be non-war?

A Believe me, we have plenty of lawyers; this is wholly within the spirit of the Lend-Lease Act. We have a two-hemisphere war, and this is looking toward the war to continue until the defeat of Japan, and Great Britain's part in it.

Q When you say there is no loan do you mean no loan has been granted, or no loan has been asked for?

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- A No loan has been discussed!
- Q Mr. Secretary, in that connection--
- A Excuse me - I think I am correct, I don't know of any authority to make them a loan.
- Q The story was that they were going to apply to Congress for authority to make a loan; they weren't going to make it outright.
- A I still say, there are discussion underway between the British Government and the United States Government of Lend-Lease starting after VE-Day, in the Pacific, and it is an outgrowth of discussions that took place at Quebec.
- Q But there is no specific amount mentioned, such as five billion?
- A When you have a thing under discussion you can't mention any figure because the whole thing is in the discussion stage.
- Q But it would be for reconversion?
- A I am not going any further than that. There are discussions going on between the two Governments. There are people here and we are meeting with them constantly.
- Q Do the discussion concern the sale of non-military

- 15 -

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- Q Do the discussion concern the sale of non-military

goods for resale?

A I am sorry. I understand what you say, but I can't assist you.

Q Mr. Secretary, there is some talk this week about the repeal of the Johnson Act.

A Pardon me, the only thing I can say is that the misleading stories about re-export, and all that - I mean, those stories were wholly erroneous, and it is difficult for me to believe that the person who wrote them didn't know they were wrong when he wrote them.

Q You mean Mr. Krock?

Q The story has never been denied, Mr. Secretary, until right now.

A You are wrong. Well, I was told he was told the Morgenthau story was wrong.

Q Nobody has published that.

A Well, I am, then.

Q Mr. Secretary, This Johnson Act - it was suggested this week that some revision be made--

A Now, mind you, I didn't mention any names, and I didn't mention any newspaper.

Q You said that the story about re-exports is

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wholly erroneous.

A And I didn't mention any names or any newspapers. I have never done that; I don't think I have ever singled out a writer, as far as I know, have I?

Q I don't think you have, Mr. Secretary.

Q I don't think you have.

A I am not starting now.

Q Mr. Secretary, I still have a question, if you don't mind. Some discussion, or some suggestion, was made this week that this Johnson Act forbidding loans to countries defaulting on their debts to this country should be revised. Do you favor some change in that legislation, or its removal?

A I am sorry, you will have to restate it again.

Q Would you regard some change in that statute or its total removal from the picture as essential to our further cooperation with other countries in post-war economy?

A I am not prepared to answer that. It is a good question, but I am not prepared to answer it.

Q Mr. Taft, of the State Department, spoke out West day before yesterday and recommended the

repeal of the Johnson Act.

A

That is his privilege, but I am not prepared.

All right. Glad to have seen you all again.

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SECRETARY MORGENTHAU'S PRESS & RADIO CONFERENCE

4:00 p.m. January 4, 1945

Q Happy New Year!

H.M.JR: The same to you, even if a little late.

I hope you know this is a war bond conference.

Q We had hoped--

A You'll have your hopes shattered. Well, have you all got copies of this (indicates Press Service No. 44-61)?

Q Yes, sir.

A Any questions on it?

Q Have you any comment on it, Mr. Secretary?

A Well, yes, I think it's swell, and I think it's an amazing performance to be turned out by volunteer organizations, and I think also that the results speak mighty well for the American people, what they can do under a volunteer plan. It has got really better almost every time. I have a sheet here that I've got only one copy of, but the much discussed E Bond quota is one hundred and fourteen point seven percent over the quota, or in dollars three hundred sixty-eight million dollars over the quota, which is the most satisfactory thing in the whole Drive.

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- Q You said one hundred fourteen percent?
- A One hundred sixteen percent over the quota which in dollars amounts to three hundred sixty-eight million dollars.
- Q You mean one hundred fourteen percent, don't you?
- A Yes.
- MR. COINE: One hundred fourteen percent of the quota.
- Q Fifty percent over?
- H.M.JR: Well, you can do your own mathematics. The quota is two and one-half billion and we got two billion eight hundred sixty-eight million. As long as you are giving the correct answer you can write it any way you want to. Isn't that nice of me? As long as you make it sound good.
- Q What about redemptions during that period, Mr. Secretary?
- MR. BELL: Three Hundred sixty-five million during the month of December which was lower than either of the months of October or November in spite of the fact that it was tax payment month and

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Christmas.

- Q Do you know the figures for October and November?
- A The figures for November were, if I recall, three hundred ninety, and for October four hundred. Three hundred eighty-two, I am told.
- Q Three hundred eighty-two for which month?
- A November.
- MR. LEAHY: Four hundred one.
- Q And three hundred sixty-five for December?
- MR. BELL: Those are all savings bonds, yes.
- H.M.JR.: - - And I might point out the net result was fifty-four percent over the quota on the entire drive. In other words, twenty-one billion, six hundred twenty-one million as against the quota of fourteen billion, and that does not include a little over a billion dollars we got from banks who have savings deposits.
- Q In the last paragraph?
- A Yes, that's right--a little over one billion dollars from banks. It was altogether a very,

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very satisfactory drive under the leadership of Ted Gamble. He has a very fine organization, and I think we've all got every reason to be very happy.

Q I don't quite understand about the banks. They are allowed to buy a certain amount according to their deposits?

A That's right, banks that have savings accounts, national banks. There is a formula--would you like to have the formula?

Q It is not necessary.

A The maximum they could have subscribed was one billion one quarter, with the potential--

MR. BELL: One billion one quarter, that's right.

H.M.JR: And they subscribed a little over a billion. Those are the time deposits against the checking accounts. Excuse me, we have kept quiet about it all through the drive. We didn't want to get you fellows confused. This is just a little over a billion dollars I have been carrying around in my vest pocket. (Laughter)

Q I wanted to ask you, do you feel that the

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result of these drives is absorbing the surplus that is being built and demanded? You saw the SEC figures, I think. Savings had increased something like four, I believe, or six billion dollars the last quarter, and investments in government bonds represent less than one third of the total savings. That is in the series E.

H.M.JR:

I'll put it this way. After all, under this system of deficit financing we go out and ask the people to lend us the amount of money that we think we are going to need to pay for the war over what we take in. Now, we asked them for fourteen billion dollars, and they came across with fifty percent more than we asked for--fifty-four percent more than we asked for. It stands to reason we are not going to borrow more than what we are going to spend, because that would certainly be inflationary, so we borrow what we need, and the American public comes through and gives us fifty-four percent more than we asked for.

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So we are absorbing all the savings we can possibly use in excess of what we need for revenue. We can't do any better than that. Is that all right? Good, he agrees. You've got a promotion.

Q Does the big over-subscription mean that the next bond drive might be further off than it would have been if we had made only the quota.

A Definitely.

Q What are the prospects for the next drive?

A. It would be somewhere between May and June, somewhere between May and June.

Q Do you mean the start of it would be between May and June?

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- A Yes, the start would be somewhere--we just don't know. We make up our minds very quickly, but it will be somewhere between May and June.
- Q Mr. Secretary, do you feel that subscriptions to the Sixth War Loan drained off all the excess buying power satisfactorily so that it will keep down any possibility of inflation?
- A Oh, no.
- Q Well, how do you propose to block some more of that out of the picture?
- A I tried to explain earlier, but evidently I didn't do a very good job; gradually through our borrowing program we have completely excluded the banks from the borrowing program other than those banks which have savings accounts, because that represents people's savings, and we said banks that had savings accounts could subscribe up to one and a quarter billion. After all, we have never attempted to say in the Treasury that the Treasury alone, either through its tax program or through its borrowing program, could control inflation. We did say that we could make an important contribution.

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Q What on?

A Excuse me just one moment, please. We are borrowing the maximum we can from individuals and from corporations and other institutions that have money and absorbing it into the Treasury, and we spend it again. Now, we shouldn't borrow money we need to spend because of the interest charges, but on account of the lack of goods and the lack of opportunity to spend the money that the people are earning that continues to pile up--if there were goods for them to buy, they could choose between spending for goods or lending to the Government, but we got the maximum and fifty-four percent more than we asked. And due to the shortage of goods, the money in their pockets continues to increase.

Q But what I was trying to get at was that there is considerably more money that could be taken up. Do you propose to take it up by other means such as recommendations for, maybe, some new taxes?

A Did you read Mr. George's and Mr. Doughton's statement?

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Q Yes.

A I am more than pleased to go along with it.

Q How do you feel about Mr. Byrnes' statement?

A Well, Charlie gave you an answer on that, didn't he?

Q Oh, yes, but is that all you care to say right now about that?

A That is all.

Q Granting that you are doing a good job on absorbing the amount that you need, who else might participate in the absorption of the surplus funds you mentioned?

A Do you know of any other way?

Q I am just asking.

A I am asking you.

Q I don't know of any.

A The only other way is to increase taxes.

Q Wouldn't you say the increase of sales of E bonds might do it?

A It would help, but we have gotten, as I say, in excess of what we asked. We have set quotas before, and in the Fifth War Loan we went one percent over, and in the Third we did--in the Fourth we did six percent over, and in the Third

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we only got eighty-two percent of what we asked. We have done better this time than we have ever done before.

Q Is this the first time you have had quotas on F's and G's, one and a quarters, two's, and two and a half's? I haven't been following the sale of savings bonds.

A That is the third time we have had that.

Q Mr. Secretary, weren't sales to corporations high, around fifteen billion seven hundred?

A Fifteen billion, seven hundred and forty-six million. I am sorry I don't have more copies of this. If you will all go down to the press room--

Q Is that the final figure, or the estimate?

MR. BELL: Total final figure. We have a preliminary individual total of five billion nine.

Q I don't see how you could have exact figures for corporations. There--

A There has been a switch in allocations. The allocated figure was two hundred million, but some might go to individuals and increase them a little, or they might be decreased. That is a preliminary figure;

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you can take it as exact for all practical purposes. It will probably be five or ten million dollars one way or the other, but that is not important as far as the total is concerned.

Q What is the corporation figure again, please?

A Fifteen billion, seven hundred and forty-six million--fifteen billion, seven forty-six.

H.M.JR: We only have one copy of that, but you can get that in the press room. The only time that we did better than we did in the Sixth War Loan is indicated by the red circle (Indicates individuals in the Second). Every other place we have done better in the Sixth War Loan, except where that red circle is.

Q Mr. Secretary, I am afraid I still don't understand your corporation figure of fifteen, seven forty-six. If you add that to your estimate for individuals you get twenty-one, six forty-six, which is not the same as the total given.

A There is our statistician.

MR. LEAHY: The total figure is twenty-one billion, six twenty-one. Individuals should be quoted as five billion, nine hundred million. Actually, it is a little

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less, but it runs around five billion nine. That and the corporation figure may vary as much as five or ten million one way or the other.

H.M.JR:

We could have waited until Saturday morning until these figures got to us--most of them--but we figured you had done well by us and we would try to do well by you and not wait until Saturday morning. We are giving them to you with a possible change of five or ten million dollars rather than wait until Saturday morning. We are giving you them tonight with that slight variation, which is still a lot of money, but not so much in terms of billions. We could have waited until Saturday, but Mr. Coyne felt these figures were getting out, and out in the field the men would be scooped. If there is a slight discrepancy, it is in your behalf that we are trying to do it tonight. And, incidentally, this is for tomorrow morning's papers, please.

Q In spite of this immediate release?

A Yes, for tomorrow morning, if you please.

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- Q Has the Treasury ever made a study of the income classes for conducting sale of series E bonds.
- A Oh, yes, we have made exhaustive studies. Doctor Likert of the Department of Agriculture, who is an expert in this, is constantly running questionnaires for us in all of these groups.
- Q They have never been made available to the press.
- A No, not that I know of.
- Q I wonder if you could release them?
- MR. COYNE: I don't think we have them brought up to date as yet, and we never have released them to the press.
- H.M.JR: Is there any reason why they couldn't be?
- MR. COYNE: Well, I would rather have Mr. Lindow's judgment on that, sir. As far as I am concerned, it would make good copy.
- H.M.JR: Lindow isn't here, so--
- Q That would be the key to this E thing, I think, Mr. Secretary.
- H.M.JR: I have no reason. We will show it to you, good or bad, whatever it is. You are entitled to see it.
- MR. BELL: The reason I haven't it is because it is a spotty study for the country.

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- H.M.JR: Whatever it is, we will show it to you.
- MR. BELL: We use it for a guide, rather than statistics; you can give it out in the form of a statement.
- H.M.JR: When it comes through we will let Mr. Likert come over and explain it to you as to how he does it. Like all of these spot checks, there is a certain amount of error in it, but we will be glad to let you have it.
- Q Mr. Gallup found that out.
- A All right on war bonds?
- Q Yes, sir.
- Q You have nothing further to add, Mr. Secretary, to your statement?
- A Again I want to thank the press for the magnificent service they gave us. You were most helpful and cooperative, and in each War Loan we get better service than the previous one, so, again, thanks to the working press and to your higher-ups, but particularly to the working press.
- Q Do you have your Tax Research staff preparing tax recommendations?
- A This is strictly war bonds.
- Q Well, this is an old story now.

- 15 -

- A I know, and let's leave it there. If you people want to see me sometime, I am always available. Any time you want a press conference, ask for one.
- Q Mr. Secretary, one of your spokesmen said--about the Byrnes report--they left the impression you were rather indignant about it. At least some people interpreted it that way.
- A Oh, no. I have been around town too long to get indignant.
- Q You didn't like it.
- A No, I don't want to even say that, just that I didn't know, that is all. I just didn't know, and I gather the President said about the same thing at his press conference, didn't he?
- Q He said you knew more than he did.
- A Well, as long as what was given suits me--I am no better or worse off than the President; I am satisfied. After eleven years--we learn as we get older. Somebody said the next twelve years would be the hardest.
- Q I haven't seen you since that German report came out of the Treasury.
- A Come around to regular press conferences.
- Q You haven't held one in months.

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- A I hold them all over, in New Orleans, Atlantic City, Los Angeles, and Chicago.
- Q We don't have that many bureaus.
- A I felt very badly because nobody asked to see me.
- Q We got the impression that you didn't want to see the press.
- A No, no, I said to Charlie, "has anybody asked for a press conference?" And he said, "No."
- Q This is the first time the press asked. You usually held them yourself--you asked for them.
- A I figured if there were no requests, why bother you people. You were busy.
- Q How about next Monday?
- A Any time you want one.
- Q Every Monday and Thursday after this, Mr. Secretary?
- We have been up there crying our eyes out every week, and he said you didn't want to see us.
- A Shaeffer didn't say anything of the sort. I have asked, Charlie, and you said nobody had asked for one. Is that right, Charlie?
- MR. SHAEFFER: Yes.
- H.M.JR: Any time you want me, let me know.
- A Thank you.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE
Thursday, January 4, 1945

Press Service
No. 44-61

Secretary Morgenthau today announced the final figures on the Sixth War Loan. Total subscriptions for each of the securities offered in this Drive were as follows:

(In Millions of Dollars)

E Savings Bonds	\$ 2,868
F and G Savings Bonds	719
Savings Notes	2,429
7/8% Certificates	4,405
1 1/4% Treasury Notes	1,550
2% Treasury Bonds	6,939
2 1/2% Treasury Bonds	<u>2,711</u>
Total	\$21,621

The national quota of \$14,000,000,000 was exceeded by more than 50% and the E bond quota by \$368,000,000.

Preliminary figures indicate that subscriptions by individuals aggregated about \$5,900,000,000, exceeding that quota by \$900,000,000.

In addition to those which applied to the Drive, the Treasury received subscriptions from commercial banks, based on their savings deposits, which aggregated \$1,014,000,000, of which \$886,000,000 were for the 2% Treasury bonds.

SECRETARY MORGENTHAU'S PRESS & RADIO CONFERENCE

4:00 p.m. January 8, 1945

H.M.JR: How do you do? Well, you had your request.

Q We appreciate it.


A They have given you this statement--I see you have it in your hands--on war bonds, showing how each State made out. This is the final report on the Sixth War Loan by States and by securities. I thought the various papers and wire services you work for might like to have it. Are there any questions on that?

Q Do you have this arranged in the order of the amount of quote made, in other words, the State which made the best--

A Coyne, stand up here next to me. Come over here, will you, please? Get the fellow that did it.

MR. COYNE: We don't have that rated in this release, sir. We have it here for you, and if these gentlemen are interested, we can reproduce copies of it for them.

H.M.JR: Percentage of over-all quote--is that what you mean?



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- Q Yes. I think we can figure out from this table which States had the best records. Will it be a lot of trouble--
- A We have it right here. I am surprised to see that Puerto Rico heads the list with four hundred and thirty-seven percent.
- MR. COYNE: That is in the over-all quota; in the important E bond quota it is otherwise.
- H.M. JR.: Wyoming--
- MR. COYNE: Yes, Wyoming--
- H.M. JR.: But we have it all here. There is no reason why you gentlemen--ladies and gentlemen, I am sorry--can't have it. Is that what you want?
- Q That is, exactly.
- A It won't take very long. I want to hang on to this, but that is what it has done.
- Q That is exactly what I want.
- A Supposing, Miss Chauncey, you step out and start somebody on that. Make about a dozen copies.
- MISS CHAUNCEY: This whole page?
- MR. COYNE: It is two pages. There are four or five copies there.
- MISS CHAUNCEY: There are some copies there. Do you need more?

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H.M.JR: You need one dozen copies altogether. Get it started and then come back. Send them down to the press room.

Q How did you come out on policing of loans some banks make to buy the bonds? Did that work out pretty well?

A I think it has worked out very well. Where is Dan Bell? Dan, do you want to say something on that?

MR. BELL: The preliminary information we have on it indicated it worked out very well, but we haven't the reports in yet.

H.M.JR: I know this, that I stopped over in Dallas, and the War Bond people in a friendly manner were critical of the Federal Reserve Bank there because they stopped a number of very good sales.

Q That is the way it used to work.

A A number of these sales had been referred to the Federal Reserve Bank in Dallas, and they said no, but in a perfectly nice way. But they still were complaining that they had lost some business. I would say by and large that in each drive the Federal Reserve has done a better job

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for us in policing. But you get this enthusiastic patriotism worked up and then tell them they can't buy these bonds, and that is a little bit hard for them to understand, but it isn't the kind of money we want, and that's why we do the so-called policing.

Q Mr. Secretary, the President in his message calls for immediate action by Congress for legislation on Bretton Woods. I wanted to ask you if the legislation was ready and when it will be sent to Congress?

A What we had today was a sort of informal luncheon for those American delegates who were here. That was Senator Wagner--Senator Tobey was invited, but sent us his blessing; he is out of town for four days, but he is just as enthusiastic now as he was previously, which was very much so--and Jesse Wolcott, and Congressman Vinson, Chairman of the Banking and Currency--

Q Spence.

A Spence. And Fred Vinson and Dean Acheson, Harry White, Luxford, and Bernstein were there.

W We asked the advice of the representative from

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Congress what we should do, and I am happy to report that the same spirit of cooperation that existed at Bretton Woods among the delegates was still very much present, and they asked us to cooperate with them, Congress, in drafting the Bill. Congress will draft the bill, and we will be glad to cooperate with them.

Q In other words, you are abandoning present plans for administrative legislation to go to the Hill?

A I didn't know there ever was such a plan.

Q I had heard talk about your drafting a bill.

A You will have to get a new pipeline.

Q In other words, the bill--I will have to get a new pipeline! But you have to bring some new people in here. (Laughter)

A I am very sorry. Most disconcerting, isn't it?

Q Will they hold hearings first?

Q I was asking Nick if anybody in the Treasury would mislead him.

A Anyway, they are going to do the bill drafting on the Hill; they will do the drafting, and we will cooperate with them.

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Q When do you expect it actually will come before Congress?

A Well, from the way these gentlemen from Congress spoke today, I would say possibly the end of this month.

Q That would be before the Banking and Currency Committees of both Houses, wouldn't it?
(Discussion off the record.)

A That is my understanding, that that is where it is going to go, and I am pretty--and off the record I have a pretty good reason to believe that that's where it will go.

Q In other words, the bill will be drawn up there before the hearings, or will they hold hearings first?

A They are going to start right away.

Q Having hearings?

A No, they are going to start drafting.

Q With your aid?

A They have asked for our assistance in drafting the bill--the Congressional delegates. They have asked us to assist them in drafting the bill.

Q Will Harry White be the principal Treasury

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representative on that cooperation deal? In other words, will Harry White head up the Treasury?

A What?

Q Will he head up the Treasury group in this cooperation?

A He and Mr. Joseph O'Connell, who is the General Counsel, and who also represents us on over-all matters on legislation on the Hill just the way Mr. Acheson does for the State Department. I mean, it will be White, who is an expert in this, working in cooperation, but it will be with Mr. O'Connell. They will work together.

Q Will any State Department people also assist?

A Yes, they have asked for our assistance and Mr. Acheson's assistance--his staff--assistance of Mr. Acheson and his staff-- I am glad you asked that--and assistance of the Treasury.

Q They are the only two departments of the Government that will participate?

A That is all they asked for.

Q Will there be any additions or amendments as they were repeated at Bretton Woods?

A I don't expect any.

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Q Is it safe to assume that you will testify, Mr. Secretary?

A Yes, I am looking forward to it.

Q Mr. Secretary, are you still as optimistic about the possibility of passage as you were previously?

A More so. This is a kind of an off the record tip, if you want to call it that. Do you get tips in your business? Have you heard that the banking group has become a little more friendly?

Q Very much so.

Q Toward the bank and the plan, or toward the plan?

A Toward the whole Bretton Woods thing. I mean, I think they realize the significance. I don't want to be quoted, but I think that they are going to have to take a much broader view on this particular piece of banking legislation that has to do with the whole foreign affairs picture, and they are going to approve it. This is the first thing that will most likely go up, and it is very important as a demonstration that

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America is ready to participate in plans for world peace and prosperity.

This is all off the record, but I don't want to get--does that check with you?

Q That checks.

A That is why I am considerably more encouraged. That doesn't mean that all bankers are supposed to be for it, but that is going to get down to one or two.

Q That is right.

A We could name them, starting up at the head of the alphabet.

Q Are you just making it hard, Mr. Secretary?

* I knew my audience.

Q Mr. Secretary--

A This man has been very patient.

Q Mr. Secretary, may we quote a Treasury spokesman as saying that?

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A . No, because--no I don't want to. I would much rather at the right time--let the bankers speak for themselves. Let them speak for themselves. I don't want to spoil their nice gesture.

Q You have given us an opinion.

A Right.

Q In the President's Budget Message no provision was made for the funds necessary for American participation both in the banking and monetary plan. I assume if Congress enacts the legislation that the money now in the stabilization fund may be used as partially to meet the needs of the participation.

A If you want to write that, I would say it is a safe assumption, but I don't want to--I mean, inasmuch as Congress says they are going to write legislation, I don't want to be put in the position of saying what it is going to be. If you write that, you are safe. In other words, again, I mean--as you people know, this stabilization fund has been the apple of my eye, and I have defended it against all comers, but a new stabilization fund, world stabilization fund seems to me to be an appropriate thing for

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this money to be used for, not all of it, but a large part of it.

Q What is the present stabilization fund? What is the size of it?

A It must be about two billion, one--two billion, one hundred million, remember?

Q And those are profits?

A Profits are roughly one hundred million dollars. (Discussion resumed on the record.)

Q Do you have any comment to make on the taxes in the President's State of the Union Message?

A It was all right. (Laughter) It was quite acceptable.

Q Could you tell me what was meant in the Budget by "bad debt management after the last war?" Is that a reduction in taxes before they--

A Dan, was that your language?

