

March 14, 1939

[Receiving Message]

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Message to Congress of  
March 14, 1939.  
Original sent-up

TO THE CONGRESS OF THE UNITED STATES:

At the opening of this session I advised the Congress of the situation in regard to the number of needy unemployed persons who were able to perform useful work. The estimates, based on actual figures at the beginning of the calendar year and on estimated figures in terms of the number of persons involved during the following six months, showed that in the judgment of the Executive Branch of the Government three million persons should continue to be employed during the winter months, followed by a reduction of two million seven hundred thousand persons during the latter part of the six months' period. The amount of money required to supply these needs was estimated at \$875,000,000.

Early in February the Congress appropriated \$725,000,000, with directions that the number of persons on the relief rolls should not be decreased in number more than 5% during February and March, and, in effect, requesting me to recheck the new situation thus created and advise the Congress of the results.

On February seventh I reported to the Congress that the reduction in the appropriation in itself created an emergency; that the number of persons on the relief rolls

and on the "waiting lists" had not decreased in number since early January; that as a result the need of these people was as great as before; that by continuing their employment during February and March half of the entire appropriation would be expended during those two months, leaving only half of the appropriation for the maintenance of relief during the final three months of April, May and June; that the amount of money remaining after April first would make it necessary to discharge, between April first and June thirtieth, approximately half of the numbers on relief; that this, in my judgment, would constitute a definite hardship; and that I was advising the Congress of this fact in order to give sufficient time to study what necessarily would be the conditions resulting from the curtailment of funds.

April first is approaching, and in pursuance of the spirit of the request for further information, I feel impelled again to call the attention of the Congress to the very serious situation which exists because of the simple fact that within about three weeks the reduction of Works Progress Administration employment must begin, in order that the remainder of the appropriation may be apportioned over the months of April, May and June.

Since my message of January and since my message of February, a careful check-up shows that there has been no substantial change in the conditions of unemployment. On the contrary, recent data have become available substantiating the real need for an additional appropriation of \$150,000,000.

Partly because of seasonal conditions, the total volume of employment has decreased since the end of December. This includes industrial and agricultural employment. Therefore, the need for unemployment relief has increased.

Due to the seasonal factors, Works Progress Administration employment was maintained in February at an average of two million nine hundred and ninety-six thousand persons, and the average for March is being held at approximately the same figure. Despite this fact, the number of persons now certified as being in need and eligible for employment is actually higher than it was a month ago. This so-called "waiting list" actually does not reflect the total needs because in certain States certifications of eligibility are not given to the Federal authorities by the local public relief agencies until actual vacancies exist to which needy persons can be assigned.

It is my belief that improvement in business conditions between now and June will result in substantial increase in employment. However, based on the experience of the past, it cannot be expected that this increase will absorb more than three hundred thousand of those who are now on the Works Progress Administration rolls or who have been certified as in need and awaiting assignment. That means that the present total of these two categories, three million eight hundred and fifty thousand persons, would, if we are correct in our estimate, be reduced to three million five hundred and fifty thousand.

In accordance with the requirements of the recent appropriation Public Resolution, approximately thirty thousand aliens have been removed from the rolls. The current investigation of the actual need of relief employees will shortly be completed in the field, but it is already clear from preliminary reports that the number who will be eliminated will not exceed 5% of the total and may be considerably less.

All possible economies in administration and operation are being sought for and must be constantly checked, but here again the cold facts, which have been given insufficient emphasis, require restatement.

Out of every \$100 of Federal funds expensed by the Works Progress Administration, only \$3.50 is for administrative overhead; \$10.50 is spent for materials, equipment and supplies; \$86. is paid out directly in the form of wages. As a business proposition it occurs to me that some modicum of praise is in order.

