
Franklin D. Roosevelt — “The Great Communicator”
The Master Speech Files, 1898, 1910-1945

**Series 2: “ You have nothing to fear but fear itself.” FDR
and the New Deal**

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1937 November 15

**Message to Congress re Federal Housing
Administration**

(1018)

MESSAGE
OF THE
PRESIDENT OF THE
UNITED STATES

TO THE CONGRESS:

Important measures are already pending before this Congress, and other matters will require early consideration. Therefore, it has seemed advisable to call this Extraordinary Session to expedite the work of the regular session which will begin in January.

Since your adjournment in August there has been a marked recession in industrial production and industrial purchases following a fairly steady advance for more than four years.

We have not been unaware of uncertainties in the economic picture. As far back as last Spring I called attention to the rapid rise in many prices -- a rise that threatened in particular the anticipated revival of building. And over a month ago I quoted one of the country's leading economists to this effect -- that the continuance of business recovery in the United States depends far more upon business policies than it does upon anything that may be done, or not done, in Washington.

The present decline has not reached serious proportions. But it has the effect of decreasing the national income -- and that is a matter of definite concern.

During the adjournment of the Congress I have sought to avail myself of the wisdom and advice of managers of large industrial and financial enterprise, of owners of small businesses in many lines, and of representatives of agriculture and of labor.

Out of long experience I place great value on this method of getting suggestions from every possible source. Single answers or simple slogans will not cure the complicated economic problems which today face all nations.

To over-emphasize one symptom out of many -- to over-emphasize any one panacea that for the moment appeals to any one group -- is to play with the lives of all the men and women of America.

The ultimate answer to the conditions of today is a cordial and confident cooperation not only between government and every kind of citizen -- but also between every kind of citizen and his government. As never before in our history, the well-being of those who have much, as well as those who have less, depends upon a contented society of good-will where the good-will rests on the solid foundation that all have enough.

From these conferences and from other sources many suggestions have come to me and to other members of the Executive Branch of the Government. Some of these recommendations are consistent with each other; some are at complete variance.

But these discussions make it clear that we have enough wisdom in the country today not only to check the present recession but to lay the ground work for a more permanent recovery. If the people are as willing as government to use the economic knowledge gained in recent years, this recession need go no further.

With the exercise of ordinary prudence, there is no reason why we should suffer any prolonged recession, let alone any general economic paralysis. Despite some readjustments, which can be corrected, underlying conditions are not unfavorable.

The fundamental situation is not to be compared with the far different conditions of 1933. The banking system is not over-extended. Interest rates are lower. Inventories are not dangerously large. We are no longer over-extended in new construction or in capital equipment. Speculation requiring liquidation does not overhang our markets.

Obviously an immediate task is to try to increase the use of private capital to create employment. Private enterprise, with cooperation on the part of government, can advance to higher levels of industrial activity than those reached earlier this year. Such advance will assure balanced budgets. But obviously also, government cannot let nature take its course without regard to consequences. If private enterprise does not respond, government must take up the slack.

What we can do covers so wide a field and so many subjects that it is not feasible to include them all in this Message.

A little later I will address you further in regard to proposals to encourage private capital to enter the field of new housing on a large scale -- a field which during the past four years has failed almost completely to keep pace with the marked improvement in other industries.

On the subject of taxation, in accordance with my suggestion of last Spring, committees of the Congress, with the cooperation of the Treasury Department, are already engaged in studies aimed at the elimination of any injustices in our tax laws. Unjust provisions should be removed provided such removal does not create new injustices. Modifications adequate to encourage productive enterprise, especially for the smaller businesses, must not extend to the point of using the corporate form for the purpose of hiding behind it to reduce or eliminate taxes in a way not open to an individual or partnership. Nor should we extend tax privileges to speculative profits on capital where the intent of the original risk was speculation rather than the actual development of productive enterprise. Nor can we at this time accept a revision of our revenue laws which involves a reduction in the aggregate revenues or an increase in the aggregate tax burdens of those least able to bear them.

We should give special consideration to lightening inequitable burdens on the enterprise of the small business men of the nation. Small businesses or even those of average size have difficulties of financing and distribution which are not shared by large corporations. Therefore, by special tax consideration they should receive more equal opportunity to compete with their more powerful competitors. In this way we may also find assistance in our search for a more effective method of checking the growing concentration of economic control and the resultant monopolistic practices which persist today in spite of anti-trust statutes. A further search for additional methods to meet this threat to free competitive enterprise is called for at this time.

The proposed Federal budget for the coming fiscal year also will shortly be ready for submission to the Congress -- a budget which I expect can be brought within a definite balance.

Still other matters are receiving renewed examination -- for instance the problems of the railroads and of other public utilities. Here because of thoroughly unsound financing extending over many past years, solutions will frankly be difficult.

But as we work with these problems of detail we must not forget the broad central truth that this Administration has pledged itself to the people of the United States to carry on with a wide social program pointed toward higher living standards and a more just distribution of the gains of civilization. Much of that program is already in effect -- but its continued and complete success depends on a wider distribution of an immensely enlarged national income. Such enlargement presupposes full employment of both capital and labor -- reasonable profits and fair wages -- a resumption of that vigorous moving equilibrium which began in 1933. Deflation and inflation are equal enemies of the balanced economy that will produce that progressive increase in national income.

In the attainment of the broad central purpose we recognize many related objectives. This message, however, deals with only four of these objectives -- four which are already being considered by the Congress. Two relate directly to the stabilization and maintenance of the purchasing power of the nation. The other two, essential tools for the whole task, look to the improvement of the machinery and functioning of both the Executive and the Legislative branches of the Federal Government.

1. AGRICULTURE

Intention to pass a new and permanent national farm act was declared by the Congress in Joint Resolution last summer. Great as the need was then, that need is still greater today. Some crops will begin to be planted within three months.

In recent weeks farmers have once more been facing acute surpluses and falling prices. Cotton farmers are harvesting the largest cotton crop in all our history -- five million bales more than the markets of this country and of the world have been accustomed to take. Corn farmers and potato farmers are harvesting crops that threaten to crush them for producing this plenty. And the producers of other crops are wondering how soon they, too, will be the victims of surplus uncontrolled.

We must continue in our efforts toward abundance without waste. We need legislation which will not only prevent new farm surpluses from causing now collapse in farm prices, but which will also safeguard farmers and consumers against the hazards of crop failure. We need an "all weather" farm plan -- a plan that uses the reasonable surpluses of a year of good weather to carry over food supplies to make up for the shortages of a year of bad weather.

Out of the experience of the last five years we have learned that with the aid of the government farmers can successfully guard themselves against economic disaster.

In formulating a farm program there are certain things we must keep in mind.

We must keep in mind the fertility of our soil. We have begun to assist farmers to stop the waste of soil and save the good soil that remains. Any sound, long-time program must have soil conservation as a principal goal.

We must keep in mind the economic welfare of farm families. As a long-time national policy, farmers must have a fair share in the national income to supply farmers' buying to keep city factories running.

We must keep in mind the consumers of the nation. The blighting droughts of 1934 and 1936 which spelt disaster for so many farmers in those years were brought forcibly home to our large cities in the high prices of many foodstuffs this year. Consumers should have the same protection against the underproduction of years of scarcity as the farmers should have against the overproduction of years of glut.

We must keep in mind the American democratic way. Farm programs cannot long succeed unless they have the active support of the farmers who take part in them. Our program should continue to be one planned and administered, so far as possible, by the farmers themselves. Here again, majority rule seems justified. If and when huge surpluses in any one crop threaten to engulf all the producers of that crop, our laws should provide ways by which a small minority may be kept from destroying the proceeds of the toil of the great majority.

We must keep in mind the United States Treasury. I have already expressed my view that if the new farm act provides for expenditure of funds beyond those planned in the regular budget, additional means should be provided to yield the additional revenue. May I reiterate that with all the emphasis I can give?

We must keep in mind the Constitution of the United States. Although vital portions of the Agricultural Adjustment Act were set aside nearly two years ago by the Supreme Court, Acts of Congress to improve labor relations and assure workers' security have since then been upheld. In these later decisions the powers of the Federal Government to regulate commerce between the States and to tax and to spend for the general welfare have been clearly recognized.

I believe that the Courts themselves are coming to have increasing regard for the true nature of the Constitution as a broad charter of democratic government which can function under the conditions of today. I believe that the Congress can constitutionally write an adequate farm act that will be well within the broad meaning and purpose of the Constitution.

I hope and believe that the Supreme Court will not again deny to farmers the protection which it now accords to others.

2. LABOR

I believe that the country as a whole recognizes the need for immediate congressional action if we are to maintain wage income and the purchasing power of the nation against recessive factors in the general industrial situation. The exploitation of child labor and the undercutting of wages and the stretching of the hours of the poorest paid workers in periods of business recession have a serious effect on buying power. In the interest of the national economy such adjustments as must be made should not be made at the expense of those least able to bear them.

I further believe that the country as a whole realizes the necessary connection between encouraging business men to make capital expenditures for new plants and raising the total wage income of the total of our working population. New plants today mean labor-saving machinery. What does the country ultimately gain if we encourage business men to enlarge the capacity of American industry to produce, unless we see to it that the income of our working population actually expands sufficiently to create markets to absorb that increased production?

I further believe that the country as a whole recognizes the need of seeking a more uniformly adequate standard of living and purchasing power everywhere if every part is to live happily with every other part. We do not recognize the destiny of any state or any county to be permanently backward. Political and social harmony requires that every state and every county not only produce goods for the nation's markets but furnish markets for the nation's goods.

This does not mean that legislation must require immediate uniform minimum hour or wage standards; that is an ultimate goal.

We should provide flexible machinery which will enable industries throughout the country to adjust themselves progressively to better labor conditions. But we must not forget that no policy of flexibility will be practical unless a coordinating agency has the obligation of inspection and investigation to ensure the recognition and enforcement of what the law requires.

Although there are geographic and industrial diversities which practical statesmanship cannot well ignore, it is high time that we had legislation relating to goods moving in or competing with interstate commerce which will accomplish two immediate purposes:

First, banish child labor and protect workers unable to protect themselves from excessively low wages and excessively long hours.

Second, end the unsound practice of some communities -- by no means confined to any one section of the country -- which seek new industries by offering as the principal attraction labor more plentiful and much cheaper than may be found in competing communities. To them the Congress should reiterate the oft-repeated pledge of political parties that labor is not a mere commodity.

3. REORGANIZATION

Last January I presented for the consideration of the Congress the improvement of administrative management in the Executive Branch of the Government. Five principal objectives were outlined:

(a) To create one or more additional departments and to give the Chief Executive authority to arrange all present and future strictly executive activities in or under regular executive departments.

(b) To establish a budget and efficiency agency, a personnel agency and a planning agency through which the Chief Executive may coordinate the executive functions.

(c) To permit the Chief Executive to make a slight increase in the White House Staff so that he may keep in close touch with, and maintain knowledge of, the widespread affairs of administration which require his final direction.

(d) To establish accountability of the Executive to the Congress by providing a genuine independent audit by an officer solely responsible to the Congress, who will, however, have no administrative part in the transactions he audits and certifies.

(e) To extend the merit system upward, outward and downward to cover practically all non-policy determining posts. I am giving consideration to proposed Executive Orders extending the merit principle of selection under the authority vested in me by the Constitution and Revised Statutes. Executive Orders, however, have not the permanence of law; they will not lessen the need for permanent legislation on this subject in connection with reorganization. I, therefore, seek a statutory modernized machinery for the permanent enforcement of merit principles in appointment, promotion, and personnel management throughout the government service.

The experience of states and municipalities definitely proves that reorganization of government along the lines of modern business administrative practice can increase efficiency, minimize error, duplication and waste, and raise the morale of the public service. But that experience does not prove, and no person conversant with the management of large private corporations or of governments honestly suggests, that reorganization of government machinery in the interest of efficiency is a method of making major savings in the cost of government.

Large savings in the cost of government can be made only by cutting down or eliminating government functions. And to those who advocate such a course it is fair to put the question -- which functions of government do you advocate cutting off?

4. PLANNING

Of equal importance with intelligent reorganization of the executive departments is intelligent reorganization of our methods of spending national funds for the conservation and development of those natural resources which are the foundation of a virile national life. As I said in a special message to the Congress last Spring, we have reached a stage in the depletion of our natural resources where we should allot a definite portion of each year's budget to this work of husbandry.

Our present machinery for carrying out such purposes, however, is geared to methods of which the rivers-and-harbor legislation of many years ago is an example. We spend sporadically -- on a project here and a project there, determined upon without relation to the needs of other localities -- without relation to possibly more important needs of the same locality -- without relation to the national employment situation or the Federal Budget.

To avoid waste and to give the nation its money's worth from the national funds we expend, we must, like any business corporation, have a definite building and operating plan worked out ahead of time -- a planned order in which to make expenditures, a planned timing for expenditures so that we may keep our working force employed, and a planned coordinated use of the projects after completion. And because relative values of local projects should be appraised before they come to Washington, first by those with local knowledge, and then by regional conferences, we must have some kind of local and regional planning machinery and coordination to get full value out of the final appropriations authorized in Washington -- money value and human value.

Last session I recommended such machinery. For this purpose of conservation and development of our natural resources, I recommended that the country be divided into the seven great regions into which Nature divided those resources -- that in such regions local authorities be set up to arrange projects into some kind of comprehensive and continuing plan for the entire region -- and that only after such consideration should regional projects be submitted to the Executive and to the Congress for inclusion in a national development program of such size as the budget of the year will permit.

Such machinery will provide decentralization. It will give local communities and the nation alike new confidence in the true worth of such expenditures.

What these four subjects promise in continued and increased purchasing power -- what they promise in greater efficiency in the use of government funds -- are intelligent foundations for the other plans for encouragement of industrial expansion with government help. What they promise in social contentment is an almost necessary basis for greater security of profits and property.

In the months they have been before the Congress they have been discussed from one end of the country to the other.

For the sake of the Nation, I hope for your early action.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

November 15, 1937.

MESSAGE TO CONGRESS

AGRICULTURE

Part I

One of the principle desires of the Congress on reconvening will, I am confident, be the enactment of a new and permanent National Farm Act. Intention to pass such an Act was declared by the Congress in Joint Resolution last summer. Great as the need was then, that need is greater still today.

In the weeks that have intervened, farmers have faced once more acute surpluses and falling prices. Cotton farmers are harvesting the largest cotton crop in all our history -- five million bales more than the markets of this country and the world have been accustomed to take. Corn farmers and potato farmers are harvesting crops that threaten to crush the farmers who have produced this plenty. Other producing groups wonder how soon they, too, will be the victims of surplus uncontrolled.

Further measures are needed to prevent farm surplus from inviting fresh price collapse, but they must also safeguard farmers against the hazards of crop failure. We need a good ALL WEATHER farm plan -- a plan that uses the surpluses of one year to make up for the shortages of the next.

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Out of the experience of the last five years we have learned that action against economic disaster can be successfully taken by farmers with the aid of the Government.

We have regard for the Constitution. The Congress will continue to discharge its constitutional duty to promote the general welfare. I believe that the Courts themselves are coming to have increasing regard for the true nature of the Constitution as a broad charter of democratic government which can function under the conditions of today.

Although vital portions of the Agricultural Adjustment Act were set aside nearly two years ago by the Supreme Court, Acts of Congress to improve labor relations and assure workers' security have been upheld since then. In these latter decisions the powers of the Federal Government to regulate commerce between the States and to tax and to spend for the general welfare have been clearly recognized. I hope and believe that the Supreme Court will not again deny to farmers the protection which it now accords to others. The Congress can constitutionally write a new Farm Act that will be well within the broad meaning and purpose of the Constitution.

