



Jewish Survey 10/41

## An open letter to Mr Willkie

Dear Mr. Willkie:

The current Wheeler-Clark-Nye "film propaganda investigation" has revealed nothing hitherto unknown about our motion pictures. What it has revealed, however, is the fact that the Wheeler-Clark-Nye appeaser bund are open Jew-baiters. This was evident from the very outset. You, as counsel for the motion picture industry, have not feared to point out the openly anti-Semitic nature of the investigation. Their attempt to arouse anti-Semitism has blown up in their faces and now they seek to arouse sympathy for their appeasement cause by directing attention to monopoly in the motion picture industry, even though that topic does not lie in the province of their inquiry. Moreover, we are sceptical of this maneuver because the new Wheeler-Clark-Nye battle cry comes from politicians whose past record on "monopolies" is not above reproach. We fear that those who profess to fight "monopoly" may turn out to be the servants of monopolists.

One politician who proved himself a past master at this very tactic is the more internationally famous figure, Adolph Hitler, who gained the people's ear by his promise to end the rule of the German trusts. Today these trusts are more powerful than ever—Siemens-Halske, the electrical trust, Krupp, the munitions trust, I. G. Farbenindustrie, the dye and chemical trust, and many others. They have completely swallowed up their domestic competitors and the present war was begun by Hitler to destroy their foreign competitors or obtain advantages over them.

Of course, there have been a few changes in the personnel controlling these trusts. Thyssen, for example, is gone and Hermann Goering takes his place. And now we wonder if the Wheeler-Clark-Nye bund are making the same spurious kind of "fight" against "monopoly." Are they fighting against monopoly or are they trying to place their own supporters and backers in charge of the movie industry? We think it not unlikely that Wheeler and Company would like to see the film studios under the control of men who will turn out celluloid versions of the New York Daily

News, the Chicago Tribune, and Social Justice.

We believe that a good witness to help clear up this question would be Mr. Joseph P. Kennedy, appeaser and ex-Ambassador to London.

Mr. Kennedy is quite skilled in the technique of obtaining control of film companies from first-hand experience. He has a long acquaintance with the film industry's financial set-up. And Mr. Kennedy, now a trusted adviser to Senator Wheeler—who ordered the present movie "investigation"—has shown interest in Hollywood recently. One of Mr. Kennedy's first actions on returning to America from England and while still serving as Ambassador was to confer with Will Hays, head of the Motion Picture Producers and Distributors of America, Inc.

Mr. Kennedy's familiarity with the motion picture industry dates back to 1928. The Radio Corporation of America, General Electric and Westinghouse Electric supplied Mr. Kennedy with \$1,000,000 to purchase a company known as Film Booking Offices, which distributed films to exhibitors (*New York Times*, June 3, 1928). The owners of this company were London investors, principally Lloyds of London. According to the *New York Times*, Lloyds had invested \$7,000,000 in this company. Mr. Kennedy was able to persuade Lloyds to sell the company for \$1,000,000.

Encouraged by this success Mr. Kennedy became interested in what the *New York Times* of June 14, 1928 headlined as a "HUGE THEATRE DEAL." Listed as companies slated for consolidation were, among others, the companies in which Mr. Kennedy had an interest and also, be it noted, Warner Brothers. (More will be said about this later.) The *Times* went on to report: "Such a combination would rank as one of the largest in the amusement field. Joseph Kennedy, president of Film Booking Offices and of Keith-Albee-Orpheum, is understood to be conferring with the bankers for the various companies on plans for the consolidation."

Some time later the plan for the merger went through and Mr. Kennedy became chairman of the board of the new company, R.K.O. The *New York Herald Tribune* of November 29, 1928 re-

ported: "KENNEDY GETS OVER MILLION IN R.K.O. MERGER. Receives Option on 75,000 Shares at Prices Far Below Current Quotations." Mr. Kennedy had received an option to purchase 75,000 shares of stock in the new company at prices between \$21 and \$26 a share, depending upon the date of exercise of the option. The market price of the stock was at the time, according to the *Herald Tribune*, more than \$42 a share. Mr. Kennedy announced that he was exercising his option with respect to 25,000 shares immediately. It is not known if he exercised his option with respect to the remaining 50,000 shares at a later date. If he did, his total profit on the deal would be nearly \$3,000,000, not \$1,000,000.