If no additional apporpriation is made, the Works Progress Administration must of necessity issue instructions, within the next week, for a reduction in the number employed, beginning in the first week of April. The plan proposed by the Administrator is to effect a reduction of approximately four hundred thousand in the first week in April, and a further reduction of six hundred thousand in the first week in May. This will reduce the total employment to two million persons.

However, even these drastic cuts will not be sufficient to make the available fund last through to June thirtieth, and still comply with the requirements of the statutes. Therefore, a still further reduction of approximately two hundred thousand would have to be made early in June.

The foregoing plan is based on seasonal conditions and also on the consideration that a week to week reduction through April, May and June, in addition to complicating the operation of the program, would carry the employment in June to a figure even smaller than that which could be maintained if sharper reductions were made earlier. In other words, under a week to week reduction more persons would eventually lose their jobs than under the program proposed.

Under the proposed plan, the number of persons who will be thrown out of employment in the near future is one million -- growing to one million two hundred thousand before June thirtieth. The number of persons, including dependents, affected by this reduction will be four million within the next few weeks and an additional eight hundred thousand later on.

To these must be added the "waiting list" category -- at least five hundred thousand prospective employees, after allowance is made for the hoped for reemployment. If dependents are added, the additional number affected would be two million persons, because it is obvious that while people now on the rolls are being discharged no people can be employed from the "waiting lists."

I am of the opinion that states, counties and municipalities are doing, in the overwhelming majority of cases, all that their finances will permit to meet the situation.

I further believe that, with few exceptions, those who are employed are actually in need and are not receiving more than they should in the form of Federal assistance.

It is the obvious duty of the Chief Executive to point out the need which exists and to give all possible factual information. This I have attempted to do in order that the Legislative Branch of the Government, in which the final decision and full responsibility necessarily rests, may have full information to form the basis for its action.

It is in the most friendly spirit that I invite your attention to what I believe is an inevitable conclusion --  
that if <sup>the</sup> a further appropriation recommended is <sup>not</sup> made, time is  
an element, because in order to carry out existing law the  
discharge of large numbers of needy persons will shortly  
commence.

HOLD FOR RELEASE

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March 14, 1939

CONFIDENTIAL: To be held in STRICT CONFIDENCE and no portion, synopsis or intimation to be published or given out until the HEADING of the President's Message has begun in the Senate or the House of Representatives. Extreme care must therefore be exercised to avoid premature publication.

STEPHEN EARLY  
Secretary to the President

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TO THE CONGRESS OF THE UNITED STATES:

At the opening of this session I advised the Congress of the number of needy unemployed persons who were able to perform useful work. The estimates, based on actual and estimated figures, showed that in the judgment of the Executive branch of the Government three million persons should continue to be employed during the winter months, followed by a reduction to two million seven hundred thousand persons during the latter part of the five months' period ending on June 30, 1939. The amount of money required to supply these needs was estimated at \$875,000,000.

Early in February the Congress appropriated \$725,000,000, with directions that the number of persons on the relief rolls should not be decreased in number more than 5% during February and March, and, in effect, requesting me to recheck the new situation thus created and advise the Congress of the results.

On February seventh I reported to the Congress that the reduction in the appropriation in itself created an emergency; that the number of persons on the relief rolls and on the "waiting list" had not decreased in number since early January; that as a result the need of these people was as great as before; that by continuing their employment during February and March half of the entire appropriation would be expended, leaving only the other half of the appropriation for the maintenance of relief during April, May and June; that the amount of money remaining after April first would make it necessary to discharge, between that date and June thirtieth, nearly half of the numbers on relief; that this, in my judgment, would constitute a definite hardship; and that I was advising the Congress of this fact in order to give sufficient time to study the conditions which would result from the curtailment of funds.

April first is approaching; and in pursuance of the spirit of the request for further information, I feel impelled again to call the attention of the Congress to the very serious situation which exists. Within about three weeks the reduction of Works Progress Administration employment must begin, in order that the remainder of the appropriation may be apportioned over the months of April, May and June, unless more money is appropriated quickly.