Mr. BELL: No, it wasn't mine, but I think that what was meant was that there was too rapid reduction in taxes and not rapid enough reduction in debt. Mr. Smith almost refused to even discuss it this morning. He really hedged on that phase."

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H.M.JR: It is nice when you can discuss somebody else's baby. I mean, you can point out it's cross-eyed or something. (Laughter) Don't get me in trouble. I haven't got my budget through the Budget yet. (Laughter) That was news in back of the news.

Q Mr. Secretary, my boss asked a question this morning over there. "What is meant by progressive taxes?"

A Roy, what is meant by progressive taxes?

MR. BLOUGH: A good example of that is the individual income tax; probably the corporation income tax, where the percentage gets higher as the income rises-- the estate and the gift tax are other examples.

H.M.JR: Do you think your boss could understand that?

Q That is a better answer than we got this morning.

Q In connection with the paying off of the bonds--

A I thought we would do this a little differently. If you people like it, we will work like this, with my assistants and associates in here.

Q That is a good idea.

Q Swell!

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- A As long as you people like it, all right.
Everybody is moderately happy.
- Q What is going to be done about the Byrnes tax recommendation? Will the Treasury take those over? (Laughter)
- A Who brought you in? (Laughter)
- Q While we are on the subject--
- A I suggest they drag you out.
- Q Nobody will take that challenge. I am too big.
- A Says you. (Laughter)
All right, what else?
- Q No comment, did you say?
- A I didn't hear any.
Anything else?
- Q Are you going to make any recommendation to the House with regard to great American participation in the monetary plans in the liberated countries? There is a case--for example, the case in point is Greece--although in the other countries the dollar went there, but in Greece it did not, and part of the financial chaos in the country

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was responsible for perhaps the political dissatisfaction. I understand you sent someone overseas--

A That isn't quite correct, what we did. I'll get the accurate story for you. I almost have it, but I want to get it one hundred percent.

Q You what?

A We were asked--and I am not quite sure--you can get it--to send a financial adviser to the British general there, which we did, and he is there cooperating with the British general and serving under our American Ambassador Lincoln MacVeagh, and he is there, but I want to get it absolutely right, because I don't want to go off. But he only went, so to speak, after the battle, and not before.

Q I see.

A Again, I'll get the story correct. I can get it, but you can get it very promptly from White. They sent--the British sent Sir David Waley

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over there from the British Treasury, and they wanted somebody from the American Treasury, and we sent somebody over there. The man who returned, Taylor, took our man over there-- got him installed, and was there for three weeks.

Q Who was the man?

A I can't give you that, I'm sorry--and Taylor returned here for a breath of fresh air, and is going back to London. But Charlie Shaeffer will get you the correct--

Q To London or Greece?

A London. He went there, but if you want that, he can get it for you, but I want to get it absolutely correct. Taylor went there and installed our man as financial adviser, just as we have them in China, England, France, but they always serve really as financial attaches--I mean, under the American Ambassador. They are not called that; they have that status.

Q The point I wanted to ask you, Mr. Secretary, is--

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A Did you get that?

Mr. Shaeffer: Yes.

H.M.JR: But I want to be sure who invited him. I know he is accredited to the English general.

Q General Scobie?

A Yes.

Q Both in the State Department and here they refer to Greece as a British sphere of influence, and it was the only country in which only British military authority currency was introduced. Rather--in North Africa you had dollars, remember?

A Yes.

Q You had the same in Italy. You had the same in France, and I imagine you have the same in Belgium and Holland.

A You fellows can correct me--in France the Americans used the American invasion dollar, but the British, General Montgomery's troops, used their own money.

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- MR. BELL: In France we used French currency.
- H.M.JR: Didn't we have our own?
- MR. BELL: No, sir. We only used the yellow seal dollar--
- H.M.JR: We printed French money--
- MR. BELL: French invasion money we used, and the British used that, too.
- H.M.JR: Did they use that?
- MR. BELL: It was a combined project.
- H.M.JR: Both were printed here, but in Greece we did not print any money.
- MR. BELL: We did not print any money in Greece.
- Q Why was Greece singled out as a sphere of influence, and then you now send a financial attache to Mr. MacVeagh to aid him? I imagine he is going to watch the situation, isn't he, because I have heard--
- H.M.JR: When we go into France and North Africa, or any of these places, this question of what kind of money is very, very carefully worked out with the State Department and the Army and ourselves. We are told what to do. We don't decide

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we want to go into France or North Africa or Greece; and we are told what we want to do, and then we go ahead and try to do as workman-like a job as we can. In the case of Greece evidently we were not told to do it. It is a matter of foreign policy, and we were not instructed to do it, and we didn't do it. That is why I didn't want to tell you about the financial attache until I had it absolutely perfect, who invited him, and how he happened to go, but I can't--I can't get involved in Greece.

Q I wonder if you are satisfied with that arrangement. Were you satisfied--on the basis of that report that was brought back to you?

A I don't want to comment on that any more than I want to comment on how Chinese finances are being run; when we send somebody there to advise them they may or may not take our advice--but it is not up to me to comment. I want to point out--make it very clear--that the fellow got there, I think, after the collapse. And just for you--

(Discussion off the record.)

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A I don't know whether we are going to let you use this, but as a matter of interest, the cost of retiring the entire outstanding Greek currency was twenty-two thousand pounds, or eighty-eight thousand dollars. They were tired-- I don't know whether I'll let you use that--of the entire Greek currency.

Q The stuff that was inflated was so high?

A Mr. Taylor said, "Here is a piece of money I picked off the street. A fellow wouldn't even pick it up--five hundred million drachmas--the fellow wouldn't stoop to pick it up." But we will give you something in writing on this. It is too ticklish. I don't want to have to go to Greece like Mr. Churchill. It is too ticklish. We will give it to you in writing.

Q Nothing on this Greek--

A Nothing at all, no. It is too ticklish. I don't particularly want to go to Greece just now. We will send you something down in writing. I am just gossiping here.

Q Thanks very much.

A Thank you. See you again.

FOR RELEASE AFTER 8:00 P.M.,
FRIDAY, APRIL 21, 1944

Joint Statement by Experts on the Establishment
of an International Monetary Fund

Sufficient discussion of the problems of international monetary cooperation has taken place at the technical level to justify a statement of principles. It is the consensus of opinion of the experts of the United and Associated Nations who have participated in these discussions that the most practical method of assuring international monetary cooperation is through the establishment of an International Monetary Fund. The principles set forth below are designed to constitute the basis for this Fund. Governments are not asked to give final approval to these principles until they have been embodied in the form of definite proposals by the delegates of the United and Associated Nations meeting in a formal conference.

I. Purposes and Policies of the International Monetary Fund.

The Fund will be guided in all its decisions by the purposes and policies set forth below:

1. To promote international monetary cooperation through a permanent institution which provides the machinery for consultation on international monetary problems.
2. To facilitate the expansion and balanced growth of international trade and to contribute in this way to the maintenance of a high level of employment and real income, which must be a primary objective of economic policy.
3. To give confidence to member countries by making the Fund's resources available to them under adequate safeguards, thus giving members time to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.
4. To promote exchange stability, to maintain orderly exchange arrangements among member countries, and to avoid competitive exchange depreciation.
5. To assist in the establishment of multilateral payments facilities on current transactions among member countries and in the elimination of foreign exchange restrictions which hamper the growth of world trade.
6. To shorten the periods and lessen the degree of disequilibrium in the international balance of payments of member countries.

II. Subscription to the Fund.

1. Member countries shall subscribe in gold and in their local funds amounts (quotas) to be agreed, which will amount altogether to about \$8 billion if all the United and Associated Nations subscribe to the Fund (corresponding to about \$10 billion for the world as a whole).

2. The quotas may be revised from time to time but changes shall require a four-fifths vote and no member's quota may be changed without its assent.

3. The obligatory gold subscription of a member country shall be fixed at 25 percent of its subscription (quota) or 10 percent of its holdings of gold and gold-convertible exchange, whichever is the smaller.

III. Transactions with the Fund.

1. Member countries shall deal with the Fund only through their Treasury, Central Bank, Stabilization Fund, or other fiscal agencies. The Fund's account in a member's currency shall be kept at the Central Bank of the member country.

2. A member shall be entitled to buy another member's currency from the Fund in exchange for its own currency on the following conditions:

- (a) The member represents that the currency demanded is presently needed for making payments in that currency which are consistent with the purposes of the Fund.
- (b) The Fund has not given notice that its holdings of the currency demanded have become scarce in which case the provisions of VI, below, come into force.
- (c) The Fund's total holdings of the currency offered (after having been restored, if below that figure, to 75 percent of the member's quota) have not been increased by more than 25 percent of the member's quota during the previous twelve months and do not exceed 200 percent of the quota.
- (d) The Fund has not previously given appropriate notice that the member is suspended from making further use of the Fund's resources on the ground that it is using them in a manner contrary to the purposes and policies of the Fund; but the Fund shall not give such notice until it has presented to the member concerned a report setting forth its views and has allowed a suitable time for reply.

The Fund may in its discretion and on terms which safeguard its interests waive any of the conditions above.

3. The operations on the Fund's account will be limited to transactions for the purpose of supplying a member country on the member's initiative with another member's currency in exchange for its own currency or for gold. Transactions provided for under 4 and 7, below, are not subject to this limitation.

4. The Fund will be entitled at its option, with a view to preventing a particular member's currency from becoming scarce:

- (a) To borrow its currency from a member country;
- (b) To offer gold to a member country in exchange for its currency.

5. So long as a member country is entitled to buy another member's currency from the Fund in exchange for its own currency, it shall be prepared to buy its own currency from that member with that member's currency or with gold. This shall not apply to currency subject to restrictions in conformity with IX, 3 below, or to holdings of currency which have accumulated as a result of transactions of a current account nature effected before the removal by the member country of restrictions on multilateral clearing maintained or imposed under X, 2 below.

6. A member country desiring to obtain, directly or indirectly, the currency of another member country for gold is expected, provided that it can do so with equal advantage, to acquire the currency by the sale of gold to the Fund. This shall not preclude the sale of newly-mined gold by a gold-producing country on any market.

7. The Fund may also acquire gold from member countries in accordance with the following provisions:

- (a) A member country may repurchase from the Fund for gold any part of the latter's holdings of its currency.
- (b) So long as a member's holdings of gold and gold-convertible exchange exceed its quota, the Fund in selling foreign exchange to that country shall require that one-half of the net sales of such exchange during the Fund's financial year be paid for with gold.
- (c) If at the end of the Fund's financial year a member's holdings of gold and gold-convertible exchange have increased, the Fund may require up to one-half of the increase to be used to repurchase part of the Fund's holdings of its currency so long as this does not reduce the Fund's holdings of a country's currency below 75 percent of its quota or the member's holdings of gold and gold-convertible exchange below its quota.

IV. Par Values of Member Currencies.

1. The par value of a member's currency shall be agreed with the Fund when it is admitted to membership, and shall be expressed in terms of gold. All transactions between the Fund and members shall be at par, subject to a fixed charge payable by the member making application to the Fund, and all transactions in member currencies shall be at rates within an agreed percentage of parity.

2. Subject to 5, below, no change in the par value of a member's currency shall be made by the Fund without the country's approval. Member countries agree not to propose a change in the parity of their currency unless they consider it appropriate to the correction of a fundamental disequilibrium. Changes shall be made only with the approval of the Fund, subject to the provisions below.

3. The Fund shall approve a requested change in the par value of a member's currency, if it is essential to the correction of a fundamental disequilibrium. In particular, the Fund shall not reject a requested change, necessary to restore equilibrium, because of the domestic social or political policies of the country applying for a change. In considering a requested change, the Fund shall take into consideration the extreme uncertainties prevailing at the time the parities of the currencies of the member countries were initially agreed upon.

4. After consulting the Fund, a member country may change the established parity of its currency, provided the proposed change, inclusive of any previous change since the establishment of the Fund, does not exceed 10 percent. In the case of application for a further change, not covered by the above and not exceeding 10 percent, the Fund shall give its decision within two days of receiving the application, if the applicant so requests.

5. An agreed uniform change may be made in the gold value of member currencies, provided every member country having 10 percent or more of the aggregate quotas approves.

V. Capital Transactions.

1. A member country may not use the Fund's resources to meet a large or sustained outflow of capital, and the Fund may require a member country to exercise controls to prevent such use of the resources of the Fund. This provision is not intended to prevent the use of the Fund's resources for capital transactions of reasonable amount required for the expansion of exports or in the ordinary course of trade, banking or other business. Nor is it intended to prevent capital movements which are met out of a member country's own resources of gold and foreign exchange, provided such capital movements are in accordance with the purposes of the Fund.

2. Subject to VI below, a member country may not use its control of capital movements to restrict payments for current transactions or to delay unduly the transfer of funds in settlement of commitments.

VI. Apportionment of Scarce Currencies.

1. When it becomes evident to the Fund that the demand for a member country's currency may soon exhaust the Fund's holdings of that currency, the Fund shall so inform member countries and propose an equitable method of apportioning the scarce currency. When a currency is thus declared scarce, the Fund shall issue a report embodying the causes of the scarcity and containing recommendations designed to bring it to an end.

2. A decision by the Fund to apportion a scarce currency shall operate as an authorization to a member country, after consultation with the Fund, temporarily to restrict the freedom of exchange operations in the affected currency, and in determining the manner of restricting the demand and rationing the limited supply among its nationals, the member country shall have complete jurisdiction.

VII. Management.

1. The Fund shall be governed by a board on which each member will be represented and by an executive committee. The executive committee shall consist of at least nine members including the representatives of the five countries with the largest quotas.

2. The distribution of voting power on the board and the executive committee shall be closely related to the quotas.

3. Subject to II, 2 and IV, 5, all matters shall be settled by a majority of the votes.

4. The Fund shall publish at short intervals a statement of its position showing the extent of its holdings of member currencies and of gold and its transactions in gold.

VIII. Withdrawal.

1. A member country may withdraw from the Fund by giving notice in writing.

2. The reciprocal obligations of the Fund and the country are to be liquidated within a reasonable time.

3. After a member country has given notice in writing of its withdrawal from the Fund, the Fund may not dispose of its holdings of the country's currency except in accordance with the arrangements made under 2, above. After a country has given notice of withdrawal, its use of the resources of the Fund is subject to the approval of the Fund.

IX. The Obligations of Member Countries.

1. Not to buy gold at a price which exceeds the agreed parity of its currency by more than a prescribed margin and not to sell gold at a price which falls below the agreed parity by more than a prescribed margin.

2. Not to allow exchange transactions in its market in currencies of other members at rates outside a prescribed range based on the agreed parities.

3. Not to impose restrictions on payments for current international transactions with other member countries (other than those involving capital transfers or in accordance with VI, above) or to engage in any discriminatory currency arrangements or multiple currency practices without the approval of the Fund.

X. Transitional Arrangements.

1. Since the Fund is not intended to provide facilities for relief or reconstruction or to deal with international indebtedness arising out of the war, the agreement of a member country to provisions III, 5 and IX, 3 above, shall not become operative until it is satisfied as to the arrangements at its disposal to facilitate the settlement of the balance of payments differences during the early post-war transition period by means which will not unduly encumber its facilities with the Fund.

2. During this transition period member countries may maintain and adapt to changing circumstances exchange regulations of the character which have been in operation during the war, but they shall undertake to withdraw as soon as possible by progressive stages any restrictions which impede multilateral clearing on current account. In their exchange policy they shall pay continuous regard to the principles and objectives of the Fund; and they shall take all possible measures to develop commercial and financial relations with other member countries which will facilitate international payments and the maintenance of exchange stability.

3. The Fund may make representations to any member that conditions are favorable to withdrawal of particular restrictions or for the general abandonment of the restrictions inconsistent with IX, 3 above. Not later than three years after coming into force of the Fund any member still retaining any restrictions inconsistent with IX, 3 shall consult with the Fund as to their further retention.

4. In its relations with member countries, the Fund shall recognize that the transition period is one of change and adjustment, and in deciding on its attitude to any proposals presented by members it shall give the member country the benefit of any reasonable doubt.

SECRETARY MORGENTHAU'S PRESS & RADIO CONFERENCE

10:30 a.m. January 11, 1945

- H.M.JR: Good morning.
- Q Good morning, Mr. Secretary.
- A Let's see how this works this morning; I haven't any news to offer. We will see how good a press-- I am holding you responsible for press conferences if they don't work out all right--
- Q I will start it; I will ask a question, Mr. Secretary. The office would like to know how you feel about post-war universal training for youth.
- A Well, you tell the office that any opinion I have will be purely personal. I don't want to express my personal opinion.
- Q All the Cabinet Members are being asked that by United Press people.
- A This Cabinet Member isn't going to shoot off his mouth on that.
- Q You, of course, support the President?
- A Yes.
- Q You don't want to imply that you are against the President?

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A No, but why should I talk about that?

Q Thank you.

A Thank you. (Laughter) I support the President, but--

Q Mr. Secretary, have you any further--

A My back yard is big enough. I support the President, period. The Wall Street Journal comes to my rescue, period.

Q Have you made any further moves on the old question of taxation of municipal bonds and State bonds since that port authority case which--

A To be very technical, I will let Mr. Blough answer you on that one. Mr. Blough?

MR. BLOUGH: As I understand it, all that was decided in that case was that so far as what was the second circuit was concerned, in which the New York Port of Authority is located, the statute exempted the Port of New York Authority bonds from taxation-- interest on those bonds. The Supreme Court did not grant certiorari, and, therefore, the constitutional issue which the Treasury had pressed has had no decision by any court, Tax Court, Circuit Court of Appeals, Supreme Court, or anybody else. The constitutional issue is thus

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exactly where it was before, and the only difficulty is that the case on which it was thought constitutionality might be reached turned out to be a statutory exemption. So far as I can see it makes no change in anybody's point of view or anybody's plans regarding it.

Q May I ask further if you have any other plans?

H.M.JR: No.

MR. BLOUGH: I know of none.

Q Have you any plans on various years you had supported programs on the Hill that you were to amend taxes on State bonds and municipal bonds?

H.M.JR: We have no plans.

MR. BLOUGH: No doubt this will enter into consideration for plans in general, but nothing specific at all.

H.M.JR: Nothing specific.

Q Mr. Secretary, the President said in his Budget Message the other day that he expected to avoid this time the mistakes that had been made in handling the Budget, and taxes after the last war. Can you tell us what those mistakes were and how you are going to avoid them this time?

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- A Well, where is Bell?
- What I would--my guess--well, the press should try and interpret it. Do you think I should try to?
- MR. BELL: I don't think we can. It was asked at the last press conference, and we said we assumed what the Budget Message had reference to was rapid reduction in taxes over a period rather than keeping taxes higher and retiring the war debt. That is what we said. We don't know the basis of it, but we assumed--
- H.M. JR.: That is what Bell said last time, and I thought it was a very good answer. Does that take care of you?
- Q I wasn't here then. Well, for the present, that means opposition to any tax reduction for a long time to come, doesn't it, Mr. Secretary? (Laughter)
- A I thought it was too good. It wouldn't last very long. (Laughter) Talking for myself, I think it is important that we reduce the national debt as rapidly as possible through maintaining a strong tax structure. Put it that way.
- Q That doesn't necessarily imply that you wouldn't

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favor some aid to small business when the war is over?

A That is quite right. I mean we could have various adjustments in the tax structure which would encourage small business to go forward, but I do feel--and I believe that is the way the President feels--that we must get rid of this debt, and the only way I know of getting rid of it is to maintain a fairly high level of taxes so that we can pay it off.

Q Are you referring to progressive income taxes now, or consumer taxes--indirect taxes---are you referring--

A I was thinking of all the progressive taxes on industry.

A You said the only way you knew was to keep fairly high taxes until the debt is paid off.

A A high tax structure--I think my generation certainly should realize that the rest of our lives we will be paying taxes, I mean, in order to pay off this debt within a reasonable time. That doesn't mean that within that there can't be adjustments

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so that business will be encouraged--all kinds of business--to go forward. So I think, without going into a whole list of things, that is a fairly clear statement, isn't it?

Q Mr. Secretary, a moment ago you talked about reducing the national debt as soon as possible through a strong tax structure. Then you said something about high taxes.

A There is no difference between the two, strong and high. I will put it this way: Talking generally, I think my generation should realize that for the rest of their lives they will be paying high taxes in comparison to what we did prior to '41. Roy?

MR. FLOUGH: Sure.

H.M.JR: Would you use the word high?

MR. FLOUGH: I thought your first statement about strong reflected what you really had in mind better. A strong tax structure means high and broad, usually.

H.M.JR: Let's stick to the word strong.

Q Your second statement was all right. You said fairly high.

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H.W.JR: Let's talk about a strong tax structure.

Q Mr. Secretary, the other day in the President's Message he said that there would be a need to raise thirty-five billion dollars from borrowing from the public to meet 1946 needs. Well, does that mean we might have just two war bond drives during that year?

A Oh, I don't want to cross that bridge. It is too far away. We are sticking to this, that the Seventh War Loan will fall somewhere in the May-June area. I think that is looking far enough ahead.

Q Of course, that would be in this present fiscal year and has nothing to do with '46 fiscal year.

A I still say, by way of announcing it, that we will have the Seventh War Loan somewhere in the May-June area.

Q That would almost imply three drives, because if we had that one, then you mean for the fiscal year, don't you?

A He is most likely right; I don't want to go out on that.

Q He merely proposed an estimated reduction in cost of the bond drive expenses.

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- Q That is what I was thinking of. I thought maybe it could be split in two.
- Q That doesn't mean necessarily that you will have fewer drives. It may mean you would get more volunteer workers, and it wouldn't cost so much.
- A I still say that I think we all learned a lesson in prophesying the cost of the war, and I certainly have been cautious in all my prophesies. When I go out and say there will be a Seventh War Loan in the May-June area, that is as far as I want to go. How many more there will be, I don't know.
- Q May I ask a couple of questions on this post-war taxation study in cooperation with Congress? Is it still going on?
- A Roy, do you want to answer that? You head this for me.
- MR. BLOUGH: I recall as late as last week, I think it was, that Senator George and Congressman Doughton issued a joint statement indicating it was still going on, and that they were pleased with the progress to date, and also that they planned to have a meeting of the Joint Committee shortly. As a matter of fact, I think in that statement they indicated

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they planned to have a meeting this week. I understand that Chairman Doughton has been out of town, or ill, and has not been available.

H.M.JR: Don't say that; he is awfully sensitive on that.

MR. BLOUGH: I am not saying that as a matter of news.

H.M.JR: He is working here sixteen hours a day, you know.

MR. BLOUGH: In other words, the plans are definitely there.

H.M.JR: Don't quote me. If they say Roy Blough says he was away, Roy couldn't go back up on the Hill again. (Laughter)

MR. BLOUGH: We might say he was over-worked, or something. All I am saying is that as I understand it they issued a statement last week saying they would have a meeting shortly, and as far as I know, that is still a definite plan. I don't know of any change at all in the outlook for continued study. I would like to ask--as far as the mechanics of it goes, when a report is issued, I presume it will be by the Joint Committee. And will that be the joint report of the Treasury staff and the Congressional experts, or will it be based on a report made by the Treasury staff to the Joint Committee? I would like to know if that has been decided.

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A I don't think I would look too far ahead to just what the mechanics of this are going to be, but I would contemplate, as I understand they are contemplating, that the joint committee will make a report.

Now, with regard to the rest of your question, I don't know the answer.

H.M. JR: He's not ducking. He just doesn't know.

MR. BLOUGH: I mean, they haven't determined the mechanics. What they are doing now is--

H.M. JR: You may have given him an idea.