AGRICULTURE

We have regard for the United States Treasury. I have already expressed my view that if the new Farm Act provides for expenditure of funds beyond those planned in the regular budget, means of providing an equal amount of revenue must be found. May I reiterate that with all the emphasis I can give?

We have regard for the fertility of our soil. We have begun to assist farmers to stop soil waste and save the good soil that remains. Any sound, longtime program must have soil conservation as a primary goal.

We ~~must~~ have regard for the welfare of farm families. We must make sure, as a long-time national policy, that farmers have a fair share in the national income; in so doing, farm buying power will keep city factories running.

Finally, we have regard for the American democratic way. Farm programs cannot long succeed unless they have the active support of the farmers who take part in them. They must be planned and administered, so far as possible, by the farmers themselves. Here again, majority rule seems logical. If and when huge surpluses in any one crop threaten to engulf all the producers of that crop, our laws should provide ways by which a small minority may be kept from

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destroying the proceeds of the toil of the great majority.



DEPARTMENT OF AGRICULTURE
WASHINGTON

November 10, 1937

The President,

The White House.

Dear Mr. President:

Attached hereto is a draft of our suggestions for that part of your message to Congress dealing with agricultural legislation. The reason for inclusion of the paragraph on the Supreme Court is that there are some tendencies in Congress to attempt to make new farm legislation conform strictly to the letter of the Hoosac Mills decision.

It is our opinion here in the Department that legislation thus limited will fall far short of meeting the situation. I feel that your leadership in strengthening determination of Congress to legislate along lines that are practical and in harmony with public opinion and the overwhelming sentiment of farmers will be of great value.

Sincerely yours,

Hawallace

Secretary.

Enclosure.

One of the main reasons for convening Congress at this time is the need for a new and permanent national farm act. Intention to pass such an act was declared by the Congress in joint resolution last summer. But, great as the need for the new farm act was then, that need is greater still today. In the weeks that have intervened, farmers have been faced once more with acute surpluses and falling prices. Cotton farmers are harvesting the largest cotton crop in the history of the country - five million bales more of American cotton than the markets of this country and the world have been accustomed to take. Corn farmers and potato farmers are harvesting crops that fill the nation's horn of plenty to over-flowing - and threaten to crush the farmers who produced that plenty. Other producing groups have a sense of foreboding as they wonder how soon they too will be the victims of surplus uncontrolled.

Not only are further measures needed to prevent farm surplus from inviting fresh price collapse. They must also safeguard farmers against the hazards of crop failure. The nation needs a good all-weather farm plan - a plan that uses the surpluses of one year to make up for the shortages of the next.

In the last five years, we have learned that action against economic disaster can be successfully taken by farmers with the aid of the government. We have learned what kind of action works best. Out of that experience, the new and permanent act can now be built.

In shaping the new law, I believe we ought to have regard for several basic considerations.

First, we ought to have regard for the Constitution. I am confident that Congress will go on discharging its constitutional duty to promote the general welfare. I believe that the courts themselves are coming to have increasing regard for the Constitution and to appreciate its true nature as a broad charter of democratic government which can function under the conditions of today. Although vital portions of the Agricultural Adjustment Act were set aside early in 1935 by the Supreme Court, acts of Congress to improve labor relations and assure workers' security have been upheld since then. In these latter decisions, the powers of the Federal government to regulate interstate commerce and to tax and spend for the general welfare have been clearly recognized. I hope and believe that the Supreme Court will not again deny to farmers the protection it now accords to others. I hope and believe that in the future the Court will not irresponsibly nullify the people's will. A new farm act can be written that will be well within the broad meaning of the Constitution.

We must have regard for the United States Treasury. I have already expressed my view that if the new farm act provides for expenditure of funds beyond those now planned, means of providing an equal amount of revenue must be found. This view I now reiterate with all the emphasis I can give.

We must have regard for the fertility of our soil. No other national resource is so indispensable. The farm programs of the last five years, and especially those of the last two years, have assisted farmers to stop soil waste and to save the good soil that remains. Any sound long-time farm program must have soil conservation as a primary goal. The new farm bill should be built around the soil conservation program.

We must have regard for the welfare of farm families and the farm home. The increased farm income of the last few years has done much to offset the years of privation that had gone before. But we must make sure that this improvement is more than temporary. We must make sure that farmers are not plunged once more into a period of depression and despair. We must make sure, as a long-time national policy, that farmers have a fair share in the national income.

While we are taking thought for the welfare of farm families we must have regard for the national welfare, too. Through an Ever Normal Granary we must help to stabilize the supplies and prices of food products and assure abundant food supplies at fair prices for consumers. We must make certain that farm buying power is held at a level that will keep city factories running. We must not forget that farm prosperity is one of the essential keys to national prosperity.

Finally, we must have regard for the American democratic way. Farm programs can not long succeed unless they have the active support of the farmers taking part in them. For this reason I believe it is all-important that the new programs, like those in the past, be planned and administered so far as possible by the farmers themselves. I believe that the principle of majority rule should prevail. I believe that if and when huge surpluses of any crop threaten to engulf all the producers of that crop, the new act should provide ways by which a small minority may be kept from destroying the work of the great majority.

If the new farm act has due regard for these various considerations, I am confident that it will stand as a landmark in this nation's mighty effort to make the work of man serve the welfare of man.

Page 1 - Line 6 -- to avoid the phonetic confusion of "session" and "recession."

Page 2 - Line 18 --"much " is grammatically correct to go with "less" - and contrasts with "enough" two lines further down.

Page 3 - Line 15 - The financial community will understand "Speculation requiring liquidation" much better than "speculation leading to liquidation" which is a new phrase.

Page 3 - Line 22 - omit "the continuance of" because the budget has not yet been balanced for the first time.

Page 3 - Line 10 - better sequence on paragraphing

Page 10 - Line 4 - "constitutionally" is redundant in view of "within * the constitution" at the end of the sentence.

Page 12 - Line 1 - "Are" for "maybe" to justify flexible policy.

Page 16 - Line 3 - To avoid the jingle of "a planned order" and "in order to" in the same sentence.

MESSAGE TO CONGRESS

part II

WAGES AND HOURS

In the interval since the adjournment of the last session there has been ample opportunity for discussion of the many principles of Federal Wage and Hour legislation. The question has been before Labor Conventions, Employers' Associations and many other groups. I myself have sounded out opinion on this subject over a wide section of territory. I believe that the country as a whole recognizes ~~timely~~ the need for immediate congressional action if we are to maintain and improve the standard of living for our working population and hold up the wage income and the purchasing power of the nation against recessive factors in the general industrial situation.

I believe that the country as a whole recognizes the desirability to work toward a more uniform standard of living and purchasing power in every part of the country.

I believe the country as a whole appreciates that far too many American workers are receiving today pay so low that they pull down the prosperity of the rest of their fellow citizens.

T.B.C.

Since the adjournment of the last session there has been ample opportunity for discussion of the need of wage and hour legislation. The question has been debated by labor conventions, employers' associations and many other groups. I myself have sounded out the opinion of employers and workers in different sections of the country.

I believe the country as a whole recognizes the need for immediate congressional action to maintain and improve the standard of living for our working population and to protect the purchasing power of the nation which sustains the business of the nation against recessive factors in the industrial situation.

I believe that the country as a whole appreciates that far too many American workers are receiving today pay so low that they pull down the prosperity of the rest of their fellow citizens.

3 ~~4~~ I believe that the country as a whole recognizes the need of working towards a more uniformly decent standard of living and purchasing power in every part of the country if all sections are to live happily together as a nation. We do not recognize the destiny of any part of America to be

permanently backward. Political and social harmony requires that every part of America not only produce goods for the nation's markets but furnish markets for the nation's goods.

As our population is no longer growing by leaps and bounds as it once did, our domestic markets can no longer be expected to expand unless our existing population is able not only to produce more but to consume more. Before business can be justified in making capital expenditures to enlarge the productive capacity of American industry we must see to it that markets exist to absorb the increased capacity of American industry to produce.

The breaking down of wage and hour standards of the poorest paid workers in periods of business recession immediately has a serious adverse effect on the purchasing power of the nation. In the interest of the national economy such adjustments as must be made in periods of business recession should not be made at the expense of those least able to bear them.

This does not mean that Government action calls for immediate uniformity of standards of wages and hours; that is an ultimate goal.

We could not immediately apply rigid uniform standards to the many different industries in different parts of the country without producing, temporarily at least, economic disturbances.

We can, however, provide flexible machinery which will enable industries throughout the country to adapt themselves to progressively better labor conditions. But no policy of flexibility will be practical unless a coordinating agency has constant power of inspection and investigation to ensure the recognition and enforcement of what the law requires.

There are geographic and industrial diversities which, as I have said, practical statesmen cannot well ignore. Nevertheless it is high time that we had legislation relating to the manufacture of goods moving ^{with} or competing ~~in~~ interstate commerce, which will accomplish two immediate major purposes: First, to rid the country of wage scales too low to sustain the minimum decencies of life and working hours too long for the wellbeing of either the worker or the nation. Second, to end the unsound practice of some communities--by no means confined to any one section of the country--which seek new industries by offering as the principal attraction labor more plentiful and much cheaper than may be found in competing

communities. The Congress should reiterate to them the oft-repeated pledge that labor is not a mere commodity.

WAGES AND HOURS

This does not mean that Government action calls for immediate uniformity of standards of wages and hours; that is an ultimate goal. Meanwhile, provision can be made for a certain flexibility established so that industries in the various sections of the country may gradually adapt themselves to progressively better labor conditions.

There are geographic and industrial diversities which, as I have said, practical statesmanship cannot well ignore. Nevertheless, it is high time that we had legislation relating to the manufacture of goods moving in interstate commerce, which will accomplish two immediate major purposes. First, it is time to get rid of rates of pay which necessitate a sub-standard scale of living on the part of the recipient. Second, it is time to end the unsound practice of some communities which seek new industries by offering as the principle attraction that labor is more plentiful and much cheaper than in other communities. (The Congress should reiterate to them the oft-repeated pledge that labor is not a mere commodity.)

DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

II

November 10, 1937

MEMORANDUM FOR MR. JAMES ROOSEVELT:

I am sending herewith suggestions for
the President's message. I prefer "DRAFT A" and
have talked to the President about it.

Wm. V. ...

Enclosures

In the interval since the adjournment of your last session, there has been ample opportunity for discussion of the main principles of Federal wage and hour legislation by the country at large. The question has been before various labor conventions, employers' associations and many other groups. I, myself, have sounded out opinion on this subject over a wide section of territory. Objections to certain features of the old bill seem to me to have crystallized, but on the other hand I believe that the country as a whole is convinced of the need for immediate Congressional action if we are to maintain the standard of living for our working population and hold up the wage income and purchasing power against recessive factors in the general industrial situation.

Government action in the regulation of wages and hours can be confined to those industries and those employments within an industry in which a finding is made after investigation and hearing that a substantial number of employees are compelled to work for excessively long hours or to labor at rates of wages which are unreasonably low; industries and occupations in which collective bargaining is largely inoperative. While uniform standards are desirable as an ultimate goal, provision can be made for a certain flexibility in the maximum hours and minimum wages established so that industries in the various sections of the country may gradually adapt themselves to progressive labor conditions.

A practical minimum standard in one industry and in one section may not be practical in another industry and in another locality. Some differentiation between industries and localities is possible and will stabilize conditions and development, *provided etc.*

To secure the active participation of the groups most concerned in the determination of the minimum wages to be paid and the maximum hours to be worked in any industry or group of industries, the Congress may well consider the practicability of delegating the power to find these standards to a committee made up of an equal number of representatives of employers and employees in that industry and always with one or more representatives of the public.

This procedure has worked admirably in the States in the establishment of minimum wage and I see no reason why it should not operate to equal advantage in the Federal administration. It would make unnecessary the creation of a new board to administer the act. A single administrator within the Department of labor could adopt findings and recommendations giving the force of law to the agreed-upon standards and supervise the enforcement insofar as possible through the various State departments of labor. ~~This approach would prevent arbitrary action on the part of the Federal Government and would strengthen the hands of the~~

This simplified procedure might well be the subject of committee amendments within the framework of the pending bill and thereby achieve for the proposed legislation the great objectives for which the bill was intended.

DRAFT "B"

In the interval since the adjournment of your last session, there has been ample opportunity for discussion of the main principles of Federal wage and hour legislation by the country at large. The question has been before various labor conventions, employers' associations and many other groups. I, myself, have sounded out opinion on this subject over a wide section of territory. ~~Objections to certain features of the bill have been made and have been met, but on the other hand~~ I believe that the country as a whole is convinced of the need for immediate Congressional action if we are to maintain a decent standard of living for our working population.

While discussion in the recess has brought to light certain inconsistencies and defects in ~~draftsmanship~~ the pending bill, I believe that the general plan of the bill itself is sound and that these incongruities can be eliminated by amendments. There has been discussion of a new bill proposing uniform standards. I do not believe that the Government has sufficient economic data in its possession at the present time to justify the adoption or arbitration of a minimum wage or uniform work week without causing in some industries changes so abrupt and drastic that serious injury and dislocation would result. As I said in effect in my message which accompanied the original introduction of the Black-Connery bill, there are geographic and industrial diversities in this country which practical statesmanship cannot wholly ignore. However desirable uniform standards may be as an ultimate objective, backward labor conditions cannot be completely eliminated at one fell swoop without creating economic hardship.

The pending bill was subject to exhaustive hearings and was extensively amended so that when finally approved by the Senate it was regarded

as acceptable by the great majority of senators from all over the country. It is clear that there was also considerable support for the bill from the House. I therefore believe that the bill should be brought quickly to the floor and that improvements in it should be sought through the avenue of amendment and thus establish a foundation for building up, through appropriate administrative machinery, minimum wage and maximum hour standards of fairness and reasonableness, industry by industry. The present bill is not open to the charge of either imposing blanket standards which industry is unable to meet or encroaching upon the normal sphere of activity of labor organizations. It applies only to occupations in which the facilities for collective bargaining are inadequate and authorizes wage and hour orders to be put into effect only after notice and hearing to employers and employees in the industry concerned with due regard to geographic differences, transportation costs, and other distinguishing economic factors. It encourages the participation of industry and labor in working out the standards by making it mandatory for advisory committees with employer and employee representation to be created for the purpose of making investigations and recommendations before the publication of any order.

MESSAGE TO CONGRESS

Insert VI

REORGANIZATION

Last January I presented for the consideration of the Congress the need of making possible the improvement of administrative management in the Executive Branch of the Government. Five principle objectives were outlined:

1. The placing of executive activities in regular executive departments by Executive Order issued in accordance with standards set by law, together with the creation of one or more additional departments and a National Resources Planning Agency. In this connection ~~it is worthwhile emphasizing~~ ^{to} ~~that~~ it has been repeatedly and falsely alleged that effort ^{is} ~~was~~ being made to place under ^{executive} legislative and judicial functions ~~heretofore~~ ^{control those} delegated ~~or assigned~~ by the Congress to Federal Commissions. It is a pity that the problem has by some been thus obscured. The sole object is, of course, to place ^{only the} purely ~~executive~~ ^{executive} functions of commissions under the constitutional responsibility of the President, for the very good reason that the Constitution gives sole executive responsibility to the President.

DRAFT OF PROPOSED PARAGRAPH TO BE ADDED TO MESSAGE TO
CONGRESS FOLLOWING STATEMENT CONCERNING REORGANIZATION.

