

January 5, 1939

[Message to Congress - Supplemental Appropriation for WPA]

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CONFIDENTIAL: The following message to the Congress
MUST BE HELD IN STRICT CONFIDENCE and no portion,
synopsis or intimation shall be published or given
out until delivery of the message to the Congress
HAS BEGUN.

CAUTION: Extreme care must be exercised to avoid
premature publication.

STEPHEN EARLY
Secretary to the President

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DRAFT OF MESSAGE FROM THE PRESIDENT TO THE CONGRESS
RECOMMENDING A SUPPLEMENTAL APPROPRIATION FOR THE WORKS PROGRESS ADMINISTRATION

In my message of April 14, 1938, I presented to the Congress certain recommendations covering programs for the Works Progress Administration, for public works, and for housing, which were designed to increase the purchasing power of the nation, to stimulate business activity, and to provide increased employment. Subsequently, in the Emergency Relief Appropriation Act of 1938, approved June 21, 1938, the Congress appropriated to the Works Progress Administration the sum of \$1,425,000,000, together with certain balances of previous allocations to that Administration which remained unobligated on June 30, 1938. By other legislation, \$23,000,000 of this appropriation was reserved for specific purposes and therefore was not available for the Works Progress Administration program. In Section 2 of the Act, the Congress provided that the available funds should be apportioned over the first eight months of the fiscal year 1939, and further authorized me to modify that apportionment in the event of an extraordinary emergency or unusual circumstance which could not be anticipated at the time the apportionment was made.

Since the enactment by the Congress of legislation providing funds for the programs recommended in my message, substantial business and industrial improvement has occurred throughout the country. However, during the period prior to the adoption of this legislation, when unemployment was increasing, the increase in the number employed on the Works Progress Administration program did not keep pace with the need for employment because the Works Progress Administration had funds to employ only part of those who were out of jobs.

In addition, in a period of increasing unemployment there is a lag before the impact of the jobless reaches the Works Progress Administration. This is because workers who lose their jobs exhaust their private resources before applying for relief. Furthermore, the time intervening between the loss of private jobs and the need for Works Progress Administration employment is now considerably greater than heretofore because of the operation of the unemployment compensation program.

Therefore, with the passage of the Emergency Relief Appropriation Act of 1938, the Works Progress Administration expanded its program in an

effort more nearly to meet the needs of the unemployed. While beginning in July, 1938, 125,000 to 150,000 workers were voluntarily leaving Works Progress Administration projects each month, it was necessary to add from 200,000 to 300,000 others monthly to the rolls in order to meet the needs of those whose personal resources or compensation benefits had become exhausted, and to take back as required by Section 12 of the Act, those who had left the Works Progress Administration for private employment and whose employment had been terminated through no fault of their own.

The demands upon the Works Progress Administration appropriation were increased by two additional factors. The critical foreign situation has had an adverse effect upon American business and industrial employment in this country, and has been an unexpected deflationary force affecting the prices of commodities entering into world markets, such as certain of our important agricultural commodities. This has accentuated relief problems in important areas in the country. In addition, the hurricane which devastated large areas

of New England last September seriously dislocated industry and trade in the northeastern section of the country and added to the relief burden in that area.

As a result of the foregoing factors, the employment provided from the Works Progress Administration appropriation increased from 2,900,000 at the beginning of July, 1938, to a peak of 3,350,000. During the past few weeks the number has been declining. On December 24, 1938, the total had fallen to 3,112,000, and it is expected that the employment during the month of January will approximate 3,000,000. The foregoing figures include employment provided with funds transferred by the Works Progress Administration to other Federal Agencies under the authority of Section 3 of the Act. An average of 90,000 persons are thus employed under conditions entirely similar to those pertaining in the main Works Progress Administration program.

Under the conditions outlined above, the funds appropriated to the Works Progress Administration will be barely adequate to finance the operations of that agency through the month of January, 1939. Therefore, in accordance

with the authority contained in Section 2 of the Emergency Relief Appropriation Act of 1938, I have apportioned those funds to be used during the first seven months of the fiscal year.