MR. BLOUGH: What they are planning to do is to take the material which is jointly submitted to them by the Treasury Staff and the joint committee staff. They have been working as a unit. They have meetings several times a week. We are preparing a unified report in several sections. That report will be submitted to them.

In fact, before Christmas one section was taken up with them at one meeting. That report will

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submitted to them. It is highly confidential. It will not be made public in any way until the Joint Committee says it may.

Q

It's up to them what they give out?

A

It's up to them, and it is being jointly presented to them. They will presumably go ahead with the study at their level and arrive at some conclusions, and they may choose to make a report, or make our report public. They may choose to do a number of other things. It is entirely up to them.

Q

Mr. Secretary, I wonder if you will say that relations throughout this study between Treasury and Congress have been closer than at any time within the last few years?

(Discussion off the record)

H.M.JR:

Yes, I can say so unhesitatingly, and Mr. Doughton and Mr. George have reiterated that only as of last week, and I thought the joint statement spoke volumes along that line. I don't want to be quoted on that, but I thought it was indicative of the good feeling. I think that we have all learned to give and take,

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and I think that our relationship with them, and they have so told me, is better than it has been at any time.

(Discussion resumed on the record)

Q Do you think a tax recommendation from the joint committee would be more receptive to Congress generally than tax recommendations from the treasury? I mean, that seems to be the way you are clearing it.

A I would say yes, sure. Why not? It's their own people. Is that all right, Roy?

MR. BLOUGH: It is a joint undertaking, and naturally a joint undertaking has more people with it than a separate undertaking.

H.M. JR: Joint would be the Joint Committee and the Treasury?

Q The expert levels of both the Treasury and--

A I mean, if they have a recommendation which has been worked on by their own staff and our staff, it stands to reason it would bear more weight than if they came up alone or we came up alone.

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MR. GASTON: If you want to use military terms, it's combined might rather than joint.

H.M.JR: Sure.

Q May I ask, it isn't expected that this report can be made available by the joint staffs in its final form, is it?

MR. BLOUGH: The report of the joint staffs is a report to the joint committee, and it is strictly confidential.

Q Is it available to the committee at this time? I had understood that revisions might possibly have to be made--that it wasn't complete.

A It is going on. The work is going on from day to day, and not all of the sections have their reports completed. But it will go on, continue to go on perhaps for some months to come, so that it is being submitted as the joint committee is ready to receive it.

Q What I had in mind was that there was some confusion caused by the fact that the report

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had been started. I mean you had started to give it to the Hill, and it was assumed that you had substantially completed it and arrived at a date on which you wished to present it. I understood that revisions were being made, and I was wondering about the status of the report as a whole.

A I know of no such--

Q What you are doing is giving them reports in various phases.

A We are giving it to them in sections, and we got started with them before the holidays, and the Congressional session was a very busy one, as you recall. They went home and recessed, and they are now very busy organizing. The Ways and Means Committee is the Committee on Committaes.

H.M.JR: And it hasn't been filled yet. I don't think they have filled the vacancies on the Ways and Means Committee.

Q Yes they have--Mr. Anderson of New Mexico.

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- A That is quite recent, isn't it?
- Q Yes, the day they met.
- A Are they all filled?
- Q The Democrats are, and two Republicans.
- Q Two Republicans are yet to be filled.
- Q Oh, Republicans. I was thinking of Democrats.
- MR. BLOUGH: It won't affect the joint committee.
- H.M.JR: The point was raised seriously that they were not yet organized. That came up in a conversation with Mr. Doughton that the Ways and Means Committee was not yet organized. I think my statement is correct.
- Q I think there are changes to be made on the Joint Committee, too, because Disney was on that.
- MR. BLOUGH: I don't know about that. In any event, the delays--you couldn't call them delays, but the fact that we started before Christmas and now are continuing after Christmas is a purely natural procedural situation reflecting no change in plans, reflecting no discovery that everything is all wrong or anything else. It is

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a purely natural procedure, and we are going on just as if the holidays hadn't interrupted.

Q Mr. Secretary, have you read Mr. Eccles' proposals on taxes?

H.M.JR: Again, it seems Roy knows all about taxes. What would I do without Roy? Explain that. That is quite an old one which I think they picked up.

MR. BLOUGH: That is Mr. Eccles' speech before the National Industrial Conference Board, and he had lots of shots.

H.M.JR: It is quite old, isn't it?

MR. BLOUGH: Yes, middle of last month.

Q November.

A Yes, November.

H.M.JR: And they picked it up as new.

(Discussion off the record)

Off the record, even Senator George evidently thought it was something new.

(Discussion resumed on the record)

Q United Press gave it as new. (Laughter)

Q I didn't. I got the information from my boss--

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A You keep referring to your boss. I want to meet him.

Q I don't like to take the blame for anything I didn't do.

Q It was the best tax story of the year, anyway.

Q It was. I did it. Incidentally, Mr. Secretary, I wonder if you would care to comment on the fact that the Sixth War Loan sold more bonds than all of the four Liberty Loans and Victory Loans combined in the last war. Did you ever look at it that way?

A No. In view of your previous record, do you mind if I ask Mr. Bell, is it so?

MR. BELL: Yes, it's so.

H.M.JR: It is wonderful.

Q Yes, that's right. I know it is. I didn't think I could be wrong on my deduction.

A I didn't know.

Q Don't you care to say something about what a swell job people are doing? It shows they've got more money now than ever before, so they can spend more freely on bonds, and so forth.

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A

Here is a letter that is going out to all of the forty-eight chairmen. I'll read this to you. If it's any good to you, I'll give you a copy.

This reads, "Dear Mr. Odlin,--" He is in Takoma, Washington. "It has given me one of the greatest moments of satisfaction and pride of my eleven years in the Treasury to be able to announce the very great success of the Sixth War Loan, with its mark of 21 billions when we asked for 14 and all national quotas exceeded. "The pride I felt was in the accomplishment of our war finance organization, particularly in the work of the state chairmen and the magnificent army of volunteers who are serving under them.

"I am writing to convey again my thanks and my admiration to you as State Chairman and all who have worked with you for another good job superbly done."

This is a personal letter to all forty-eight

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chairmen.

Q Are they all the same?

A They are all the same.

Q They did a lot of work.

A We can give you a list of the letters going out.

MR. GASTON: Mr. Odlin is a banker.

Q He is also a former State Department Commander of the American Legion out there. He served in 1934.

H.M. JR: I'll tell you what to do. They can use it or not. Supposing you give them a list of the chairmen. You can get it from War Bonds-- and also give them a copy of this letter if they want a war bond story.

MR. SHAEFFER: Yes, I'll get it for you.

A That means I've got to sign them all today. No. I mean, that's the last thing, and you might when you are doing that also give them a letter which I wrote to Ted Gamble, my letter of appreciation to Ted Gamble--two letters. You might get both of them, plus this.

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Q All right, thank you, Mr. Secretary.

A Thank you. Wall Street Journal was very helpful today.

SECRETARY MORGENTHAU'S PRESS & RADIO CONFERENCE

10:30 a.m. January 18, 1945

- Q Good morning, sir.
- H.M.JR: Hello. Well, I have nothing to offer, so I will do the best I can to answer.
- Q Mr. Secretary, you were out visiting a traveler at the Washington Sanitarium yesterday.
- A Doing what?
- Q Out at the Washington Sanitarium visiting a traveler.
- A A traveler! A fellow traveler, anyway. I went out and called on Doctor Kung.
- Q Any special reason?
- A Who gave you this, the Chinese?
- Q You are visible when you walk around.
- MR. WHITE: I think he was there. He was there visiting a friend.
- H.M.JR: Shall we tell them why or not?
- MR. WHITE: He visited a friend and did some business, nothing specific.
- Q What business? Is it a military secret that today the Chinese and the United States are friendly?

- 2 -

H.W.JR: I don't know what to say on it.

(Discussion off the record.)

A Off the record so there isn't too much mystery about it, I went out there, and I don't know whether we want to say it or not--it was a joint operation. I went out there to give him a check for one hundred and forty million dollars and four cents.

Q Why the four cents?

A That is what I asked. Again off the record, we will have to find out.
The Secretary of War asked me to conduct the negotiations in payment for the military operations in China since the 1st of February to the 1st of October, which I did, and this is final payment, but I will have to get the War Department's permission to release this, because I was acting for the Secretary of War. It was about a five-months negotiation.

Q Did they seek a lot more than that?

A Well, we won't go into that.

Q If you have negotiated five months, you must have gotten something out of it.

- 3 -

A All right, but you will have to ask the War Department, Harry, if they want to release this. See?

MR. WHITE: Payment of the sum?

H.M.JR: Yes, payment. We will have to get their permission. I mean, I was acting on their behalf, and I went out there.

(Discussion resumed on the record)

A The man was sick, and I called on him; it was the courteous thing to do. You can say that.

Q I bet he felt better after you left.

A I think he felt a lot better.

(Discussion off the record)

A Again off the record, you know this is run by the Seventh-day Adventists. I don't know if you know that. It is very funny. He was complaining that they served no meat out there, you see, but he said his sister-in-law said she sees to it that they get chicken soup regularly.

Q Does he smoke?

A Yes, holy smoke!

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Q Did he smoke yesterday?

A He had cigarette butts at his bedside. On the record, the man is sick. I went out there to make a courtesy call. You have your spies everywhere.

We will find out from the War Department. I have been wanting to release this. It is a nice story.

Q Lots of money.

A Harry, see if you can't get the War Department.

MR. WHITE: All right.

(Discussion resumed on the record)

Q I see where the veterans say they don't get any automobiles from your Procurement Surplus Property, Mr. Secretary.

H.M.JR: Well, I got the law on that one. Section 16 of the Surplus Property Act says, "The Board shall prescribe regulations to effectuate the objectives of this Act to aid veterans to establish and maintain their own small business, professional, or agricultural enterprises, by affording veterans suitable preferences to the extent

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feasible and consistent with the policies of this Act in the acquisition of the types of surplus property useful in such enterprises." That is the Act. Now, the Treasury is just one of the disposal agencies to carry out this policy. The Board has just come into existence. The third member, Senator Gillette, has not yet been confirmed, and the Surplus Property Board has not had time yet to formulate a policy or to issue a directive to us as to how we should carry this out.

Q You are selling the automobiles to authorized dealers?

A That is right. We are in sympathy with the purpose of the Act and want to do it, but it is a very complicated piece of business, and the Board has not had time to issue us a directive as one of the disposal agencies, see? I kind of hate to throw it back on them, but that is it.

Q It is their responsibility, and not yours?

A It is their responsibility, and not ours. We are an agent, a sales agency, and we have not

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been instructed how to carry this thing out.
I don't know even if Gillette has been confirmed.
Has he?

Q I don't know.

Q I don't believe so.

Q You have sold a good many automobiles to Government agencies?

A That is right.

Q They get first call on them, don't they?

A First the Government agencies--

Q Tax-supported agencies?

MR. GASTON: Wouldn't it be well to add that we have been discussing the problem with Governor Hurley?

H.M. JR.: That is right, we have. John Pehle says he has been discussing this, as Mr. Gaston says, at great length with Governor Hurley.

Q As to the veterans' point?

A Yes. We would like to carry it out. We don't want a lot of automobiles to pile up on us.

(Discussion off the record)

Q Is there anything further on your currency study?

A No.

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- Q Still nothing can be written about it?
- A That is right. Thank you all for having cooperated. I will give you a good mark.
- Q Have you heard from the State Department on Finland yet?
- A No, we have not. We are still waiting.
- Q Somebody over there told one of our staff, I think almost a week ago--they outlined a pretty definite policy, and it is surprising that they haven't told you about it yet.
- A No, that is not surprising, but don't write that one. No, that is not surprising.
- Q Because Stettinius is busy making movies? Is that it?
- A Now, now, now. I will say this--we are gossiping here--but Mr. Grew, during Mr. Stettinius' absence was Acting Secretary, and he took care of a lot of business in his behalf, so there are a number of very important letters from Grew. They are acting now, but give him a break; give him a chance. What else?
- (Discussion resumed on the record)
- Q Have you had any further meetings with the Joint Committee and your tax experts?
- A Nothing that I can report on.

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Q Mr. Secretary, have you been asked to comment on a bill Senator McCarran introduced for veteran's loans--on the new veteran's loans bill?

H.M.JR: Do you know, Joe?

MR. O'CONNELL: We haven't been asked to comment on the legislation. It was just introduced a few days ago and was referred to the Banking and Currency Committee. We have had no requests for a report.

Q It eliminates the Morris Plan Association and non-insured institutions, who claim they carried the burden of a lot of veteran's credit before the war, and they want to be included, and they are not.

H.M.JR: It hasn't got down here yet.

MR. WHITE: You said burden?

Q That's what they claim--burden, at forty percent interest. (Laughter)

A They like to carry burdens.

H.M.JR: Unless you can dig up some very embarrassing questions--unless you have something else--did that clear the air?

Q I have one little point--nnt embarrassing. I

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didn't understand something in the President's Budget Message, referring to the National Debt. He estimated that the debt will be two hundred and fifty-two billion by next July 1. That, of course, is face value because it was a comparable figure to the two hundred and sixty billion debt limit, and the debt at face value on December 31, I think, was two hundred and thirty-nine billion. If I am correct in that--

A Mr. Bell?

MR. BELL: Two hundred and thirty billion was the gross public debt on January 1.

Q The face amount?

A Yes. It was quoted on the Daily Treasury Statement, if that's what you call the face amount.

Q That is not the face amount, as I understood it.

A What are you thinking of, Savings Bonds?

Q You get out regular statements showing how much you can add to securities before reaching the debt limit of two hundred and sixty billion. Your last one said two hundred and thirty-nine billion was the present amount.

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A Yes. That includes the future accrual on Savings Bonds and we still have some twenty billion dollars under the limit we can borrow. That was the January 1 statement.

Q That's what I am talking about. That would leave only thirteen billion to go if his estimate of two hundred and fifty-two billion by July 1 is right.

A The two figures are not comparable. The figure that is comparable with the President's estimate of two hundred and fifty-two billion is two hundred and thirty billion, shown on the Public Debt Statement, so you still have twenty billion to go either way.

Q I am glad you straightened that out. We asked the Budget Director if that would be comparable to the two hundred and sixty billion debt limit, and he said yes.

A The two hundred and fifty is comparable to the two hundred and sixty which was in the Budget last year, and on that basis we asked for the two hundred and sixty billion limit, which Congress passed.

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But there is a difference between the amount shown on the statement we give out every month that we can borrow and the gross public debt shown on the Public Debt Statement because of future accruals of Savings Bonds. When we give out a statement showing how much we can still borrow, we have to first include the future accruals on Savings Bonds. We have to provide a reserve for that.

Q Is that through to maturity of each one?

A Yes.

Q I see.

A So you get a figure of two hundred and thirty-nine billion, including future accruals; deducting from two hundred and sixty you get twenty billion dollars under your limitation.

MR. GASTON: Isn't there a smaller amount of debt that is not included under the Second Liberty Bond?

MR. BELL: That is small, but we have to adjust that on the statement.

H.M.JR: Does that clear that up?

Q Yes.

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Q The trouble is we asked him particularly, and I understood that the two hundred fifty-two billion of July 1, and the two hundred ninety-two billion of July 1, 1946, in the President's message, did include future accruals, and that is what confused me, but if they don't, why--

MR. BELL: They do not.

H.M.JR: You are getting it from the horse's mouth.

Q Just one more question, Mr. Secretary. Is it possible that maybe the Seventh War Loan drive will be limited to purchases by individuals only in view of the better picture?

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A That is something which we are working on very hard now, and any guess as to what the basket will be for the Seventh War Loan would be a guess on your part and mine. We just don't know.

Q I see. But it is being discussed, is that right?

A Sure. We are working very hard on it.

Q Are you going to rule out insurance companies?

A We are working on the whole--what is going to be the basket for the Seventh War Loan, and we are working with the Federal Reserve Board,

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and the Open Market Committee, and we are right now in the midst of that. We are exploring all possible avenues. What can come out, I don't know.

MR. BELL: No decisions have been made on any front other than the one you made that it will be either in May or June. That is the only decision that has been made.

H.M.JR: I just want to say that it is being studied by the Federal Reserve Board, the Federal Reserve Banks, and the Open Market Committee.

(Discussion off the record)

And, off the record, when we begin to take in people outside the Treasury, why, we can't stop them from talking, unfortunately.

Q A banker told me--

Q That's where it came from, do you think?

A It wouldn't come from the Treasury, because when we begin to consult with other people, you know--"I told the Treasury this," etc.

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(Discussion resumed on the record)

- Q The Open Market Committee, too? They met the first part of the week.
- A There have been meetings.
- Q Did you meet with the Open Market Committee on Monday or Tuesday?
- A We met, as far as meetings go, with Mr. Eccles and Mr. Sproul.
- Q I see.
- MR. BELL: I met with them when they were here this time.
- H.M.JK: Mr. Bell met with them.
- Q Did you reach a tentative figure on the size of--
- A No, nothing. You probably will hear rumors, but if you want to know, come and see me.
- Q At least we get a chance to ask you on two different occasions each week now.
- A That's right.
- MR. BELL: The first meetings, Mr. Secretary, are almost always confined exclusively to going over what happened in the past, and not what is going to happen in the future.

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H.M.JR: What is known as a bull session.
MR. BELL Studying the Sixth War Loan.
Q We have had quite a few of them up here.
H.M.JR: Thank you.
Q Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S PRESS & RADIO CONFERENCE

4:00 p.m. January 22, 1945

- H.M.JR: We have a little story on China for you. Are there any questions on this?
- Q About China?
- Q It doesn't tell us very much, Mr. Secretary.
- A What more do you want to know?
- Q What it excludes. This sentence says it "excludes certain aid furnished to the United States."
- A Well, the Chinese are furnishing, through Lend-Lease, food and shelter to the American armed forces in China.
- Anything else? I didn't write this, so you can criticize it. (Laughter)
- Q Is there elaboration on "supplies, services, and military construction" mentioned in the first paragraph, sir, any details?
- (Discussion off the record.)
- A This is all inclusive, the cost of keeping the American Army in China, see? I mean, this is really fairly inclusive. I could give you certain things which are in debate. That is why you can't say all-inclusive. But this--I will put it this

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way: This covers the majority of operations of the American Army. That would be a safe way. The reason we had to do this off the record is, I have been acting for Mr. Stimson in this, and he had the people on it. We don't have any bookkeepers, and we sometimes do all the records of it. There is some dispute between the officials of China and the officials of the Army, but it is pretty much--I mean, it is an amicable agreement after four months, and good for both sides. Enough on that?

Q Mr. Secretary, does this include compensation for the Chinese for constructing the B-29 fields?

A Harry?

MR. WHITE: Some of this expenditure was made for the construction of some of the airfields. I don't know specifically which ones.

H.M.JR: That is one of the things that is still a little in the air, which fields it does, and which it doesn't, but it covers the majority, practically-- I mean, I don't know. I suppose some of those accounts won't be in for a long time. I tell

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you, if you don't mind writing this story, because the net result we are after is to leave a good taste in the mouth of the Chinese people, as well as the American taxpayer. I can say that I think any bargain to be fair has to be good for both sides. I think this is a fair bargain. There are so few things left in dispute, and I don't want to start a discussion in either the American press or the Chinese press, because we have enough trouble facing the enemy. But certainly as between Mr. Kung and myself we both are quite happy over this settlement. On account of the Army having their fiscal offices in the field, it may be a couple of years before the books are finally sent in.

MR. WHITE: Isn't it that, rather than dispute, Mr. Secretary-- all the data?

H.M.JR: It will be a couple of years before the final stuff is in. They had to be paid over a given period, and they have been paid. If you don't mind, don't let's give the Japanese radio stations something to feed on. May I talk very frankly? So far my trust has not been

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misplaced. There are a few people here who do not know that.

Q Can we expect anything shortly on that money move?

A No, no.

(Discussion resumed on the record.)

A I don't know whether Mr. Speaker told you we were up on the Hill today. Mr. Acheson, Mr. O'Connell, Mr. White, and myself had a meeting with the Speaker. Mr. McCormack, Mr. Vincent--

MR. WHITE: Mr. Who? Spence.

H.M.JR: Spence, and Jesse Wolcott. We were planning for legislation on Bretton Woods. We went up there at Mr. McCormack's instigation. They would like it to come up as soon as possible.

Q Did anything tangible develop out of that, Mr. Secretary?

A Only that we will try to work a little faster with their bill-drafting people on the Hill who are preparing it.

Q You are in the status of drafting the legislation?

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- A They are, and we are working with them. The bill will be drafted on the Hill, and we will do the same thing on the Senate side to make sure that it is the way they want it.
- Q Is the general plan to have the hearings on the House side first?
- A Yes.
- Q I don't recall, sir--I don't wish to have you repeat what you said at the press conference at which you mentioned this previously, but what I wondered is, you mentioned Spence and Wolcott. That is the Banking and Currency Committee. Does that mean both the Stabilization Fund and the Bank would come before the Banking and Currency Committee?
- A I so assume. I mean, Mr. McCormack wanted to know about Bretton Woods, and as a result of that, the Speaker called this meeting. The people he called there were Mr. Spence and Mr. Wolcott, so I assume that the Speaker has decided it goes to Banking and Currency. It is an assumption.
- Q The legislation is being drafted for both?
- A Oh, yes.

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- Q Two different bills?
- A I don't know. They are drafting it, so I don't know.
- Q Did they give any indication as to how soon they would have it ready?
- A The indication is that it would be one, one piece of legislation.
What was the second question?
- Q Did they give any indication as to how soon it would be ready?
- A I don't know--a week or two, I would say, at the longest.
Do you think that is too optimistic?
- MR. O'CONNELL: No, I think that is about right, a week or two.
- Q And the hearings--would it be reasonable to expect they would start--
- A They would follow immediately.

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- Q Do you think there will be any Presidential plea for early passage of the legislation, Mr. Secretary, or just--would the Budget Message suffice on that?
- A I think we can count on full support from the White House on this.
- Q I understand the amount of money they will call for will be a very small amount.
- A I think we better wait a little bit. I want to see how the Hill drafts this legislation.
- Q I understand that although the monetary agreement has been here since last July, none of the countries have come in to sign. Is that true?
- A Harry?
- MR. WHITE: None of the countries have come in and signed?
- H.M.JR: They all signed at Bretton Woods.
- MR. WHITE: The Bretton Woods agreement has been all signed.
- MR. GASTON: The formal action. The Congressional action is here.
- MR. WHITE: A number of countries have indicated, and doubtless the others feel the same way, although they

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haven't indicated it, of course, directly, that they are waiting for American action, because they realize that American action would be more or less decisive in consideration--

Q Would you compromise if they threw the fund out and retained the bank, Mr. Secretary?

H.M.JR: Did you think that up all by yourself?

Q Honestly. I had a very quiet week end.

A If that is true, I am not going to answer it. If there were a third party, it would be different.

Q No, there isn't.

Q I was going to say with the cooperation of the gentleman in Foreign Affairs, what's his name?

A What else?

Q Anything on taxes, Mr. Secretary?

A No.

Q Mr. Secretary, I wondered--Senator Murray made the statement on the floor of the House today that the Treasury had the opportunity to study the full employment bill. Have you got any endorsement you'd like to give that piece of legislation?

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A A number of us are working on it at the invitation of Senator Murray. Senator Murray asked for suggestions.

Q Well, he's revised it now.

A Yes, but I don't think that our suggestions have reached him yet, have they, Joe?

MR. O'CONNELL: We have had a couple of informal discussions, and we have made no suggestions other than for minor, informal changes. We have not, and we are not yet, in a position to endorse the bill. We weren't asked to. I am sure we aren't prepared to at this time.

H.M.JR: But we are working with him.

