

January 24, 1936

Colonel Frank Knox

On February 6, 1932, Colonel Frank Knox was asked by President Hoover to head a nation-wide drive to combat hoarding. Colonel Knox stated on February 9, "The real work of the solution rests not with the National Government, not with the nationwide organizations, but with the people of each individual community themselves."

On February 10, 1932, Colonel Knox stated that the signs were definite for an improvement in the economic situation.

On February 17, 1932, Colonel Knox announced the name of the organization would be "Citizens' Reconstruction Organization," and he authorized the use of the initials C.R.O. as abbreviation.

On February 19, 1932, after a conference between Colonel Knox and Secretary of the Treasury Mills, it was agreed that "baby bonds" would be issued. The bonds were to carry one year maturity, redeemable at 60 days notice, and were known as Reconstruction Bonds. They were to be sold to bring hoarded money out of hiding.

On March 6, 1932, Colonel Knox gave an address over the radio stating that \$305,000,000 had been withdrawn from the banks between January 1 and February 6, 1932, and that during 1931 a billion dollars had been withdrawn.

The net result of Colonel Knox' campaign was that total deposits declined from \$56.9 billion on June 30, 1931 to \$45.4 billion in 1932, and \$41.5 billion in 1933.

With a change in administration and with the insurance of accounts by the Federal Deposit Insurance Corporation, deposits rose to \$46.6 billion in 1934 and \$51.6 billion on June 30, 1935.

On February 21, 1932, the C.R.O. (Colonel Knox) pointed out that George Washington warned against too much economy in a letter to Robert Morris, financier of the Revolution, and that during the Revolution Washington frequently cleaned out his pockets to buy loan office certificates.

On May 29, 1932, Colonel Knox urged that Congress balance the budget, cut governmental costs \$250,000,000, enact a sales tax, and provide \$300,000,000 for early relief of distress. He criticized the Democratic members of Congress for advocating a \$2,100,000,000 relief bill.

On September 9, 1932, Colonel Knox gave an address over the radio stating that the slump was passing. Signposts of improvement were, he said, (1) the passing of the money panic, (2) low inventories, (3) the elimination of waste in management and production.

On April 26, 1933, he favored controlled inflation as a means of raising farm prices, rather than the proposed AAA legislation.

Most of the above information is based on news items appearing in the New York Times.

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Supplementary.

According to the New York Times of February 10, 1932, a reporter asked Colonel Knox: "Will you ask a man who has lost his money in a bank failure to redeposit his money in some other bank?"

"I am not prepared at this time to answer that question," was the reply.