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November 18, 1975

MEMORANDUM FOR: AGNES WALDRON

FROM: JIM CONNOR

Agnes, the President has seen the attached article and has asked for a complete report on it. I have seen the piece you did earlier, and I wonder if you could update that so as to cover any of the points in the attached article which might not be covered in the earlier piece. Thanks.

THE WHITE HOUSE

WASHINGTON

November 18, 1975

MEMORANDUM FOR: JIM CONNOR

FROM: DICK CHENEY 

Attached is a clipping out of the New York Times of November 16 talking about aid from the Federal government to San Francisco in 1906.

Get it all checked out. The President wants a complete report on it.

Attachment

U.S. Gave Additional Help to San Francisco in 1906

By WALLACE TURNER

Special to The New York Times

SAN FRANCISCO, Nov. 15—Further evidence of generous Federal assistance to San Francisco after the 1906 fire and earthquake was turned up this week by William Heintz, a historian doing research for a two-volume history of the city.

The historical record of Federal help in the recovery here became of interest after President Ford said in a speech to a \$250-a-plate Republican dinner here on Oct. 31 that "the reconstruction of San Francisco was not a Federal bailout. It was a local undertaking—the work of San Franciscans."

The President was defending his policy of rejecting proposals that the Federal Government provide help that would enable New York City to avoid default or bankruptcy.

The earthquake struck here on April 18, 1906. Water lines were destroyed so that when a fire followed, the city was destroyed. The loss was officially estimated at \$300 million. After Mr. Ford's speech, it was reported that \$2.5 million was quickly supplied at President Theodore Roosevelt's instigation. This was for emergency aid.

Newspaper Accounts

But the further extent of Federal help was not known until this week when Mr. Heintz discovered news accounts in June, 1906, editions of The San Francisco Chronicle, in which Federal help was described.

The account said it was not feasible to expect legislative appropriation, for Congress was about to end its session that year. But the Federal Treasury deposited \$10 million in banks here and this became, in a way not described in the accounts, backing for \$12 million in city bonds.

"This will enable the bonds to be sold at once at par," The Chronicle reported from Wash-

ington on June 20, 1906.

Secretary of Treasury Leslie Mortier Shaw, a native of Vermont, was a former Governor of Iowa, where he was a successful banker before going into politics.

"The sale of these bonds," said The Chronicle's report, "will enable the city to proceed with the reconstruction of municipal buildings, such as schools, hospitals, City Hall, jail, etc., and the repair of our streets and sewers."

The paper also reported that the Federal Treasury was involved in supporting the crea-

tion of a corporation that would build small houses for persons who were homeless.

The corporation "will furnish to the national banks such security as the Secretary of the Treasury may prescribe to secure further deposits with the national banks not to exceed \$10 million."

Mr. Heintz said, "Those little houses were built, and some years ago I lived in one of them for awhile. I understand they cost \$1,000 each in 1906, but they cost a lot more now."

The historian turned up another report in The Chronicle

of June 24, 1906, that the city was raising \$7 million by a tax levy, getting \$7 million from sale of bonds, and "the Administration placed at its disposal an additional \$5 million thus making the total that may be expended during the next fiscal year upward of \$9 million."

City officials here said they were not able to locate records that dealt with the matters involved in the 1906 news accounts, but were able to confirm that the Federal Government had made bank deposits that helped sustain San Francisco's municipal credit.

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