MR. O'CONNELL: He asked, last week, a couple of his people to come up and talk with us with respect to the language changes and technical revisions to some portions of the bill, and we had two discussions with some of his people at that level.

Q You wouldn't care to give us any clue as to the attitude which the Treasury might take, particularly in view of the President's remarks?

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- H.M.JR: I'll add to it, but you let it go. If you take the idea in the Murray Bill, we here are in sympathy with it. How to carry it out is something else.
- Q You are in sympathy with the purposes of the Murray Bill would be proper.
- A Yes, the purposes.
- Q Yes.
- Q Mr. Secretary, do you have any comment on the new Cabinet appointment?
- A Yes. I think it's fine. I'm delighted.
- Q Mr. Secretary, there was a story from London today to the effect that the next Lend-Lease agreement will be brought out shortly, and the story is that Great Britain and Russia are negotiating for lost credit, that is, England granting it to Russia for reconstruction of the Ukraine. Have the Russian authorities here asked for any credit?
- A I can't answer that.
- Q You couldn't?
- A No.

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- Q That doesn't mean you deny it or confirm it?
- A I don't wish to answer the question. That's good English, isn't it? Do you speak English?
- Q It's very good English, but it's not productive, Mr. Secretary.
- A It wasn't intended to be. Nick and I are old friends. We do this regularly. He always wins, though.
- Q I haven't won in this one.
- Q Mr. Secretary, could we go back to the release for a minute?
- A Please.
- Q I was wondering in regard to this portion of the third paragraph where you say, "A portion of the settlement came from U.S. funds already in China,"-- that's clear--and then you say, "a portion from funds previously placed to China's credit in the United States--." Does that mean a portion of the two hundred ten million dollars will be deducted from previous loans to China, say? I don't quite get that.

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- A Harry, answer that.
- MR. WHITE: It is purely an accounting procedure. No, this doesn't. It simply means certain monies which were in China which the Army had, and which were transferred, and it also means similar funds which were here which belonged to the United States.
- Q The reason there was a question in my mind was because they said "previously placed to China's credit." I didn't quite understand that.
- MR. WHITE: It is purely a matter of accounting.
- H.M.JR: You have nothing to add to that other than it is an accounting procedure? I mean, we give them, so to speak, new money.
- MR. BELL: Yes, there is nothing to it except this was money paid on account pending the settlement.
- Q I see.
- Q Is this under this mutual aid agreement you have with China?
- H.M.JR: No, this is wholly a military matter where Mr. Stimson asked me to conduct these negotiations

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on behalf of the Army.

Q

Thank you, Mr. Secretary.

A

Thank you.

SECRETARY MORGENTHAU'S PRESS & RADIO CONFERENCE

10:30 a.m., January 25, 1945

- H.M.JR: Good morning.
- Q Good morning, Mr. Secretary.
- Q Could I possibly get hold of the broadcast sometime before Saturday night for use later on?
- A You and me both. I hope I will have it before Saturday night.
- Q It would make a pretty good story, too, in addition because of what was in--
- A The reason I say I have nothing is because I am with you.
- Q Will you instruct Mr. Shaeffer to see that he gives me a copy?
- Q On what?
- Q Bretton Woods.
- A The reason I say I am complaining--
- Q These incidents you dramatize--
- A I haven't got any. But you want it when?
- Q Saturday, if I could have it then.
- A If it is ready--
- Q Mr. Secretary, they are going to introduce a bill in the House and Senate--the Banking Committee--

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having to do with the President's proposal on reserves for Federal Reserve notes. Would you appear on that, the changing of procedure?

A Bell, do you want to take that?

MR. BELL: I think it is primarily a Federal Reserve matter and Mr. Eccles will handle it. You are talking about ratio?

Q That is right.

A It is a Federal Reserve matter primarily, and Mr. Eccles will handle it. We will appear if it is necessary.

H.M.JR: It has been settled that it is going to be introduced?

MR. BELL: Yes.

Q They had conferences.

A The President recommended it in the Budget Message, and the bill will be introduced in the next few weeks, I should think.

H.M.JR: I am not sure he isn't on a fishing expedition, and I just don't want to confirm--

Q I have written a story on it saying--

A We will have to take it as a Federal Reserve matter.

Q ...laying out the percentage agreed upon, and so forth.

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A Whatever will come will come from them. I do have a provision--supposed to have a provision having to do with pledging Government securities. That has been running along for a year at a time. We are suggesting making it permanent. Mr. Bell has been conferring with them, and they with us, but it is their bill, and we are working with them on it.

MR. BELL: It is necessary to extend that law, too, so it is just part of the general bill.

Q Under your policy, any legislation which the Federal Reserve would introduce would come largely with their instigation, and, therefore, you couldn't give us any light? It was a joint policy which was announced by Mr. Eccles for the benefit--

MR. BELL: It is something on which we confer, but we don't necessarily go up on the Hill unless the Committee wants us. Then we will, of course, go, but the last time they didn't ask us to come up. It is something that has to be done, and it is non-controversial. I don't see why we should be called upon this time, but if we are, we will be glad to go. It is

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primarily a Federal Reserve Board matter.

Q Have you permitted Finland to pay its debt installment out of its frozen funds?

H.M.JR: Mr. White?

MR. WHITE: We are still waiting for further clarification from the State Department.

H.M.JR: You are wrong, excuse me. The letter is over here, and Orvis Schmidt--

MR. WHITE: The letter still left some doubt.

H.M.JR: Did it? Have you thrown it back over there?

MR. WHITE: It is not wholly clear. I think it could be cleared up very quickly, but it is still not wholly clear, not as of the day before yesterday.

H.M.JR: I see.

MR. WHITE: It may have been cleared up yesterday. I could find out while they are here whether it has been.

H.M.JR: Does that answer your question?

Q Partially. I wondered if you had asked them for further clarification by letter or telephone or--

MR. WHITE: There are some conversations going on. It is chiefly a question that can be cleared up pretty easily now. If it is a matter of any importance

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to you, I will find out. Maybe it has been cleared up.

Q Do you know what the probable outcome will be?

A I can guess, if you like, but--

H.M.JR: Better not; you had better wait.

Q Mr. Secretary, I have seen the suggestion or heard the suggestion made that the excess profits post-war refund bonds are being made negotiable but not redeemable immediately in the interest of permitting some companies to start on their reconversion if, as, and when they are ready for it, and yet it wouldn't cost the Treasury anything. Is there anything on that?

A Not over my desk. On yours, Dan?

MR. BELL: What is that?

MR. BLOUGH: That is under study in connection with the tax matters that are on the Hill. There is nothing to report on that one yet, though.

Q Is that under study in your joint meetings with the same group?

A Yes.

Q Would the Treasury generally favor such a move?

H.M.JR: Roy?

MR. BLOUGH: I should think that would depend a good deal on

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what time you are talking about and what taxpayers you are talking about, and so forth. It isn't something that could be answered yes or no.

Q The taxpayers would be whatever corporations hold the bonds, wouldn't they?

A Well, if I may talk off the record for a bit, that problem is composed of three or four factors, first is the stage of the war. Now, as long as we are in this present stage of the war there is no use talking about this problem, because there is no reconversion, and every effort is being made to push the war.

Q May I interrupt you there? Aren't there some few corporations that are reconverting now?

A Yes, but very few, and the publicity of making this available generally would probably be worse with respect to the war effort than the benefits there might be in the case of a very few. So the first factor is the state of the war. The second factor is the need of the company and the uses it is going to make of the money, and the problem of determining which company is going to use the money for reconversion and which

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company is going to use it for dividends is not an easy problem.

Q That could be written in?

A You can write it in, but can you administer it successfully? I think the third factor is the size of the company. The little ones, undoubtedly, have more trouble in financing reconversion, and so forth, than the big ones, but I think at this stage of the war it is not the time to talk about that. The whole problem is under study, and I would rather that be off the record.

Q In that connection, do you know whether or not the banks would be willing to discount their bonds? Have you studied that phase of it?

MR. BLOUGH: Well, I have no reason to believe that once they are issued they will not be willing to take that.

MR. BELL: There is a provision they may be discounted as soon as the war is over.

MR. BLOUGH: They may be negotiated as soon as the war is over. They are just not interest-bearing bonds.

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- Q I assumed they would, but I wondered if you had made any study of that.
- A We have no indication whatever that they will be treated any differently from any other Government bonds.
- H.M.JR: This explanation was for their benefit, but not for them to write.
- MR. BLOUGH: That is right; that is off the record.
- H.M.JR: How do you want it, Roy? You said--
- MR. BLOUGH: I said off the record. I don't see any reason why, if they want to be very intelligent and write what they think, it isn't all right, just so they don't attribute it to us.
- MR. GASTON: I think it is all right for background stuff on their own authority, but the Treasury should not be mentioned.
- Q Do you think you might let us quote what you said about their not wanting to do it at this stage of the war because you don't want--
- A No quotes at all. That ties the whole background to us.
- Q There are three points you made on the thing that are off the record.
- H.M.JR: You can do it for background, but you can't give him credit for it, or any Treasury official, if that completes it.

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- Q This is being put on ahead of studies on carry-over. This will be made available on any privilege which will be extended to making carry-overs?
- MR. BLOUGH: You mean carry-backs.
- Q All right, carry-backs.
- A This would be in the same general category as carry-backs, speeding up to the carry-backs. They are both provisions for the purpose of making it easier for concerns with relatively little cash to get over the reconversion hump.
- Q Isn't this being given some priority consideration, that this might be done ahead of that, because the other involves various problems?
- A I hadn't heard of any priorities on this or that.
- Q It is still a part of the reconversion picture.
- A It's part of such adjustments that would be necessary for the reconversion period.
- Q Could you summarize very briefly without taking too much time what the proposal is?
- A Perhaps the man who asked the question ought to

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indicate what he was talking about.

Q

As I get it, it is that they make the post war, the excess profits tax post-war refund bonds negotiable immediately or at a specified time earlier than they would have been negotiable, but not to make them redeemable until the time at which they would have been redeemable otherwise.

A

At the present time the excess profits tax rate is ninety-five percent. Ten percent of the excess profits tax is returnable to the company.

Q

Twenty-five percent?

A

Ten percent of the excess profits tax. That is evidenced by the issuance of a non-interest bearing bond. That non-interest bearing bond must--you can't do anything with it under the present law until the end of the war. At that time it can be negotiated, and then there is a scheduled period of redemptions by the Treasury in later years. The proposal here is instead of waiting until the end of the war to make that

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bond negotiable, it will be made negotiable at some earlier period.

Q May I ask on that, how much of those have you issued to date?

A I'll have to check.

MR. BELL: It is on the public debt statement under non-interest bearing debt. It is about three hundred million. You'll find it down at the bottom of the public debt statement, the preliminary statement of January 1, under the non-interest bearing debt. There you will find excess profits tax refund bonds. I think it was close to three hundred million. I am not sure.

MR. BLOUGH: A period of time elapses after returns are filed and taxes are paid before the bonds are issued.

H.M.JR: What else?

Q Do you have any proposal in mind for lowering government long-term interest rates in the next war loan drive?

A Well, there is a lot of talk around, and from our standpoint it is dangerous talk because, well,

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it is just gossip.

Q The present bond prices aren't gossip. If the prices are--if bonds are selling at a point above par, that is something that would lead to a great deal of free-riding, wouldn't it?

A Well, I hadn't quite finished. When we make these studies in advance of a war loan, we have to consult people. We want to consult them. Some of them like to talk about it, and I doubt whether we will know what the basket will be, that is, the securities that make up the offering for the Seventh war Loan. We won't know what they will be for a couple of months, and during the next couple of months, there will be what I call gossip on what we are going to do. Naturally, I like to discourage as much of it as possible, because it really is anybody's guess. We won't know ourselves until the last day. It is one of the most difficult jobs I have to do with the people associated with me, to make up my mind what the offering is going to be, because if we go wrong

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on it, it could very easily mean failure for the war loan drive. We won't know whether we will talk. We will be discussing it, but my advice is, don't take a position on it, because you would be just as apt to be wrong as right.

Q Thank you.

(Discussion off the record)

Q Mr. Secretary, have you made a decision yet on whether to call in five-hundred and one-thousand-dollar bills?

A You are asking that off the record, aren't you?

Q Yes.

A Off the record, we haven't made any decision.

Q Has the study been continuing on that?

A Yes.

Q Could you discuss it a little more for us?

A I have nothing to add to what I said two weeks ago.

Q In other words, the thing hasn't developed very much.

A I can't be very helpful. I explained what we

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were doing to you people. You kept my confidence, and I'd like to continue with that. We ought to be able to give an answer, yes or no, next week, as to whether we are or are not going to do something. In the meantime, you keep my confidence, and I will appreciate it.

(Discussion Resumed on the Record)

Q Mr. Secretary, there has been a great deal of talk lately about a new bill being introduced in Congress to regulate bank holding companies more strictly than they have. The Federal Reserve is quite anxious to see it, and the Treasury would be concerned in it from the supervisory power which it has over banks. Do you have any position on that?

A Oh, I've got a sort of--I used to be interested in my youthful days, but as I get less hair on the top of my head and my waistline increases, I sort of wonder if I'll be here long enough to see something like that go through.

Q There seems to be a great deal of interest on it.

Q I understand the Independent Bankers Association has been working on that thing for a while.

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- A They haven't got to me. Have they got to you?
- MR. BELL: No, they have not.
- H.M.JR: I just told you the state of my mind and my middle, and I think everybody knows where we stand. But it is like community property.
- Q You haven't changed your position on it any, have you, from past statements?
- A No, no.
- (Discussion off the record)
- Neither has, off the record, the gentleman from Texas. Sam Rayburn told me the other day--I am just gossiping now--he said, "Lay off that, Henry. I licked you three times on it." I said, "I remember." (Laughter)
- (Discussion resumed on the record)
- No, we don't change, but we still have hopes.
- Q Mr. Secretary, I was not at the Monday press conference.
- A We missed you.
- Q Did anyone ask you any questions about the FDIC?
- A No, nobody asked me.

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Q In their annual report the FDIC took a pretty strong position against proposals for Government financing of business, peacetime business enterprise. Without naming the two proposals, I suppose they were aiming more or less at Maury Maverick's business loan proposal, and the Federal Reserve guaranteeing loans. Do you wish to say whether you think private lending agencies are adequately equipped to handle peacetime financing of business enterprises?

A Well, that is a pretty important subject, and I don't think I want to answer that--ad lib on that subject.

Q All right.

A I mean, I didn't happen to read the report, and that cuts across a lot of territory. I'll duck it.

Q All right.

Q Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S PRESS & RADIO CONFERENCE

4:00 p.m., January 29, 1945

- Q Mr. President, Mr. President! We understand you are acting as President.
- H.M.JR: Who is? According to the Constitution, I would say the Vice President was.
- Q He is out of town.
- A That isn't America; he is still in America.
- Q Do you consider Missouri within the country?
- A The Constitution says that as long as the Vice President is within the continental limits of the United States.
- Q That makes you Vice President, then.
- A Now listen, I am not Mr. Throttlebottom--Wintergreen for President! It is a very nice joke, but your facts are--
- Q ...almost right, anyway. There is one little thing there, I am off one thirty-second of a point; Morgenthau is just the Vice President. That is all right. Any good jokes?
(Discussion off the record)

- 2 -

- Q Anything on recalling the high-denomination currency, Mr. Secretary?
- A No.
- Q Is there anything expected on that this week?
- A I don't think so.
- Q You have licked the problem?
- A No, but I think we will give you a yes or no by Thursday morning if some of the men in the room can make up their minds.
- (Discussion resumed on the record)
- A. It is good I knew that much of my Constitution, anyway.
- Q We couldn't print it, anyway; we were just going to kid you.
- A As a matter of fact, there was a period four or five years ago when the Vice President and Mr. Hull were both out of the continental limits, and for about twenty-four hours I was.
- Q You haven't been President for five years?
- A Just once when everybody was out of the continental limits, but it didn't do me any good.
- Q Didn't you go over and sit at his desk or anything?
- A No, no.

- 3 -

- Q Did your experts see any indication in the trend in the weekly figures on money in circulation that the volume is not expanding as rapidly as it was?
- A It is not. In fact, it is going down.
- Q That is seasonal, however.
- A I think it is contra-seasonal.
- MR. BELL: It is money coming back from Christmas.
- H.M. JR: I thought George Haas said this morning he expected the thing to go up.
- MR. GASTON: The point was, in previous years some time past it expanded, but this year it has not.
- MR. BELL: Since the war has gone on, but not in previous months. Prior to the war January showed a decline.
- H.M. JR: It has been happening for the last couple of years--the money has expanded. It has not done so this year.
- Q Do you see any significance in that, or is it too early to tell?
- A Too early to tell.
- MR. FELL: We have hopes.
- Q . Mr. Secretary, there has been a lot written about the interest rates on the next basket of securities.

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I presume you have been reading it. Is there anything on that?

H.M.JR:

The last time I think we said it would be a couple of months. Somebody asked about it, and I suggested that they not go out on the end of a limb on it because we didn't know ourselves and wouldn't know for a couple of months.

Q

I think it was two weeks ago that you talked about Bretton Woods legislation. I wonder if there is anything new on that. When is the bill going up?

A

The bill is now in the hands of the bill-drafting commission, whatever they call them.

Q

Legislative Drafting Commission.

A

Legislative, thank you. And the House and Senate are working on it. It is in their hands.

Q

It has gone in by Spence and Wagner, is that the idea generally?

A

I don't know. I suppose so, but it is in the hands of the bill drafters in the House and Senate, and they are drafting the bill.

Q

Mr. Morgenthau, I noticed you have a stack of books over there. I was curious to see what--

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to see whether it was the first round or something like that.

A That is an old one, isn't it?

You have seen that, haven't you? Aren't you a member of the Writers Guild?

Q No.,

Q Mr. Secretary, some of the Latin American countries who are able to meet interest and service charges on their debts have not done so, and in some cases they have only met partial interest. Under the Bretton Woods legislation would they be eligible for reconstruction loans? They are a class of defaulters in themselves. I am not talking about World War defaulters, but where their credit record is bad because of either--oh, I don't know how to say it. They have just refused to pay their interest.

A Mr. White, do you care to answer that?

MR. WHITE: If I understand you correctly, you mean their interest to private bond holders?

Q That is right, not to the Government.

A The Johnson Act doesn't--

Q I know that, Doctor White, but I was wondering

- 6 -

what credit basis they would enjoy under the Bank. They are able to pay their interest, but refuse to do so. I have certain countries in mind.

A I am sure those facts will be taken into consideration by the proposed Board of Directors of the proposed Bank. Where they will come out, I don't know. It depends on a lot of things, what they want it for, what their future is, and why they haven't paid it.

Q Suppose they want to borrow from the Fund?

A There is nothing in the provisions of the Fund that states countries that have defaulted on private loans shall not be eligible to borrow. That doesn't mean that they would get it in the circumstances that you speak of. I don't know, it would just be a decision of the Board of Directors as to what the cause is. I am sure it counts against a country when it can permit foreign exchange payments and doesn't permit it. It is nothing in a country's favor.

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- Q You mean you will protect American holders of those securities, then?
- A I am sure that insofar as the American representative has anything to do with it, he would be cognizant of and do his best for what he would regard as the interest of the country--if you can make anything out of that. (Laughter)
- Q I wanted to pursue that a little further.
- H.M. JR: You gentlemen know Mr. White has been confirmed? (Laughter)
- MR. WHITE: They don't appreciate that joke, the general joke.
- H.M. JR: Well, anyway, all right?
- Q I haven't any answer on it, Mr. Secretary.
- A Well, White is good.
- MR. GASTON: What he is saying is that he is not the lending committee of the American Bank.
- Q As American representative, would he demand they make restitution?
- A He isn't the American representative. I might point that out, too. It is rather speculative.
- MR. WHITE: There is nothing specific that would enable

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anyone to answer that question categorically one way or another.

H.M.JR: So don't buy any Brazilian bonds, that's all.

Q Columbian issue. I made some money on them before. (Laughter)

A The fact that he made money is on the record, but--

Q Personal interest.

A All right. What else?

Q Would you have something to say on this figure of six billion dollar credit to Russia?

A No. I had an opportunity to talk to a reporter for the New York Times when he had the story-- Mr. Reston--I referred it to the State Department.

Q And the State Department said they were studying it.

A It's their problem.

Q I learned you will need legislation to float such credit, Mr. Secretary. I learned that at FEA.

A Well, when Mr. Reston came I referred him to State, and I refer the rest of you to State.

Q You have nothing to do with them, Mr. Secretary?

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- A The matter is in the State Department's hands.
- Q The story said you were considering it.
- A Well, I can't.
- Q I understand it is a three-way deal, FEA, State and Treasury.
- A I still can't say anything. As far as I am concerned, or people in the Treasury working with me, it is in the hands of the State Department.
- Q Mr. Secretary, the United States Chamber of Commerce issued a report recently saying that England is not bankrupt. I was wondering if you have something to comment on that. They had a study on it. I recall your figure that you placed before the Committee, I think early in 1940, when they obtained that four hundred and twenty-five million dollar loan prior to Lend-Lease.
- MR. WHITE: When is a country bankrupt?
- Q I don't know that, Doctor White.
- A A country is bankrupt the same as an individual, when he can't pay his bills. Now, what bills do you have reference to that England isn't paying?
- Q I don't know. I have one, but I'll skip it. I

- 10 -

am serious about this. I wonder if we could get some statement on it.

H.M.JR: Well, the answer is I am not going to get into any argument with the United States Chamber of Commerce on that subject. That is unfortunate. Anything else? That is the disadvantage of having these things twice a week. I haven't anything to give you, so you fellows have to sit up nights and try to think of embarrassing questions. That's all right. I like it. Anything else I can't answer?

Q I can't think of anything.

Q What is that coin, Mr. Secretary?

A The Inaugural Medal for Mr. Roosevelt's fourth term.

Q What mint put those out, Mr. Secretary?

A United States mint.

MR. BELL: Philadelphia mint.

H.M.JR: It was handled by Mr. Davies. Anything else?

Q Anything on Switzerland, Mr. Secretary?

A No. All right?

Q Thank you very much.

A Thank you for nothing.

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Q

Mr. Secretary, I think I will take you up on that offer, if you don't mind.

SECRETARY MORGENTHAU'S PRESS & RADIO CONFERENCE

10:30 a.m., February 1, 1945

Q Good morning, sir.

H.M.JR: Good morning, how are you? Have you finished that book?

Q No, but I am about half-way, I think.

A Take your time.

We have a couple of choice bits here for you.

One is--I've just got one copy. It says:

"The Secretary of the Treasury stated today that, after consultation with the State Department, Foreign Funds Control licenses are being granted authorizing the resumption of servicing in the United States of the following Finnish Government bond issues:

"City of Helsingfors, 6 1/2 percent Bonds of 1960

"Finlands Residential Mortgage Bank, 6 percent Bonds of 1961

"Republic of Finland, 6 percent External Loan sinking Fund Bonds of 1945.

"In addition, licenses are being granted authorizing payment by the Finnish Government of \$240,660.96

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"to the Export-Import Bank representing one-half of the semi-annual interest due November 1, 1944, on the loan of the Export-Import Bank to the Finnish-American Trading Corporation, and \$235,445.16 to the United States Treasury representing the December 15, 1944 installment of interest and principal on the 3 1/2 percent loan of 1923 made by this Government to the Republic of Finland."

Q That is for release tomorrow morning?

A Now.

MR. WHITE: Charlie has a few copies.

H.M.JR: Does anyone want to ask any questions? We'll do this differently another time. We will give it to you in advance and you can study it. I am sorry it was done this way.

Q Can we get the amounts of these?