But Pathe Exchange, Inc., of which Mr. Kennedy was chairman of the board of directors, had not been merged with R.K.O. For the latter obtained Pathe assets in another way. Pathe's directors, headed by Mr. Kennedy, drew up a contract for the sale of most of its assets to R.K.O. for approximately \$5,000,000. The adequacy of this amount is indicated by the *New York Times* account (January 6, 1931) of the stockholders meeting at which Mr. Kennedy presented his plan:

"When Joseph P. Kennedy, chairman of the board of directors of Pathe, entered the room, he was greeted with epithets from minority stockholders, who questioned and heckled him when he tried to reply to them. The shouts of the irate minority carried through the partitions into the elevator corridor.

"Some of the stockholders asked Mr. Kennedy if it were not true that directors of Pathe Exchange, Inc. were also directors of R.K.O., implying that the sale had been engineered by an interlocking directorate. Mr. Kennedy said that some directors, but not all, were on the boards of both companies." The conditions under which the vote was held are interesting:

"On either side of the chairman (Mr. Kennedy) and the accountants waiting to tabulate the ballot stood private detectives wearing uniforms with belts laden with cartridges and big revolvers." Kennedy's plan to sell at \$5,000,000 went through.

Mr. Kennedy's successful financial operations gave him a taste, apparently, for independent action on the market. He carried through several actions as an independent operator which are revealing. The *New York Times* (July 14, 1932) reported that Mr. Kennedy and others had formed a protective committee of B.M.T. stockholders so that small stockholders might have a voice in the transit unification discussions. Re-

portedly 150,000 shares of common stock were placed by stockholders under the control of Mr. Kennedy and his associates. Two days later Mr. Kennedy and his associates announced that there was no truth in the story that they intended to form a protective committee to fight the B.M.T. management. The same statement, according to the *Times* of July 16, 1932, noted that Mr. Kennedy and his associates had been given two places on the board of directors of B.M.T.

Another of Mr. Kennedy's deals is epitomized in a *New York Times* headline of July 16, 1934: "ASSAILS KENNEDY'S POOL ACTIVITIES. SENATE STOCK MARKET INVESTIGATING COMMITTEE HITS GLASS FIRM ACTION.

HE PROFITED BY \$395,000."

The *Times* story continues: "A pool participated in by Joseph P. Kennedy, now chairman of the Stock Exchange Control Commission, (S.E.C.) was cited today by the Senate Stock Market Investigating Committee in a report severely condemning such activities.

"The pool in question was conducted in shares of the Libby-Owens-Ford-Glass Company. . . . The report pointed out that the glass company pool 'was materially aided by a popular delusion that the company was engaged in manufacturing glass bottles and was therefore to be classified as a repeal stock, whereas in fact it made no bottles and its business was in no way enhanced by the repeal of prohibition.'"

It was not however, until the winter of 1940 that Mr. Kennedy's political views became known. Almost immediately after his return to this country, rumors began to circulate that our Ambassador to England differed with President Roosevelt over foreign policy. And on November 6, 1940, according to the *New York Times*, Mr. Kennedy indicated doubt as to his return to England: he might "go to California" instead.

Mr. Kennedy's comment on the death of Neville Chamberlain should have given the American people a true notion of their Ambassador at London. Mr. Kennedy stated, according to the *New York Times* (November 11, 1940), that he was "closer to Neville Chamberlain than (he) was to anybody in England." Mr. Kennedy added, "The world will miss his sane counsel. He really gave his life that England might live."

According to Ben Robertson, PM's correspondent in London, Mr. Kennedy had "admired and often talked with Chamberlain. He often said he was a misunderstood man and often men-

tioned that was the one Chamberlain

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tioned that he was proud about the fact that he was the one who had introduced Lindbergh to Chamberlain" (PM, January 19, 1941).