A

Effective administration of the government in all its branches will remain dependent upon the ability and efficiency of the men and women employed by it and responsible for the vast detail of its operation. I have recently issued executive orders to the full extent of the authority vested in me by the Constitution and Revised Statutes to extend the merit principle of selection and the method of orderly classification upward, outward and downward - at the same time modernizing the civil service rules which have developed piecemeal and defensively through the years since 1903, ~~to assure~~ *to assure* a modernized affirmative machinery for the enforcement of merit principles in appointment, promotion, and personnel management throughout the service. I would stress that executive orders have not the permanence of law; and their issuance does not lessen the need in connection with reorganization for permanent legislation. It is my hope that, ~~aside from reorganization itself, such~~ modernization of our civil service administration will be made permanent through legislation, so that the benefits to be expected of reorganization shall be fully realized and perpetuated.

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To carry effect.*

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Approved:

Samuel H. Ordway Jr.

REORGANIZATION

2. To establish accountability of the Executive to the Congress by providing a genuine independent audit by an officer responsible to the Congress, who will have no administrative part in the current transactions, settlements and accounts which it is his duty to audit and certify; placing the responsibility for current transactions and accountings upon the Executive.

3. To extend the merit system upward, outward and downward to cover practically all non-policy determining posts. (A)

4. To strengthen and develop the managerial agencies of the Government, in order that the Chief Executive may at all times be able to coordinate the executive departments through a budget and efficiency agency, a personnel agency and a planning agency.

5. To authorize a slight extension of the White House Staff in order that the Chief Executive may keep in close touch with, and maintain knowledge of, the widespread affairs of administration necessary for executive decision.

No person conversant with the management of a great private corporation or a great government honestly suggests

REORGANIZATION

that reorganization in the interest of efficiency saves large sums of money. The experience of States and municipalities proves this; but it proves also that adequate reorganization does increase efficiency, minimize error, waste and duplication and increase morale of the public service. It is worth observing once more that large savings in government expenditures can be made only by cutting of government functions. To those who advocate such a course, it is pertinent to ask the question -- which functions of government do you advocate cutting off?

PARAGRAPHS ON REORGANIZATION

Reorganization of the executive branch of the government should command your immediate attention because it is fundamental to the larger success of all elements of the work of the government and because we must begin now, if we hope to make any real progress before the adjournment of this Congress.

In January, I presented to you for your consideration a comprehensive program for dealing with the whole problem of administrative management of the executive branch. This program contained the following five recommendations:

1. Expand the White House staff so that the President may have a sufficient group of able assistants in his own office to keep him in closer and easier touch with the widespread affairs of administration, and to make for speedier clearance of the knowledge needed for Executive decision;
2. Strengthen and develop the managerial agencies of the government, those dealing with the budget and efficiency research, with personnel, and with planning, as the three management-arms of the Chief Executive;
3. Extend the merit system upward, outward, and downward to cover practically all non-policy -determining posts; reorganize the civil service system as a part of management under a single, responsible administrator, and create a citizen board to serve as the watch dog of the merit system; and increase the salaries of key posts throughout the service so that the government may attract and hold in a career service men and women of ability and character;
4. Overhaul the 100 separately organized government activities, agencies, administrations, authorities, corporations, boards, and commissions and place their executive activities in regular executive departments, headed by members of the Cabinet, and that this be done by executive order issued in accordance with standards set by law, and that there be created by law such new agencies as a Department of Welfare in which the now scattered welfare activities may be placed, and a National Resources Planning Board to consider long-range problems of the utilization and conservation of the national resources, physical and human;

5. Establish accountability of the Executive to the Congress by providing a genuine independent audit by an Auditor General, responsible to the Congress, who will have no administrative part in the transactions, the settlements, the account books which he is supposed to audit and certify; and place the responsibility for current transactions, the enforcement of fiscal laws, and for keeping the accounts upon the Executive.

Though some slight advance has been made toward these objectives by administrative practice in the intervening months, nothing has happened to lessen the necessity for thoroughgoing reorganization. It is still true, as I said in January, that ". . . the time has come to set our house in order. The administrative management of the government needs overhauling."

The central reason for reorganization, more important than all the others put together, is to make American democracy work, to equip it with modern tools to deal with modern problems. When the people of this nation, after full discussion of both sides of our problems have deliberately decided what course of action they wish their government to pursue, when the Congress has determined by law what is to be done, then the task of carrying out these orders, of enforcing the laws, of establishing the controls and the services is placed squarely and completely upon the President and the executive branch. That is the American system. It fits our requirements. Though we are a young nation, it is a constitutional system which has stood the test of time and turmoil for more generations than virtually any other system in the world today. Let those who taunt democracy in these days remember this.

Looked at dispassionately, however, the executive branch of our federal government is a sprawling, inefficient, and in part irresponsible structure. This has been increasingly true for twenty years. It cannot fully meet present day needs. Yet there is no one thing we need now so much as effective management; without it our efforts to advance are all but futile, without it democracy itself is thwarted. To meet the demands of the times and

the requirements of the Constitution, the executive branch of the government must be given modern administrative machinery. Within the limited field of administration, the Presidency must be given effective managerial authority commensurate with its responsibility under the Constitution. The Congress, also, must be equipped to exercise its function of holding the Executive to account. For this we need the truly independent audit and organized Congressional review of this audit. This strengthened audit and administrative reconstruction constitute together the reorganization program which is before you. It has but one purpose, to give us effective administrative management with full accountability so that our national government will be the efficient and responsible instrument of American democracy.

REORGANIZATION OF THE EXECUTIVE BRANCH

TO THE CONGRESS OF THE UNITED STATES:

There are three basic questions and three simple answers involved in the problems which center about the reorganization of the Executive Branch of the government of the United States:

First. Is the Executive Branch satisfactorily set up now, or is it in need of reorganization? There is but one answer: the Executive Branch emphatically needs overhauling and reconstruction. On this there is not a single dissenting voice. Those who are in the Congress and have given deep study to the problem, those who are at work in the old departments and the new establishments, those who have formerly held office, elective or appointive, and the ordinary citizens about their business throughout the land, have long known that the government needs reorganization. This is the first answer. We come to the next question.

Second. Is this the time to reorganize? Here again the answer is an emphatic "Yes." We are out of the trough of the depression and are through with hastily improvised emergency activities. The work program of the government, except in one or two fields, is well outlined and can now be stabilized. Important new permanent activities have been established and accepted. They should now be given a permanent integrated place in the machinery of government. At the same time, certain of the emergency activities should be disbanded partially or completely. Obviously we cannot move toward the desired objective of budget balancing and debt reduction without first setting our house in order.

Reorganization is an economy move of first rate importance. It holds the key to large immediate savings. *In some particulars, reorganization is long overdue.* In spite of the urgent recommendations of Presidents Theodore Roosevelt, Taft, Wilson, Harding, and Hoover, no substantial progress has been made toward governmental reorganization except for the establishment of the Budget Bureau, though there have been great changes in the work of the government matching the advances of the nation over the past thirty years.

(A)
to
p. 3

There is a further practical consideration. Our experience shows that it is difficult for a new Congress and a new Administration to carry out thoroughgoing reconstruction. It is equally impossible for a President and a Congress to work out a reorganization at the very end of the Administration's life. Reorganization is not something which can be brought about by the fiat of law or executive order. Each step of reconstruction must be made intelligently and skillfully, on the basis of knowledge and discussion, with the loyal support of those who are involved, and their determination to make the new plans work. And then there must be observation of the results, and the prompt readjustment of difficulties which may develop. All of this requires experience and time, factors which are not readily available at the beginning or the end of an administration.

Moreover, under the reorganization plans which have been perfected by your two Committees on the ^{Government} ~~Organization~~ of the Executive Branch, which have been diligently at work since last January, reorganization orders do not take effect until 60 days after they have been submitted to the Congress, so that these orders may be examined and amended, if necessary.

This is the formula devised by President Hoover and Congress, under which we have already operated in 1933 and 1934 until that power expired. In spite of the very great pressure of other matters, I did issue and lay before the Congress some 27 executive orders under the provisions of this law, abolishing, transferring and reorganizing certain functions of the Executive Branch. It is a safe and workable plan. But its success now will depend upon prompt action by you on the reorganization bill in order that I may work out plans of reorganization with your help, draft the necessary executive orders, provide for their consideration by those most concerned, and lay them before you at the coming regular session of the Congress. Any other time schedule may postpone major reorganization indefinitely. The answer to the second question is thus "Now is the time to act." (A)

The third question is this: Is the reorganization plan and method presented the best that can be devised now? I think it is. I am gratified that your two Committees, after such painstaking study of the problems involved, have arrived by investigation and consultation at the same general conclusion as is indicated by the bills, the debates, and the reports which have been submitted. As a plain matter of fact, is there any alternative? From a generation of experience in the national government we ~~know~~ ^{it would seem} that there is no way of making substantial advance except along the lines you and I have drawn up. Are those who oppose this program ignorant of the facts or in reality opposed to reorganization? ^{If they are} This is understandable, there may be some who don't want the government to work; who don't want the government to be efficient; who don't want laws to be enforced; who don't want the protective, constructive and social services

of our democracy to function. They have lost the war of public opinion in the battles of 1930, 1932, 1934, and 1936, but they still hope to win their objectives by encouraging internal conflict, confusion, inefficiency, and bungling in administration. Those who don't believe in social security, the elimination of child labor, the amelioration of housing, the curtailment of speculation as functions of the United States Government, first fight the passage of laws. When they lose, they come forward with insidious crippling amendments. When these are struck down, their opposition appears in trying to influence appointments, in often dishonest and harassing law suits, in the effort in every way to make administration fail, and in the unfair use of market fluctuations and threats to frighten the uninformed. The opposition to the reorganization program as it has been perfected now seems to be another manifestation of this effort to prevent the improvement of the effectiveness of the government directed by those who don't believe in government anyway and are not prepared to accept the decisions of democracy unless they like the decisions. Fortunately, however, the great mass of American business men, and the ordinary citizens as a whole, do not share this attitude. They believe in their government; they want it to work; they want it to do the things which have been determined upon through the democratic process; and they want this work done skillfully and efficiently. Even where they have their doubts, they are good sports. They don't throw sand into the gears. In reorganization we may count on their undivided support.

It is, ^{at} sometimes the fashion of some to think it necessary to oppose ^{any} and every measure or program put forward by the majority leaders. The minority, of course, has a special duty to scrutinize and to criticize.

to expand and to expose. But to think that it should oppose every policy suggested is absurd upon its face. Public disgust with politics draws much of its fuel from such manifestations of the lack of principles. This applies with special force to the matter of reorganization. Reorganization is not a partisan matter. It is a matter of efficiency and effective democracy. The program I have presented to you, and which you have perfected after many months, is not a party issue. Its essential principles are those which have been recommended by the Presidents who have gone before me regardless of party; parts of the program have been adopted for limited time periods by previous Congresses under Republican leadership, and with the hearty backing, I am proud to say, of the Democratic leaders, many of whom are now in the Congress. The same thing has been true in the states; small politicians and bureaucrats may have fallen out over reorganization, to the disgust of the public, but statesmen have worked together, whatever their party. When all is said and done, I am confident that the same will be said of our present efforts in Washington to modernize the structure of the government of the United States, and that the majority and minority will work together in support of this great nonpartisan measure.

There are three points at which there may be differences of opinion as to what is to be done. These have to do with the creation of a new department of welfare, the reorganization and extension of the civil service, and the proper organization of the independent audit.

There is in my judgment genuine need for a new permanent department of welfare. In addition to social security, which is here

to stay, there are 30 social welfare activities scattered through some six departments and many independent establishments. We have such absurd allocations as the office of education to the department of the interior, and of the public health service to the Treasury. How can these and many other old and permanent activities, devoted broadly to human welfare and not to any particular class or interest, be coordinated or given proper representation in the Cabinet and about the council table unless we set up a department to house them? If every emergency welfare activity were abolished tomorrow, with the exception of social security, we would still need the new department. I do not see how there can be a systematic cleaning out of the old departments so that they may be focussed efficiently upon their central functions unless there is some one place to put the old and the new social welfare services. We all know that there are those ^{in the Treasury} who don't believe in these functions. They don't want them to be coordinated, to be brought together, to be made more efficient, to be represented in the Cabinet. Though we think they are wrong, we can understand and respect their motives. Let them stand up and be counted. I have no fear of the result.

Every man who stood before the voters upon the national party platforms in 1936 promised that he would work to end the spoils system in the national government by extending the merit system upward to include all except the top policy-determining positions, and outward and downward to cover all permanent positions which are now exempt from civil service. The people of the country are solidly behind this important reform, they want a career service to guarantee the competence, the efficiency, and the ^{independence} ~~honesty~~ of the permanent staff of the government. Under modern conditions,

it is impossible to have democracy without such a personnel. We know from experience in government and in business that this lofty objective cannot be secured through the old civil service machinery which was set up fifty years ago like a court to take appointments out of politics. We must continue to keep politics out, but this is not enough; we must have energy and competence. What we need now is positive personnel administration which will engage in active recruiting, which will take vigorous action to develop training in the service, transfers between departments, advancement for the competent, and the elimination of deadwood. No one can work here in Washington or travel across the country without being profoundly impressed by the thousands and thousands of able, devoted public servants who are here and in the field. We want a system which will give them the recognition they deserve and the chance to go forward on their merit. This is what we mean by the introduction of career service. This transition from a negative civil service system to a constructive personnel administration cannot be made by the executive alone, or by the Congress alone. It can only be achieved through the acceptance of an honest merit system and modern personnel administration throughout the service by the President, by the Congress, by the leadership of the national political parties, and by the public. The public is ready; in 1936, you and I made the specific promise to advance; it seems to me that the time has now come to demonstrate in practical terms the sincerity of that pledge.

The civil service reorganization measures which are now before you as the result of the deliberations of your two Committees, seem to me a distinct forward step in this direction. They open the way to more effective personnel administration. At the same time may I again call attention

to the inadequacy of the salary rates for top posts in the service, to the necessity of providing for a citizen civil service board with broad powers of investigation as a wise safety device to supplement the single civil service administrator and to the emphatic need for reducing the number of posts, which are filled by political designation, through extending the merit system upward to all except policy-determining positions at the top. *These steps are taken in* *Security*
Until ~~this is provided for~~ we shall not have established the foundation of a true career system in the service of the government.

The detailed systems of government accounting, auditing, budgeting, fiscal reporting, settlement of accounts, and controlling are technical matters. For this reason the recommendations I made to you in January, looking toward a separation of audit and control, and the great strengthening of the independent audit have been misunderstood and distorted. Apparently the only people who understand these matters are the members of Congress who have given them particular attention, the permanent employees of the departments involved, and a few experts in public finances.

The weight of testimony you have taken indicates that the existing system which combines audit and control is unsatisfactory, unbusinesslike, and unsafe. It is in conflict with the intent of Congress as expressed in the debates preceding the adoption of the Budget and Accounting Act of 1921, and appears to be in part unconstitutional. It is condemned by accountants and fiscal experts as unsound in theory and unworkable in practice. Thus far there is no disagreement. The system must be changed.

What we want in government and what we have in all large-scale business enterprises, is an independent outside audit. We want an auditor

who has nothing to do with the keeping of the books, who will examine the books and say "These are truthful and meaningful financial records." We want an auditor who has nothing to do with the making of expenditures, who will examine all expenditures and say "On diligent inquiry I find that the expenditures are in accordance with law, or 'are not in accordance with law.'" We want an auditor who has nothing to do with the adjustment of contracts, who will examine contract adjustments and say, "I find the contracts as adjusted are legal," or "not legal." We want an auditor who has nothing to do with the settlement of accounts, who after examining the proposed settlements can say "I find the settlements satisfactory," or "unsatisfactory." We want an auditor who has nothing to do with the collection of moneys due the government, who after investigation can say "The moneys due have been collected," or "have not been collected." We want this check-up by a man who cannot be ordered about or removed by the executive, because after all it is the executive who is under the constitution administering the government, enforcing the laws, including the appropriation laws, keeping the books, spending the money, and collecting the taxes and revenues. *(They should be drawn from the minority.)* And to make this check-up effective, we want a special committee of the Congress ^{and take action on} to receive ^{and take action on} the audits. Under our present system we cannot get what we want, because over large fields of finance the man who makes the collections, approves the expenditures, determines the settlements, adjusts the contracts, keeps the records, and then turns around and audits his own books and transactions and "certifies" that they are accurate and legal. *and for long periods presents no reports.* This is not the kind of an audit we require. It is not an audit at all.

