

March 13, 1945

Secretary of the Treasury Morgenthau  
Treasury Department  
Washington, D. C.

Dear Mr. Morgenthau:

Enclosed is a memorandum drawn up as a result of our contacting certain leading people in the motion picture industry toward gaining their full support for the Bretton Woods agreements. While there is no question that as individuals the majority in the motion picture industry favor these agreements, nevertheless the problem posed by the enclosed memorandum must be discussed frankly before we can expect their public and full support.

In our opinion the problem raised is a fair question which should be dealt with immediately because it represents and typifies the questions American business must and should have answered at the very time it is asked to support Bretton Woods.

For this reason may we urge that you, Mr. Morgenthau, as the leading authority on Bretton Woods, give this matter careful attention and advise us as to how we may best answer to the satisfaction of the motion picture industry. We urge this consideration and speed because as you know it is vital to have their support at this time.

Sincerely,

HOLLYWOOD DEMOCRATIC COMMITTEE

George Pepper  
EXECUTIVE SECRETARY

GP:el

328

The motion picture industry faces a serious problem in connection with the sale of American motion pictures in Great Britain. The problem arises for the most part out of England's shortage of dollar exchange, and the necessity the British face for restricting imports of any commodity for which they cannot show a comparable export.

American motion picture companies face restrictions on the transfer of funds earned in Great Britain. They face quota limitations on the number of pictures which may be sold in Great Britain. Plans are also under consideration in Great Britain for the curtailment of the amount of money an American motion picture company can earn in the British Isles.

In addition, there is the prospect of legislation for government control of the motion picture industry in Great Britain which would mean strong preferential treatment for British-owned companies.

Since most of these problems grow out of the British need for dollar exchange, it is fair to assume that the Bretton Woods plan, if put into effect, might eliminate many of the difficulties which American motion picture companies would otherwise face.

For this reason it is suggested that the best way to interest the American motion picture industry in supporting the Bretton Woods agreements is to begin with a discussion of the British problem with the purpose of demonstrating how a plan like Bretton Woods might operate to the long-run advantage of the American companies.



THE SECRETARY OF THE TREASURY  
WASHINGTON

MAR 19 1945

Dear Mr. Hannegan:

I am very much interested in Mr. Pepper's letter and memorandum which you enclosed in your letter to me of March 15. The motion picture industry has raised questions which certainly should be answered and I shall attempt in this letter to give you as much help as I can in obtaining their support of the Bretton Woods proposals.

Expanded and unrestricted foreign trade is very important to the motion picture industry. A large part of its income is derived from leasing films abroad, some producers obtaining nearly one-third of their rental income from foreign sources. Since slightly more than half of this revenue comes from Great Britain, the industry is understandably concerned about the British post-war balance of payments picture and the effect that adoption of the Bretton Woods proposals will have on Britain's policies.

Changes in her financial position during the war will undoubtedly result in England having an unfavorable balance of trade immediately after the war. The problems she must solve are difficult, but they can be overcome. It is in the general interest of the United States, and particularly industries such as motion pictures that depend upon a British market, to influence the solution of these problems along lines that will mean expanded world trade and larger foreign markets for American industries.

What Great Britain really needs is an expansion of world trade which will permit her to export enough to pay for her imports. This can be accomplished through cooperation of the United Nations to do away with the



restrictive trade practices of the past. The resulting increase in trade will enable England to balance her payments without trying by unfair means to take business away from her neighbors. In the absence of such cooperation, Great Britain will undoubtedly adopt a policy of bilateralism, economic discrimination and economic warfare directed towards obtaining a large share of world trade.

If England is forced to take such a course other countries will have to do likewise, the volume of trade will decline and all of us, including the motion picture industry, will suffer. There will be legitimate reason, under such circumstances, to fear the imposition by Great Britain of restrictions on the transfer of funds earned within her borders, quota limitations on United States pictures sold on the British Isles, and government preference for British-owned companies.

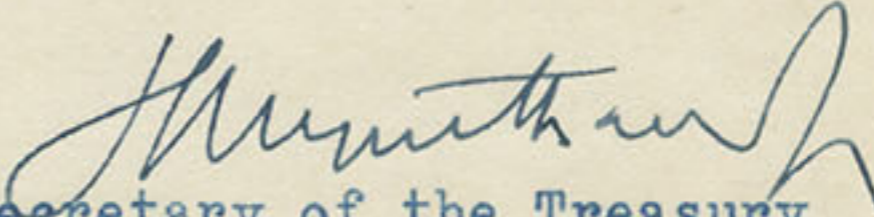
If the Fund and Bank are put into effect and the United Kingdom accepts membership, it will have to remove its exchange controls as quickly as possible, thus assuring freedom in the transfer of earnings by the motion picture industry. It will also mean that the world has chosen the path of cooperation on international economic problems which, I am firmly convinced, will stimulate trade and make possible general trade policies under which English-speaking people everywhere will be able to see and enjoy the pictures they desire, irrespective of where they have been produced.

The Bretton Woods proposals will not solve all of the world's trade problems since they cover only the monetary and investment fields. They will outlaw the restrictive monetary practices of the 1930's and in this way will be of direct benefit to the motion picture industry, and they will also lead the way to the cooperative solution of other trade problems. I believe, however, that it is equally important to keep in mind the difficulties that will confront the movie people if the Fund and Bank are rejected. We can be absolutely certain that without these institutions there will be unfair and discriminatory measures taken by many countries that will greatly reduce the income from abroad of the motion picture industry.

I have tried to indicate to you how the Bretton Woods proposals will affect British problems and British policies, particularly with respect to the fears expressed by some of the people in Hollywood. If you and Mr. Pepper are interested in the details of the Fund and Bank Agreements, I think you will find the enclosed pamphlet helpful.

I am also enclosing Mr. Pepper's letter and memorandum.

Sincerely yours,

  
Secretary of the Treasury

Mr. Robert E. Hannegan  
Chairman  
Democratic National Committee  
Mayflower Hotel  
Washington, D. C.

DEMOCRATIC NATIONAL COMMITTEE

MAYFLOWER HOTEL

WASHINGTON

ZONE 6

ROBERT E. HANNEGAN  
CHAIRMAN

March 20, 1945

AIR MAIL

Mr. George Pepper, Executive Secretary  
Hollywood Democratic Committee  
1585 Cross Roads of the World  
Hollywood, 28, California

Dear George:

I am enclosing herewith letter received from Secretary of the Treasury, Henry Morgenthau, Jr., in response to my recent letter to him, also the pamphlet on the Bretton Woods Fund and Bank Agreements to which he refers.

I hope this information will be helpful to you.

With kind regards,

Sincerely yours,

*Bob*

Encl.