A You can get anything you want to. I mean, this is not a very good way to do it. Normally we'd give it to you a little in advance. If you have any questions afterwards, ask Charlie, and he will get the answers for you. All right?

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- Q I'd like to get the amount of each series that is outstanding that is subject to servicing.
- A Can we get that for them, Mr. White?
- MR. WHITE: I think so. I am not positive.
- MR. BELL: Yes.
- H.M.JR: Mr. Bell says yes.
- MR. BELL: We can certainly get the last published figures on it.
- Q We can use it on that basis--the last published figures.
- Q Does that follow out their idea for taking out of blocked funds the payment of interest now for loans from the Export-Import Bank?
- MR. WHITE: I don't know that I understood your question.
- Q They had originally asked that interest be paid out of blocked funds. Does this throw out the question of getting through the loan?
- A These are paid out of blocked funds; this is license that is being granted to permit them to draw on their funds which are blocked.
- Q I'd like to ask how much assets they have in this country that are blocked.

- 4 -

- A That is information we haven't made public on any country.
- H.M.JR: I don't think this is a very good time to give it out.
- Q When was this loan from the Export-Import Bank made?
- A That we can furnish. That is public property.
- MR. WHITE: They had substantial funds at the time.
- H.M.JR: He wants to know when. We will get that.
- MR. WHITE: I don't have it. I'll get it right after this.
- Q This clears up the situation, largely, doesn't it, as far as Finland is concerned?
- H.M.JR: I think so.
- Q Does it indicate a change of policy toward Finland?
- A Just the power of the American Press to get an answer out of me, that's all.
- MR. WHITE: He ought to get a commission on that.
- Q May I ask one more question of you now on that? It says here that you are "authorizing the resumption of servicing in the United States of

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the following Finnish Government bond issues."
Does that mean--is that retroactive? Would that
go back to the dates when interest was due?

MR. WHITE: I think that pays it up to date. Those are the
amounts due.

MR. O'CONNELL: It all has been paid until the last--

Q I didn't know the Finns had enough assets in
this country to take care of all these things.

MR. GASTON: These are the items that were blocked, stopped.

MR. WHITE: They have assets to make those payments, and
they have some left, too.

H.M.JR: All right. Another time we'll get it to you a
little in advance. I am sorry.

(Discussion off the record)

Q Mr. Secretary, how about currency?

A Well, continuing off the record, for the time
being we will sit by and just watch what England
has done and see what success they have. They
have made a move. You have seen the papers.
They are calling in some of their currency,
larger bills. I think we will sort of watch it

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and see what happens over there. So, for the immediate future, we won't do anything but see what success they have. If you haven't got the story of what they did in England, Shaeffer will pick it up for you and send it down.

Q You don't want us to use the fact that you are even watching it?

A I would rather you didn't, but those are the facts.

(Discussion resumed on the record)

Now, Mr. Bell has some information. This release, also, hasn't come down.

MR. BELL: It is ready now.

H.M.JR: Can you distribute it? Somebody didn't get up so early this morning. I was here. Have you got that on refunding? Any questions on that? If you have no questions on that, you may have some later. Those are the only two things we have to offer--Finnish and this refunding. Maybe you people would like to ask some questions.

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Q Are you going to have any further financial operation prior to the next drive? Is this the only one, or do you have other things?

A Do we have anything contemplated?

MR. BELL: We will have a refunding on March 1 and a refunding on March 15, but there is nothing else contemplated at this time that we can see.

Q This exchange on these certificates for the CCC's--that took them all up, didn't it? There is no cash to be paid out.

MR. BELL: About seventeen million dollars was presented for cash, and there were about four hundred million dollars of the certificates that were not exchanged.

Q Seventeen million CCC's?

Q Is it correct to say they were presented for cash or will be presented for cash.

A Will be. Today is the date of maturity.

Q Seventeen out of one and four out of the other.

Q Mr. Secretary, can you tell us what negotiations

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are taking place with the Italian Mission that is here--the Italian Financial Mission?

H.M.JR:

No. I know they are in town, but there is nothing I could tell you about it.

Q

They are after money, aren't they?

A

Who isn't?

Q

That's a good answer.

Q

Mr. Secretary, on refunding Mr. Bell mentioned refundings coming up on March 1 and March 15.

MR. BELL:

On March 1 is the "Gay Ninety's" note, and on March 15 are two Treasury notes maturing. I don't have the figures here, but I can get them for you if you want them. The March 15 is about two billion, three.

Q

Two billion, three?

A

And the other is about two billion, something like that.

Q

What did you say one was?

A

I have forgotten the amount. It is something like one billion, eight, or two billion. It is not very big.

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H.M.JR: May I give the Wall Street Journal my thanks for killing that rumor yesterday?

Q Yes. I'll pass the word along.

A Thank you.

Q What was the rumor?

A It was on the Wall Street tickers. We can't, as a subscriber, we are not allowed to copyright, and all that sort of thing. (Laughter)

Q Maybe it will be a good idea for you to tell us off the record, Mr. Secretary.

A These rumors are coming up concurrently about the financing, and they had one of them, and we just told them it was a rumor, and they accepted our word for that. That's all. You will have to take their service some place. I don't know what the charges are, but they will be very glad to have the Journal of Commerce subscribe, I am sure.

Q We will swap services--with a little cash to boot, of course.

(Discussion off the record)

Q On the currency matter, is there any time limit that you are going to watch it over there?

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A I don't know how long it will take, but we will watch it. They have gone ahead and done what we were talking about, and we will let them experiment and see what luck they have.

Q Theirs covers just five hundred and thousand dollar bills, I think.

A I forget what they said, but as I remember it, they said they would make it progressive, and gradually call in everything above five pounds, I think. That is the way I recall the story, but we'll dig it out for you.

Q If they are successful with it, Mr. Secretary, will you go ahead and put through a similar program?

A I wouldn't want to say right now, with the amount of currency on the decrease, you see? For the moment it is all right, but after they have been running theirs for a while, as I say-- we have people in London of the Treasury. We will watch it and see what happens.

Q Well, are you still getting reports on the sale of one thousand dollar bills for nine hundred

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fifty dollars? You told about one case, or two cases in New York.

A Nothing more since then.

Q Have they stopped that?

A I haven't heard any more about it.

Q Have you taken any action?

A No. If a fellow wants to sell a thousand dollar bill for nine hundred fifty, well, that is his loss. Let him take the loss.

Q I was wondering--this is not background off the record, is it?

A No, this is strictly off the record.

(Discussion resumed on the record)

Is there anything else?

Q How about the bill--the Bretton Woods bill?

A The Legislative bill-drafting people are working on it.

Q They haven't finished it?

A No.

Q Will you have another conference with the Hill boys before the bill is actually introduced?

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A Our people are meeting--State and Treasury people are meeting continuously with the bill-drafting people.

Q Oh, I see.

A But they are definitely making progress. It is a little different in the sense that the House and Senate are working on it together. They want to be sure on account of the treaty implications--don't quote me on this--they want to be sure the Senate is happy about this. It is a little bit different. The implications are so great, and this being sort of the first one--they are going a little slower, but there is no trouble, and it takes a little time to write a bill like that.

Q There will be two bills, as a matter of fact, won't there? There will be legislation on the one part and appropriations on the other.

A Joe?

MR. O'CONNELL: They are working on one bill which, depending upon the way the House and Senate feel about it,

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may require another bill, which will be an appropriations act. That is, all of it involving legislation, other than appropriations, will be in one bill.

Q Yes. The two Houses have their individual prerogatives. You might put appropriations through the House and legislation through the Senate first and have no trouble.

H.M.JR: There is no trouble. You see, we had Senators and Representatives from both parties as delegates.

Q Mr. Tobey is one hundred percent New Dealer now, as I understand it.

MR. WHITE: He always was a religious man. (Laughter)

Q He is orthodox now.

H.M.JR: This is a good time to stop.

Q Do you think it will go up by the fifteenth?

A I don't want to say. All I can say is that they are working hard and there have been no snags.

Q I remember the first part of January you said possibly by the end of this month.

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A I think you ought to direct your questions now to the members of the House and Senate.

Q Mr. Secretary, there is one other question. The Senate passed the Vandenberg bill for the Social Security study. That is completely in line with your Budget and the Treasury plan on the overall study, isn't it?

A Mr. Blough?

MR. BLOUGH: To begin with, we don't know what is going to go through the House. That is a joint resolution, as I understand it, so we don't know who made the study, but we are entirely in harmony with the idea of having the study made of Social Security this year.

Q No matter who offers it.

H.M.JR: All right, thank you very much.

U. S. Treasury Department
February 1, 1945

The Secretary of the Treasury stated today that, after consultation with the State Department, Foreign Funds Control licenses are being granted authorizing the resumption of servicing in the United States of the following Finnish Government bond issues:

City of Helsinki, 6 1/2 percent Bonds of 1960

Finland's Residential Mortgage Bank, 6 percent Bonds of 1961

Republic of Finland, 6 percent External Loan Sinking Fund Bonds of 1945.

In addition, licenses are being granted authorizing payment by the Finnish Government of \$240,660.96 to the Export-Import Bank representing one-half of the semi-annual interest due November 1, 1944, on the loan of the Export-Import Bank to the Finnish-American Trading Corporation, and \$235,445.16 to the United States Treasury representing the December 15, 1944 installment of interest and principal on the 3 1/2 percent loan of 1923 made by this Government to the Republic of Finland.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Thursday, February 1, 1945.

Press Service
No. 44-97

The Secretary of the Treasury today announced the final subscription and allotment figures with respect to the current offering of 7/8 percent Treasury Certificates of Indebtedness of Series A-1946, open to the holders of 7/8 percent Treasury Certificates of Indebtedness of Series A-1945, maturing February 1, 1945, and 1-1/8 percent Commodity Credit Corporation Notes of Series G, maturing February 15, 1945.

Subscriptions and allotments were divided among the several Federal Reserve Districts and the Treasury as follows:

<u>Federal Reserve District</u>	<u>Certificates Exchanged</u>	<u>CCC Notes Exchanged</u>	<u>Total Exchanges</u>
Boston	\$ 186,307,000	\$ 6,145,000	\$ 192,452,000
New York	2,684,675,000	237,410,000	2,922,085,000
Philadelphia	118,026,000	8,791,000	126,817,000
Cleveland	184,411,000	15,299,000	199,710,000
Richmond	64,534,000	5,179,000	69,713,000
Atlanta	87,361,000	5,852,000	93,213,000
Chicago	547,926,000	60,788,000	608,714,000
St. Louis	112,459,000	7,171,000	119,630,000
Minneapolis	52,788,000	4,710,000	57,498,000
Kansas City	135,124,000	10,855,000	145,979,000
Dallas	75,749,000	3,242,000	78,991,000
San Francisco	393,580,000	28,949,000	422,529,000
Treasury	<u>3,135,000</u>	<u>161,000</u>	<u>3,296,000</u>
TOTAL	\$4,646,075,000	\$394,552,000	\$5,040,627,000

SECRETARY MORGENTHAU'S PRESS AND RADIO CONFERENCE

4:00 p.m., February 5, 1945

- Q You have a pretty goodlooking statement here.
- H.M.JR: Yes, it is encouraging. When we give out the figures they don't lie. All right, what else have you got?
- Q What do you think of the bankers' statement on Bretton Woods?
- A Well, I read it rather hastily in the papers, and I haven't had a chance to digest it. I am sorry that they saw fit to give the statement out. We here in the Treasury have been working with some fifteen thousand banks over the past eleven years, but particularly closely during the war, and I think that I can say unhesitatingly that the banks have done a fine job during the war. Now, along comes a committee of bankers associations representative of those we have seen and talked to, and I pointed out to them that if they made a statement along the lines criticizing what was done at Bretton Woods, the net result would be

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that if their advice was listened to, it would simply kill it.

Now, a great deal of very, very hard work has gone into this, not only by all of the financial agencies in the government, but by a great many consultants, and practical and successful bankers. After all, one of the outstanding bankers in the country, Mr. Edward Brown, President of the First National Bank, was a delegate.

Q Chicago? Excuse me, sir.

A Of Chicago was a delegate, and was most helpful in the formative period, before Bretton Woods, at Bretton Woods, and since then. He is for the measure as it stands now, as are all the other delegates as far as I know.

Q Is he a member of the ABA?

A He is not only a member of the ABA, but he is Chairman of--Mr. Bell can correct me--the Reserve City Bankers, isn't it?

MR. BELL: No. That's Bob Fleming. He was on the Advisory Committee. I think he still is.

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- H.M.JR: He was last year.
- MR. BELL: He is past President, I believe, of the ABA.
- H.M.JR: Past President. I don't know, but he was certainly Chairman of the Advisory Committee to the Federal Reserve Board.
- MR. BELL: That's right.
- H.M.JR: And still is. What is the correct title?
- Q That's the Federal Advisory Committee.
- A Which has a statutory position.
- Q Counsel.
- A Which has a statutory position under the Federal Reserve Act. He is chairman of that. And there are other bankers and banking associations, but the thing that bothers me and which I talked about to these gentlemen just as hard as I know how, and I talk to you people now, is this: After all, this is the first agreement among forty-four nations on any economic issue that will go to Congress. The rest of the world is sitting back and watching the United States take the leadership. Of course, this is not a

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perfect instrument. Nobody expects that. You can't get forty-four people, let alone forty-four delegates, to sit down and agree on a document and not have a certain amount of give and take, and in this meeting the smallest nation had as much to say as the largest nation, as it should. But the important thing which I believe, and which those people who partook in Bretton Woods believe is that we get something like this started. They gave the League of Nations the kiss of death by suggesting amendments, and that is the easiest way to do the same thing with Bretton Woods, and these people know that, because I took great care to point it out myself, and it has been proven, as far as I am concerned, that people in the International Banking Business cannot run successfully any foreign exchange markets. It is up to the governments to do this in behalf of their people, and that is one of the things which we propose to do, if and when the various legislative bodies approve Bretton Woods. I just hope that when the time comes for all of us to testify, that

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representatives of the Banking Community will see just a little bit further than their own immediate business, and will realize that no instrument of this kind can be perfect, and that they will, in the final analysis, endorse Bretton Woods.

Q Whew!

A Does that mean good or bad?

Q Awful good.

A Anyway, I feel it very, very strongly.

Q I would like to hear you talk about this when you get a chance to digest it, Mr. Secretary. I think you said you hadn't had a chance to do that yet.

A I haven't, but I will. I am scheduled to speak in Detroit where I will be introduced by Mr. Jesse Wolcott, before the Detroit Economic Club, and I will have a chance to speak there on the 26th, but before that I speak before the St. Louis Chamber of Commerce on February 14th, both times on Bretton Woods.

Q February 14th?

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- A St. Louis, so I have two chances.
- Q The 26th did you say in Detroit?
- A Detroit, the 26th--the Detroit Economic Club. I speak in St. Louis on February 14th--St. Louis Chamber of Commerce, so I have two opportunities.
- Q Are you going to try to schedule some other talks before this goes up on the Hill?
- A I don't know. I think what other talks I have scheduled this month--that is about all I can handle.
- Q Do you make copies of these two addresses?
- A Yes.
- Q Mr. Secretary, they have reports from neutral capitals, particularly from Basel, Ankara and Stockholm that German businessmen--
- A What did you say before Ankara?
- Q Basel, that German business interests are trying to contact allied business interests, and I assume American business interests are involved, to see what peace terms they could get. Have you heard anything about that?
- A Well, I can answer this one truthfully. I haven't. Normally those kind of questions go to the State Department, but I can truthfully say I haven't.

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- Q Thomas H. McKittrick, former President of the Bank of International Settlement, got a visa from the State Department and went to Switzerland on a non-disclosed mission. Has he returned to the United States or is he still over there? He went last October, I believe.
- A Well, I don't know. I have had no communications with him. Has anybody here had any?
- MR. BELL: I haven't heard anything about him returning.
- H.M.JR: Mr. White?
- MR. WHITE: I think he is still in Basel, as far as I know.
- Q He is still over there. You recall at Bretton Woods the nations adopted a resolution originally that there will be an investigation of the Bank of International Settlement and to force liquidation, and there was a compromise, and they agreed to liquidate it. And Mr. McKittrick was former President of the Bank of International Settlement and a close friend of Montague Norman. In other words, so far as I know, he is still President.
- A So far as I know he is still President.

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- H.M.JR: As to whether Nick's facts are right as to what we did at Bretton Woods, I don't know whether you stated it right or not. I don't think you did, but just identifying the fellow for me, well, as far as I know, McKittrick is still Head of the Bank. I don't know where he is. I have had no communication with him recently.
- Q I wonder if someone else can help us on this McKittrick affair?
- A What is the McKittrick affair?
- Q In view of these peace moves by German businessmen, I wonder if there is any connection with BIS and these rumors?
- A You better ask the State Department.
- Q You don't want to comment?
- A I have answered you frankly. We have had no connections or overtures of any kind here. I will say this now, if you come around next week, I won't answer the question because those questions should be directed to the State Department. O.K?

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- Q Then we'll get back to Bretton Woods.
- A Suits me.
- Q You say along comes a Committee of Bankers Associations. Is this to be interpreted as merely a Committee report of ABA, or does the Association stand behind it? I gathered from the newspaper stories this is being put out as the view of the whole Association.
- A As I understand it, and I think it is correct, this was a Committee, which I think is a standing Committee.
- Q On economic policy?
- A And this report which they have made has not been voted on or referred back to the ABA as a whole.
- Q That's the way I understand it.
- A And that goes for all of these associations who are incorporated in this report.
- Q That's right.
- A Here is a committee which is fairly interlocking, too, and they make this report without, as I understand it, having referred it back to have it voted on by their particular associations.

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Q Your argument, Mr. Secretary, I assume, is that at their last meeting they asked that this committee make a report, but they haven't been voted back.

A Here is a group of a dozen men, more or less the same in these various organizations. They make this as a report, which at the most is the twenty-five men.

Q About twenty-five?

A At the most.

Q Did they seek Mr. Brown's advice before they prepared this report?

A I don't know. I am sure he has been in touch with them and worked--two or three members of this association came and talked to me.

Q Can you name the members?

A No. That is not particularly important. They were the heads.

Q Heads of the group?

A I would rather keep it off, but what I told you ladies and gentlemen here, the best I can remember, is pretty much what I told them.

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Q Mr. Secretary, have you received any letters from other bankers outside, speaking for themselves only, showing any trend of thought?

That is, in connection with this?

A Oh, yes.

Q In addition to Mr. Brown?

A Oh, yes. I believe, as far as I know, the only association that has taken action is the Association of the Pennsylvania State Bankers. They have acted favorably.

Now, I don't know of any other association which has acted as an association. Do you, Harry?

Mr. WHITE: Not bankers, but there must be some forthcoming.

H.M.JR: As to bankers.

Mr. WHITE: A lot of individual bankers have.

Q Mr. Secretary, how soon will it be possible to bring legislation before Congress incorporating it?

H.M.JR: As I understand it, they made very good headway. This legislation is in the hands of the drafting people--bill-drafting people in the House and

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Senate who are working together. Now, it is up to the Senate, or to Mr. Wagner and Mr. Spence to decide when they are ready to introduce this legislation. The next move is theirs. The legislation is being drafted by them with consultation with the Treasury and State and the Federal Reserve. The next move is theirs: It is their ball, and they will have to decide when they are going to throw their lot into the arena.

Q Mr. Secretary, I notice Winthrop W. Aldrich of the Chase National Bank, perhaps the most vociferous opponent of Bretton Woods, is also a member of the committee in your cursory study of the thing. Does the report represent Aldrich's views?

A I couldn't say which is his and which is somebody else's.

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Q Do you have enough evidence to express an opinion on whether this report represents the majority opinion in ABA?

A I wouldn't know.

Q You said in your remarks that, as you pointed out to them, if they made a statement criticizing the Bretton Woods findings, the net result, if their advice was listened to, would be to simply kill it.

A That's right.

Q Do I interpret that correctly as meaning to kill the whole thing including the bank? It would simply kill it? Are you speaking of the fund or the whole Bretton Woods agreement?

A I think the chances are that it would kill the whole thing.

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- Q They have made such a report now, and you mean that has killed it then?
- A No, I said if their advice was listened to--I don't think it is going to be listened to; I hope not, anyway.
- Q Mr. Secretary, a good many months ago you mentioned an educational program that you expected to have in conjunction with the Treasury to more or less sell Bretton Woods to Congress and to the public. Have you seen any fruits of that campaign, or do you feel that sentiment generally is more or less behind the plan?
- A Well, I think that a lot more work has got to be done. I am making these two speeches, and Mr. White has made a lot of speeches, as well as people in his office. E. M. Bernstein has been around, and we have all gone--I don't know how many, but I suppose one hundred or one hundred and fifty different contacts have been made, places where we have been invited to come and explain it, and we will continue to do so. But as one of the representatives from the Netherlands said, in their country about forty percent of the

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people's livelihood depends on export-import trade. Every child knows pretty much about it. If three or four percent in this country are interested in export trade, that is high. And the people by and large don't understand the sort of thing that Bretton Woods really is, because it is too remote, so we have got to do a great deal of work. I think these hearings on the Hill will be most illuminating, and I think they will be helpful. We hope the press and radio people will assist in explaining it.

Q In the event that Congress listens to the American Bankers Association and they have their way, do you think it would be advisable to call another conference of the Finance Ministers of the different nations?

A I am not that defeatist. I am not that defeatist on the thing. I am quite hopeful about what is going to happen. The only thing that has been disappointing is this committee. I thought that their horizon would be a little bit more broad than it was.

Q Do you think by wrecking this thing the bankers

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want to keep control of the foreign exchange markets, or the Tripartite monetary agreement?

A I will let you do the writing and the supposing.

Q Mr. Secretary, as a point of information, one of the principal arguments presented in this report, of course, says that when nations would draw currency from the Fund that would constitute a loan, and it is not set up on sound lending or credit principles. Now, I have also heard such a procedure defined as purchasing currency, because the countries put their own currency back in in place of that, I believe. Which in your opinion comes closer to expressing that technical transaction, a loan, or purchase of currency?

A I will let Mr. White answer that.

MR. WHITE: It is correctly purchasing currency. It is an exchange of one country's currency for that of another. It is precisely the same type of operation you have in the Stabilization Fund. It is exchange of one country's currency for that of another.

Q Then, according to that view, it wouldn't need to be set up under established principles of credit for

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lending money. Is that your opinion?

H.M.JR: I am not quite sure.

MR. WHITE: There are a lot of considerations involving a country's buying foreign exchange. It is not the same as a loan. There are a lot of other considerations that have to be taken at the time of the decision. A lending operation is a much simpler operation than a stabilization operation. And to characterize the stabilization operation, as described in the Fund as a lending operation is to miss four-fifths of the characteristics of the Fund, four-fifths of the powers.

H.M.JR: What I want to say--that is a pretty detailed question, and I don't know how much the rest of you want to go into it, but Mr. White is available to any of you if you want to ask detailed questions on that, which I don't think enter into this report particularly, but I may be wrong. But if any of you do want to, he will be available after this meeting is over.

Q It would seem to me that that is the basic argument against the lending operation; it is not set up on sound principles. Therefore, I just

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wondered if I could quote you as saying that they have misconstrued it by interpreting it as purely a lending operation.

A I will have Mr. White answer that.

MR. WHITE: Many of the considerations that would enter into the extension of a loan would also have to be considered in granting permission to a country to purchase foreign exchange, but there are a number of other considerations which would have to be analyzed and weighed.

H.M.JR: It isn't as simple as that. I mean, there are other things in this report that are--I think you are over-simplifying it. I know you are trying to be helpful.

Q I am not trying to be helpful, sir, I am trying to get your reaction to that basic point of their report.

A Then I differ with you. I don't think it is basic.