The constructive remedies for this defect which are presented by the reorganization bills reported by your two Committees, though they differ as to method, agree in cleanly separating audit and control, and in making audit completely independent-- independent of the executive, independent of the transaction; independent of the bookkeeping; and in placing control, which includes the budgeting, the spending, the collecting, and the accounting, squarely up to the executive where it must go, not only to fix responsibility and afford an opportunity for efficient management, but also to maintain the constitutional separation of powers. This clear separation of audit and administration is, I am convinced, the way out. It follows the specific suggestions made by Presidents Harding and Hoover, accepts the ideas offered ^{in 1935} on the basis of a nation-wide referendum by the United States Chamber of Commerce in 1934, and conforms with the technical advice of the outstanding experts in public finance.

audit, personnel administration, and the definition of departmental functions are
Still Though these ~~technical~~ matters, perhaps, they are all matters of central significance in making our national government the efficient instrument of American democracy. In these days when it is necessary for governments to carry on extensive, difficult, technical services, it is futile to talk about liberty and democracy unless we make the government service efficient, and economical, reasonable and skillful, responsible and responsive. This is the whole objective of the reorganization program which is before you. The Executive Branch needs reorganization ~~now~~; now is the time to act; the plans and the methods which have been worked out are ~~right~~ and are now before you for action.

Insert IV

Of equal importance with intelligent reorganization of the executive departments is intelligent reorganization of our methods of spending national funds for the conservation and development of those natural resources which are the foundation of a virile national life. As I said in a special message to the Congress last ~~year~~ ^{spring}, we have reached a stage in the depletion of our natural resources ~~where we should allocate~~ ^{that calls for the allotment of} a definite portion of each year's budget to this work of husbandry.

Our present machinery for carrying out such purposes, however, is geared to ~~methods exemplified by the~~ ^{the old} rivers-and-harbors ~~work~~ ^{barbaric} idea. We spend sporadically--on a project here and a project there, originated ~~and log rolled in Washington~~ ^{negotiation of by four years}--without relation to the needs of other localities--without relation to possibly more important needs of the same locality--without relation to the national employment situation or the Federal Budget.

To avoid waste and to give the nation its money's worth from the national funds we expend, we must, like any business corporation, have a definite building plan--a best order in which to make expenditures, a best timing for expenditures in order to keep our working force employed, and an organized ~~coordinated~~ ^{but} use of the projects after completion. And because ~~people back in the country have~~

2- should first be appraised by those
with local knowledge,
for sounder ideas as to the relative values of local projects than anyone here in
Washington, and then by regional conferences before they come to Washington.
we must have some kind of planning machinery and coordination ~~back in~~
the country to get full value--money value and human value--out of ~~the final~~
~~the final~~
~~the final~~
authorizations in
authorized ~~2~~ Washington.

Last year I recommended such machinery, to get our money's worth. For this
purpose of conservation and development of ~~the~~ ^{our} natural resources, I recommended
that the country be divided into the seven great regions into which Nature divided
those resources--that in such regions local authorities be set up to arrange pro-
jects into some kind of comprehensive and continuing plan for the entire region--
and that only after such ~~local~~ consideration should projects be submitted to the
Executive and the Congress at Washington for inclusion in a public-works program
of such size as the budget of the year ~~would~~ ^{will} permit.

~~For centralized and uninformed log-rolling in Washington,~~ Such machinery will
~~substitute decentralized and completely informed local planning at home.~~ ^{provide} It will
give local communities and the nation alike new confidence in the worthwhileness
of expenditures, ~~for the husbandry of our natural heritage.~~ And it will enable
us to use these expenditures with ~~far~~ better net effect on our national economy
because we can then plan a continuing program ~~which can~~ ^{to} be accelerated or slack-
~~ened as employment needs and the state of the budget require.~~ ^{rise or falls.}

THIRD DRAFT

TO THE CONGRESS:

With the realization that important measures of legislation are pending before this Congress and that other matters require early consideration, I issued a call for an extraordinary session of the Congress with the thought that the work of the regular session, beginning next January, would be expedited.

Since the adjournment of the last session there has been a marked recession in industrial production and in purchasing, following a fairly steady advance for more than four years. This decline, though it has not reached serious proportions, has the effect of decreasing the national income -- and that is a matter for our definite concern.

During the adjournment of the Congress I have sought to avail myself of the wisdom and advice of industrial and financial leaders, managers of small businesses in many lines, and of representatives of agriculture and of labor. Much advice and many suggestions have been given to me and to other members of the Executive Branch of the Government. Many of these recommendations are consistent with each other;

many are at complete variance. A long experience leads me to place great value on the obtaining of suggestions from every possible source. It leads me also to believe that single answers or simple slogans will not solve complex problems which baffle the wit of the statesmanship today.

To overemphasize one symptom out of many -- to overemphasize any one panacea that for the moment appeals to any one group -- is to play with the lives of all the men and women of America. The well-being of those who have much, as well as those who have less, depends, as never before in our history, upon a society of good-will where the good-will rests on the solid foundation that all have enough. And the only answer to the conditions of today is a cordial and confident cooperation between government and every kind of citizen -- and between every kind of citizen and his government.

Nevertheless, there is sufficient wisdom in the discussions that I have sought not only to check the present recession but to lay the ground work of more permanent assurance. It rests not only with the Government of the United States to say how far this recession shall go. It rests equally with the people. It need not proceed further if all of us use the knowledge gained in recent years.

As early as last Spring I called attention to the rapid rise in prices in many lines. That rise threatened the onward march of recovery and in particular cast shadows upon the anticipated revival of building. And over a month ago, you will remember, I quoted one of the country's leading economists to this effect -- that the continuance of business recovery in the United States depends far more upon business policies than it does upon anything that may be done, or not done, in Washington.

I have not, therefore, been unaware of the uncertainties in the economic picture.

But there is no reason, with the exercise of ordinary prudence, why we should anticipate any general or prolonged economic paralysis. Despite some maladjustments, which can be corrected, underlying conditions are not unfavorable. The banking system is not overextended. Interest rates are relatively low. Former surpluses of houses and capital equipment do not exist. Inventories are not dangerously large. Liquidation of overextended speculative position does not overhand the markets. The fundamental situation is not to be compared with the far different conditions of 1929.

THIRD DRAFT

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Obviously the most important thing at the present juncture is to increase employment, increasing therewith the use of capital. The objectives of the nation in this respect cover of necessity a wide field -- so many subjects that it is impossible in this Message to cover them all.

A little later I will address you further in regard to certain new proposals such as the encouragement of private capital to enter the field of new housing on a large scale -- a field which during the past four years has failed almost completely to keep pace with the marked improvement in other industries.

On other subjects such as taxation, ~~committees~~ ~~of the Congress~~ ~~are engaged~~ in accordance with my suggestion of last Spring, committees of the Congress, with the cooperation of the Treasury Department, are engaged in studies ^{aimed} ~~which~~ at the elimination of any injustices in our tax laws, and especially features which are burdensome to the enterprise of the small business man of the nation.

It is probably true that because of difficulties in financing and in distribution greater than those experienced by the largest corporations, the small business, or even that of average size, deserves an equalization of opportunity through

the Federal tax laws. In this way we may find partial assistance in our search for a more effective method of checking the growing concentration of economic control which persists today in spite of anti-trust statutes. A further search for additional methods is called for at this time.

The matter of the Federal budget also will shortly be ready for submission to the Congress -- a budget which I expect can be brought within a definite balance. Private enterprise, with cooperation on the part of government, can advance to higher levels of industrial activity than those reached earlier this year. Such advance will assure the continuance of balanced government budgets. Obviously, however, government cannot let nature take its course without regard to consequences. Obviously, if private enterprise does not respond, government must take up the slack.

Still other matters are receiving renewed examination -- the problem of the railroads and the problem of other public utilities. Both of these are difficult, principally because of thoroughly unsound financing extending over many past years.

Today, therefore, I emphasize to you that the Administration is committed to a wide social program, much of which is in actual effect, all of which is pointed toward higher living standards and a more just distribution of the gains of civilization. But the validation of this series of commitments depends on wider distribution of an immensely enlarged national income. Such enlargement presupposes reasonable profits. Deflation and inflation are equal enemies of the balanced economy that seeks a progressive increase in national income.

The wide field of national objectives include four matters already being considered by the Congress. Two of them relate directly to the stabilization and maintenance of the purchasing power of the nation. The other two look to the improvement of the machinery and functioning of both the Executive and the Legislative branches of the Federal Government.

AGRICULTURE

THIRD DRAFT

TO THE CONGRESS:

With the realization that important measures of legislation are pending before this Congress and that other matters require early consideration, I issued a call for an extraordinary session of the Congress with the thought that the work of the regular session, beginning next January, would be expedited.

Since the adjournment of the last session there has been a marked recession in industrial production and in purchasing, following a fairly steady advance for more than four years. This decline, though it has not reached serious proportions, has the effect of decreasing the national income -- and that is a matter for our definite concern.

During the adjournment of the Congress I have sought to avail myself of the wisdom and advice of industrial and financial leaders, managers of small businesses in many lines, and of representatives of agriculture and of labor. Much advice and many suggestions have been given to me and to other members of the Executive Branch of the Government. Many of these recommendations are consistent with each other;

many are at complete variance. A long experience leads me to place great value on the obtaining of suggestions from every possible source. It leads me also to believe that single answers or simple slogans will not solve complex problems which baffle the wit of the statesmanship today.

To overemphasize one symptom out of many -- to overemphasize any one panacea that for the moment appeals to any one group -- is to play with the lives of all the men and women of America. The well-being of those who have much, as well as those who have less, depends, as never before in our history, upon a society of good-will where the good-will rests on the solid foundation that all have enough. And the only answer in the conditions of today is a cordial and confident cooperation between government and every kind of citizen -- and between every kind of citizen and his government.

Nevertheless, there is sufficient wisdom in the discussions that I have sought not only to check the present recession but to lay the ground work of more permanent assurance. It rests not only with the Government of the United States to say how far this recession shall go. It rests equally with the people. It need not proceed further if all of us use the knowledge gained in recent years.

As early as last Spring I called attention to the rapid rise in prices in many lines. That rise threatened the onward march of recovery and in particular cast shadows upon the anticipated revival of building. And over a month ago, you will remember, I quoted one of the country's leading economists to this effect -- that the continuance of business recovery in the United States depends far more upon business policies than it does upon anything that may be done, or not done, in Washington.

I have not, therefore, been unaware of the uncertainties in the economic picture.

But there is no reason, with the exercise of ordinary prudence, why we should anticipate any general or prolonged economic paralysis. Despite some maladjustments, which can be corrected, underlying conditions are not unfavorable. The banking system is not overextended. Interest rates are relatively low. Former surpluses of houses and capital equipment do not exist. Inventories are not dangerously large. Liquidation of overextended speculative position does not overhand the markets. The fundamental situation is not to be compared with the far different conditions of 1929.

Obviously the most important thing at the present juncture is to increase employment, increasing therewith the use of capital. The objectives of the nation in this respect cover of necessity a wide field -- so many subjects that it is impossible in this Message to cover them all.

A little later I will address you further in regard to certain new proposals such as the encouragement of private capital to enter the field of new housing on a large scale -- a field which during the past four years has failed almost completely to keep pace with the marked improvement in other industries.

On other subjects such as taxation, ~~xxxxxxxx~~
~~xxxxxxxxxxxxxxxxxxxx~~ in accordance with my suggestion of last Spring, committees of the Congress, with the cooperation of the Treasury Department, are engaged in studies ^{aimed} ~~aimed~~ at the elimination of any injustices in our tax laws, and especially features which are burdensome to the enterprise of the small business man of the nation.

It is probably true that because of difficulties in financing and in distribution greater than those experienced by the largest corporations, the small business, or even that of average size, deserves an equalization of opportunity through

the Federal tax laws. In this way we may find partial assistance in our search for a more effective method of checking the growing concentration of economic control which persists today in spite of anti-trust statutes. A further search for additional methods is called for at this time.

The matter of the Federal budget also will shortly be ready for submission to the Congress -- a budget which I expect can be brought within a definite balance. Private enterprise, with cooperation on the part of government, can advance to higher levels of industrial activity than those reached earlier this year. Such advance will assure the continuance of balanced government budgets. Obviously, however, government cannot let nature take its course without regard to consequences. Obviously, if private enterprise does not respond, government must take up the slack.

Still other matters are receiving renewed examination -- the problem of the railroads and the problem of other public utilities. Both of these are difficult, principally because of thoroughly unsound financing extending over many past years.

Today, therefore, I emphasize to you that the Administration is committed to a wide social program, much of which is in actual effect, all of which is pointed toward higher living standards and a more just distribution of the gains of civilization. But the validation of this series of commitments depends on wider distribution of an immensely enlarged national income. Such enlargement presupposes reasonable profits. Deflation and inflation are equal enemies of the balanced economy that seeks a progressive increase in national income.

The wide field of national objectives include four matters already being considered by the Congress. Two of them relate directly to the stabilization and maintenance of the purchasing power of the nation. The other two look to the improvement of the machinery and functioning of both the Executive and the Legislative branches of the Federal Government.

AGRICULTURE

FOURTH DRAFT

TO THE CONGRESS:

In addition to the important measures ^{already} pending before this Congress, other matters require early consideration ~~of~~ ~~the Congress~~. It has, therefore, seemed advisable to call this
✓ extraordinary session to expedite the work of the regular session, beginning next January.

Since the adjournment of the last session there has been
a marked recession in ~~forward buying and~~ ^{and industrial purchases} industrial production
following a fairly steady advance for more than four years.

We have not been unaware of ~~the~~ ^{as far back as} uncertainties in the economic picture. Last Spring I called attention to the rapid rise in prices in many lines. -- ~~rise~~ that threatened in particular the anticipated revival of building. And over a month ago, you will remember, I quoted one of the country's leading economists to this effect -- that the continuance of business recovery in the United States depends far more upon business policies than it does upon anything that may be done, or not done, in Washington.

The present decline has not reached serious proportions. But it has the effect of decreasing the national income -- and that is a matter of definite concern.

During the adjournment of the Congress I have sought to

Fourth Draft

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avail myself of the wisdom and advice of ^{managers of large} industrial and financial ^{enterprises of} owners ~~[leaders]~~ ~~managers~~ of small businesses in many lines, and of representatives of agriculture and of labor.

Out of long experience I place great value on this method of getting suggestions from every possible source. Single answers or simple slogans will not cure the ^{complicated} ~~[complex]~~ ~~diseases~~ economic malady of today which baffle the wit of the statesmanship today.

To over-emphasize one symptom out of many -- to over-emphasize any one panacea that for the moment appeals to any one group -- is to play with the lives of all the men and women of America.

The only answer to the conditions of today is a cordial and confident cooperation not only between government and every kind of citizen -- but also between every kind of citizen and his government. The well-being of those who have much, as well as those who have less, depends, as never before in our history, upon a contented society of good-will where the good-will rests on the solid foundation that all have enough.

In these conferences and ~~many many~~ from many other sources many suggestions have ^{come} ~~been given~~ to me and to other members of the Executive Branch of the Government. Many of these recommendations are consistent with each other; many are at complete

variance.