It is believed that sufficient funds should now be appropriated to the Works Progress Administration for the balance of the current fiscal year to employ an average of 3,000,000 workers in February and March, and a diminishing number beginning in April which would reach a figure of 2,700,000 in June. This would include the numbers to be employed with funds transferred to other Federal Agencies. The employment proposed for February and March, which is the same number that is expected to be reached in January, is justified by seasonal factors and the lag in outside construction operations which always occurs on account of weather conditions. In fact, there is normally an increase in the need for employment during these winter months, and the funds available to the Works Progress Administration have not been sufficient to enable it to assign to its program a large number of employable persons who have been certified as in need of relief.

The Works Progress Administration program is at present being conducted at an average Federal cost of approximately \$61 per worker per month, of which only \$2 is overhead administrative expense. Therefore to provide the employment set forth above, a deficiency appropriation of \$875,000,000 will be required, and this is the amount which I recommend to the Congress. In view of the fact previously mentioned, that the funds now available are barely sufficient to finance the Works Progress Administration through the month of January, 1939, I urge speedy action on the part of the Congress to provide these additional funds in order to prevent disruption of the program and consequent suffering and want on the part of the unemployed.

I realize that the Congress may wish to prescribe by legislation the manner in which funds appropriated to the Works Progress Administration, and other appropriations, shall be distributed. However, the problem of distributing work relief funds is a complicated one involving factors not only of population but of economic and unemployment conditions in various sections of the country. The hasty adoption of legislative provisions, to be immediately

effective, which radically change the present method of distributing Works Progress Administration funds would greatly complicate the administration of the program in the coming months. I therefore believe that the Congress should make this question the subject of study and hearings, with a view to determining a policy to obtain in the fiscal year 1940, but that the appropriation recommended in this message should be made on the same terms as that for the first ^{part} part of the fiscal year 1939.

No one wishes more sincerely than I do that the program for assisting unemployed workers shall be completely free from political manipulation. However, any one who proposes that this result can be achieved by turning the administration of a work program over to local boards is either insincere or is ignorant of the realities of local American politics.

It is my belief that improper political practices can be eliminated only by the imposition of rigid statutory regulations and penalties by the Congress, and that this should be done. Such penalties should be imposed not only upon persons within the administrative organization of the Works Progress

Administration, but also upon outsiders who have in fact in many instances been the principal offenders in this regard. My only reservation in this matter is that no legislation should be enacted which will in any way deprive workers on the Works Progress Administration program of the civil rights to which they are entitled in common with other citizens.

In connection with the above, I invite your attention to the fact that under the provisions of Executive Order Number 7916, the administrative employees of the Works Progress Administration, with the exception of a relatively small number of positions, will be brought under the Civil Service on February 1, 1939.

It is my intention to transmit to the Congress, probably in the month of April, a supplemental estimate covering the appropriation which will be required to provide work relief for persons in need in the fiscal year 1940.

DRAFT OF MESSAGE FROM THE PRESIDENT TO THE CONGRESS
RECOMMENDING A SUPPLEMENTAL APPROPRIATION FOR THE WORKS PROGRESS ADMINISTRATION

In my message of April 14, 1938, I presented to the Congress certain recommendations covering programs for the Works Progress Administration, for public works, and for housing, which were designed to increase the purchasing power of the nation, to stimulate business activity, and to provide increased employment. Subsequently, in the Emergency Relief Appropriation Act of 1938, approved June 21, 1938, the Congress appropriated to the Works Progress Administration the sum of \$1,425,000,000, together with certain balances of previous allocations to that Administration which remained unobligated on June 30, 1938. By other legislation, \$23,000,000 of this appropriation was reserved for specific purposes and therefore was not available for the Works Progress Administration program. In Section 2 of the Act, the Congress provided that the available funds should be apportioned over the first eight months of the fiscal year 1939, and further authorized me to modify that apportionment in the event of an extraordinary emergency or unusual circumstance which could not be anticipated at the time the apportionment was made.

Since the enactment by the Congress of legislation providing funds for the programs recommended in my message, substantial business and industrial improvement has occurred throughout the country. However, during the period prior to the adoption of this legislation, when unemployment was increasing, the increase in the number employed on the Works Progress Administration program did not keep pace with the need for employment because the Works Progress Administration had funds to employ only part of those who were out of jobs.