Q All right. I felt that a basic part of the report was that they felt this was something novel for which there was no precedent in international banking proceedings and, therefore, it was no good. I felt this was a novel situation,

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and a novel way of approaching it, and I wondered if you cared to comment on that.

A

I would be very glad to, and to be helpful. Of course, it is novel in the sense that it is new, and the methods which have been in practice heretofore, to my way of thinking, have failed. Now, what are you going to do to bring about a stabilization of world currency? They have recommended they want, to use the word novel, a new approach, that the Governments will do this to take away the risk, handle it for the banks; they will remove the risk and absorb the risks. Now, if you want to use that, that is a new approach. I think it is an approach worth while trying; all previous methods have failed, with the result of financial chaos in a great many countries, and I don't see how these small countries that have been over-run by the enemy are ever going to get started on an economic recovery unless we have something very similar to Bretton Woods. They are never going to get out of the depressing situation they are in now. If we are going to help these countries to help themselves, I think on the financial front

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Bretton Woods is the answer, and it has to come first, and it has to come very, very soon.

Q How are the Russian-American credit discussions getting along?

A Russian-American credit discussions?

Q Yes.

A I refer that to the State Department.

Q I understand you are participating, also.

Q Anything on Italy?

A No.

Q Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S PRESS & RADIO CONFERENCE

3:00 p.m., February 13, 1945

- Q Are you pleased with the terms of the big three plans for economic, what shall I say, slavery of Germany?
- H.M.JR: If you mean, am I pleased with the terms as published in the paper, the answer is yes.
- Q I had it down before you answered the question.
- A I said yes.
- Q Any further comment?
- A No.
- Q It is in line with your thoughts on the matter, isn't it, Mr. Secretary?
- A I only know what I see in the papers, and what I read in the papers reads very well.
- Q Would you have liked to have had them a little harsher?
- A Well, what I read in the papers I think is fine.
- Q Mr. Secretary, last week before commenting on the ABA report, you said you hadn't had a chance to digest it. I wonder if in the meantime you have done that?
- A I can say I have read it; I can't say I have digested it. (Laughter)

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Q Is it indigestible, Mr. Secretary? I suggest you have to swallow it.

A Well, I am just trying to be a little humorous, that's all.

Q Mr. Secretary, Representative Crawford--

A You can label that humor. What you are going to say is good.

Q What you said is good.

A Do you approve?

Q With a bit of Pepto Bismol added.

A I don't know.

Q Congressman Crawford said you criticized the bankers as not--the ABA views as not representing the views of the banking fraternity. He came back and said that you and your staff in signing the Bretton Woods agreement did not speak for the one hundred and thirty million Americans. I wonder if you had any comment on that.

A When did he say that?

Q I think the day after you made your statement.

A I didn't see it.

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- Q It is in the Congressional Record.
- A I didn't see it in any papers.
- Q No, he said it in Congress. (Laughter) It was lost in the works; it was only ten lines.
- A Why do you pick it up?
- Q I just wanted to get your comment.
- Q Maybe the papers were protecting you, Mr. Morgenthau. I happened to read it.
- A It would be very nice if they are trying to be helpful. I think we will let it ride.
- Q Mr. Secretary, when will your speech be ready for tomorrow? When can we have copies of that?
- A Well, it was just finished about fifteen minutes ago, so I imagine it is in the mimeograph room now. Do you think we can get that?
- MR. DILLON: I am not sure. We will try to get it today. We will have to clear it and mimeograph it, but we will do the best we can. Certainly they can have it the first thing in the morning.
- Q We want to send that out tonight on the night wire.
- H.M.JR: Why can't you if OWI cleared it?

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MR. DILLON: They usually don't give clearance that fast, Mr. Secretary.

Q They usually process them.

H.M.JR: I don't know whether there is a representative of OWI here or not.

Q No, I just represent the foreign staff. (Laughter)

A I think I will, if necessary, help a little bit.

I think we can get it for you. Any time tonight?

Q Most any time. If it is after six, could you have someone call the office?

A After six, but before five, if possible. (Laughter)
All right.

Q Mr. Secretary, how much expansion of the Export-Import Bank is going to be asked?

A Well, we have had a meeting with Mr. Crowley on that, and as far as he and I are concerned, we understand each other amicably on that subject, and I think you had better ask him. See? He will have to take it on the Hill if he has not already done so. I suggest you see him.

Q Is it ready to go up now, Mr. Secretary?

A Is Mr. O'Connell here?

MR. O'CONNELL: Yes, I believe it is about ready.

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H.M.JR: Ian't this in the hands of Mr. Crowley?

MR. O'CONNELL: Oh, yes, it is in Mr. Crowley's hands.

H.M.JR: You gentlemen had better ask him. As far as we are concerned, we have had a meeting with them and we are in complete agreement on it.

Q Do you expect to be running that after the war?

A Let's win the war first.

Q Mr. Secretary, is there anything new on the financing and that refunding you mentioned that was coming up soon?

A You mean the whole--

Q The "Gay Nineties"?

MR. BELL: He means the March maturities. No, there is nothing new on it at this time. We will have something around the end of the month, around the 20th of February.

H.M.JR: I don't know whether you will be interested in knowing that I invited the Committee of the ABA that advises the Treasury on Government securities to meet with me next week.

Q You have?

A Yes. They will be here for two days.

Q There will be discussions, I presume, on your--

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A They will be here to discuss the next financing, with business as usual.

Q Mr. Secretary, can you give us any ideas of the legislative requests with respect to Bretton Woods agreement, what it is going to look like?

A Well, as far as I know--and Mr. O'Connell, correct me if I am wrong--I think it is finished, isn't it?

MR. O'CONNELL: Yes, that is right. It is to be introduced, as I understand it, on Thursday. Senator Wagner announced he would introduce the bill--he hoped to introduce the bill on Thursday of this week.

H.M.JR: You want to have a preview?

Q That is right.

A I think what we can do is this: If they don't do it on the Hill, I think that some of the people here could sit down with you people. What is today, Tuesday, or Wednesday?

Q Tuesday.

A Tomorrow Mr. O'Connell and somebody else from Mr. White's office can sit down with you and go over it with you, and you can ask any questions you would like to here. Will you do that, Joe?

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MR. O'CONNELL: Yes, I will be glad to.

H.M.JR: Do you want to set a time now?

MR. O'CONNELL: Before the bill is introduced.

MR. BELL: Have a seminar.

H.M.JR: Yes, like the Budget seminar.

MR. O'CONNELL: I would like to make it late tomorrow afternoon;
four o'clock tomorrow afternoon.

H.M.JR: At your office.

MR. O'CONNELL: Yes.

Q Thank you.

H.M.JR: What else?

Q At that time you will have the statement that
is going to accompany the bill?

A We will give you everything that we have,
everything that is available, and you can ask
Mr. O'Connell questions on it.

Q Mr. Secretary, I have wanted to ask you if the
Treasury is going to be represented on the
Reparations Commission in Moscow that the Big
Three agreed upon in view of your Foreign Funds
Control, and so forth?

A I haven't the slightest idea.

Q Have the French asked you whether you would

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turn over the Foreign Funds Control records so the French Finance Minister can find out the Frenchmen who have taken resources out of France? The British have already agreed to give Mr. Plevin that authority. They have granted him that.

A Mr. White, do you know anything about that?

MR. WHITE: There have been some very preliminary and informal discussions, but we haven't received any official requests, and there haven't been any definite discussions on that matter.

Q I wonder if Mr. White can expand on that?

MR. WHITE: I don't think there is anything more to be said. There were some very preliminary discussions relative to precisely the same procedure which France is undertaking with England, but it was at a very informal level, way down the line, and we have received no official request.

H.M.JR: On the other hand, there is an American and his wife who lived over there who are strongly suspected of being collaborationists, and I told Mr. Plevin that the sky is the limit as far as the U. S. Government is concerned.

Q You wouldn't give his name?

A No.

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Q A couple, you said.

A An American and his wife.

Q Is it a publisher?

Q A former publisher?

A How many questions?

Q One. Is he a former American publisher?

A No. You can ask twenty questions, but I will just repeat what I have said.

Q You mean as far as giving any information on them?

A They have it, but they wanted to know if they went after this American and his wife if the American Government would protest, and the answer was no.

Q Well, this sets a precedent. You probably would do the same with others that have turned up--who were turned up by French authorities who have resources here.

A No, these resources are in France, and there may be some over here. Aren't there, Harry?

MR. WHITE: There might be, yes.

Q You didn't specify if that was off the record, did you?

H.M.JR: No, no.

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Q What do you do about resources among collaborators over here? Is there any policy on that?

A What would happen in the case of a couple as to American assets over here?

MR. WHITE: What would happen to their American assets?

H.M.JR: If they were proven to be collaborationists.

MR. WHITE: If they were dollar assets of the United States, I doubt if anything could be done.

H.M.JR: If they're French? If they are American citizens but with the money they have in France?

MR. WHITE: If they have the money in France, France could take any steps she wanted, and I don't think our State Department or Treasury Department would object. In fact, you gave the answer, that we would give them our assistance.

Q What would happen to their dollar funds in this country?

MR. WHITE: That is a very different matter. They have dollar assets in this country, and are Americans who have collaborated with the enemy.

Q I mean this couple--if they had assets in this country.

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MR. WHITE: That is a very different matter. The French wouldn't have any jurisdiction over that.

Q What would this country do?

H.M.JR: That would be up to the Attorney General to say, but this was a couple, an American couple that stayed in France during the war. There was a statement to the effect that they collaborated with the enemy, and the French government says, "Look, if we go after this couple, are you going to protest?" The answer is, "No." They asked, "Will you help us?" The answer was, "Yes."

Q Mr. Secretary, has there been any improvement on the Swiss approach to our view on Axis assets?

A Well, I think we have to wait until--Mr. Currie has gone over there on a mission. Mr. Orvis Schmidt, who is head of Foreign Funds, has gone with him to assist him. I don't even know if they got there.

Q Yes. They issued a statement from Bern.

A Did they say it had been approved?

Q They said they had gone there to discuss things.

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We knew that before they left.

- Q I just didn't understand the name you gave.
- A Orvis Schmidt.
- Q Who else?
- A Lauchlin Currie, and Orvis Schmidt, who is head of Foreign Funds, accompanied him. A number of other people have gone over.
- Q Reverting to the subject you were discussing a moment ago about American collaborationists in Europe, you have listed one. Are there many others?
- A We don't know, but this was a very famous couple, and this is the first one that has been brought to our attention. I don't know how many others there are. I don't think there are very many very wealthy Americans who stayed over there. This couple isn't young, either. (Laughter)
- Q Mr. Secretary, would you care to tell us off the record who they are?
- Q No, we don't want that.
- A They would much rather guess. They want to

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have some fun.

Q Why don't you tell us, Mr. Secretary?

Q Mr. Secretary, where did they stay in France?

Q Why all this suspense?

A I've got to have a little fun once in a while.

Q Where did they stay in France, Mr. Secretary?

A That would be too helpful.

Q There will be a million libel suits. Every paper is going to guess, and somebody is going to be wrong.

A I said they were suspected of being collaborationists. I didn't say they have yet been proven to be. I am taking care of myself.

Q Mr. Secretary, the Nazis in their anxiety are selling some of their securities, prime issues, particularly American and Latin American issue at discounts ranging from fifteen to twenty percent on the black market, and so forth, and on the liberated exchanges of Europe. Furthermore, they have begun now to counterfeit American securities. I was wondering whether you would have any information on that. Also, you said

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some time ago that they are anxious to obtain dollar exchanges in small denominations.

A Well, Mr. Bell, have you anything on that?

MR. BELL: I haven't heard anything about the disposal of it to any large extent.

MR. WHITE: Speaking of Latin American bonds, possibly one of the items on the agenda at the Mexican conference might well be the so-called safe payment projects which would include attempts to restrict operations of that kind, or to watch these securities as they come in.

H.M.JR: Mr. Gaston, have you heard anything on counterfeiting?

MR. GASTON: I haven't heard of anything on counterfeiting of American currency at all.

MR. BELL: Or securities either.

MR. GASTON: I haven't heard anything about securities.

H.M.JR: You would know.

MR. GASTON: I should think so.

H.M.JR: That's the answer.

Q Back to the American couple--one more question.

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Do you mean the French had asked the Treasury if it would protest and if it would help, or had asked the government as a whole?

A Well, I mean, Mr. Pleven sent me a message, and I gave him an answer as between Treasury and--

Q You were speaking for the Treasury?

A Well, I mean, in speaking, I felt I had sufficient authority to speak for the government.

Q I see.

A In that case.

Q The bill to raise the debt limit was introduced today in Congress, a little while ago. I understand the bill has considerably more to it. Do you happen to know whether any of the other provisions of importance have to do with bonds and so on? It is quite a long bill.

A Well, Mr. Bell, can you answer any questions on that?

MR. BELL: I haven't a copy with me, but the others are minor amendments. One is expanding our authority to designate paying agents. You recall the first

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Bill said incorporated banks and trust companies, while savings and loan associations and credit unions protested and wanted to come in. We couldn't bring them in under that language, so we are putting a provision in the debt bill giving the Secretary authority to designate the authorizations. There is one other amendment where we want to accept the proof of death, presumption of death of a military man where the Secretary of War and the Secretary of the Navy determine that a man is dead for certain purposes, payment of pensions, etc. We want to accept that in payment of savings bonds to go along with the War and Navy.

Q Is it true that it will give you a little more leeway? It would aid a family that was in need?

A That is the purpose of it. That thing can hang on for years if we didn't have that authority. That is the reason we are asking for it.

Q May I ask on the matter of the authority to designate paying agents--that doesn't necessarily mean

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you would take all savings and loans or all credit unions. You would designate such as could handle the job.

A That's right, but the Secretary has authority to designate.

Q Not en masse as you did.

A No.

(Discussion off the record)

Q Have you dropped the idea of possibly recalling high denomination currency?

H.M.JR: For the time being.

Q That is off the record?

A That is off the record.

(Discussion resumed on the record)

Q A couple of labor people--I have heard them say in arguments to get increased wages and break the little steel formula--they have said that one indication of doubt among people in the country is the fact that they are turning in bonds at a higher rate now than they have ever done before. Is that accurate?

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- A Well, Mr. Bell would know better than anybody else.
- MR. BELL: There is no indication of it. The volume of redemptions of bonds has decreased each month since October, and this month the first twelve days were running about the same as they did in January.
- H.M.JR: Did you get the release of last week on those redemptions?
- Q Yes.
- A If you ask for it when you leave, our press room upstairs will have that release. It didn't cover labor people, but it gave the picture as a whole since we made the change on the first of October where they can go into any bank and get their bonds. The picture has been getting steadily better right up to date.
- MR. BELL: They were big during the month of October because of misunderstanding--misinterpretation of our press release, but since that time, they have gotten smaller, and we have had no indication of that being the case, labor people turning them

- 19 -

in.

H.M.JR:

If you go to the press room, there is a good release on that, a factual one. I think the information is correct, and there is no indication of that--quite to the contrary. It has been getting better.

Q

Thank you, Mr. Secretary.

SECRETARY MORGENTHAU'S PRESS AND RADIO CONFERENCE

4:00 p.m., February 19, 1945

H.M.JR:

You like that corner, don't you?

Q

I like to have a good look at you, Mr. Secretary.

A

I like to have a look at you, too.

All right, what is worrying you today? The French mystery is out, isn't she? She is good looking, too, isn't she? I didn't know she was such a good looking girl.

Q

That must have been an old picture.

A

I don't know her. I think I missed something.

Q

You said elderly.

A

The man. I have never seen her, but the man is about seventy, and in the picture--I think that must be his son. (Laughter)

Q

Have you had anything more to do on that?

A

No, I saw the story in the paper. I have had no official word that the French have frozen all of the Gould assets.

Q

Will there be any action taken against them over here?

A

No, not for the present.

- 2 -

Q Not for the present.

A Not that I know of. As I said the other day,
I refer you to the Attorney General.

Q Mr. Secretary, are you going to testify on the
Reserve Ratio Bill?

A I didn't know about that. Mr. Bell tells me
we haven't been asked, and we are looking for
an invitation.

MR. BELL: They asked us if we wanted to appear.

Q It comes up tomorrow.

A And we said, "Not unless the Committee wants
us to." But we would render a report favorable
to the bill if they asked us for a report. We
didn't see any reason why we should appear, but
if they wanted us to, we would.

H.M.JR: What else?

Q Do you think the Swiss will supply names and
records for those people involved in the--

A I don't know. I sent Mr. Currie a letter
congratulating him today. He was able to
persuade the Swiss to freeze the German assets
and it is certainly a move in the right direction.

- 3 -

- Q It would be very helpful, would it not?
- A Very helpful. I don't know just how much information they will supply us. I don't know, but certainly it is encouraging.
- Q Have you heard about the Chamber of Commerce report coming out on Bretton Woods, Mr. Secretary?
- A No.
- Q By any chance have you seen a copy of it?
- A No. What did it say?
- Q I would like to know.
- Q It will be out, I understand, at the end of the week, or so. I haven't seen it.
- MR. WHITE: They have asked me. They couldn't have completed their report definitely because I know they were speaking to me about talking some matters over with me during the week. About as far as I know--
- Q You were in there, quoted in the report.
- A I was quoted in the report? Then it is probably out. I haven't seen it.
- Q They tell me Thursday--
- Q How does the situation look in Congress now as far as getting the bill through is concerned?

- 4 -

- H.M.JR: Well, I think that there has been no change other than the thing is being handled in an orderly manner, and I think that the bill is going to pass.
- Q What was the purpose, Mr. Secretary, of tying in the repeal of the Johnson Act with membership in the Bretton Woods Bank?
- A To tie them up together?
- Q Yes.
- A What I mean is, the Johnson Act is there. It is less embarrassing to some of the members who owe money from World War One.
- Q They might have been willing to continue to draw from the bank and still not settle themselves, with their embarrassments?
- A I don't know.

- 5 -

MR. WHITE: It will also throw--if you remember, Mr. Secretary, there was another issue.

H.M.JR: Go ahead, please.

MR. WHITE: The Bank, if the Johnson Act weren't withdrawn, would make it impossible for countries like France, England, and others to borrow in the private market here, and that would drive them into the World Bank, and that would give a great disadvantage to the private underwriters and investors.

Q What did you think of the report published in the papers this morning showing that a large number of economists favor the proposal. Did you see the story?

- 6 -

H.M.JR: Oh, yes. I was delighted. I mean, practically every economist in the United States that isn't on a bank payroll is for Bretton Woods. I think it is almost ninety percent of the economists who are working independently of the banks have come out for the Bretton Woods agreement.

Q Do you anticipate that the general question of lowering the tariffs will come out as a central part of the debate over Bretton Woods?

A I really don't know.

Q So far the opposition is entirely centered in the bankers' associations, it seems to me.

A That's the way it seems, unfortunately.

Q But I have heard it said that the tariff question will be generally raised and that the opponents of lowering tariffs will oppose Bretton Woods.
(Discussion off the record)

A Off the record, when I said unfortunately, I mean unfortunately for the bankers.

Q That's off the record?

A Yes.

- 7 -

(Discussion resumed on the record)

Q Is this matter of membership in the Bank and Fund going to come up for discussion in Mexico City?

A I don't think so. I don't see any reason for it. All the countries that were there agreed to this, so I don't see why they should bring it up.

Q Moral suasion for a more rapid ratification of them?

A I don't expect it to come up. The South American countries I would say were among those who are most enthusiastic for Bretton Woods.

Q The NAM in its news bulletin, which was out this morning, made a reference to the fact that the Latin American countries would be urged to ratify the agreements promptly. I don't know whether that was dreamed up or had some basis in fact.

A I don't think--I mean, after all, these countries are waiting for the United States to act, and

- 8 -

I don't think anybody has to do anything with the South American countries other than leave them as they are. They are quite happy about it. Anything else?

Q Are you going to have a meeting, I understand this week, on the Seventh War Loan?

A Tomorrow, with the Committee of the American Bankers Association.

Q And the Federal Reserve?

A And they are having lunch with me.

Q Mr. Secretary, has there been any development toward settling the defaulted Russian Czarist Bonds? They seem to be strong and active again after several days. I mean, some time ago they weren't.

A There is nothing on my desk that has anything to do with it. I haven't seen anything about it.

MR. WHITE: There is some rumored speculation that the SEC was investigating and which some persons were trying to take advantage of the gullibility of some of the public in trying to boost the price of some old Czarist Bonds. That happened about

- 9 -

a month ago. I don't know what they found out, but this is possibly a reawakening of the rumor.

H.M.JR: There is nothing as far as the Treasury is concerned.

Q New York says that they are strong and active again despite recent SEC investigation, so obviously the investigation has been completed.

A Well, you will have to call up Mr. Purcell or somebody like that.

Q Mr. Secretary, we got the Italian Armistice terms. Mr. Grew said this morning, "It has not yet been necessary to apply these Armistice terms, as originally drawn up, to Italy." Have you anything to say on that--the economic part of that?

A No comment.

Q Anything on the progress of the Italian Mission?

A Nothing.

(Discussion off the record.)

But very much off the record, it is not we who are holding it up.

Q It is being held up?

- 10 -

- A Yes, but that is off the record. It is not we who are holding it up.
- Q They say they are waiting for a new ambassador to arrive.
- A We have been asked to tread water, but that is just for you. But the delay is not here. Not that I am anxious to meet them or anything like that. I like to wait. This is all off the record--I have reluctantly given in to the suggestion that we wait.
- Q Well, somebody spread a report that the Treasury had accepted a large part of their counter-proposal.
- A No. No. Nothing. We have been asked to wait, and we are waiting on the English, so don't say anything.
- Q Thank you very much.

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SECRETARY MORGENTHAU'S PRESS AND RADIO CONFERENCE

10:30 a.m., February 22, 1945

Q Good morning.

H.M. JR: Good morning. Do you people have to work on George Washington's birthday?

Q Yes.

Q Is it supposed to be a holiday somewhere?

A I don't know.

Q Mr. Secretary, we want to know if we could get copies of tonight's talk as early as possible today?

A Well, they were going to give it out in New York, but if you fellows hold a pistol over my head and say, "I insist on it!"

Q We wouldn't do anything like that, but we would appreciate having it.

A Charlie?

MR. SHAEFFER: I think I can dig up a few copies around somewhere.

Q You are Secretary of the Treasury, you know, and it is still news out here.

H.M. JR: If they become ugly about it, you know.

- 2 -

MR. SHAEFFER: They are organized now, Mr. Secretary.

Q You are the President, Mr. Secretary.

H.M.JR: You are organized again? What is the name of your organization?

Q Fiscal something.

Q A lot of companies have to reorganize to get more strength.

H.M.JR: You haven't got an answer. It used to be what was called Treasury something.

Q Treasury Correspondents.

A Association.

Q Fiscal Correspondents now.

A I see. Wait a minute. They'll get you copies.

Q Swell! Thanks.

Q How about the one in Detroit?

A When it is written. I decided that the speech isn't good until it is hot off the typewriter. It gets stale. It actually isn't written. What else?

Q How about the Seventh War Loan, Mr. Secretary? Can you tell us about the meeting that has been

- 3 -

going on in the past few days?

A

There has been this committee of the American Bankers, and they have made their suggestions.

We will give them careful consideration.

Next week the twelve Presidents of the Federal Reserve Banks have asked to see me--next Tuesday. I am meeting with them, and after that there will be a meeting with the Open Market Committee of the Federal Reserve.

Q

All next week--these two meetings next week.

A

Tuesday afternoon.

Q

Tuesday?

Q

Open Market Committee and Federal Reserve.

A

You know--what's the thing called?

Q

The Federal Open Market Committee of the Federal Reserve System.

A

Isn't it Executive Committee?