But these discussions make it clear that we have ~~enough~~ enough business wisdom in the country today not only to check the present recession but to lay the ground work for a more permanently sure recovery. If the people are as willing as government to use the economic knowledge gained in recent years, this recession need go no further.

If we will exercise ordinary prudence, there is no reason why we should anticipate any prolonged recession, let alone any general economic paralysis. Despite some maladjustments, which can be corrected, underlying conditions are not ^{unfavorable.} ~~unfavorable.~~ The banking system is not over-extended. Interest rates are not dangerously high. Inventories are not dangerously large. We are no longer over-built in housing and capital equipment ~~does~~ ~~not exist~~. Over-extended speculative positions³ requiring liquidation do not overhang our markets.

The fundamental situation ~~is~~ is therefore not to be compared with the far different conditions of 1929.

Obviously our most important present task is to try to increase the use of private capital to create employment.. Private enterprise, with cooperation on the part of government, can advance to higher levels of industrial activity than those

First Draft

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reached earlier this year. Such advance will assure the continuance of balanced government budgets. Equally obviously, however, government cannot let nature take its course without regard to consequences. If private enterprise does not respond, government must take up the slack. ¶ What we can do in this respect of necessity covers so wide a field -- and so many subjects that it is not feasible to cover them in this first Message.

A little later I will address you further in regard to proposals to encourage private capital to enter the field of new housing on a large scale -- a field which during the past four years has failed almost completely to keep pace with the marked improvement in other industries.

On the subject of taxation, in accordance with my suggestion of last Spring, committees of the Congress, with the cooperation of the Treasury Department, are already engaged in studies aimed at the elimination of any injustices in our tax laws. (see proposed insert)

We should be especially careful to eliminate features which are burdensome to the enterprise of the small business men of the nation. Because they have difficulties of financing and distribution not shared by the largest corporations, the small

Payroll Incentive

what

Revenue laws today are necessarily complicated, ~~and~~
~~and~~, not only because they must be adjusted to fit widely
varying forms of corporate enterprise ^{but} and to meet highly ingenious
methods of evasion. ~~but~~ ^{however,} It is our desire to reexamine and if
necessary to rewrite those laws ^{to avoid} every injustice and hardship which may
be removed without introducing other and greater injustice and hardship.
of course it is ^{not possible} ~~not possible~~ to avoid certain individual hardships
In the most perfectly devised tax system,

We want our revenue laws not only to be just and equitable.

but to encourage productive enterprise as a means of enlarging the
national income and securing a ^{wider} ~~more equitable~~ distribution thereof.

~~But there is no reason that revisions to achieve these ends need~~

~~involve the extension of tax privileges to corporations which we do~~
~~extend to individuals or partnerships or involve the extension of~~ ^{to extend} ~~privileges~~ ^{tax}

to the speculatives ^{profits} ~~gains~~ of those who contribute neither capital
nor service to the actual development of productive enterprise. As

a British economist recently remarked the capital development of a
great country ^{is not helped by letting it become an adjunct} ~~should not be permitted to become a mere by-product~~
of a casino.

But we naturally are skeptical
that modifications ^{to encourage production enterprise}
must go so far as to extend

Nor can we ^{accept any more in} afford to revise our revenue laws so ~~that they~~
^{at this time} which involves a reduction in the aggregate revenues of
~~will produce less revenues than they now do so that they~~
~~government or an increase in~~
~~will increase~~ the aggregate tax burdens of those least able
to bear those burdens.

business, or even that of average size, probably deserves a deliberate ~~examination~~ equalization of competitive opportunity through the Federal tax laws. In this way we may find partial assistance in our search for a more effective ^{method} ~~method~~ of checking the growing concentration of economic control ^{and the monopolistic practices} which persist today in spite of anti-trust statutes. A further search for additional methods is called for at this time.

The ~~present~~ proposed Federal budget for the coming fiscal year also will shortly be ready for submission to the Congress-- a budget which I expect can be brought within a definite balance.

Still other matters are receiving renewed examination -- for instance the problems of the railroads and of other public utilities. But here because of thoroughly unsound financing extending over many past years, solutions will frankly be difficult.

But as we work with these problems of detail we must not forget the broad central truth that this Administration has pledged itself to the people of the United States to carry out a wide social program pointed toward higher living standards and a more just distribution of the gains of civilization. Much of that program is already in effect -- but its continued and complete success depends on ^a wider distribution of an immensely

- a assumption of that vigorous
moving equilibrium which
existed in 1934

-6-

enlarged national income. Such enlargement presupposes reasonable profits as well as full employment. Deflation and in-

flation are equal enemies of the balanced economy that ~~seeks~~ ^{will produce}

^{that} a progressive increase in national income.

In the attainment of that broad purpose we have many related objectives. This ^{message} ~~average~~, however, deals only with four of these objectives which are already being considered by the Congress. Two of ~~them~~ relate directly to the stabilization and maintenance of the purchasing power of the nation. The other two look to the improvement of the machinery and functioning of both the Executive and the Legislative branches of the Federal Government.

AGRICULTURE

Intention to pass a new and permanent national farm act was declared by the Congress in Joint Resolution last summer. Great as the need was then, that need is greater still today. Some crops will begin to be planted within three months.

In recent weeks farmers have once more been facing acute surpluses and falling prices. Cotton farmers are harvesting the largest cotton crop in all our history -- five million bales more than the markets of this country and the world have

been accustomed to take. Corn farmers and potato farmers are harvesting crops that threaten to crush them for producing this plenty. And the producers of other crops are wondering how soon they, too, will be the victims of surplus uncontrolled.

We must continue in our efforts toward abundance without waste.

We need legislation which will not only prevent new farm surpluses from causing new collapse in farm prices, but which will also safeguard farmers against the hazards of crop failure. We need an ALL WEATHER farm plan -- a plan that uses the reasonable surpluses of ^{a year of} good weather ^{to carry over and supply} year to make up for the shortages of ^a ~~another~~ year of bad weather.

Out of the experience of the last five years we have learned that with the aid of the government farmers can successfully guard themselves against economic disaster.

In formulating of farm program there are certain things we must keep in mind.

We must keep in mind the fertility of our soil. We have begun to assist farmers to stop the waste of soil and save the good soil that remains. Any sound, long-time program must have soil conservation as a ^{principal} ~~primary~~ goal.

We must keep in mind the economic welfare of farm families. We must make sure, as a long-time national policy, that farmers have a fair share in the national income to supply the farm buying

Insert A - page 8

We must keep in mind the consumers of the nation. The blighting droughts of 1934 and 1936 which spelt disaster for so many farmers in those years were brought forcibly home to our large cities in the high prices of many food stuffs this year. Consumers should have the same protection against the under production of years of scarcity as the farmers have against the overproduction of years of glut. (~~Legislation~~
~~can be devised which will permit a carryover of food supplies~~
~~from plentiful harvests to average up any deficiencies of~~
~~poor crops, in other years.~~)

to keep city factories running.



We must keep in mind the American democratic way. Farm programs cannot long succeed unless they have the active support of the farmers who take part in them. *Our programs should continue to be* ~~They must be~~ planned and administered, so far as possible, by the farmers themselves. Here again, majority rule seems justified. If and when huge surpluses in any one crop threaten to engulf all the producers of that crop, our laws should provide ways by which a small ~~minority~~ minority may be kept from destroying the proceeds of the toil of the great majority.

We must keep in mind the United States Treasury. I have already expressed my view that if the new Farm Act provides for expenditure of funds beyond those planned in the regular budget, ~~additional~~ additional means should be provided to yield the additional revenue. May I reiterate that with all the emphasis I can give?

~~xxxxxxxxxxxxxxxxxxxx~~
We must keep in mind the Constitution of the United States. Although vital portions of the Agricultural Adjustment Act were set aside nearly two years ago by the Supreme Court, Acts of Congress to improve labor relations and assure workers' security have since then been upheld. In these later decisions the powers of the Federal Government to regulate commerce between

the States and to tax and to spend for the general welfare have been clearly recognized.

I believe that the Courts themselves are coming to have increasing regard for the true nature of the Constitution as a broad charter of democratic government which can function under the conditions of today. I believe that the Congress can constitutionally write an adequate Farm Act that will be well within the broad meaning and purpose of the Constitution. I hope and believe that the Supreme Court will not again deny to farmers the protection which it now accords to others.

LABOR

In the interval since the adjournment of the last session there has been ample opportunity for the discussion of the need of federal legislation on child labor and wages and hours. The question has been before Labor Conventions, Employers Associations and many other groups. I have sounded out opinion on this subject over a wide section of territory.

I believe that the country as a whole recognizes the need for immediate congressional action if we are to maintain wage income and the purchasing power of the nation against recessive factors in the general industrial situation. The exploitation of child labor and undercutting of wages and the stretching of

In encouraging our business men to make capital
expenditures for new plant & ~~other~~

New plant these days usually means labor-
saving machines.

I do believe that the country realizes the
connection between

Further

necessary

(A)

I ~~do~~ believe that the country ~~and~~
as a whole realizes the connection between
encouraging business men to make capital
expenditures for new plant and ~~the~~
rising ~~of~~ the wage income of our working
population. New plant today means
labor-saving machinery. What does the
country ultimately gain if we encourage
business men to enlarge in this way ~~the~~
~~supply of American industry to the~~

the hours of the poorest paid workers in periods of business recession has a serious effect on the purchasing power of the nation. In the interest of the national economy such adjustments as must be made should not be made at the expense of those least able to bear them.

(A) [Indeed we cannot very well urge our business-men to make capital expenditures to enlarge] the capacity of American industry to produce, unless we see to it that the income of our working population actually expands sufficiently to create markets to absorb that increased production.

further
I believe that the country as a whole recognizes the need of working towards a more uniformly adequate standard of living and purchasing power in every part of it if all parts are to live happily together as a nation. We do not recognize the destiny of any part of America to be permanently backward. Political and social harmony requires that every part of America not only produce goods for the nation's markets but furnish markets for the nation's goods.

This does not mean that legislation must require immediate uniform minimum hour or wage standards; that is an ultimate goal.

We should provide flexible machinery which will enable industries throughout the country to adjust themselves to

progressively better labor conditions. ~~W~~ But we must not forget that no policy of flexibility will be practical unless a coordinating agency has the ~~ob-~~ ^{ob-} ~~l-~~ ^{l-} ~~ig-~~ ^{ig-} ~~n-~~ ⁿ⁻ ~~i-~~ ⁱ⁻ ~~t-~~ ^{t-} ~~i-~~ ⁱ⁻ ~~o-~~ ^{o-} ~~n-~~ ⁿ⁻ of inspection and investigation to ensure the recognition and enforcement of what the law requires.

Although there may be geographic and industrial diversities which practical statesmanship cannot well ignore, it is high time that we had legislation relating to goods moving in or competing with interstate commerce which will accomplish two immediate purposes: ¹ First to banish child labor and to protect workers unable to protect themselves from excessively low wages and excessively long hours; ² Second, to end the unsound practice of some communities -- by no means confined to any one section of the country -- which seek ~~/~~ new industries by offering as the principal attraction labor more plentiful and much cheaper than may be found in competing communities. To them the Congress should reiterate the oft-repeated pledge of the Democratic Party that labor is not a mere commodity.

REORGANIZATION

Last January I presented for the consideration of the Congress the need of making possible the improvement of administrative management in the Executive Branch of the Government. Five principle objectives were outlined:

1. ^{To place all present and future} ~~The placing of executive activities in regular executive departments, by Executive Order issued in accordance with standards set by law together with the creation of one or more additional departments and a National Resources Planning Agency.~~

2. To establish accountability of the Executive to the Congress by providing a genuine independent audit by an officer ^{solely} responsible to the Congress, who will have no administrative part in the current transactions, settlements and accounts which it is his duty ^{to} audit and certify, ~~placing the responsibility for current transactions and accountings upon the Executive himself.~~

3. To extend the merit system upward, outward and downward to cover practically all non-policy determining posts. Effective administration of the government in all its branches will remain dependent upon the ability and efficiency of the men and women employed by it and responsible for the vast detail of its operation. I have recently issued executive

To create the 11 new additional departments and
Holmes
Blair
and
figure the Chief Executive's action

3+4
from next page

orders to the full extent of the authority vested in me by the Constitution and Revised Statutes to extend the merit principle of selection and the method of orderly classification upward, outward and downward -- at the same time modernizing the Civil Service rules which have developed piecemeal and defensively through the years since 1903. I seek a modernized ~~affirmative~~ ^{administrative} machinery for the enforcement of merit principles in appointment, promotion, and personnel management throughout the service. I would stress that Executive Orders have not the permanence of law; and their issuance does not lessen the need in connection with reorganization for permanent legislation. It is my hope that modernization of our Civil Service administration will be made permanent through legislation, so that the benefits to be expected of reorganization shall be fully realized and perpetuated.

Har-Ton

Government

m. H. subject

- 3) ~~To strengthen and develop the managerial agencies of the Government, in order that the Chief Executive may be at all times be able to coordinate the executive departments through~~

To establish a budget and efficiency agency, a personnel agency and a planning agency. Through which the Chief Executive may coordinate the Executive Department

- 4) ~~To authorize a slight extension of the White House Staff in order that the Chief Executive may keep in close touch with, and maintain knowledge of, the widespread affairs of administration necessary for executive decision.~~

Grant the Chief Executive to make a slight increase

The experience of States and municipalities definitely proves ~~that~~ that reorganization of government along the lines of modern business administrative practice can increase efficiency, minimize error, duplication and waste, and raise the morale of the public service. But that experience does not prove, and no person conversant with the management of large private corporations or of governments honestly suggests, that reorganization of government machinery in the interests of efficiency is a method of making major savings in the cost of government.

Large savings in the costs of government can be made only by cutting down government functions. And to those who advocate such a ^{course} ~~course~~ it is fair to put the question - which functions of government do you advocate cutting off?

*Agreement among the
heads of machine business
admits to above practice*
*But look at human day
not here and*
*is a method
of making
large*
No person conversant with the management of a great
private corporation or a great government honestly suggests,
that reorganization in the interest of efficiency ~~requires~~
large sums of money.

*Savings in the
cost of govern-
ment*
The experience of States and municipi-
palities ^{disproves} ~~proves~~ this; but it proves also that adequate re-
organization ^{can} ~~does~~ increase efficiency, minimize error, waste
and duplication and ^{raise the} ~~increase~~ morale of the public service.

It is worth observing once more that large savings in govern-
ment expenditures can be made only by cutting ^{down} ~~the~~ government
functions. To those who advocate such a course, it is
pertinent to ask the question -- which functions of govern-
ment do you advocate cutting off?

PLANNING

Substitute yellow page

Of equal importance with intelligent reorganization
of the executive departments is intelligent reorganization of
our methods of spending national funds for the conservation
and development of those natural resources which are the
foundation of a virile national life. As I said in a special
message to the Congress last Spring, we have reached a stage
in the depletion of our natural resources ^{where we should} ~~that calls for the~~
allotment ~~of~~ a definite portion of each year's budget to
this work of husbandry.

*Determine
upon*
Our present machinery for carrying out such purposes,
however, is geared to methods exemplified by the rivers and
harbor legislation of by-gone years. We spend sporadically --
on a project here and a project there, ~~originated by haphazard~~
without relation to the needs of other localities -- without
relation to possibly more important needs of the same locality --
without relation to the national employment situation or the
Federal Budget.

13
~~12~~

worked out ahead
of time

To avoid waste and to give the nation its money's worth from the national funds we expend, we must, like any business corporation, have a definite building plan -- a ^{planned} ~~best~~ order in which to make expenditures, a ^{planned} ~~best~~ timing for expenditures in order to keep our working force employed, and a ^{planned} ~~best~~ organized use of the projects after completion. And because relative values of local projects should first be appraised by those with local knowledge, and then by regional conferences before they come to Washington, we must have some kind of local and regional planning machinery and coordination to get full value-- money value and human value -- out of the final appropriations authorized in Washington.