Since my messages of January and February, a careful check-up shows that there has been no substantial change in the conditions of unemployment. On the contrary, recent data have become available substantiating the real need for an additional appropriation of \$150,000,000.

Partly because of seasonal conditions, the volume of employment has decreased since the end of December. This includes industrial and agricultural employment. Therefore, the need for unemployment relief has increased.

Due to the seasonal factors, Works Progress Administration employment was maintained in February at an average of two million nine hundred and ninety-six thousand persons, and the average for March is being held at approximately the same figure.

Despite this fact, the number of persons now certified as being in need and eligible for employment is actually higher than it was a month ago. This so-called "waiting list" actually does not reflect the total needs, because in certain States certifications of eligibility are not given to the Federal authorities by the local public relief agencies until actual vacancies exist to which needy persons can be assigned.

It is my belief that improvement in business conditions between now and June will result in substantial increase in employment. However, based on the experience of the past, it cannot be expected that this increase will absorb more than three hundred thousand of those who are now on the Works Progress Administration rolls or who have been certified as in need and awaiting assignment.

That means that the present total of these two categories, three million eight hundred and fifty thousand persons, would be reduced to three million five hundred and fifty thousands.

In accordance with the requirements of the recent appropriation law, approximately thirty thousand aliens have been removed from the rolls. The current investigation of the actual need of relief employees will shortly be completed in the field, but it is already clear from preliminary reports that the number who will be eliminated will not exceed 5% of the total and may be considerably less.

All possible economies in administration and operation are being sought and will be constantly checked, but here again the cold facts, which have been given insufficient emphasis, require restatement.

Out of every \$100 of Federal funds expended by the Works Progress Administration, only \$6.50 is for administrative overhead; \$10.50 is spent for materials, equipment and supplies; \$86 is paid out directly in the form of wages. As a business proposition it occurs to me that some modicum of commendation is in order.

If no additional appropriation is made, the Works Progress Administration must of necessity issue instructions, within the next week, to reduce the number employed. The plan proposed by the Administrator is to effect a reduction of approximately four hundred thousand in the first week in April, and a further reduction of six hundred thousand in the first week in May. This will reduce the total employment to two million persons.

However, even these drastic cuts will not be sufficient to make the available fund last through to June thirtieth, and still comply with the requirements of the statutes. Therefore, a still further reduction of more than two hundred thousand will have to be made early in June.

This plan has been recommended as being preferable to a program of week to week reductions because, under the latter, more persons would eventually lose their jobs.

Under the proposed plan, the number of persons who will be thrown out of employment in the near future is one million -- growing to over one million two hundred thousand before June thirtieth. The number of persons, including dependents, affected by this reduction will be four million within the next few weeks and nearly a million more later on.

To these must be added the "waiting list" category -- because it is obvious that while people now on the rolls are being discharged no people can be employed from the "waiting list."

I am of the opinion that states, counties and municipalities are doing, in the overwhelming majority of cases, all that their finances will permit to meet the situation.

I further believe that, with few exceptions, those who are employed are actually in need and are not receiving more than they should in the form of Federal assistance.

It is the obvious duty of the Chief Executive to point out the need which exists and to give all possible factual information. This I have attempted to do in order that the Legislative Branch of the Government, in which the final decision and full responsibility necessarily rests, may act.

Because it has been alleged that I would be satisfied if no further appropriation were made for the coming three months, I feel that in justice to myself I must make it clear that I am not sending this Message to the Congress merely for the purpose of going through motions.

For more than six years it has been the definite policy of the President and the Congress that needy persons, out of work, should not be allowed to starve; that it was an obligation of the Federal Government to give work to those able to work and an obligation of state and local government and of private charities to take care of those needy persons who are unable to work.

That policy, I am more than ever confident, is right. It should not be abandoned now.

