

There's no plan for special war taxes prior to U.S. in war.
The business pick-up due to war will produce enough additional revenues to more than offset the additional expenditures due to war preparations. If we escape war, the budget may be nearly balanced in another year.

Rush of war orders from Britain & France is expected shortly.
Each will have its own central purchasing agency...not Morgan, not Chase, not any other Wall Street agency...subject to political criticism.

There's close tie-in between gov'ts of Britain, France, U.S.,
on war purchases here. Agents of these countries consult each other, through State, War, Navy Depts, and newly created War Resources Board, to prevent interference with our own industrial mobilization program.

Practically, materially, the U.S. is already an ally in war,
despite the legal and technical "neutrality."

If we get into war, it means a complete dictatorship, of course.
Current detailed plans are based on 1931 War Policies Commission report. They cover everything...military, economic, industrial, labor, etc. Plan would require legislation. Congress would squirm but would vote it, for there wouldn't be time to pause...to deliberate...to debate.

Gov't would take ANY property it wants and needs for war, would pay, would not confiscate, would have the power to tell every man what to work at, what to do, fix his pay...individuals and businesses.

"Profit system" would be maintained, but taxes would be levied to scoop most of the profits back into the gov't treasury.

There will not be much profit in war, if the U.S. goes to war.

Stettinius in due course will become "director of war industry." He has already been designated. He will graduate from the chairmanship of the present War Resources Board, which is merely advisory.

But, actually, a war would be run by the President himself,
and he would rely for ideas on management of the internal economy on his close group of New Dealers. Rumors that they are in disfavor are incorrect. They are merely lying low...for the sake of strategy.

Business men and industrialists would NOT have a free hand, would NOT determine the major internal policies during the war time. Current reports are contrary, but current reports are a smoke screen.

President's attitude on war: Those who talk to him privately say his mood is "belligerent." Not that he wants to get us into a war. But, rather, that he shows no strong determination to keep us out.

This attitude will become the key to many things.

Lindbergh is believed to have had this situation in his mind.
(Also Lindbergh reflected ideas prevailing within some army quarters.)

Draft plans are nearing completion. Important feature of them is that care will be taken NOT to draft essential workers in industry. Personnel and employment policies are affected. Within next few weeks we hope to be able to write you more about the draft. Yours very truly,

Sept. 16, 1939.

THE KIRTLING WASHINGTON AGENCY

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