Last year I recommended such machinery. For this purpose of conservation and development of ~~our~~ our natural resources, I recommended that the country be divided into the seven great regions into which Nature divided those resources -- that in such regions local authorities be set up to arrange ~~regional~~ projects into some kind of comprehensive and continuing plan for the entire region -- and that only after such consideration should ^{regional} projects be submitted to the Executive and the Congress for inclusion in a ^{Nature Development} ~~public-works~~ program of such size as the budget of the year will permit.

Such machinery will provide decentralization. It will give local communities and the nation alike new confidence in the ^{true worth} ~~worthwhileness~~ ^{of such} of expenditures. And it will enable us to use these expenditures with better net effect on our national economy because we can then plan a continuing program to be ~~shored down~~ ^{shored up} ~~accelerated or slackened~~ as employment rises or falls.

*****"

~~There are these big problems ahead. It seems~~
~~only efficient for the sake of the Nation and for the sake~~
~~of the Congress that we get at the problems already on the~~
~~docket and clean up this docket before we go into the big~~
~~ones, etc.~~

For many months these four specific problems have been
arrears on the docket of Congress.

three four subjects
What ~~they~~ promise in continued and increased purchasing
power -- what they promise in greater efficiency in the use of
government funds -- are intelligent *foundations for the other*
~~encouragement~~ *plans for* of industrial expansion with government help.
What they promise in *social commitment* ~~the stability of a society of good will~~
An almost necessary basis for
~~is an intelligent prerequisite to plans for~~ greater security of
~~for~~ profits and property.

These four problems should not take ~~so long~~ long to
dispose of. In the months they have been before Congress they
have been discussed from one end of the country to the other. *F*
(The Wages and Hours Bill has already passed the Senate and
has been reported out of Committee in the House. The Reorgani-
zation and Planning Bills ~~are~~ *are* well along in Committee in
both Houses. The Committees in charge of the bill to increase
agricultural income have finished a tour of the country to get
first-hand information.) For the sake of the Nation and for
the sake of the Congress these measures should not be allowed
to hang over our new program -- to complicate and confuse con-
sideration of *next* ~~vital recovery~~ *we all* proposals -- and to delay what ~~we~~
~~might~~ hope can otherwise be an early adjournment of the
regular session.

16
THE WHITE HOUSE
WASHINGTON

INSERT F

For the sake of the Nation, I hope
for early action.

FIFTH DRAFT

TO THE CONGRESS:

~~In addition to the~~ ^{And} important measures ^{also} already pending before this Congress, ^{other matters} require early consideration. ~~It is~~ ^{Therefore}, ^{it is} seemed advisable to call this ^{Extraordinary} Session to expedite the work of the regular session, ^{which will} beginning ⁱⁿ January.

Since the adjournment of the last session there has been a marked recession in industrial production and industrial purchases following a fairly steady advance for more than four years.

We have not been unaware of uncertainties in the economic picture. As far back as last Spring I called attention to the rapid rise in ^{many} prices ~~in many lines~~--a rise that threatened in particular the anticipated revival of building. And over a month ago, ~~you will remember~~, I quoted one of the country's leading economists to this effect--that the continuance of business recovery in the United States depends far more upon business policies than it does upon anything that may be done, or not done, in Washington.

The present decline has not reached serious proportions. But it has the effect of decreasing the national income--and that is a matter of definite concern.

During the adjournment of ^{the} Congress I have sought to avail myself of the wisdom and advice of managers of large industrial and financial enterprise,

of owners of small businesses in many lines, and of representatives of agriculture and of labor.

Out of long experience I place great value on this method of getting suggestions from every possible source. Single answers or simple slogans will not cure the complicated economic ^{problems which} ~~conditions~~ of today. ^{face alterations.}

To over-emphasize one symptom out of many--to over-emphasize any one panacea that for the moment appeals to any one group--is to play with the lives of all the men and women of America.

The ^{ultimate} ~~only~~ answer to the conditions of today is a cordial and confident cooperation not only between government and every kind of citizen--but also between every kind of citizen and his government. The well-being of those who have ^{more} ~~much~~, as well as those who have less, depends ^{is never} ~~is never~~ before in our history, upon a contented society of good-will where the good-will rests on the solid foundation that all have enough.

^{From} ~~From~~ these conferences and from ~~many~~ other sources many suggestions have come to me and to other members of the Executive Branch of the Government. ^{Some} ~~Many~~ of these recommendations are consistent with each other; ^{Some} ~~Many~~ are at complete variance.

But these discussions make it clear that we have enough ~~business~~ wisdom in the country today not only to check the present recession ~~in~~ but to lay the ground work for a more permanent, ~~more~~ recovery. If the

people are as willing as government to use the economic knowledge gained in recent years, this recession need go no further.

~~If we will~~ ^{With the} exercise ^{of} ordinary prudence, there is no reason why we should ~~anticipate~~ ^{be in} any prolonged recession, let alone any general economic paralysis. Despite some maladjustments, which can be corrected, underlying conditions are not unfavorable. The banking system is not over-extended. Interest rates ^{lower.} ~~are not dangerously high~~. Inventories are not dangerously large. We are no longer over-^{extended} ~~built~~ ^{new construction in} in housing and capital equipment. ~~Over-extended~~ ^{Speculation} ~~Speculation~~ ^{leading to} ~~position~~ ^{liquidation} ~~is not~~ ^{not} overhang our markets.

The fundamental situation is therefore not to be compared with the far different conditions of 1929.

Obviously ^{no immediate} ~~our most important present~~ task is to try to increase the use of private capital to create employment. Private enterprise, with cooperation on the part of government, can advance to higher levels of industrial activity than those reached earlier this year. Such advance will assure the continuance of balanced government budgets. ^{But} ~~Equally~~ obviously, ^{also} ~~however~~, government cannot let nature take its course without regard to consequences. If private enterprise does not respond, government must take up the slack.

What we can do ~~in this respect of necessity~~ covers so wide a field ~~and~~ and so many subjects that it is not feasible to ^{include} ~~cover~~ ^{all} them in this ~~Direct~~

PROPOSED INSERT ON PAGE 4 (same paragraph)

Unjust provisions should be removed provided such removal does not create new injustices. Modifications adequate to encourage productive enterprise, especially for the smaller businesses, must not extend to the point of using the corporate form for the purpose of hiding behind it to reduce or eliminate taxes in a way not open to an individual or partnership. Nor should we extend tax privileges to speculative profits on capital where the intent of the original risk ^{was} ~~is~~ speculation rather than the actual development of productive enterprise.

Nor can we at this time accept a revision of our revenue laws which involve a reduction in the aggregate revenues or an increase in the aggregate tax burdens of those least able to bear them.

Small businesses, or even those of average size have difficulties of financing and distribution which are not shared by large corporations.

INSERT (B) PAGE #4

special Tax consideration
→ *Can. they should receive more*
Therefore, ~~we should probably use the Federal tax~~

~~laws to give them~~ equal opportunity to compete with
their more powerful competitors.

Message.

A little later I will address you further in regard to proposals to encourage private capital to enter the field of new housing on a large scale--a field which during the past four years has failed almost completely to keep pace with the marked improvement in other industries.

On the subject of taxation, in accordance with my suggestion of last Spring, committees of the Congress, with the cooperation of the Treasury Department, are already engaged in studies aimed at the elimination of any injustices in our tax laws. (see proposed insert) ^(A)

We should ^{give} special ^{consideration to lightening inequitable} ~~careful~~ ~~to eliminate features which are~~ burdens ^{on} to the enterprise of the small business men of the nation.

Because they have difficulties of financing and distribution not shared by the largest corporations, the small business, or even that of average size, probably deserves a deliberate equalization of competitive opportunity through the Federal tax laws. ^(B) In this way we ^{also} may find ~~partial~~ assistance in our search for a more effective method of checking the growing concentration of economic control and ^{resultant} monopolistic practices which persist today in spite of anti-trust statutes. A further search ^{to meet this threat to free competitive enterprise} for additional methods ^{is} called for at this time.

The proposed Federal budget for the coming fiscal year also will shortly be ready for submission to the Congress--a budget which I expect can be brought within a definite balance.

Still other matters are receiving renewed examination--for instance the problems of the railroads and of other public utilities. Here because of thoroughly unsound financing extending over many past years, solutions will frankly be difficult.

But as we work with these problems of detail we must not forget the broad central truth that this Administration has pledged itself to the people of the United States to carry ^{on with} ~~out~~ a wide social program pointed toward higher living standards and a more just distribution of the gains of civilization. Much of that program is already in effect--but its continued and complete success depends on a wider distribution of an immensely enlarged national income. Such enlargement presupposes ^{of both capital and labor - reasonable} ~~reasonable profits as well as~~ full employment--a resumption of that vigorous moving equilibrium which began in ¹⁹³³ ~~1929~~. Deflation and inflation are equal enemies of the balanced economy that will produce that progressive increase in national income.

In the attainment of ^{this} ~~that~~ broad ^{central} purpose we ^{7:30 pm} ~~have~~ many related objectives. This message, however, deals ^{only} ~~only~~ with four of these objectives ^{four} ~~which~~ which are already being considered by the Congress. Two relate directly to the stabilization and maintenance of the purchasing power of the nation. The other two ^{essential} ~~look~~ ^{tools} look to the improvement of the machinery and functioning of both the Executive and the Legislative branches of the Federal Government.

AGRICULTURE

Intention to pass a new and permanent national farm act was declared by the Congress in Joint Resolution last summer. Great as the need was then, that need is greater still today. Some crops will begin to be planted within three months.

In recent weeks farmers have once more been facing acute surpluses and falling prices. Cotton farmers are harvesting the largest cotton crop in all our history--five million bales more than the markets of this country and the world have been accustomed to take. Corn farmers and potato farmers are harvesting crops that threaten to crush them for producing this plenty. And the producers of other crops are wondering how soon they, too, will be the victims of surplus uncontrolled. We must continue in our efforts toward abundance without waste.

We need legislation which will not only prevent new farm surpluses from causing new collapse in farm prices, but which will also safeguard farmers against the hazards of crop failure. We need an ALL WEATHER farm plan--a plan that uses the reasonable surpluses of a year of good weather to carry over food supplies to make up for the shortages of a year of bad weather.

Out of the experience of the last five years we have learned that with the aid of the government farmers can successfully guard themselves against economic disaster.

In formulating a farm program there are certain things we must keep in mind.

We must keep in mind the fertility of our soil.

We have begun to assist farmers to stop the waste of soil and save the good soil that remains. Any sound, long-time program must have soil conservation as a principal goal.

We must keep in mind the economic welfare of farm families.

~~We must make sure~~ As a long-time national policy, ~~that~~ farmers ^{must} have a fair share in the national income to supply ^{farmers'} ~~the~~ buying to keep city factories running.

We must keep in mind the consumers of the nation. The blighting droughts of 1934 and 1936 which spelt disaster for so many farmers in those years were brought forcibly home to our large cities in the high prices of many food stuffs this year. Consumers should have the same protection against the under production of years of scarcity as the farmers ^{should} have against the overproduction of years of glut.

We must keep in mind the American democratic way.

Farm programs cannot long succeed unless they have the active support of the farmers who take part in them. Our program should continue to be one planned and administered, so far as possible, by the farmers themselves. Here again, majority rule seems justified. If and when huge surpluses in any one crop threaten to engulf all the producers of that

crop, our laws should provide ways by which a small minority may be kept from destroying the proceeds of the toil of the great majority.

We must keep in mind the United States Treasury.

I have already expressed my view that if the new Farm Act provides for expenditure of funds beyond those planned in the regular budget, additional means should be provided to yield the additional revenue. May I reiterate that with all the emphasis I can give?

We must keep in mind the Constitution of the United States.

Although vital portions of the Agricultural Adjustment Act were set aside nearly two years ago by the Supreme Court, Acts of Congress to improve labor relations and assure workers' security have since then been upheld. In these later decisions the powers of the Federal Government to regulate commerce between the States and to tax and to spend for the general welfare have been clearly recognized.

I believe that the Courts themselves are coming to have increasing regard for the true nature of the Constitution as a broad charter of democratic government which can function under the conditions of today. I believe that the Congress can constitutionally write an adequate Farm Act that will be well within the broad meaning and purpose of the Constitution. I hope and believe that the Supreme Court will not again deny to farmers the protection which it now accords to others.

LABOR

In the interval since the adjournment of the last session there has been ample opportunity for the discussion of the need of federal legislation on child labor and wages and hours. The question has been before Labor Conventions, Employers Associations and many other groups. I have sounded out opinion on this subject over a wide section of territory.

I believe that the country as a whole recognizes the need for immediate congressional action if we are to maintain wage income and the purchasing power of the nation against recessive factors in the general industrial situation. The exploitation of child labor and undercutting of wages and the stretching of the hours of the poorest paid workers in periods of business recession has a serious effect on ^{buying} ~~the purchasing~~ power, ~~of the nation~~. In the interest of the national economy such adjustments as must be made should not be made at the expense of those least able to bear them.

I further believe that the country as a whole realizes the necessary connection between encouraging business men to make capital expenditures for new plants and raising ^{Total} the wage income ^{The Total of} of _A our working population. New plants today mean labor saving machinery. What does the country ultimately gain if we encourage business men to enlarge ~~the~~ ~~the~~ the capacity of American industry to produce, unless we see

to it that the income of our working population actually expands sufficiently to create markets to absorb that increased production.⁷

I further believe that the country as a whole recognizes the need ^{seeking} of working towards a more uniformly adequate standard of living and purchasing power ^{everywhere it is very} ~~in every part of it if all parts~~ ^{is} ~~are~~ to live happily ^{with every other part.} ~~together as a nation.~~ We do not recognize the destiny of any ~~single~~ ^{State or} ~~any country~~ ^{State and every country} to be permanently backward. Political and social harmony requires that every ~~part of the country~~ ^{State and every country} not only produce goods for the nation's markets But furnish markets for the nation's goods.

This does not mean that legislation must require immediate uniform minimum hour or wage standards; that is an ultimate goal.

We should provide flexible machinery which will enable industries throughout the country to adjust themselves ^{to} progressively better labor ^{conditions.} But we must not forget that no policy of flexibility will be practical unless a coordinating agency has the obligation of inspection and investigation to ensure the recognition and enforcement of what the law requires.

Although there may be geographic and industrial diversities which practical statesmanship cannot well ignore, it is high time that we had legislation relating to goods moving in or competing with interstate commerce which will accomplish two immediate purposes:

First to banish child labor and to protect workers unable to protect

themselves from excessively low wages and excessively long hours;

Second, to end the unsound practice of some communities--by no means confined to any one section of the country--which seek new industries by offering as the principal attraction labor more plentiful and much cheaper than may be found in competing communities. To them the Congress should reiterate the oft-repeated pledge of ^{political parties} ~~the Democratic Party~~ that labor is not a mere commodity.

3) REORGANIZATION

Last January I presented for the consideration of the Congress ~~the need of making possible~~ the improvement of administrative management in the Executive Branch of the Government. Five principle objectives were outlined:

- No single space*
- (a) ~~1.~~ To create one or more additional departments and to give the Chief Executive authority to ^{manage} ~~place~~ all present and future ^{or under} ~~strictly~~ executive activities in regular executive departments.
 - ~~2.~~ To establish accountability of the Executive to the Congress by providing a genuine independent audit by an officer solely responsible to the Congress, who will, however, have no administrative part in the transactions; ~~and~~ audits and certifies.
 - (b) ~~3.~~ To establish a budget and efficiency agency, a personnel agency and a planning agency through which the Chief Executive may coordinate the ~~Executive Departments~~ ^{functions}.
 - (c) ~~4.~~ To permit the Chief Executive to make a slight increase in the White House Staff so that he may keep in close touch with, and maintain knowledge of, the widespread affairs of administration ^{which requires his personal direction} ~~necessary for executive decision~~.