Q

They do have an Executive Committee inside the Open Market Committee. Is this the Executive Committee?

A

I think it is the Executive Committee of the Open Market Committee of the Federal Reserve System.

- 4 -

If you would get a couple of initials for that, I would appreciate it.

Q Mr. Secretary, I suppose you know the goal the bankers would like to set.

A Nothing has really been--that isn't quite true, but the bulk of the thing hasn't yet been set. We are trying and hope to have something for you over not this week end, but the following week end. We are aiming for that--to have an announcement over the week end following this on the whole business.

Q The basket and everything?

A We are aiming for that.

The only thing important around here is that I am a grandfather for the first time.

Q Congratulations!

A That is the only important thing that has happened.

Q What was it?

Q How does it feel?

A All right.

Q Girl or boy?

- 5 -

- A Girl--born last night in Minneapolis.
- Q I wouldn't give a dime for a boy.
- Q Eight pounds?
- A Seven-and-a-half.
- Q What's her name?
- A That I don't know. The father is in the Pacific. The baby was born in Minneapolis. That's Mrs. Robert Morgenthau. I had lots of names picked out for a boy, but I had nothing picked out for a girl.
- Q What is the rank of your son, Mr. Secretary?
- A He is a lieutenant, a full lieutenant.
- Q A full lieutenant?
- Q Has he been notified?
- A Yes. I hope he gets it. What they do--
- Q This is getting to be the best story out of the press conference.
- A He is Executive Officer on the U.S.S. Harry F. Bauer. That's a--
- Q An airplane carrier?
- A One of these big destroyers--twenty-two hundred ton destroyers. He is Executive Officer on that.

- 5 -

- A Girl--born last night in Minneapolis.
- Q I wouldn't give a dime for a boy.
- Q Eight pounds?
- A Seven-and-a-half.
- Q What's her name?
- A That I don't know. The father is in the Pacific. The baby was born in Minneapolis. That's Mrs. Robert Morgenthau. I had lots of names picked out for a boy, but I had nothing picked out for a girl.
- Q What is the rank of your son, Mr. Secretary?
- A He is a lieutenant, a full lieutenant.
- Q A full lieutenant?
- Q Has he been notified?
- A Yes. I hope he gets it. What they do--
- Q This is getting to be the best story out of the press conference.
- A He is Executive Officer on the U.S.S. Harry F. Bauer. That's a--
- Q An airplane carrier?
- A One of these big destroyers--twenty-two hundred ton destroyers. He is Executive Officer on that.

- 6 -

So, if you hear anything about me making a bond speech in Minneapolis, you will know why.

(Laughter)

- Q Maybe you will go over there from Detroit? Is that it?
- A I don't think I can make it, but I'd like to.
- Q You'll talk about baby bonds. (Laughter)
- A Wonderful! Or babes in Bretton Woods.
- Q Now, incidentally, what is more important, Bretton Woods or granddaughters?
- A Granddaughters, absolutely.
- Q Anything new on Bretton Woods?
- A No, no, no, not yet.
- Q Have you heard anything new on hearing dates or anything?
- A I think that is up to Mr. Spence.

Q Do you have a comment to make on Mr. Eccles' proposal for taxing gains in real estate and the stock market?

H.M.JR: Well, if Mr. Blough will step up here, we will let him start giving an explanation for background. Let's start that way, see.

MR. BLOUGH: They all know what this tax is.

Q I would like to have it.

H.M.JR: Do you all know Blough?

MR. BLOUGH: As I understand Mr. Eccles' proposal, it is that beginning at a certain cutoff date, presumably the date the thing is first announced, which in his case was a couple days ago--but beginning at a certain cutoff date in order to avoid people rushing in and doing things before the bill passes, any purchases thereafter of whatever assets would be included, which, as I understand it, would be stocks and securities, urban real estate and rural real estate, and then that property purchased after that cutoff date--if that property is sold within, I don't know just what the period was, two or three years--the gain on the sale would be taxed at ninety percent. That would be in lieu of the ordinary capital gains

tax. If the property is held longer than that time, there would be a declining rate, say, in three or four years to eighty percent, in five years, say, seventy or sixty percent; and I don't recall just what his specific plan was but then it would get down until it was no higher than ordinary capital gains rate, and there would be no significance thereafter. I think that--

H.M.JR: Didn't this originate in Mr. Vinson's Committee? Isn't that where it started?

MR. BLOUGH: No, I think Mr. Eccles has been tossing this around more or less for a couple of years.

Q He made a suggestion near the beginning of the war along this line, didn't he?

MR. BLOUGH: And then last year Secretary Wickard had a similar idea with respect to--in fact, that same idea with respect to rural real estate. He made some speeches about that.

Q A bill was introduced, too.

MR. BLOUGH: A bill was introduced. I don't think any hearings were held on it, but a bill was introduced, so it isn't a brand new idea, either with Mr. Eccles

or the country as far as that is concerned. The purpose, as I understand it, is to try to hold down speculation in capital assets. The present situation, of course, is always threatening along that line because there is a tremendous volume of free cash available, and goods and services aren't available to purchase with it. Capital assets aren't subject to the Price Control Act. There has been some evidence of increase in the last few months.

Q What is the Treasury's position on that?

H.M.JR: That was for background. What I would like to say is this: Like Mr. Eccles, I am always worried about unhealthy gains in values of capital assets, and we here in the Treasury are studying it with the Joint Committee.

Q Have you got that far?

MR. BLOUGH: No, just here.

H.M.JR: Just here, we are just studying it here as to what can be done, but we haven't gotten beyond the study stage. Is that correct?

MR. BLOUGH: That is correct. And, of course, we are studying the thing from a broader point of view than just one specific proposition.

H.M.JR: Yes, but I have a very distinct memory of the prices that people particularly in the Middle West paid for farm land following the last war, and also a very distinct memory of what happened to a great many of these people, because when I was in Farm Credit I got the brunt of it; and if we can stop in any way or discourage speculation in land, I think we will be doing a lot of people a real service.

Q You mean to limit that to land?

H.M.JR: No, I am thinking of it particularly in terms of land because I happen to have gotten the brunt of it, but in Farm Credit--I mean--

Q Well, I mean Farm Credit.

A Yes, but you have got it there, mortgage foreclosures--I mean what is happening in land is happening in a lot of other fields.

Q It will affect the G. I. Bill, too, in the sense that--

A You cited that example on which I happened to have had experience on the Governmental end.

Q I understand that some G.I.'s can't buy because of inflated prices.

MR. BLOUGH: That was Mr. Eccles' statement the other day. May I say one thing off the record--not off the record, but for background? There is, of course, another side to this, and that is, will a tax of this kind aimed at--and let us assume it is effective with regard to the speculative aspects-- will it also interfere with not only normal business transactions at this time, but particularly with the reconversion and expansion of business in the immediate post-war period? That is one of the most serious questions in our study of the problem.

Q I wish that could be part of the Treasury comment. Could we make it, sir?

H.M.JK: No, you can write the story for background on the record. I don't know just what I said.

Q Your remarks were on the record?

A My remarks were on the record.

Q And as I understand your remarks you are not

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specifically endorsing his proposal; you are expressing approval of the general objective of trying to do something about speculation and capital assets.

A

Yes.

Q

Mr. Secretary, have you seen the Italians recently?

A

I haven't seen--

Q

The Italian Finance Mission?

A

I haven't seen you recently, either.

Q

No, sir. But I thought maybe you had. That is why I came around.

A

I missed you.

Q

Thank you.

(Discussion off the record)

A

What I told the press Monday, very much off the record, was that the English have asked us to stand by and do nothing. That is very much off the record. And that is what we are doing. We are waiting on the English, but naturally we don't want to say anything, and, therefore, I have not seen them. We approach this thing as allies, and we have to wait until the English are ready to move on a joint fund on this tuing,

which they evidently have not, but you have to for the good of everybody concerned. That is very much off the record. I didn't want you to feel we were stalling or that the Italians were stalling, but that is the situation.

Q It is reported they are leaving soon.

A I thought you specialized in South America.

MR. GASTON: Mr. Ken Worthy specializes in all matters in the State Department.

Q Any part of the world where you operate.

H.M.JR: I see. That is all there is; there is no more than that. We are just waiting. Again I caution everybody not to use it.

(Discussion resumed on the record)

Q I would like to say that the background press conference held by Mr. O'Connell on Bretton Woods was very, very helpful.

A Fine.

Q I appreciate it. Probably all of us did.

A It was a great success. I would like to compliment everybody on the news stories. I thought they were very good. Notice, I said news stories.

(Laughter) I think--

Q I have seen a fair amount of editorials in favor of it, too.

A Oh, yes, but some not too intelligent were opposed to it.

Q Bob Young of the Chicago Tribune isn't on hand this morning, Mr. Secretary.

A Let's not get personal, but as a matter of fact, the Chicago Tribune--I mean, I was in St. Louis, and they had absolutely straight, factual stories reported on my St. Louis speech in the Chicago Tribune. I couldn't ask for a better reporting job.

Q Well, I--

A As far as I knew, the column on the financial page was straight reporting.

Q I was just wondering if we couldn't return to this other thing for a second. I was wondering how this would interfere with the post-war period. Could you expand on that idea just a second?

A Mr. Blough, do you want to expand yourself?

MR. BLOUGH: Well, a lot of capital transactions are necessary in order to get the real estate in the hands of the people who are going to give the jobs after the war. Now, if the effect of this tax should prove to be a sort of freeze in the market so

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that there wouldn't be very much turnover and to discourage people from being willing to dispose of their assets until after this tax has passed out of the picture, it might make it difficult for those who wanted to go into business or expand their businesses from getting the assets which they would use for giving employment, and that is one of the things that was giving considerable concern in the study.

Q You say, "Until the tax has passed out of the picture." Would it automatically?

MR. BLOUGH: I would assume that Congress, with the President's assistance, would be inclined to have some anti-inflationary measure, and after the inflationary threat receded they would get rid of the tax. It was never contemplated to have a permanent tax, as I understand Mr. Eccles.

Q What was the time limit on that, or would it be discretionary?

A I don't know. As far as I know, there was no proposal as to time limit. At least I have heard of none.

H.M. JR: All right.

Q Thank you.

SECRETARY MORGENTHAU'S PRESS AND RADIO CONFERENCE

10:30 p.m., March 1, 1945

- Q Good morning, Mr. Secretary.
- H.M.JR: Good morning.
- Q Did you feel any pressure from Congress for the gold price increase yet, Mr. Secretary?
- A No. None.
- Q Do you think it ought to be fifty-six dollars an ounce instead of thirty-five dollars?
- A You know the policy of the government as to buying gold at thirty-five dollars an ounce less one-quarter of one percent depending upon whether we are selling or buying, until further notice. I haven't given the matter a thought in quite a while.
- Q Do you still operate on a twenty-four hour basis on the gold price, Mr. Secretary?
- A I just answered you. I haven't given the matter a thought for quite a while.
- Q You don't expect to, either, do you?
- A I doubt it. I doubt it. That is one of the things I am not worrying about.

- 2 -

- Q Dr. Burgess up there gave the Treasury quite an encomium for the good work that they have done on holding the gold price.
- A What is the two-dollar word?
- Q Encomium.
- A I don't know whether you are for or against it.
- Q For it. It was a good job.
- A Good.
- Q You get along all right with Mr. Burgess, don't you, Mr. Secretary?
- A He was here last week.
- Q Are you for his proposal to reduce Federal Reserve requirements to thirty instead of twenty-five percent? That is the gold ratio?
- A I would say we are going along with the Federal Reserve Board, which is twenty-five percent. The Administration has a united front on that.
- Q Is that unusual?
- A No--quite usual. (Laughter)
And I am not talking about taxes now.
- Q How about Treasury financing? Can you tell us anything? There are a lot of rumors around.

- 3 -

A And there will be, I think, until about five minutes of one or one o'clock. Now, I am not making a promise, but I hope that Mr. Bell will go to work about five minutes to one on Saturday, isn't that right?

MR. BELL: That's right.

H.M.JR: And we will begin to write instructions and the release, but that is not--that is a very difficult one, but that is what we are aiming for.

Q Is that for Monday release?

A I think that is Monday release.

MR. BELL: I think that is better. It will be a little late for the Sunday paper probably.

H.M.JR: That would suit you.

Q Yes.

Q We don't have a Sunday paper. We don't even think about a Sunday paper.

MR. BELL: Maybe that's an idea.

H.M.JR: It will be for Monday morning release.

Q That will be on the Seventh War Loan?

A That will be it, yes, as much information as we would

- 4 -

have at that time, but I am not making any promise, because this thing is a difficult one.

Q You mean with the interest rate cuts and things like that?

A It is a difficult thing to decide what is most advantageous to all of the public.

Q Is there any truth to the report that the interest rate on long term government securities may be cut to one and three-quarters?

A Listen, fellow, you and a lot of other people including myself are going to have to wait a couple days.

Q Chairman Eccles in his testimony indicated that he thought that it would be one and three-quarters. He didn't say it publicly, but he said it to one group of newspapermen that he was working for one and three-quarters, and he was dying for one and three-quarters.

A Dying for it?

Q That's what he said. No luck, Mr. Secretary?

Q You mean he will die if they get one and three-quarters? Would that be patriotic?

- 5 -

A I could make a lot of comments on that, but that would tip my hand.

Q You mean, he is a dead man I would say. (Laughter)

A I am not going to say a word.

MR. GASTON: Go roll your own.

H.M.JR: I'll try to smile and not say anything. That was a good question, though. All right. But I won't answer it.

Q Well--off the record?

A No, no. That isn't off the record. Not this one.

Q We've got a pretty good record on this off the record stuff, keeping our mouths shut. We could have a good laugh maybe among ourselves, and you could join in with us.

A Yes, but it's good for me to practice self-control.

Q Anything about the gold?

A DeGaulle?

Q No, "de gold." The objective--the money--the amount?

A What? (Laughter) What about "de gold?"

Q My idea was the amount which would be the objective in the financial drive.

- 6 -

- A Oh, we will have the whole thing more or less in a package, we hope, Saturday. You like that one.
- Q DeGaulle, "de gold," "de gall!"
- Q She's talking Brooklynesse. (Laughter)
- A All right, what else? You've got nothing? (Laughter)
Anybody?
- Q How is the granddaughter?
- A Fine, from all reports.
- Q Well, we can just make the cigarette line, Mr. Secretary, thank you very much. (Laughter)

SECRETARY MORGENTHAU'S PRESS & RADIO CONFERENCE

5:00 p.m., March 2, 1945

- Q Hello.
- H.M.JR: Hello. Have you people had a chance to read this through (indicating Press Service No. 45-35)?
- Q Yes, we have, thanks to Mr. Shaeffer and yourself.
- A Are there any questions?
- Q Yes, about the terms on these, the length of time on bonds.
- A We will wait a few days and see what happens to the market after this announcement. We will price it.
- Q There are rather high goals on the individuals and the E's this time, aren't there? I wonder if you care to comment?
- A I would like to. We have increased the goal on the individuals to seven billion dollars, which is the highest it has ever been; for the Sixth War Loan it was five, which shows two billion dollars more than it was in the Sixth. We feel that we should continue to stress the sales to the individuals rather than to any other group, and we also feel that not only by increasing the amount to the individuals and

- 2 -

increasing the amount of the E bonds from two to four billion dollars--in the Sixth War Loan it was two and one-half--and at the same time offering the public E's, F's, and G's for almost the three-month period, why, it ought to have a good effect in curbing inflation. After all, we will be reminding the people daily for almost three months that opportunity is knocking at their door to invest in Government bonds.

The only other points that are different are that the intermediate bond, which last time was a two percent bond, this time is a one and one-half percent bond, is not available to corporations.

Q To whom are they available?

A Individuals.

Q That is the one and one-half, did you say?

A One and one half. For background purposes, it was the two percent where all the free-riding was last time. Now, by offering a one and one-half and not making that available to corporations we think that we will eliminate a lot of the free-riding, not all, but a lot of it, because

- 3 -

that is the one they rode. There really isn't anything for them to ride this time to the extent they rode the two's last time.

Q One and one-half in the market?

A That is right.

Q Commercial banks can buy during June 18 to June 30, can't they?

A Only the commercial banks having savings accounts.

Q But not commercial banks for their own portfolio?

Q Ten percent of their deposits--

A It is exactly the same formula that we had last time. I mean, it is the same definition as to what are savings accounts. The only thing different so far is that these so-called banks or savings accounts have not been able to buy E's, F's, and G's this year. This will be their first opportunity to buy E's, F's, and G's.

MR. BELL: F's and G's.

H.M.JR: I mean F's and G's.

MR. GAMBLE: That formula places a ceiling, too, on it, Mr. Secretary.

MR. BELL: The same as before, five hundred thousand dollars.

MR. GAMBLE: It is a negligible figure.

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H.M. JR: Ted, come up where I can see you.

It is exactly the same formula as last time--I mean, so far up to this time these so-called savings banks with savings accounts have not been able to buy F's and G's.

MR. GAMBLE: That is correct.

H.M. JR: And F's and G's will be available to them when the drive opens in addition, but it is exactly the same formula.

Q What kind of bonds were offered--they were two percent bonds last time that were offered here with the one and one-half percent percent bonds?

MR. GAMBLE: Not in the corporation bracket.

Q Savings banks?

MR. BELL: They will get F's and G's, seven-eighths percent certificates and one and one-half's. Last time they got the two percent, two and one-half percent, and F's and G's. In the last drive the banks were able to subscribe for their savings accounts to the F and G savings bonds, the two's and the two and one-half percent bonds, and in this drive they will use the same formula, and they will be able to subscribe for the F and G savings bonds, the one and one-half percent bond, and

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the seven-eighths percent certificate.

MR. GAMBLE: The formula has been redesigned to help the small banks that have problems with time deposits; the formula is designed really to take care of them, the ten percent limitation.

Q It is so limited it wouldn't do the big banks very much good in the way of investment.

Q Commercial banks for themselves are cut out as in the past by the ten year limit?

H.M.JR: We have designed it so that the two and one-quarter percent bond and the two and one-half percent bond cannot be bought by banks until they reach the point that they have ten years to mature.

Q Is that a new policy right at the end of the release, commercial banks will not be permitted to own these two securities until within ten years of their expected maturity?

A We put it differently. We approached that, but we have never just worded it like that.

MR. BELL: It is the same policy, but the time when they can own them has changed a little; on the two

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and one-half percent bond it has been ten years from the issue date, and here it has been changed to ten years from the maturity date. It is the same in the two and one-quarter. The last time we put out the two and one-quarter it was ten years from the maturity date.

Q If it were a twenty-year bond, it wouldn't make any difference.

H.M.JR: It is simpler. We felt here, as a sound policy, commercial banks shouldn't own securities longer than ten years, and in order to state it simply, we simply put it in this terminology that when a bond has ten years to run to maturity it becomes available to commercial banks, and that would become a sort of policy of the Treasury in the future. It makes it simpler. It is not a new departure, but it is just stating it a little bit simpler.

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- Q This proposition doesn't apply to one and one-half percent, then, does it?
- A Well--
- Q Under "Commercial banks?"
- A None of these securities that we are offering during the loan are available to commercial banks unless they have savings deposits, and then savings deposits are defined. If they have savings deposits under this formula which is defined, they can buy the seven-eighths, the one-and-one-half--
- MR. GAMBLE: F and G.
- H.M.JR: And F and G.
- Q Up to this five hundred thousand dollar limit or ten percent?
- A That's right.
- MR. BELL: There is no prohibition. Wilcox had in mind the banks buying seven-eighths and one and one-half's after the drive opened in the market.
- H.M.JR: He didn't ask. Once the drive is over they can buy, but during the drive they cannot.

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Q I see.

Q Are non-corporate business firms still classified as individuals?

A Yes, aren't they?

MR. BELL: Unincorporated businesses, associations, partnerships, and trust accounts, and that takes in unincorporated businesses as well.

Q No change in that classification?

A No, sir.

Q What is the highest bond quota that you ever had? Was it three billion?

MR. GAMBLE: Three billion.

Q What was the last?

H.M. JR.: Three billion is the highest. The Sixth War Loan was two and one-half, and this one is four. Mr. Bell has written out the highlights of this thing which I have been reading. I'll be glad to give it to you people. This shows the difference between individuals and non-banking, non-corporate--that might help you. You've got everything I've got. I'd like Mr. Gamble to say a few words.

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MR. GAMBLE: From our point of view the punch to this story is this seven billion dollar individual goal, and the four billion dollar E Bond goal. That is the highest we have ever had. The highest quota in E Bonds we ever had is three billion, and the highest sales, three billion, one eighty-seven. That was in the Fourth War Loan, and it means, to give you an idea how tough a quota it is, it means an employee working in a plant who makes two hundred fifty dollars a month will be expected to buy a two hundred fifty dollar war bond in the Seventh War Loan Drive, and failure for any great number of people to buy at that ratio would mean we couldn't make four billion dollars.

Q Do you mean he has to put thirty-three and one-third percent of his wages into bonds?

A A two hundred fifty dollar bond is one hundred eighty-seven fifty, but that is a substantial increase over what he has been asked to buy in the past.

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H.M.JR: He will have to invest one hundred dollars.

MR. GAMBLE: One hundred dollars or seventy-five dollars in cash over and above his regular allotment. This time he is asked to buy one hundred eighty-seven dollars and fifty cents. I was talking about payroll, and you may not want to use that figure. I wanted to give you an idea of what we are attempting to do, because it is apparent that we are likely going to have two drives this year, as the Secretary points out in the statement that the war expenditures are going to remain high, and we are going to make every effort to get approximately in the two drives what we got from individuals in the three drives, so actually, people are not being asked to buy any more during the periods, but they are asked in this specific drive to buy more than they have been asked to buy in any other drive.

Q When will the next drive come?

H.M.JR: Have a heart, lady!

Q You mean you will have two drives in the calendar year 1945?

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MR. GAMBLE: We ended the drive right at the end of the calendar year, 1944, which made it impossible to start a drive as we did last year, in January, and it takes ninety days to complete one of these operations, so there is no possibility of getting three of them in this calendar year.

Q I see.

H.M. JR: Well, I mean, this ought to take--this ought to raise enough money to take care of us until the fall, early fall.

Q In September?

A Early fall. Well, I'd like to leave it early fall. I don't know yet.

Q July, August, September. You can't have it before September.

A Early fall. Fall comes at different times in different parts of the United States.

Q I see.

Q What are the highest individual sales of any drive yet?

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MR. GAMBLE: Six billion, three fifty-one.

Q Which drive was that?

A Fifth drive, the Fifth War Loan Drive.

Q What was the highest quota?

A Six billion dollar combination, and the last drive, five billion dollars.

Q I know that was in the Fifth.

H.M.JR: Mr. Bell, would you like to say anything?

MR. BELL: No, I don't have anything.

H.M.JR: Well, the only point--you notice we have done everything except to give you the maturity, and with this unusual rise in the market up until the middle of this week when the market is bound to fall off, we would like it to settle a little bit before we price it.

Q Yes.

A And we might as well get as much knowledge out of it as some other people.

Q Is that off the record?

A What?

Q That you would like to wait until the market settles a little?

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- MR. BELL: I shouldn't think so.
- H.M.JR: You think it is on the record.
- MR. BELL: Sure.
- H.M.JR: It is on the record.
- MR. BELL: I think everybody would take it that way.
- H.M.JR: It seemed to settle today. We'll see what it does.
- Q Then the figures on the maturity probably will be ready late next week?
- A I would say within several days. We'll wait several days. We'll wait until the market settles. How is that?
- Q Won't it affect the E's, Mr. Secretary, since you shaved half percent off that one-and-one-half percent bond and raised the present price of two's?
- Q It depends on maturity.
- A Frankly, we don't know. I can't answer that.
- Q All right.
- A I could, but I shouldn't. (Laughter)
- That was a good question.

