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**Franklin D. Roosevelt — “The Great Communicator”**  
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**File No. 788**

**1935 June 27**

**Message to Congress re gold Clauses in**  
**Government Bonds**

June 27, 1935

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STEPHEN EARLY  
Assistant Secretary to the President

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## TO THE CONGRESS OF THE UNITED STATES:

Before the termination of this session of the Congress, I believe that it is important that definite action be taken to eliminate any uncertainty with respect to the right of holders of gold clause bonds of the Government to sue for payment either in gold or else in legal tender with an additional sum of sixty-nine cents on every dollar.

To this end, I urge the withdrawal by the United States of its consent to be sued upon its currency or securities. The question of the effect of the so-called gold clause, in the light of the monetary legislation of the 73d Congress, came before the Supreme Court at the term just closed. A suit for additional payment under existing circumstances, the Court said, would "constitute not a recoupment of loss in any proper sense but an unjustified enrichment." Bonds of the United States containing gold clauses -- all of them issued, sold and payable wholly within the United States -- have been continuously quoted on the exchanges at no higher prices than bonds not containing such clauses. But the continuing possibility of actions by litigious persons leaves open the continuing possibility of speculation. There is no public interest, under these conditions, in permitting a handful of private litigants to exploit the general public in the hope of a wholly speculative private profit.

This conclusion will hold so long as the Congress adheres to its declared policy, now more than a third of a century old, to maintain the equal value of every dollar in the market.

I recommend, therefore, the enactment of legislation which will make clear that it is our fixed policy to continue to treat the bond-holders of all our securities equally and uniformly, to afford any holder of any gold clause security, who thinks he could by any possibility sustain any loss in the future, an opportunity to put himself immediately in a position to avoid such future loss, and to remove all possibility of any suits designed to hamper the Government in administering the public debt and in financing its ordinary and emergency expenditures.

More specifically, I recommend the immediate enactment of legislation (1) that will authorize and direct the Secretary of the Treasury, at the request of the holders of gold clause securities of the United States, to make payment therefor in cash, dollar for dollar, with accrued interest, or at the holder's election, to exchange such securities for non-gold clause securities with the same interest rate and maturity; (2) that will terminate any consent which the United States may have voluntarily given to be sued on its securities,

coins or currencies; and (3) that will re-affirm the fixed policy of the United States to make payment to all holders of its securities, coins and currencies on an equal and uniform dollar for dollar basis and will make appropriations available for payments on this basis and on this basis only.

There is no constitutional or inherent right to sue the Government; on the contrary, the immunity of the sovereign from suit is a principle of universal acceptance, and permission to bring such suits is an act of grace, which, with us, may be granted or withheld by the Congress. The courts, it is hardly necessary for me to add, will always be open to those who seek justice, but they were not established for use by a few to enrich themselves at the expense of the many, nor to enable a few to harass and embarrass sovereign action by the Government when taken for the benefit of all.

Not only justice to the holders of our currency and of our securities who support and rely on our policy of equal and uniform treatment to all, but also the interests of our entire people require that the Government of the United States make it clear that it cannot and will not consent to the use of its courts in aid of efforts to sabotage the operations of Government or in aid of private speculation.

This proposal reasserts and makes definite the control of the Congress over the securities and money issued by the United States of America.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE

June 27, 1935.

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To the Congress of the United States. 6/27/35

Before the termination of this session of the Congress, <sup>I believe that it is important that</sup> definite action ~~should~~ be taken to eliminate any uncertainty with respect to the right of holders of gold clause bonds of the Government to sue for payment in gold or in legal tender <sup>with an additional sum of ~~one~~ <sup>cents</sup> on every dollar.</sup> plus an increase of sixty-nine per centum.

To this end, I urge the withdrawal by the United States of its consent to be sued upon its currency or securities. The question of the effect of the so-called gold clause, in the light of the monetary legislation of the 73d Congress, came before the Supreme Court at the term just closed. A suit for additional payment under existing circumstances, the Court said, would "constitute not a recoupment of loss in any proper sense but an unjustified enrichment." Bonds of the United States containing gold clauses have been continuously quoted on the exchanges at no higher prices than bonds not containing such clauses. But the continued <sup>ing</sup> possibility <sup>of actions by title insurance companies</sup> of litigation leaves open the continued <sup>ing</sup> possibility of speculation. There is no public interest, under these conditions, in permitting <sup>to</sup> a <sup>handful of</sup> private litigants <sup>to</sup> exploit ~~the~~ ~~potential~~ ~~injury~~ of the public <sup>of</sup> the supposed ~~uncertainty of the situation~~ in the hope of a wholly speculative private profit.

Litigation, however unreasonable, <sup>which puts in</sup> ~~putting~~ into question the amount of the national debt and the value of government securities is bound to <sup>have</sup> ~~be~~ unsettling ~~in its effects~~. As

the country should not bear this needless burden of insecurity, there should be protection against further claims of this character. This conclusion will hold so long as the Congress adheres to its declared policy, now more than a third of a century old, to maintain the equal value of every dollar in the market.

I recommend, therefore, the enactment of legislation which will make clear that it is our fixed policy to continue to treat the bond-holders of all our securities equally and uniformly, to afford any holder of any gold clause security, who thinks he could by any possibility sustain any loss in the future, an opportunity to put himself *immediately* ~~now~~ in a position to avoid such future loss, and to remove all possibility of any <sup>units</sup> ~~diversion~~ designed to hamper the Government in administering the public debt and in financing its ordinary and emergency expenditures.

More specifically, I recommend the immediate enactment of legislation (1) that will authorize and direct the Secretary of the Treasury, at the request of the holders of gold clause securities of the United States, to make payment therefor <sup>in cash</sup> dollar for dollar, with accrued interest, or at the holder's election, to exchange such securities for non-gold clause securities with the same interest rate and maturity; (2) that will <sup>terminate</sup> ~~withdraw~~ any consent which the United States may have voluntarily given to be sued on its securities,

coins or currencies; and (3) that will re-affirm the fixed policy of the United States to make payment to all holders of its securities, coins and currencies on an equal and uniform dollar for dollar basis and will make appropriations available for payments on this basis and on this basis only.

There is no constitutional or inherent right to sue the Government; on the contrary, the immunity of the sovereign from suit is a principle of universal acceptance, and permission to bring such suits is an act of grace, which, with us, may be granted or withheld by the Congress. The courts, it is hardly necessary for me to add, will always be open to those who seek justice, but they were not established for use by a few to enrich themselves at the expense of the many, nor to enable a few to harass and embarrass sovereign action by the Government when taken for the benefit of all.

*D* Not only justice to the holders of our currency and of our securities who support and rely on our policy of equal and uniform treatment to all, but also the interests of our entire people require that the Government of the United States make it ~~perfectly~~ clear that it cannot and will not consent to the use of its courts in aid of efforts to sabotage the operations of Government or in aid of <sup>private</sup> speculation, ~~upon the~~ possibility of ~~action by the Government~~ which the public welfare ~~may require it to take.~~

*A* This proposal ~~removes~~ and makes definite ~~the~~ <sup>the</sup> ~~control~~ <sup>of Congress</sup> ~~of the~~ ~~United States~~ <sup>in America</sup> ~~is~~ <sup>securities and property</sup> ~~issued~~ <sup>by</sup> ~~the~~ ~~United~~ ~~States~~ ~~in~~ ~~America~~.