It is wholly within the right of any and all of us to study and work for the greater efficiency of government. For several years infinite study has been given to the problems of relief in all its forms; additional studies are proper.

But the Government of the United States is faced today with a condition and not a theory. The insufficiency of the money appropriated will compel the Administrator to discharge about a million and a quarter actual workers in the immediate future.

I cannot bring myself to believe that these discharged men and women will contribute to the prosperity of the United States, nor do I believe that the merchants and landlords they are now dealing with will become more prosperous when their trade ceases.

Therefore, the responsibility for the situation in which all of these people will find themselves during the coming three months rests of necessity within the decision of the Congress of the United States.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,  
March 14, 1939.

P. P. B.

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TO THE CONGRESS OF THE UNITED STATES:

*Not fit for  
the nation*

At the opening of this session I advised the Congress of the situation in regard to the number of needy unemployed persons who were able to perform useful work. The estimates, based on actual figures at the beginning of the calendar year and estimated figures in terms of the number of persons involved during the following six months, showed that in the judgment of the Executive Branch of the Government three million persons should continue to be employed during the winter months, followed by a reduction to two million seven hundred thousand persons during the latter part of the five months' period. *Ending on Jan 30, 1939* The amount of money required to supply these needs was estimated at \$875,000,000.

Early in February the Congress appropriated \$725,000,000, with directions that the number of persons on the relief rolls should not be decreased in number more than 5% during February and March, and, in effect, requesting me to recheck the new situation thus created and advise the Congress of the results.

On February seventh I reported to the Congress that the reduction in the appropriation in itself created an emergency; that the number of persons on the relief rolls

and on the "waiting list" had not decreased in number since early January; that as a result the need of these people was as great as before; that by continuing their employment during February and March half of the entire appropriation would be expended ~~during these two months~~, leaving only half of the appropriation for the maintenance of relief during ~~the~~ <sup>this other</sup> ~~three months~~ of April, May and June; that the amount of money remaining after April first would make it necessary to discharge, between ~~April first~~ <sup>that date</sup> and June thirtieth, ~~approximately~~ <sup>nearly</sup> half of the numbers on relief; that this, in my judgment, would constitute a definite hardship; and that I was advising the Congress of this fact in order to give sufficient time to study ~~what necessarily would be~~ <sup>which would</sup> the conditions resulting from the curtailment of funds.

April first is approaching; and in pursuance of the spirit of the request for further information, I feel impelled again to call the attention of the Congress to the very serious situation which exists, ~~because of the simple fact that~~ <sup>within</sup> about three weeks the reduction of Works Progress Administration employment must begin, in order that the remainder of the appropriation may be apportioned over the months of April, May and June, <sup>in which</sup> more money is appropriated quickly.

Since my message of January and ~~since my message of~~  
February, a careful check-up shows that there has been no  
substantial change in the conditions of unemployment. On the  
contrary, recent data have become available substantiating  
the real need for an additional appropriation of \$150,000,000.

Partly because of seasonal conditions, the ~~total~~  
volume of employment has decreased since the end of December.  
This includes industrial and agricultural employment. There-  
fore, the need for unemployment relief has increased.

Due to the seasonal factors, Works Progress Adminis-  
tration employment was maintained in February at an average  
of two million nine hundred and ninety-six thousand persons,  
and the average for March is being held at approximately the  
*H* same figure. Despite this fact, the number of persons now  
certified as being in need and eligible for employment is  
actually higher than it was a month ago. This so-called  
"waiting list" actually does not reflect the total needs,  
because in certain States certifications of eligibility are  
not given to the Federal authorities by the local public  
relief agencies until actual vacancies exist to which needy  
persons can be assigned.

It is my belief that improvement in business conditions between now and June will result in substantial increase in employment. However, based on the experience of the past, it cannot be expected that this increase will absorb more than three hundred thousand of those who are now on the Works Progress Administration rolls or who have been certified as <sup>9</sup> in need and awaiting assignment. That means that the present total of these two categories, three million eight hundred and fifty thousand persons, would ~~if we estimate~~ be reduced to three million five hundred and fifty thousand.

