



10/5/42

~~Mr. Thurston:~~

Mr. Krost called and dictated the following:

I inquired about the matter of regulation of salaries. Was informed by a source in the Bureau of the Budget that there was a gap in the Executive Order on that point. It was not clear whether relatively low salaries were to be considered as wages and hence made subject to regulation by the War Labor Board, but that might be a possible interpretation of the Order.

It was clear that the War Labor Board was an inappropriate agency for the regulation of relatively high salaries. There had been some discussion as to which agency would be the appropriate one. Among others, the Bureau of Internal Revenue had been suggested. It was contemplated that a directive would be issued under which salary increases would have to be submitted for approval or disapproval by the enforcing agency. It would not merely be a question of checking up afterwards to see if increases had been granted.

Mr. Krost asked that this be treated confidentially and no carbons "left around".

meb