Mr. Kennedy's position was now absolutely clear. In his famous interview with the *Boston Globe*, which he did not deny so much as claim to have been off-the-record, he was reported as stating that democracy in England was dead. As to the possibility of America entering the war, he was quoted as saying: "I say we aren't going in. Only over my dead body. I'll spend everything I've got to keep us out."

If Mr. Kennedy made the statement as reported by the *Boston Globe* and the North American Newspaper Alliance, it is highly significant.

In any event, whether Mr. Kennedy was prepared to devote his fortune to fighting the President's foreign policy or not, Mr. Kennedy had sufficient interest in Hollywood to go there shortly after his return from England. According to the *New York American* of November 17, 1940, Mr. Kennedy was there on that date. Among other persons whom Mr. Kennedy saw while there was William Randolph Hearst (*New York American*, November 20, 1940).

It was Mr. Kennedy's claim, (*New York Times*, December 1, 1940) that he was resigning as Ambassador "so that he might devote his time 'to the greatest cause in the world today, to help the President keep the United States out of war.'" Yet Mr. Kennedy has been singularly silent during the last year. The *New York Times* index shows only a few statements by Mr. Kennedy since his resignation, some of which were delivered comparatively inconspicuously at college commencements. He has almost completely disappeared from public view. What is Mr. Kennedy doing in behalf of the cause he termed "the greatest in the world" and to which he was prepared to devote his energy and his fortune?

It is known that Mr. Kennedy has become a trusted advisor of Senator Wheeler. He has conferred with Senator Wheeler (*New York Times*, January 17, 1941). Wheeler has been a house guest of Mr. Kennedy's at the latter's Palm Beach estate (*New York Post*, January 7, 1941) and Wheeler stayed at Mr. Kennedy's home while recuperating from influenza (*New York Times*, February 2, 1941). Wheeler's attacks on the motion picture industry prior to the present "investigation" were made at about this time.

During the present "investigation," Senator D. Worth Clark, chosen by Senator Wheeler to be chairman of the subcommittee making the "investigation,"

has singled out Warner Brothers for attack. Senator Clark declared on September 10, 1941 that Warner Brothers "probably have made more of these hate-producing films than any other company in America." It will be remembered that years ago Warner Brothers was named, among others, in rumors of Wall Street negotiations for consolidation with film companies in which Mr. Kennedy had interests or held office (*New York Times*, June 14, 1928). It will be remembered that R.K.O. took over some of the other companies named in those rumors and that Mr. Kennedy was handsomely rewarded for his work. But Warner Brothers never consolidated with R.K.O.

It has been rumored currently that Mr. Kennedy has returned to activity in the motion picture financial set-up. One item in *Variety* for June 18, 1941 reads: "Lots of Rain in N.E. This Month, Only Real News from Joe Kennedy . . . Reached at his summer home at Hyannis, Mass., Kennedy said it was all news to him (i.e., rumors that he had returned to the motion picture industry). He added that there had been a lot of rain in New England this month."

The banking firm with which Mr. Kennedy was associated for five years, Hayden-Stone Company, is described in TNEC Monograph No. 29, 1940, as the sixth largest holder of Paramount Picture's convertible first preferred voting stock and the largest holder of the same company's second preferred voting stock, as of May 12, 1938. This stock, more than 36,000 shares in all, was held by the banking firm for some undisclosed beneficiary.

In view of Mr. Kennedy's financial dexterity in the film industry and his reported intention to devote his fortune to the establishment of what he considers a correct foreign policy for the United States, we think that it might be well for you, Mr. Willkie, in your capacity as counsel for the motion picture industry, to have Mr. Kennedy called to testify at the movie investigation. He should be asked the following questions:

1. Does Mr. Kennedy have any plans for buying control of any motion picture companies or becoming active in their management? Does Mr. Kennedy know if any of his acquaintances or friends have such plans?
2. Did Mr. Kennedy discuss with Senator Wheeler the necessity, desirability, or the nature of the present movie "investigation?"

Very truly yours,

**RICHARD BONHOMME**