In accordance with the requirements of the recent <sup>Alien</sup> appropriation ~~Public Relief~~, approximately thirty thousand aliens have been removed from the rolls. The current investigation of the actual need of relief employees will shortly be completed in the field, but it is already clear from preliminary reports that the number who will be eliminated will not exceed 5% of the total and may be considerably less.

All possible economies in administration and operation <sup>44/1</sup> are being sought ~~and~~ and ~~must~~ be constantly checked, but here again the cold facts, which have been given insufficient emphasis, require restatement.

Out of every \$100 of Federal funds expended by the Works Progress Administration, only \$3.50 is for administrative overhead; \$10.50 is spent for materials, equipment and supplies; \$86. is paid out directly in the form of wages. As a business proposition it occurs to me that some modicum of ~~commodation~~ <sup>conservation</sup> is in order.

If no additional appropriation is made, the Works Progress Administration must of necessity issue instructions, <sup>To be done</sup> within the next week, ~~for reduction in~~ <sup>A</sup> the number employed, beginning in the first week of April. The plan proposed by the Administrator is to effect a reduction of approximately four hundred thousand in the first week in April, and a further reduction of six hundred thousand in the first week in May. This will reduce the total employment to two million persons.

However, even these drastic cuts will not be sufficient to make the available fund last through to June thirtieth, and still comply with the requirements of the statutes. Therefore, <sup>more than</sup> a still further reduction of ~~approximately~~ two hundred thousand <sup>will</sup> have to be made early in June.

INSERT A

This plan has been recommended as being preferable to a program of week to week reductions because, under the latter, more persons would eventually lose their jobs,~~when~~  
~~unless the program progressed.~~

The foregoing plan is based on seasonal conditions and also on the consideration that a week to week reduction through April, May and June, in addition to complicating the operation of the program, would carry the employment in June to a figure even smaller than that which could be maintained if sharper reductions were made earlier. In other words, under a week to week reduction more persons would eventually lose their jobs than under the program proposed.

Under the proposed plan, the number of persons who will be thrown out of employment in the near future is one million — growing to one million two hundred thousand before June thirtieth. The number of persons, including dependents, affected by this reduction will be four million within the next few weeks and ~~an additional eight hundred thousand later on.~~ <sup>Nearly a million more</sup>

To these must be added the "waiting list" category — ~~at least five hundred thousand prospective employees, after allowance is made for the hoped for reemployment. If dependents are added, the additional number affected would be two million persons,~~ because it is obvious that while people now on the rolls are being discharged no people can be employed from the "waiting list."

I am of the opinion that states, counties and municipalities are doing, in the overwhelming majority of cases, all that their finances will permit to meet the situation.

I further believe that, with few exceptions, those who are employed are actually in need and are not receiving more than they should in the form of Federal assistance.

It is the obvious duty of the Chief Executive to point out the need which exists and to give all possible factual information. This I have attempted to do in order that the Legislative Branch of the Government, in which the final decision and full responsibility necessarily rests, may ~~act~~ <sup>act</sup>, ~~act~~ <sup>act</sup> information to form the basis for its action.

It is in the most friendly spirit that I invite your attention to what I believe is an inevitable conclusion -- that if <sup>the</sup> ~~a~~ further appropriation recommended is <sup>not</sup> made, time is an element, because in order to carry out existing law the discharge of large numbers of needy persons will shortly commence.

B

INSERT B

Because it has been alleged that I would be satisfied if no further appropriation were made for the coming three months, I feel that in justice to myself I must make it clear that I am not sending this Message to the Congress merely for the purpose of going through ~~the~~ motions.

For more than six years it has been the definite policy of the President and the Congress that needy persons, out of work, should not be allowed to starve; that it was an obligation of the Federal Government to give work to those ~~people~~ able to work and an obligation of state and local government and of private charities to take care of those needy persons who are unable to work.