(A)

9. To extend the merit system upward, outward and downward to cover practically all non-policy determining posts. Although I have issued executive orders to the full extent of the authority vested in me by the Constitution and Revised Statutes to extend the merit principle of selection, I therefore seek a statutory modernized machinery for the permanent enforcement of merit principles in appointment, promotion, and personnel management throughout the government service. Executive Orders, however, have not the permanence of law; and their issuance does not lessen the need for permanent legislation on the subject in connection with reorganization.

A The experiences of States and municipalities definitely proves that reorganization of government along the lines of modern business administrative practice can increase efficiency, minimize error, duplication and waste, and raise the morale of the public service. But that experience does not prove, and no person conversant with the management of large private corporations or of governments, honestly suggests, that reorganization of government machinery in the interests of efficiency is a method of making major savings in the cost of government.

Large savings in the cost of government can be made only by cutting down ^{or eliminating} government functions. And to those who advocate such a course it is fair to put the question--which functions of government do you advocate cutting off?

PLANNING

Of equal importance with intelligent reorganization of the executive departments is intelligent reorganization of our methods of spending national funds for the conservation and development of those natural resources which are the foundation of a virile national life. As I said

in a special message to the Congress last Spring, we have reached a stage in the depletion of our natural resources where we should allot a definite portion of each year's budget to this work of husbandry.

Our present machinery for carrying out such purposes, however, is geared to methods ^{of which} ~~accomplished by~~ the rivers-and harbor legislation ^{many years ago is an example} of ~~bygone years~~. We spend sporadically--on a project here and a project there, determined upon without relation to the needs of other localities--without relation to possibly more important needs of the same locality--without relation to the national employment situation or the Federal Budget.

To avoid waste and to give the nation its money's worth from the national funds we expend, we must, like any business corporation, have a definite building and operating plan worked out ahead of time--a planned order in which to make expenditures, a planned timing for expenditures in order to keep our working force employed, and a planned coordinated use of the projects after completion. And because ^{before they come to Washington, first} relative values of local projects should ~~not~~ be appraised by those with local knowledge, and then by regional conferences, ~~before they come to Washington~~, we must have some kind of local and regional planning machinery and coordination to get full value--money value and human value, out of the final appropriations authorized in Washington.

Last year I recommended such machinery. For this purpose of con-

servation and development of our natural resources, I recommended that the country be divided into the seven great regions into which Nature divided those resources--that in such regions local authorities be set up to arrange projects into some kind of comprehensive and continuing plan for the entire region--and that only after such consideration should regional projects be submitted to the Executive and ^{the} the Congress for inclusion in a national development program of such size as the budget of the year will permit.

Such machinery will provide decentralization. It will give local communities and the nation alike new confidence in the true worth of such expenditures. And it will enable us to use these expenditures with better net effect on our national economy because we can then plan a continuing program to be slowed down or speeded up as employment rises or falls.

(111)

What these four subjects promise in continued and increased purchasing power--what they promise in greater efficiency in the use of government funds--are intelligent foundations for the other plans for encouragement of industrial expansion with government help. What they promise in social contentment is an almost necessary basis for greater security of profits and property.

~~These four problems should not take long to dispose of.~~ In the months they have been before the Congress they have been discussed from one end of

the country to the other.

For the sake of the Nation, I hope for ^{4/26/42}
A early action.

* * * * *

SIXTH DRAFT

TO THE CONGRESS:

Important measures are already pending before this Congress, and other matters will require early consideration. Therefore, it has seemed advisable to call this Extraordinary Session to expedite the work of the regular session which will begin in January.

Since ^{your} ~~the~~ adjournment ^{in August} ~~of the last session~~ there has been a marked recession in industrial production and industrial purchases following a fairly steady advance for more than four years.

We have not been unaware of uncertainties in the economic picture. As far back as last Spring I called attention to the rapid rise in many prices -- a rise that threatened in particular the anticipated revival of building. And over a month ago I quoted one of the country's leading economists to this effect -- that the continuance of business recovery in the United States depends far more upon business policies than it does upon anything that may be done, or not done, in Washington.

The present decline has not reached serious proportions. But it has the effect of decreasing the national income -- and that is a matter of definite concern.

During the adjournment of the Congress I have sought to avail myself of the wisdom and advice of managers of large industrial and financial enterprise, of owners of small businesses in many lines, and of representatives of agriculture and of labor.

Out of long experience I place great value on this method of getting suggestions from every possible source. Single answers or simple slogans will not cure the complicated economic problems which today face all nations.

To over-emphasize one symptom out of many -- to over-emphasize any one panacea that for the moment appeals to any one group -- is to play with the lives of all the men and women of America.

The ultimate answer to the conditions of today is a cordial and confident cooperation not only between government and every kind of citizen -- but also between every kind of citizen and his government. As never before in our history, the well-being of those who have ~~much~~^{much} as well as those who have less, depends upon a contented society of good-will where the good-will rests on the solid foundation that all have enough.

From these conferences and from other sources many suggestions have come to me and to other members of the Executive Branch of the Government. Some of these recommendations are

consistent with each other; some are at complete variance.

But these discussions make it clear that we have enough wisdom in the country today not only to check the present recession but to lay the ground work for a more permanent recovery. If the people are as willing as government to use the economic knowledge gained in recent years, this recession need go no further.

With the exercise of ordinary prudence, there is no reason why we should suffer any prolonged recession, let alone any general economic paralysis. Despite some maladjustments, which can be corrected, underlying conditions are not unfavorable.

Continue same paragraph
The banking system is not overextended. Interest rates are lower.

Inventories are not dangerously large. We are no longer overextended in new construction or in capital equipment. Speculation ^{requiring} ~~(leading to)~~ liquidation does not overhang our markets.

CF The fundamental situation is ~~not~~ not to be compared with the far different conditions of 1929.

Obviously an immediate task is to try to increase the use of private capital to create employment. Private enterprise, with cooperation on the part of government, can advance to higher levels of industrial activity than those reached earlier this year. Such advance will assure ~~the continuance of~~ balanced

budgets. But obviously also, government cannot let nature take its course without regard to consequences. If private enterprise does not respond, government must take up the slack.

What we can do covers so wide a field and so many subjects that it is not feasible to include them all in this Message.

A little later I will address you further in regard to proposals to encourage private capital to enter the field of new housing on a large scale -- a field which during the past four years has failed almost completely to keep pace with the marked improvement in other industries.

On the subject of taxation, in accordance with my suggestion of last Spring, committees of the Congress, with the cooperation of the Treasury Department, are already engaged in studies aimed at the elimination of any injustices in our tax laws. Unjust provisions should be removed provided such removal does not create new injustices. Modifications adequate to encourage productive enterprise, especially for the smaller businesses, must not extend to the point of using the corporate form for the purpose of hiding behind it to reduce or eliminate

taxes in a way not open to an individual or partnership. Nor should we extend tax privileges to speculative profits on capital where the intent of the original risk was speculation rather than the actual development of productive enterprise. Nor can we at this time accept a revision of our revenue laws which involves a reduction in the aggregate revenues or an increase in the aggregate tax burdens of those least able to bear them. 3

We should give special consideration to lightening inequitable burdens on the enterprise of the small business men of the nation. Small businesses or even those of average size have difficulties of financing and distribution which are not shared by large corporations. Therefore, by special tax consideration they should receive more equal opportunity to compete with their more powerful competitors. In this way we may also find assistance in our search for a more effective method of checking the growing concentration of economic control and ~~the~~ resultant monopolistic practices which persist today in spite of anti-trust statutes. A further search for additional methods to meet this threat to free competitive enterprise is called for at this time.

The proposed Federal budget for the coming fiscal year also will shortly be ready for submission to the Congress -- a

budget which I expect can be brought within a definite balance.

Still other matters are receiving renewed examination -- for instance the problems of the railroads and of other public utilities. Here because of thoroughly unsound financing extending over many past years, solutions will frankly be difficult.

But as we work with these problems of detail we must not forget the broad central truth that this Administration has pledged itself to the people of the United States to carry on with a wide social program pointed toward higher living standards and a more just distribution of the gains of civilization. Much of that program is already in effect -- but its continued and complete success depends on a wider distribution of an immensely enlarged national income. Such enlargement presupposes full employment of both capital and labor -- reasonable profits and fair wages -- a resumption of that vigorous moving equilibrium which began in 1933. Deflation and inflation are equal enemies of the balanced economy that will produce that progressive increase in national income.

In the attainment of the broad central purpose we recognize many related objectives. This message, however, deals with only four of these objectives -- four which are already being considered by the Congress. Two relate directly to the

stabilization and maintenance of the purchasing power of the nation. The other two, essential tools for the whole task, look to the improvement of the machinery and functioning of both the Executive and the Legislative branches of the Federal Government.

1. AGRICULTURE

Intention to pass a new and permanent national farm act was declared by the Congress in Joint Resolution last summer. Great as the need was then, that need is ~~greater~~ still today. Some crops will begin to be planted within three months.

In recent weeks farmers have once more been facing acute surpluses and falling prices. Cotton farmers are harvesting the largest cotton crop in all our history -- five million bales more than the markets of this country ^{of} ~~and~~ the world have been accustomed to take. Corn farmers and potato farmers are harvesting crops that threaten to crush them for producing this plenty. And the producers of other crops are wondering how soon they, too, will be the victims of surplus uncontrolled.

We must continue in our efforts toward abundance without waste. We need legislation which will not only prevent new farm surpluses from causing new collapse in farm prices, but which will also safeguard farmers and consumers against the hazards of crop failure. We need an "all weather" farm plan -- a plan that

uses the reasonable surpluses of a year of good weather to carry over food supplies to make up for the shortages of a year of bad weather.

Out of the experience of the last five years we have learned that with the aid of the government farmers can successfully guard themselves against economic disaster.

In formulating a farm program there are certain things we must keep in mind.

We must keep in mind the fertility of our soil. We have begun to assist farmers to stop the waste of soil and save the good soil that remains. Any sound, long-time program must have soil conservation as a principal goal.

We must keep in mind the economic welfare of farm families. As a long-time national policy, farmers must have a fair share in the national income to supply farmers' buying to keep city factories running.

We must keep in mind the consumers of the nation. The blighting droughts of 1934 and 1936 which spelt disaster for so many farmers in those years were brought forcibly home to our large cities in the high prices of many foodstuffs this year. Consumers should have the same protection against the under-production of years of scarcity as the farmers should have against

the overproduction of years of glut.

We must keep in mind the American democratic way. Farm programs cannot long succeed unless they have the active support of the farmers who take part in them. Our program should continue to be one planned and administered, so far as possible, by the farmers themselves. Here again, majority rule seems justified. If and when huge surpluses in any one crop threaten to engulf all the producers of that crop, our laws should provide ways by which a small minority may be kept from destroying the proceeds of the toil of the great majority.

We must keep in mind the United States Treasury. I have already expressed my view that if the new farm act provides for expenditure of funds beyond those planned in the regular budget, additional means should be provided to yield the additional revenue. May I reiterate that with all the emphasis I can give?

We must keep in mind the Constitution of the United States. Although vital portions of the Agricultural Adjustment Act were set aside nearly two years ago by the Supreme Court, Acts of Congress to improve labor relations and assure workers' security have since then been upheld. In these later decisions the powers of the Federal Government to regulate commerce between the States and to tax and to spend for the general welfare have been clearly recognized.

I believe that the Courts themselves are coming to have increasing regard for the true nature of the Constitution as a broad charter of democratic government which can function under the conditions of today. I believe that the Congress can constitutionally write an adequate farm act that will be well within the broad meaning and purpose of the Constitution. I hope and believe that the Supreme Court will not again deny to farmers the protection which it now accords to others.

2. LABOR

I believe that the country as a whole recognizes the need for immediate congressional action if we are to maintain wage income and the purchasing power of the nation against recessive factors in the general industrial situation. The exploitation of child labor and ^{the} undercutting of wages and the stretching of the hours of the poorest paid workers in periods of business recession has a serious effect on buying power. In the interest of the national economy such adjustments as must be made should not be made at the expense of those least able to bear them.

I further believe that the country as a whole realizes the necessary connection between encouraging business men to make capital expenditures for new plants and raising the total wage income of the total of our working population. New plants today mean labor-saving machinery. What does the country

ultimately gain if we encourage business men to enlarge the capacity of American industry to produce, unless we see to it that the income of our working population actually expands sufficiently to create markets to absorb that increased production?

I further believe that the country as a whole recognizes the need of seeking a more uniformly adequate standard of living and purchasing power everywhere if every part is to live happily with every other part. We do not recognize the destiny of any state or any county to be permanently backward. Political and social harmony requires that every state and every county not only produce goods for the nation's markets but furnish markets for the nation's goods.

This does not mean that legislation must require immediate uniform minimum hour or wage standards; that is an ultimate goal.

We should provide flexible machinery which will enable industries throughout the country to adjust themselves progressively ^{to} better labor conditions. But we must not forget that no policy of flexibility will be practical unless a coordinating agency has the obligation of inspection and investigation to ensure the recognition and enforcement of what the law requires.

Although there ^{are} ~~are~~ geographic and industrial diversities which practical statesmanship cannot well ignore, it is high time that we had legislation relating to goods moving in or competing with interstate commerce which will accomplish two immediate purposes:

First, ~~banish~~ banish child labor and ~~protect~~ protect workers unable to protect themselves from excessively low wages and excessively long hours.

Second, ~~end~~ end the unsound practice of some communities -- by no means confined to any one section of the country -- which seek new industries by offering as the principal attraction labor more plentiful and much cheaper than may be found in competing communities. To them the Congress should reiterate the oft-repeated pledge of political parties that labor is not a mere commodity.

3. REORGANIZATION

Last January I presented for the consideration of the Congress the improvement of administrative management in the Executive Branch of the Government. Five principle objectives were outlined:

(a) To create one or more additional departments and to give the Chief Executive authority to arrange all present and future strictly executive activities in or under regular executive departments.

(b) To establish a budget and efficiency agency, a personnel agency and a planning agency through which the Chief Executive may coordinate the executive functions.

(c) To permit the Chief Executive to make a slight increase in the White House Staff so that he may keep in close touch with, and maintain knowledge of, the widespread affairs of administration which require his final direction.

(d) To establish accountability of the Executive to the Congress by providing a genuine independent audit by an officer solely responsible to the Congress, who will, however, have no administrative part in the transactions he audits and certifies.

(e) To extend the merit system upward, outward and downward to cover practically all non-policy determining posts. I am giving consideration to proposed Executive Orders extending the merit principle of selection under

the authority vested in me by the Constitution and Revised Statutes. Executive Orders, however, have not the permanence of law; they will not lessen the need for permanent legislation on this subject in connection with reorganization.

I, therefore, seek a statutory modernized machinery for the permanent enforcement of merit principles in appointment, promotion, and personnel management throughout the government service.

The experience of states and municipalities definitely proves that reorganization of government along the lines of modern business administrative practice can increase efficiency, minimize error, duplication and waste, and raise the morale of the public service. But that experience does not prove, and does not prove to any person conversant with the management of large private corporations or of governments honestly suggests, that reorganization of government machinery in the interests of efficiency is a method of making major savings in the cost of government.

Large savings in the cost of government can be made only by cutting down or eliminating government functions. And to those who advocate such a course it is fair to put the

question -- which functions of government do you advocate cutting off?