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Was this handled all right? Is everybody satisfied?

Q Fine! Thank you, Mr. Secretary.

Q This will not get into our first edition.

Q It is a little late for the morning papers, but we'll get it.

A As a matter of fact, when do Associated Press morning wires start working, just as a matter of interest?

Q They open at four o'clock in the afternoon, but leads that move early get in the first editions and have a much better chance. This will hit nearly everything.

Q For your information United Press morning wires open at twelve-thirty in the afternoon.

A I get you.

Q Thank you, Mr. Secretary.

TREASURY DEPARTMENT
Washington

Press Service
No. 45-35

FOR RELEASE, MORNING NEWSPAPERS,
Saturday, March 3, 1945.

Secretary Morgenthau announced today the types of securities to be sold in the Seventh War Loan Drive and the periods during which intensive campaigns will be conducted to sell these securities to the various classes of investors.

The goal for the Seventh War Loan has been set at \$14,000,000,000, of which \$7,000,000,000 is to come from sales to individuals and \$7,000,000,000 from other non-bank investors. Again the major emphasis throughout the entire Drive will be placed on the quota for individuals, which is the highest established in any of the war loan drives. Of that quota, \$4,000,000,000 has been established as the goal for Series E War Savings Bonds, which is also the highest quota established in any drive for that security.

The goal and the securities to be offered were determined by the Treasury after full discussion with various groups, including chairmen of the State War Finance Committees, officials of the Federal Reserve System, members of the American Bankers Association, representatives of insurance companies, and other investment authorities.

The Secretary stated that there is every evidence that Federal expenditures are going to remain at a high level for some time to come, and that the Seventh War Loan program was designed to obtain maximum funds necessary to prosecute the War from non-bank investors.

The securities, which will be sold under the direction of the State War Finance Committees, are as follows:

Series E, F and G Savings Bonds
Series C Savings Notes
2-1/2% Bonds
2-1/4% Bonds
1-1/2% Bonds
7/8% Certificates of Indebtedness

(The 1-1/2% Bonds will not be offered in the Drive to corporations)

The Drive for individuals will extend from May 14 to June 30. However, an intensification of activities in the

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sale of Series E bonds will begin April 9, when millions of persons on payroll savings plans throughout the country will be asked to enlarge their participation as a part of the Seventh War Loan. All Series E, F and G Savings Bonds and Series C Savings Notes processed through the Federal Reserve Banks between April 9 and July 7 will be credited to the Drive.

During the final phase of the Drive which will cover the period from June 18 through June 30, subscriptions will be received from all other non-bank investors for the 2-1/4% and 2-1/2% marketable bonds and the certificates of indebtedness.

The Treasury will request that there be no trading in the marketable securities and no purchases of such securities other than on direct subscription until after the closing of the Drive on June 30.

To avoid unnecessary transfers of funds from one locality to another, the Treasury again urges that all subscriptions by corporations and firms be entered and paid for through the banking institutions where funds are located. This request is made to prevent disturbance to the money market and the banking situation. The Treasury will undertake, as in the Sixth War Loan Drive, to see that statistical credit is given to any locality for such subscriptions as the purchaser may request, except that subscriptions from insurance companies will be credited to the State of the home office as in the past. The Treasury appreciates the substantial cooperation it has received in this respect.

In order to help in achieving its objective of selling as many securities as possible outside of the banking system, the Secretary will request the cooperation of all banking institutions in declining to make speculative loans for the purchase of Government securities, and in declining to accept subscriptions from customers which appear to be entered for speculative purposes. The acquisition of outstanding securities by banks on the understanding that a substantially like amount of the new securities will be subscribed for through such banks, thus enabling them to expand their war loan deposit balances, is regarded as an improper practice by the Treasury. The Secretary will request banking institutions not to make such purchases, and not to make loans for the purpose of acquiring the Drive securities later for their own account. The Treasury is in favor of the banks making loans to facilitate permanent investment in Government securities provided such loans are made in accord with the joint statement issued by the National and State Bank Supervisory Authorities on November 23, 1942. (Attached)

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The Treasury requests that all non-bank investors refrain from selling securities heretofore acquired to obtain funds to subscribe for the securities offered in the Seventh War Loan Drive. However, this request is not intended to preclude normal portfolio adjustments.

Life insurance companies, savings institutions, and States, municipalities, political subdivisions and similar public corporations, and agencies thereof, will be permitted to make deferred payment, at par and accrued interest, for the 2-1/4% and 2-1/2% marketable bonds allotted to them, up to August 31, 1945.

During the period from June 18 through June 30 commercial banks, which are defined for this purpose as banks accepting demand deposits, will be afforded an opportunity to subscribe for Series F and Series G savings bonds, and for the 1-1/2% bonds and the 7/8% certificates offered in the drive, in aggregate amounts not exceeding \$500,000 or 10 percent of the time deposits (of which not more than \$100,000 may be Series F and Series G savings bonds) under the same formula as was used during the last Drive. Securities so acquired by the banks will not be included in the Drive nor will they be counted toward any quota.

Commercial banks will not be permitted to own the 2-1/2% or the 2-1/4% marketable bonds offered in the Drive until within ten years of their respective maturity dates.

oOo

The Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and the Executive Committee of the National Association of Supervisors of State Banks made the following statement of their examination and supervisory policy with special reference to investments in and loans upon Government securities.

1. There will be no deterrents in examination or supervisory policy to investments by banks in Government securities of all types, except those securities made specifically ineligible for bank investment by the terms of their issue.
2. In connection with Government financing, individual subscribers relying upon anticipated income may wish to augment their subscriptions by temporary borrowings from banks. Such loans will not be subject to criticism but should be on a short term or amortization basis fully repayable within periods not exceeding six months.
3. Banks will not be criticized for utilizing their idle funds as far as possible in making such investments and loans and availing themselves of the privilege of temporarily borrowing from or selling Treasury bills to the Federal Reserve Banks when necessary to restore their required reserve positions.

SECRETARY MORGENTHAU'S PRESS & RADIO CONFERENCE

10:30 a.m., March 8, 1945

- Q Good morning, sir.
- H.M.JR: Why aren't you all up at the hearings?
- Q We are going right after we get through, sir.
- A Haven't you anything to do but waste your time around the Treasury?
- Q You gave a good story yesterday.
- Q That is right.
- A Was it all right?
- Q I hear you are going to be an authority on Dumbarton Oaks tomorrow.
- A Tomorrow?
- Q You are on a radio program, and you are going to discuss Dumbarton Oaks, according to the New York Daily News.
- A Far be it from me to throw down the New York Daily News, but--
- Q We just wondered if maybe they weren't mistaken and said Dumbarton Oaks instead of Bretton Woods.
- A I am not doing anything tomorrow.

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- Q It is supposed to be a filming.
- A For Bretton Woods?
- Q He was just being facetious.
- A Was he?
- MRS. KLOTZ: He said radio.
- Q Filming, with a radio man as master of ceremonies.
- Q That is right. Wasn't it on the radio, too?
- Q No.
- A No.
- Q Excuse me, I am sorry.
- MR. CASTLE: He is thinking of the Bretton Woods film.
- H.M. JR.: The Bretton Woods film?
- Q It is a mistake, the way we discussed the subject.
- Q Mr. Secretary, is there anything on maturities of the Seventh War Loan?
- A We think we will have something for you over the week end.
- Q For use on Monday?
- A I think so. That isn't a promise, but I think it will be ready. That is what we are aiming for.
- Q Do you have anything additional to report on a possible tax proposal to curb speculation? You made a comment about two weeks ago and said you

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were studying the matter.

A Elough, stand up here.

MR. BLOUGH: Good morning.

Q Is the situation the same on your consideration of possible tax measures that would help to curb speculation and capital assets?

A I would say the situation is about the same, yes.

Q All right. I just wondered what the alternative possibilities were.

H.M.JR: Roy, this is a press conference you know; you people have to share the hot spots with me.

Q Eccles has been carrying the ball on this so far, and you have said that the matter is under study, so I wondered if we couldn't have a little light on that.

MR. BLOUGH: The matter is still under study. I hate to say what is going to be found before it is found.
(Laughter)

Q Be careful, Roy.

H.M.JR: You may say something!

Q Careful study!

MR. BLOUGH: Well, off the record I talk a lot freer. Maybe I will say something that is worth saying. You

recall the last time this matter came up I said it was under study and that we saw a good many difficulties with this particular proposal. It seemed pretty harsh, ninety percent on all gains on assets purchased after January 1, 1945 and sold within a certain time. The economic effects seemed to clear. The effect on reconversion financing, and so forth, had to be taken into consideration, and those problems that have disappeared, of course, in the last week or two. So you have on the one hand, how serious is this matter, and on the other, what would be the effects of a proposal of this kind? And there are a lot of intermediate things that might be done. I noticed the stock exchange itself has eliminated margin trading for stock selling for less than ten dollars. Other credit restrictions could be introduced or strengthened. In the capital gains field itself you have the fact that in 1942 the Congress shortened the period for long term capital gains from eighteen months to six months because, largely, I believe, the floor trading and prices were at such a low ebb and

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things seemed so dead. It has been pointed out to us by people who are familiar with these things that a much more mild and logical approach would be to consider the possibility of extending that period again in view of the fact that the situation which gave rise to the shortening has now been replaced by an apparent fear that there will be a speculative boom. Other milder measures of that character are also under study.

Q What is that period?

A At the present time if you buy capital assets and you are not a dealer, you are just an ordinary fellow, businessman, corporation, or individual, and you buy a share of stock for, say, one hundred dollars and you sell it within six months at a higher price, that is considered as part of your ordinary income, and whatever tax rate is applied to ordinary income is applied to that. If, on the other hand, you hold that share of stock more than six months, the gain you get from the sale of it is considered a long-term capital gain, and it is put into your income at one-half

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of its value. For instance, if the gain is ten dollars, it is put in your income at five dollars, and then the tax rate can't be so high that that gain of ten dollars is subject to more than two dollars and one-half tax. In other words, the effective rate on long-term capital gains cannot exceed twenty-five percent. Now six months is the dividing line between long-term and short-term. Back in the '20's it was two years, and in the '30's it was two years. In 1938 for the first time it was shortened to eighteen months, and in 1942 it was shortened to six months. There have been a great many examples in recent months coming to our attention of the way in which an ordinary business income can be translated into a capital gain, and that has been under observation for some time.

H.W. JR: Well, that is sort of background on this.

MR. BLOUGH: Oh, yes.

Q You mean that period should be shortened?

A Put it back again to two years.

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Q In other words, there are certain steps that can be taken outside the Treasury that have nothing to do with taxation that you think would ease the matter and should be taken, perhaps, before any tax--

A I am not suggesting that, but I am suggesting there are other means that could be taken that are other people's business; primarily such things as credit control are in that group. But in the tax field much milder measures could also be considered, and that--

MR. GASTON: Isn't it Eccles' proposal?

MR. BLOUGH: ...the lengthening of the period of capital gains having--the shortening having been put in under entirely different circumstances--might be considered a logical step.

Q Mr. Secretary, could we use that part on the record that you are studying the other purposes before the difficult measure--

H.M. JR: No, I don't want to get into a controversy.

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- Q This is for background purposes?
- A He started off by saying he was off the record.
- MR. BLOUGH: I did say off the record, that is right, but to the extent to which these gentlemen think it can serve as background.
- MR. GASTON: It seems to me there is no objection for all this being used as background with no direct attribution to anybody.
- H.M.JR That's right. You were wrong.
- Q I always check.
- A That's all right.
- Q Mr. Secretary, what do you think about a law that would require people to state or make a statement of assets and liabilities in conjunction with income tax returns as a means of further cutting down on tax evasion?
- MR. BLOUGH: I noticed something in the paper the other day to the effect that that was being seriously considered. I hadn't heard of it, frankly. Some years ago--quite a long time ago--a statement of

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assets and liabilities was asked one year in the case of incomes above one hundred thousand dollars. There was a tremendous outcry against it, and it was not repeated.

Q Well, what about--I mean, to get it down to the man in the street? Apparently this was what they were talking about. Wouldn't that have the effect of greatly cutting down tax evasion?

A If he didn't misstate his assets and liabilities. But there is no question when you try to take-- try to get the income of a business organization, for example, you always get assets and liabilities statements. Well, almost always you do. You try to get it always. You use that assets and liabilities statement at the beginning and the end of the year as one method of checking your income. There is no question but that it would help in checking the incomes of individuals from year to year, but there are other considerations besides that involved here, and one is the attitude of the American people for revealing their financial condition.

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Q Yes, but shouldn't they do that? I mean, in the interest of making their just contribution? I mean, every person that is on a salary that is subject to withholding practically has his whole soul bared when he makes his income tax return. Of course, there are things he could buy and hide out, I suppose, but on the other hand, don't you think that this would be the way of practically uncovering all of this money that is being stowed away?

A I wouldn't want to go farther, as far as I am concerned, than I did go, but that undoubtedly would be an assisting factor in measuring income from year to year. There are, of course, other things to be considered besides that.

Q I understand the British have done it for some time, and it has proved very satisfactory.

A I have some doubts about whether the British have done it.

Q I was told that, anyway.

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- A I would want to check on that.
- Q Mr. Eccles made that statement on the Hill.
- A I'd like to check and talk to you about that later.
- Q He also told, Mr. Secretary, about the suggestion he had made to the Treasury on that money proposition. He let that story out.
- Q That's right, it was Mr. Eccles.
- H.M.JR: I am in a very good humor and I am not suspicious of anybody today, and everything is very nice. The press gave me good, straight stories yesterday.
- Q I see Mr. Bushfield did the same thing, but he beat Mr. Eccles to it.
- A No. If I had any suspicions, I'd say so. I know Mr. Eccles did that, and he is saying a lot of things. We try to keep up with him.
- Q Is there anything further on what the Treasury has done on that study?
- A No.
- (Discussion off the record.)

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Off the record, I am satisfied to leave the thing alone, and I have seen the reaction of the press to what Mr. Eccles said. I think we better leave it alone.

Now, we have got another big case which is about to break which we never would have found out about if it hadn't been for the thousand dollar bills, and the thousand dollar bills seem to be--

Q ...helping.

A They seem to be helping. There is a very big case where a person deposited four hundred one thousand dollar bills that ran successive serial numbers. The bank was suspicious and told us about it. Now we are looking into it, where he got them. If they had been twenty dollar bills, the bank wouldn't have bothered, but he comes along with four hundred one thousand dollar bills. You can't use this, but I think that is a sort of red signal, and for the time being I think we'll

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leave it alone.

Q It has its advantages then?

A As far as helping our enforcement people goes, yes. They seem to give us a lead.

Q Mr. Secretary, you remember before--several weeks ago--you said that you would kind of like to lay off until you saw what happened in Britain.

A Yes.

Q Have they already called in everything over five pound notes, or are they going to?

A The only thing I know--you can't use this unless we check it--I have been told that the British tried and it was ineffective, but I would have to check that.

Q They already tried it?

A I understand they already tried it and it was no use. We spent a lot of time on this thing, and we came to the final conclusion, really, that it wouldn't be any more helpful than La-Guardia's trying to get us not to print the balance we gave in using those figures. If we don't use those, it will be somebody else. It

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will be just as effective as stopping the number racket to stop the thousand dollar bills.

The two things would be about equal.

(Discussion resumed on the record.)

Q May I ask the Under Secretary a question?

A Sure.

Q In your speech in New York yesterday you had a rather thorough discussion of stabilization. You said this country has done a remarkable job in economic stabilization and described the various measures that have been taken to hold down inflation, but you said nothing about rising values of real estate and stocks, and I am just wondering whether you did that deliberately or whether you don't think that is an inflationary fact that has any great seeds of disaster in it, or whether you just deliberately steered off that part of it.

MR. BELL: No, I didn't even think about the real estate end of it. I was using the regular indices,

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wholesale prices and production indices. Those are the ones that are used generally, and those are the ones I took. I thought I better stay out of the real estate market, stock market. But they are not the indices that are generally used on the inflation front.

Q

Thank you, Mr. Secretary.

H.M.JR:

Thank you.

SECRETARY MORGENTHAU'S PRESS AND RADIO CONFERENCE

10:30 a.m., March 15, 1945

Q Good morning, Mr. Secretary.

H.M.JR: How do you do?

Q I see your assistant has recovered now.

A She's not taking on any fights. (Laughter)

Q Is there anything on maturities, Mr. Secretary?

A No.

Q Any ideas?

A No.

Q Wall Street is getting tired of answering some of the dopesters around this town.

A No. You can't get any help.

Q Mr. Secretary, you are preparing recommendations for capital gains tax revision to take care of this inflationary rise?

A We have nothing new on that from what I said a couple of weeks ago.

Q I understood from various people you are getting ready to submit something to the White House.

Q I read that in the Wall Street Journal, too.

- 2 -

Q It wasn't in the Wall Street Journal. It might have been in the rumor category in one of the columns.

A He doesn't believe the rumors.

Q Under "Washington Cable."

A Via London.

Q Via--yes. But there is nothing new beyond--

A Nothing new from what I said a couple weeks ago. I don't know how I put it. I said we have a sympathetic attitude. Isn't that what I said, Roy?

MR. BLOUGH: Yes. You pointed out that you felt strongly that the inflation of capital values especially in agricultural real estate had been very damaging after the war and you had a very sympathetic attitude toward measures to prevent it, but your attitude toward this particular measure as far as I know, is entirely neutral. It is under study.

Q And you also recalled what some of your experiences were with that sort of thing after the last war.

- 3 -

Q With Farm Credit.

Q Would you make a little prediction for us, Mr. Secretary, as to whether you think that will be enacted?

H.M.JR: He wants to make good the rumor column of the Wall Street Journal.

Q No. I'd like to know definitely whether you think there is going to be a tax or not.

A I can't. I can't be helpful to the Wall Street Journal rumor factory.

Q That's a good answer. (Laughter) That will scare the devil out of Wall Street. They know damn well what's coming.

Q Did you say you were not going to be helpful?

Q To me.

A To the Wall Street Journal rumor factory.

Now, having said that, I have completely protected myself, because you will all stick together and won't write it. (Laughter)

Q Is there anything you could add to this announcement

- 4 -

on Mr. Bartelt?

A

No.

Q

What is Mr. Bell's position? I thought he was sort of a Fiscal Under Secretary.

A

Mr. Bell has been doing that and all else, and he and I both feel that he needs additional assistance. He will give a lot of the things that he has been doing to Mr. Bartelt which will leave Mr. Bell more time to be Under Secretary, and will give him more time to be of assistance to me. He will be able to devote himself more to general policy and less to detail and administrative matters.

Q

It is really helping Mr. Bell out then?

A

It certainly will. The main thing is to help Mr. Bell so he can in turn help me.

Q

Mr. Secretary, would you care to comment this morning on the stand of the Episcopal Church on the monetary agreements and the Dumbarton Oaks plan, etc? The Board of Bishops, I believe it is called, urged the people of the church to stand behind both of these measures and to push

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it in every way they possibly could, because they said it means peace or lack of peace after the war, and so forth, and the end of all wars, and so on all down the line. In other words they agree that Bretton Woods agreements are the things that should be passed as fast as possible, and so forth. Didn't you know about that statement?

A No.

Q It was read in every church in the country last Sunday.

A This is the first I heard about it.

Q I've never seen anything published on the thing. Maybe I better go to work on it.

A Why don't you dig it up?

Q I was afraid maybe it was old stuff, because it was agreed upon in Montgomery, Alabama, three weeks ago.

A No. This is the first I've heard about it.

Q It took the Director about thirty-five minutes to read the report to the Board on that alone.

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A Charlie, see if you can't get a copy of it.

MR. SHAEFFER: Right.

Q How was the trip over to Minneapolis?

H.M.JR: Very good, very successful.

Q How was the grandchild?

A Wonderful!

Q It's a granddaughter.

Q Mr. Secretary, is there anything on one-and-one-half maturity dates yet?

A No. We are watching and waiting.

Q Are you still waiting for the market to settle?

A Well, just put it we are still waiting.

Q Mr. Secretary, could you tell us what progress you are making toward giving Italy its financial independence, so to speak?

A Wasn't that wound up here? I know the Italian Mission came in to say good-by. Wasn't the State Department going to give out a joint statement with them?

Q I don't know.

A That was my impression.

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- Q I am not terribly familiar with the subject, but I understood it was still up in the air.
- A They came in here at least ten days ago to say good-by. My impression was--Shaeffer, find out-- that the State Department and the Italians were going to give out a joint statement--the Italian Mission, about ten days ago. I didn't see it, but Charlie Shaeffer will get it.
- MR. SHAEFFER: I'll get it.
- H.M.JR: As far as I am concerned, they have gone.
- Q Is there an agreement, then, that Italy will--
- A The statement was going to be a joint one between State and the Italian Mission. We shall see what we can find out for you.
- Q When will your mission to Switzerland return?
- A It is not my mission.
- Q Well, it is the Foreign Funds group.
- A Well, Mr. Schmidt accompanied Mr. Currie. I think they are due back any time.
- Q I understand that actually Schmidt did the job over there and did it up brilliantly, and so on, but naturally--

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- A What gossip column have you been reading?
- Q Pardon?
- A What gossip column have you been reading?
- No, no, that is being unfair to Mr. Currie.
- Q I don't want to detract from--
- A No. Mr. Schmidt went to assist Currie. Currie
 was the head of the mission by all accounts.
 Currie did a fine job.
- All right. What else?
- Q That's all I have, Mr. Secretary. Thank you
 very much.

FOR IMMEDIATE RELEASE,
Thursday, March 15, 1945.

Press Service
No. 45-52

Secretary Morgenthau today announced the appointment of Edward P. Bartelt, Commissioner of Accounts, as Fiscal Assistant Secretary of the Treasury, effective March 16, 1945.

The Office of Fiscal Assistant Secretary was set up under Reorganization Plan Number III, approved June 4, 1940, and Mr. Bartelt will be its first incumbent. This Plan provided that the appointee be named by the Secretary of the Treasury in accordance with the Civil Service laws and would receive a salary of \$10,000 per year. In other words, the position is characteristically known as a "career job".

Under the Direction of the Secretary of the Treasury, the Fiscal Assistant Secretary will supervise the administration of and coordinate the functions and activities consolidated into the Fiscal Service, and to perform such other duties as the Secretary shall direct. In addition, he is responsible for the installation of accounting procedures in all bureaus and offices of the Treasury Department.

The Fiscal Service of the Department embraces the Office of the Commissioner of Accounts, the Division of Bookkeeping and Warrants, the Division of Disbursement, the Division of Deposits, the Section of Surety Bonds, the Office of the Commissioner of the Public Debt, the Division of Loans and Currency, the Office of Register of the Treasury, the Division of Public Debt Accounts and Audit, the Division of Savings Bonds, the Division of Paper Custody, and the Office of the Treasurer of the United States.

Mr. Bartelt was born June 17, 1895, in Quincy, Illinois, and he embarked upon his Government career in 1917, when he came to the Treasury Department and was assigned to the office of the Auditor for the Navy.

He has held several important positions in the Treasury, having been appointed to the position of Commissioner of Accounts in 1935. As head of the nationwide emergency accounting and disbursing organization established in 1935 by Executive Order to handle expenditures under various relief appropriation acts, he was responsible for the job of accounting for \$15,000,000,000 in work-relief expenditures. Upon recommendation of the Secretary of the Treasury Mr. Bartelt was designated by President Roosevelt to head the Interdepartmental War Savings Bond Committee which introduced the payroll savings plan in the Government service in 1942.

Mr. Bartelt is married, has three children, and resides at 3017 Stephenson Place, N. W.