That policy ~~is~~ I am more than ever confident, right.  
It should not be abandoned now.

It is wholly within the right of any and all of us to study and work for the greater efficiency of government, ~~especially~~. For several years infinite study has been given to the problems of relief in all ~~ways~~ forms; additional studies are ~~very~~ proper. But the Government of the United States is faced today with a condition and ~~The insufficiency of the money~~ not a theory. ~~The President has not appropriated~~ <sup>its</sup> ~~to~~   
~~now or~~ will compel the discharge of about a <sup>of</sup> ~~sum~~

INSERT B (continued)

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million and a quarter actual workers in the immediate future.

I cannot bring myself to believe that these discharged men and women will contribute to the prosperity of the United States, nor do I believe that the merchants and landlords they are now dealing with will become more prosperous when their trade ceases.

Therefore, the responsibility for the situation in which all of these people will find themselves during the coming three months rests of necessity within the decision of the Congress of the United States.

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WORKS PROGRESS ADMINISTRATION

WALKER-JOHNSON BUILDING  
1734 NEW YORK AVENUE NW.  
WASHINGTON, D.C.

F. C. HARRINGTON  
ADMINISTRATOR

444-C

March 10, 1939

R.P.  
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The President  
The White House

My dear Mr. President:

In accordance with your instructions, I am transmitting herewith a draft of a message to the Congress relative to the appropriation of additional funds for the Works Progress Administration.

This draft embodies the matter which you directed me to insert during our conference on March 8, 1939.

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Your attention is invited to the fact that the closing paragraph in this draft does not contain the direct recommendation for an additional appropriation which was included in the earlier draft which I discussed with you. This is because I understood that you desired a form of termination for the message which would place the responsibility for the decision definitely with the Congress.

Respectfully yours,

*F. C. Harrington*  
Administrator

Enclosure

D R A F T

March 10, 1939

By Public Resolution No. 1, 76th Congress, which I approved February 4, 1939, the Congress appropriated \$725,000,000 to finance the operations of the Works Progress Administration in the last five months of the current fiscal year. This amount was \$150,000,000 less than I had previously recommended as necessary to provide work relief during this period.

In a message dated February 7, 1939, I reported to the Congress that this reduction in the appropriation created an emergency under the provisions of Public Resolution No. 1 and recommended that an additional sum of \$150,000,000 be made available without delay.

Since no action has been taken upon that recommendation, the purpose of this communication is again to call the attention of the Congress to the very serious situation which exists due to the necessity of beginning, within about three weeks, the reduction of Works Progress

Administration employment that will be required in order that the \$725,000,000 appropriation may be apportioned over the balance of the current fiscal year.

Since the transmission of my two messages on this subject, there has been no change in conditions to indicate that the sum of \$875,000,000 originally recommended was not required to meet the unemployment problem. On the contrary, certain data have become available which substantiate the need for that sum.

The report of the Secretary of Labor which is now available shows a decline of 886,000 in non-agricultural employment from the middle of December, 1938, to the middle of January, 1939. During the same period many workers in agriculture also lost their jobs. The net result of these two factors has been a considerable seasonal increase in unemployment in the nation.

So far as business conditions are concerned, private indus-

trial activity has declined slightly since the turn of the year. The Federal Reserve Board index of industrial production for January, 1939, was 101, a decline of three points from December, 1938. A preliminary figure for February shows a further decline of two points, to 99. Improvement in business conditions is confidently expected between now and June, with a consequent increase in employment. However, it cannot be expected that this increase will absorb more than 300,000 of the persons who are now on the Works Progress Administration program or who have been certified as in need and are awaiting assignment.