4. PLANNING

Of equal importance with intelligent reorganization of the executive departments is intelligent reorganization of our methods of spending national funds for the conservation and development of those natural resources which are the foundation of a virile national life. As I said in a special message to the Congress last Spring, we have reached a stage in the depletion of our natural resources where we should allot a definite portion of each year's budget to this work of husbandry.

Our present machinery for carrying out such purposes, however, is geared to methods of which the rivers-and-harbor legislation of many years ago is an example. We spend sporadically -- on a project here and a project there, determined upon without relation to the needs of other localities -- without relation to possibly more important needs of the same locality -- without relation to the national employment situation or the Federal Budget.

To avoid waste and to give the nation its money's worth from the national funds we expend, we must, like any business

corporation, have a definite building and operating plan worked out ahead of time -- a planned order in which to make expenditures, a planned timing for expenditures ^{As that and money} ~~()~~ keep our working force employed, and a planned coordinated use of the projects after completion. And because relative values of local projects should be appraised before they come to Washington, first by those with local knowledge, and then ~~by~~ regional conferences, we must have some kind of local and regional planning machinery and coordination to get full value out of the final appropriations authorized in Washington -- money value and human value.

Last year I recommended such machinery. For this purpose of conservation and development of our natural resources, I recommended that the country be divided into the seven great regions into which Nature divided those resources -- that in such regions local authorities be set up to arrange projects into some kind of comprehensive and continuing plan for the entire region -- and that only after such ~~consideration~~ consideration should regional projects be submitted to the Executive and to the Congress for inclusion in a national development program of such size as the budget of the year will permit.

Such machinery will provide decentralization. It will give local communities and the nation alike new confidence in the true worth of such expenditures.

What these four subjects promise in continued and increased purchasing power -- what they promise in greater efficiency in the use of government funds -- are intelligent foundations for the other plans for encouragement of industrial expansion with government help. What they promise in social contentment is an almost necessary basis for greater security of profits and property.

In the months they have been before the Congress they have been discussed from one end of the country to the other.

For the sake of the Nation, I hope for your early action.

STATEMENTS FILE

MESSAGE OF THE PRESIDENT OF THE UNITED STATES

TO THE CONGRESS:

Important measures are already pending before this Congress, and other matters will require early consideration. Therefore, it has seemed advisable to call this Extraordinary Session to expedite the work of the regular session which will begin in January.

Since your adjournment in August there has been a marked recession in industrial production and industrial purchases following a fairly steady advance for more than four years.

We have not been unaware of uncertainties in the economic picture. As far back as last Spring I called attention to the rapid rise in many prices -- a rise that threatened in particular the anticipated revival of building. And over a month ago I quoted one of the country's leading economists to this effect -- that the continuance of business recovery in the United States depends far more upon business policies than it does upon anything that may be done, or not done, in Washington.

The present decline has not reached serious proportions. But it has the effect of decreasing the national income -- and that is a matter of definite concern.

During the adjournment of the Congress I have sought to avail myself of the wisdom and advice of managers of large industrial and financial enterprise, of owners of small businesses in many lines, and of representatives of agriculture and of labor.

Out of long experience I place great value on this method of getting suggestions from every possible source. Single answers or simple slogans will not cure the complicated economic problems which today face all nations.

To over-emphasize one symptom out of many -- to over-emphasize any one panacea that for the moment appeals to any one group -- is to play with the lives of all the men and women of America.

"The ultimate answer to the conditions of today is a cordial and confident cooperation not only between government and every kind of citizen -- but also between every kind of citizen and his government." As never before in our history, the well-being of those who have much, as well as those who have less, depends upon a contented society of good-will where the good-will rests on the solid foundation that all have enough.

From these conferences and from other sources many suggestions have come to me and to other members of the Executive Branch of the Government. Some of these recommendations are consistent with each other; some are at complete variance.

But these discussions make it clear that we have enough wisdom in the country today not only to check the present recession but to lay the ground work for a more permanent recovery. If the people are as willing as government to use the economic knowledge gained in recent years, this recession need go no further.

With the exercise of ordinary prudence, there is no reason why we should suffer any prolonged recession, let alone any general economic paralysis. Despite some miscalculations, which can be corrected, underlying conditions are not unfavorable.

The fundamental situation is not to be compared with the far different conditions of 1929. The banking system is not over-extended. Interest rates are lower. Inventories are not dangerously large. We are no longer over-extended in new construction or in capital equipment. Speculation requiring liquidation does not overhang our markets.

Obviously an immediate task is to try to increase the use of private capital to create employment. Private enterprise, with cooperation on the part of government, can advance to higher levels of industrial activity than those reached earlier this year. Such advance will assure balanced budgets. But obviously also, government cannot let nature take its course without regard to consequences. If private enterprise does not respond, government must take up the slack.

What we can do covers so wide a field and so many subjects that it is not feasible to include them all in this Message.

A little later I will address you further in regard to proposals to encourage private capital to enter the field of new housing on a large scale -- a field which during the past four years has failed almost completely to keep pace with the marked improvement in other industries.

On the subject of taxation, in accordance with my suggestion of last Spring, committees of the Congress, with the cooperation of the Treasury Department, are already engaged in studies aimed at the elimination of any injustices in our tax laws. Unjust provisions should be removed provided such removal does not create new injustices. Modifications adequate to encourage productive enterprise, especially for the smaller businesses, must not extend to the point of using the corporate form for the purpose of hiding behind it to reduce or eliminate taxes in a way not open to an individual or partnership. Nor should we extend tax privileges to speculative profits on capital where the intent of the original risk was speculation rather than the actual development of productive enterprise. Nor can we at this time accept a revision of our revenue laws which involves a reduction in the aggregate revenues or an increase in the aggregate tax burdens of those least able to bear them.

We should give special consideration to lightening inequitable burdens on the enterprise of the small business man of the nation. Small businesses or even those of average size have difficulties of financing and distribution which are not shared by large corporations. Therefore, by special tax consideration they should receive more equal opportunity to compete with their more powerful competitors. In this way we may also find assistance in our search for a more effective method of checking the growing concentration of economic control and the resultant monopolistic practices which persist today in spite of anti-trust statutes. A further search for additional methods to meet this threat to free competitive enterprise is called for at this time.

The proposed Federal budget for the coming fiscal year also will shortly be ready for submission to the Congress -- a budget which I expect can be brought within a definite balance.

Still other matters are receiving renewed examination -- for instance the problems of the railroads and of other public utilities. Here because of thoroughly unsound financing extending over many past years, solutions will frankly be difficult.

But as we work with these problems of detail we must not forget the broad central truth that this Administration has pledged itself to the people of the United States to carry on with a wide social program pointed toward higher living standards and a more just distribution of the gains of civilization. Much of that program is already in effect -- but its continued and complete success depends on a wider distribution of an immensely enlarged national income. Such enlargement presupposes full employment of both capital and labor -- reasonable profits and fair wages -- a resumption of that vigorous moving equilibrium which began in 1933. Deflation and inflation are equal enemies of the balanced economy that will produce that progressive increase in national income.

In the attainment of the broad central purpose we recognize many related objectives. This message, however, deals with only four of these objectives -- four which are already being considered by the Congress. Two relate directly to the stabilization and maintenance of the purchasing power of the nation. The other two, essential tools for the whole task, look to the improvement of the machinery and functioning of both the Executive and the Legislative branches of the Federal Government.

1. AGRICULTURE

Intention to pass a new and permanent national farm act was declared by the Congress in Joint Resolution last summer. Great as the need was then, that need is still greater today. Some crops will begin to be planted within three months.

In recent weeks farmers have once more been facing acute surpluses and falling prices. Cotton farmers are harvesting the largest cotton crop in all our history -- five million bales more than the markets of this country and of the world have been accustomed to take. Corn farmers and potato farmers are harvesting crops that threaten to crush them for producing this plenty. And the producers of other crops are wondering how soon they, too, will be the victims of surplus uncontrolled.

We must continue in our efforts toward abundance without waste. We need legislation which will not only prevent new farm surpluses from causing new collapse in farm prices, but which will also safeguard farmers and consumers against the hazards of crop failure. We need an "all weather" farm plan -- a plan that uses the reasonable surpluses of a year of good weather to carry over food supplies to make up for the shortages of a year of bad weather.

Out of the experience of the last five years we have learned that with the aid of the government farmers can successfully guard themselves against economic disaster."

In formulating a farm program there are certain things we must keep in mind.

We must keep in mind the fertility of our soil. We have begun to assist farmers to stop the waste of soil and save the good soil that remains. Any sound, long-time program must have soil conservation as a principal goal.

We must keep in mind the economic welfare of farm families. As a long-time national policy, farmers must have a fair share in the national income to supply farmers' buying to keep city factories running.

We must keep in mind the consumers of the nation. The blighting droughts of 1934 and 1935 which spelt disaster for so many farmers in those years were brought forcibly home to our large cities in the high prices of many foodstuffs this year. Consumers should have the same protection against the underproduction of years of scarcity as the farmers should have against the overproduction of years of glut.

We must keep in mind the American democratic way. Farm programs cannot long succeed unless they have the active support of the farmers who take part in them. Our program should continue to be one planned and administered, so far as possible, by the farmers themselves. Here again, majority rule seems justified. If and when huge surpluses in any one crop threaten to engulf all the producers of that crop, our laws should provide ways by which a small minority may be kept from destroying the proceeds of the toil of the great majority.

We must keep in mind the United States Treasury. I have already expressed my view that if the new farm act provides for expenditure of funds beyond those planned in the regular budget, additional means should be provided to yield the additional revenue. May I reiterate that with all the emphasis I can give?

We must keep in mind the Constitution of the United States. Although vital portions of the Agricultural Adjustment Act were set aside nearly two years ago by the Supreme Court, Acts of Congress to improve labor relations and assure workers' security have since then been upheld. In these later decisions the powers of the Federal Government to regulate commerce between the States and to tax and to spend for the general welfare have been clearly recognized.

I believe that the Courts themselves are coming to have increasing regard for the true nature of the Constitution as a broad charter of democratic government which can function under the conditions of today. I believe that the Congress can constitutionally write an adequate farm act that will be well within the broad meaning and purpose of the Constitution.

I hope and believe that the Supreme Court will not again deny to farmers the protection which it now accords to others.

2. LABOR

I believe that the country as a whole recognizes the need for immediate congressional action if we are to maintain wage income and the purchasing power of the nation against recessive factors in the general industrial situation. The exploitation of child labor and the undercutting of wages and the stretching of the hours of the poorest paid workers in periods of business recession have a serious effect on buying power. In the interest of the national economy such adjustments as must be made should not be made at the expense of those least able to bear them. W

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I further believe that the country as a whole realizes the necessary connection between encouraging business men to make capital expenditures for new plants and raising the total wage income of the total of our working population. New plants today mean labor-saving machinery. What does the country ultimately gain if we encourage business men to enlarge the capacity of American industry to produce, unless we see to it that the income of our working population actually expands sufficiently to create markets to absorb that increased production?

I further believe that the country as a whole recognizes the need of seeking a more uniformly adequate standard of living and purchasing power everywhere if every part is to live happily with every other part. We do not recognize the destiny of any state or any county to be permanently backward. Political and social harmony requires that every state and every county not only produce goods for the nation's markets but furnish markets for the nation's goods.

This does not mean that legislation must require immediate uniform minimum hour or wage standards; that is an ultimate goal.

We should provide flexible machinery which will enable industries throughout the country to adjust themselves progressively to better labor conditions. But we must not forget that no policy of flexibility will be practical unless a coordinating agency has the obligation of inspection and investigation to ensure the recognition and enforcement of what the law requires.

Although there are geographic and industrial diversities which practical statesmanship cannot well ignore, it is high time that we had legislation relating to goods moving in or competing with interstate commerce which will accomplish two immediate purposes:

First, banish child labor and protect workers unable to protect themselves from excessively low wages and excessively long hours.

Second, end the unsound practice of some communities -- by no means confined to any one section of the country -- which seek new industries by offering as the principal attraction labor more plentiful and much cheaper than may be found in competing communities. To them the Congress should reiterate the oft-repeated pledge of political parties that labor is not a mere commodity.

3. REORGANIZATION

Last January I presented for the consideration of the Congress the improvement of administrative management in the Executive Branch of the Government. Five principal objectives were outlined:

(a) To create one or more additional departments and to give the Chief Executive authority to arrange all present and future strictly executive activities in or under regular executive departments.

(b) To establish a budget and efficiency agency, a personnel agency and a planning agency through which the Chief Executive may coordinate the executive functions.

(c) To permit the Chief Executive to make a slight increase in the White House Staff so that he may keep in close touch with, and maintain knowledge of, the widespread affairs of administration which require his final direction.

(d) To establish accountability of the Executive to the Congress by providing a genuine independent audit by an officer solely responsible to the Congress, who will, however, have no administrative part in the transactions he audits and certifies.

(e) To extend the merit system upward, outward and downward to cover practically all non-policy determining posts. I am giving consideration to proposed Executive Orders extending the merit principle of selection under the authority vested in me by the Constitution and Revised Statutes. Executive Orders, however, have not the permanence of law; they will not lessen the need for permanent legislation on this subject in connection with reorganization. I, therefore, seek a statutory modernized machinery for the permanent enforcement of merit principles in appointment, promotion, and personnel management throughout the government service.

The experience of states and municipalities definitely proves that reorganization of government along the lines of modern business administrative practice can increase efficiency, minimize error, duplication and waste, and raise the morale of the public service. But that experience does not prove, and no person conversant with the management of large private corporations or of governments honestly suggests, that reorganization of government machinery in the interest of efficiency is a method of making major savings in the cost of government.

Large savings in the cost of government can be made only by cutting down or eliminating government functions. And to those who advocate such a course it is fair to put the question -- which functions of government do you advocate cutting off?

4. PLANNING

Of equal importance with intelligent reorganization of the executive departments is intelligent reorganization of our methods of spending national funds for the conservation and development of those natural resources which are the foundation of a virile national life. As I said in a special message to the Congress last Spring, we have reached a stage in the depletion of our natural resources where we should allot a definite portion of each year's budget to this work of husbandry.

Our present machinery for carrying out such purposes, however, is geared to methods of which the rivers-and-harbor legislation of many years ago is an example. We spend sporadically -- on a project here and a project there, determined upon without relation to the needs of other localities -- without relation to possibly more important needs of the same locality -- without relation to the national employment situation or the Federal Budget.

To avoid waste and to give the nation its money's worth from the national funds we expend, we must, like any business corporation, have a definite building and operating plan worked out ahead of time -- a planned order in which to make expenditures, a planned timing for expenditures so that we may keep our working force employed, and a planned coordinated use of the projects after completion. And because relative values of local projects should be appraised before they come to Washington, first by those with local knowledge, and then by regional conferences, we must have some kind of local and regional planning machinery and coordination to get full value out of the final appropriations authorized in Washington -- money value and human value.

Last session I recommended such machinery. For this purpose of conservation and development of our natural resources, I recommended that the country be divided into the seven great regions into which Nature divided those resources -- that in such regions local authorities be set up to arrange projects into some kind of comprehensive and continuing plan for the entire region -- and that only after such consideration should regional projects be submitted to the Executive and to the Congress for inclusion in a national development program of such size as the budget of the year will permit.

Such machinery will provide decentralization. It will give local communities and the nation alike new confidence in the true worth of such expenditures.

What these four subjects promise in continued and increased purchasing power -- what they promise in greater efficiency in the use of government funds -- are intelligent foundations for the other plans for encouragement of industrial expansion with government help. What they promise in social contentment is an almost necessary basis for greater security of profits and property.

In the months they have been before the Congress they have been discussed from one end of the country to the other.

For the sake of the Nation, I hope for your early action.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

November 15, 1937.