In addition, in a period of increasing unemployment there is a lag before the impact of the jobless reaches the Works Progress Administration. This is because workers who lose their jobs exhaust their private resources before applying for relief. Furthermore, the time intervening between the loss of private jobs and the need for Works Progress Administration employment is now considerably greater than heretofore because of the operation of the unemployment compensation program.

Therefore, with the passage of the Emergency Relief Appropriation Act of 1938, the Works Progress Administration expanded its program in an

effort more nearly to meet the needs of the unemployed. While beginning in July, 1938, 125,000 to 150,000 workers were voluntarily leaving Works Progress Administration projects each month, it was necessary to add from 200,000 to 300,000 others monthly to the rolls in order to meet the needs of those whose personal resources or compensation benefits had become exhausted, and to take back as required by Section 12 of the Act, those who had left the Works Progress Administration for private employment and whose employment had been terminated through no fault of their own.

The demands upon the Works Progress Administration appropriation were increased by two additional factors. The critical foreign situation has had an adverse effect upon American business and industrial employment in this country, and has been an unexpected deflationary force affecting the prices of commodities entering into world markets, such as certain of our important agricultural commodities. This has accentuated relief problems in important areas in the country. In addition, the hurricane which devastated large areas

of New England last September seriously dislocated industry and trade in the northeastern section of the country and added to the relief burden in that area.

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Under the conditions outlined above, the funds appropriated to the Works Progress Administration will be barely adequate to finance the operations of that agency through the month of January, 1939. Therefore, in accordance

with the authority contained in Section 2 of the Emergency Relief Appropriation Act of 1938, I have apportioned those funds to be used during the first seven months of the fiscal year.

It is believed that sufficient funds should now be appropriated to the Works Progress Administration for the balance of the current fiscal year to employ an average of 3,000,000 workers in February and March, and a diminishing number beginning in April which would reach a figure of 2,700,000 in June. This would include the numbers to be employed with funds transferred to other Federal Agencies. The employment proposed for February and March, which is the same number that is expected to be reached in January, is justified by seasonal factors and the lag in outside construction operations which always occurs on account of weather conditions. In fact, there is normally an increase in the need for employment during these winter months, and the funds available to the Works Progress Administration have not been sufficient to enable it to assign to its program a large number of employable persons who have been certified as in need of relief.

The Works Progress Administration program is at present being conducted at an average Federal cost of approximately \$61 per worker per month, of which only \$2 is overhead administrative expense. Therefore to provide the employment set forth above, a deficiency appropriation of \$875,000,000 will be required, and this is the amount which I recommend to the Congress. In view of the fact/ previously mentioned, that the funds now available are barely sufficient to finance the Works Progress Administration through the month of January, 1939, I urge speedy action on the part of the Congress to provide these additional funds in order to prevent disruption of the program and consequent suffering and want on the part of the unemployed.

I realize that the Congress may wish to prescribe by legislation the manner in which funds appropriated to the Works Progress Administration, and other appropriations, shall be distributed. However, the problem of distributing work relief funds is a complicated one involving factors not only of population but of economic and unemployment conditions in various sections of the country. The hasty adoption of legislative provisions, to be immediately

effective, which radically change the present method of distributing Works Progress Administration funds would greatly complicate the administration of the program in the coming months. I therefore believe that the Congress should make this question the subject of study and hearings, with a view to determining a policy to obtain in the fiscal year 1940, but that the appropriation recommended in this message should be made on the same terms as that for the first part of the fiscal year 1939.

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In connection with the above, I invite your attention to the fact that under the provisions of Executive Order Number 7916, the administrative employees of the Works Progress Administration, with the exception of a relatively small number of positions, will be brought under the Civil Service on February 1, 1939.

It is my intention to transmit to the Congress, probably in the month of April, a supplemental estimate covering the appropriation which will be required to provide work relief for persons in need in the fiscal year 1940.

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STEPHEN EARLY

Secretary to the President

TO THE CONGRESS OF THE UNITED STATES:

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FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

January 5, 1939.