Due to the seasonal factors previously mentioned, Works Progress Administration employment was maintained in February at an average of 2,996,000 persons, and the average for the month of March will be held at approximately the same figure. Despite this fact, the number of persons now certified as in need and eligible for employment,

and who are immediately available for assignment to the program is higher than a month ago. Furthermore, the number of persons actually certified does not reflect the total need for Works Progress Administration employment, because in certain states certifications of eligibility are not made by the local public relief agencies unless actual vacancies exist on the Works Progress Administration to which needy persons can be assigned.

The removal of aliens from the Works Progress Administration in accordance with the requirements of Section 2 of Public Resolution No. 1 has been completed, and the net total so removed is approximately 30,000. The investigation of the need of the relief employees on work projects is in process and will be completed in the field on March 25. Preliminary reports as to the number of persons who will be eliminated from the rolls in consequence of this investigation indicate that this number will not exceed five per cent of the total, and may

be considerably less.

All possible economies in the administration and operation of the Works Progress Administration program are being sought for, but the total result that can be secured by this effort cannot be expected to be sufficiently great so that the appropriation necessary can be radically reduced. It is worthy of note that of every \$100 of Federal funds expended by the Works Progress Administration, only \$3.50 is for administrative overhead, and approximately \$10.50 is for materials, equipment, and supplies. The remaining \$86 is paid out directly in the form of wages.

If no additional appropriation is made, the Works Progress Administration is faced with the necessity of issuing instructions about the middle of March for a reduction beginning on the first of April. The plan which is proposed by the Administrator is to effect a reduction of approximately 400,000 persons in the first week in April,

and a further reduction of 600,000 in the first week in May. This would reduce the total employment to 2,000,000 persons. Even these drastic cuts will not be sufficient to make the available funds last through to June 30, 1939, and still comply with the requirements of the statutes. Therefore a still further reduction of approximately 200,000 would have to be made early in the month of June.

The foregoing plan is based upon seasonal conditions and also upon the consideration that a week to week reduction extending over the three months' period from April to June, inclusive, in addition to complicating the operation of the program, would carry the employment in the latter month to a figure smaller than that which could be maintained if sharper reductions are made earlier. In other words, under a step by step reduction more persons would eventually lose their jobs than under the program which the Works Progress Administration proposes.

Under the proposed plan, the number of people who will be thrown out of employment in the near future is 1,000,000, growing to 1,200,000 by the end of the fiscal year. The number of persons affected by the reduction, which of course includes the dependents of those who are now working on the Works Progress Administration program, would be 4,000,000 within the next few weeks and an additional 800,000 later on.

I am of the opinion that the states, counties, and municipalities are doing all that their finances will permit to meet the situation. I further believe that, with few exceptions, those who are employed on the work relief program are actually in need and are not receiving more than they should in the form of Federal assistance.

I consider it to be the duty of the Chief Executive in dealing with this problem to point out the need which exists and give such factual information as is available. This is what I have

attempted to do in order that the legislative branch of the government, in which the final decision necessarily rests, may have full information to form the basis for its action.

D R A F T

March 10, 1939

By Public Resolution No. 1, 76th Congress, which I approved February 4, 1939, the Congress appropriated \$725,000,000 to finance the operations of the Works Progress Administration in the last five months of the current fiscal year. This amount was \$150,000,000 less than I had previously recommended as necessary to provide work relief during this period.

In a message dated February 7, 1939, I reported to the Congress that this reduction in the appropriation created an emergency under the provisions of Public Resolution No. 1 and recommended that the additional sum of \$150,000,000 be made available without delay. Since no action has been taken upon that recommendation, the purpose of this communication is again to call the attention of the Congress to the very serious situation which exists due to the necessity of beginning, within about three weeks, the reduction of Works Progress

Administration employment that will be required in order that the \$725,000,000 appropriation may be apportioned over the balance of the current fiscal year.

Since the transmission of my two messages on this subject, there has been no change in conditions to indicate that the sum of \$875,000,000 originally recommended was not required to meet the unemployment problem. On the contrary, certain data have become available which substantiate the need for that sum.

The report of the Secretary of Labor which is now available shows a decline of 886,000 in non-agricultural employment from the middle of December, 1938, to the middle of January, 1939. During the same period many workers in agriculture also lost their jobs. The net result of these two factors has been a considerable seasonal increase in unemployment in the nation.

So far as business conditions are concerned, private indus-

trial activity has declined slightly since the turn of the year. The Federal Reserve Board index of industrial production for January, 1939, was 101, a decline of three points from December, 1938. A preliminary figure for February shows a further decline of two points, to 99. Improvement in business conditions is confidently expected between now and June, with a consequent increase in employment. However, it cannot be expected that this increase will absorb more than 300,000 of the persons who are now on the Works Progress Administration program or who have been certified as in need and are awaiting assignment.

Due to the seasonal factors previously mentioned, Works Progress Administration employment was maintained in February at an average of 2,996,000 persons, and the average for the month of March will be held at approximately the same figure. Despite this fact, the number of persons now certified as in need and eligible for employment,

and who are immediately available for assignment to the program is higher than a month ago. Furthermore, the number of persons actually certified does not reflect the total need for Works Progress Administration employment, because in certain states certifications of eligibility are not made by the local public relief agencies unless actual vacancies exist on the Works Progress Administration to which needy persons can be assigned.

The removal of aliens from the Works Progress Administration in accordance with the requirements of Section 2 of Public Resolution No. 1 has been completed, and the net total so removed is approximately 30,000. The investigation of the need of the relief employees on work projects is in process and will be completed in the field on March 25. Preliminary reports as to the number of persons who will be eliminated from the rolls in consequence of this investigation indicate that this number will not exceed five per cent of the total, and may

be considerably less.

All possible economies in the administration and operation of the Works Progress Administration program are being sought for, but the total result that can be secured by this effort cannot be expected to be sufficiently great so that the appropriation necessary can be radically reduced. It is worthy of note that of every \$100 of Federal funds expended by the Works Progress Administration, only \$3.50 is for administrative overhead, and approximately \$10.50 is for materials, equipment, and supplies. The remaining \$86 is paid out directly in the form of wages.

If no additional appropriation is made, the Works Progress Administration is faced with the necessity of issuing instructions about the middle of March for a reduction beginning on the first of April. The plan which is proposed by the Administrator is to effect a reduction of approximately 400,000 persons in the first week in April,

and a further reduction of 600,000 in the first week in May. This would reduce the total employment to 2,000,000 persons. Even these drastic cuts will not be sufficient to make the available funds last through to June 30, 1939, and still comply with the requirements of the statutes. Therefore a still further reduction of approximately 200,000 would have to be made early in the month of June.

The foregoing plan is based upon seasonal conditions and also upon the consideration that a week to week reduction extending over the three months' period from April to June, inclusive, in addition to complicating the operation of the program, would carry the employment in the latter month to a figure smaller than that which could be maintained if sharper reductions are made earlier. In other words, under a step by step reduction more persons would eventually lose their jobs than under the program which the Works Progress Administration proposes.

Under the proposed plan, the number of people who will be thrown out of employment in the near future is 1,000,000, growing to 1,200,000 by the end of the fiscal year. The number of persons affected by the reduction, which of course includes the dependents of those who are now working on the Works Progress Administration program, would be 4,000,000 within the next few weeks and an additional 800,000 later on.

I am of the opinion that the states, counties, and municipalities are doing all that their finances will permit to meet the situation. I further believe that, with few exceptions, those who are employed on the work relief program are actually in need and are not receiving more than they should in the form of Federal assistance.

I consider it to be the duty of the Chief Executive in dealing with this problem to point out the need which exists and give such factual information as is available. This is what I have

attempted to do in order that the legislative branch of the government, in which the final decision necessarily rests, may have full information to form the basis for its action.