

CONFIDENTIAL

Press Conference #87,
Executive Offices of the White House,
January 12, 1934, 4.12 P.M.

THE PRESIDENT: The only news is that the duck season is coming to an end. Mr. Early has left and at his suggestion we had better put the lid on until Monday or somewhere along that.

Q Mr. President, did you have a conference today on the Weirton case with the Attorney General and others?

THE PRESIDENT: Just one for the facts in the case. Nothing decided.

Q No decision?

THE PRESIDENT: No.

Q Mr. President, is there anything new on the monetary situation?

THE PRESIDENT: Not a thing. We continue to discuss it as usual.

Q Has the Attorney General submitted an opinion as to whether legislation will be necessary to take the gold from the Federal Reserve Banks in the event of deflation?

THE PRESIDENT: I have not had an Attorney General's opinion on that subject since the silver purchase.

Q There has been a report around Capitol Hill that some of them are expecting you to address a joint session on Monday on a topic undefined?

THE PRESIDENT: Nothing at all.

Q Also a report that you plan to issue a monetary statement? (Laughter)
(The President did not answer the question.)

Q Mr. President, is there anything to say about the proposed reduction of the forty-hour week that General Johnson has been saying a little about?

THE PRESIDENT: I meant to ask him about it when he was here this morning and I forgot.

I think if you were to go and see Assistant Secretary Moore you could get a story out of him. I got this at the Diplomatic Dinner last night. You know there has been some discussion between us and Great Britain about swapping pork for liquor, and apparently Mr. Moore sent a very, very good Virginia ham to the British Ambassador and he got back a bottle of Scotch. (Laughter)

Q Mr. President, have you sufficient authority under the Thomas Amendment to withdraw this Federal Reserve gold?

THE PRESIDENT: Oh, I think so.

Q What was the answer to that?

THE PRESIDENT: I think -- I do not think there is any question of the Executive authority to take all the gold in the country.

Q Through the Secretary of the Treasury?

THE PRESIDENT: Yes, I think so. I do not remember the exact method; I suppose it is the Secretary of the Treasury.

Q Do you intend to do that?

THE PRESIDENT: Oh, heavens! (Laughter)

Q In regard to the question about the possibility that you will address the Joint Congress, does that apply over the week end to any radio addresses?

THE PRESIDENT: I am not making any speeches over the week end; in fact, I do not think I have any speeches listed for any date in the future.

Q Do you care to tell us anything about the Congressional delegation that came up here to save the Coast Guard from the Navy merger?

THE PRESIDENT: I told them that nothing had been decided about it.

THE PRESIDENT: No, that is something I cannot tell you, even as background. You will have to find out from the State Department. I can only give you a suggestion as to what it is about because I don't remember who it was that sent the proposal in here. They wanted to have -- I don't know whether it came from England or France or somewhere across the ocean -- but they suggested a preliminary conference that would not be final for anybody, just to discuss the general world sugar situation. You had better find out from the State Department about it. I don't see any reason why it should not be made public. We said we would be glad to talk things over with anybody. It is only a preliminary thing to see whether it is worth while having a later conference looking towards an agreement.

Q Mr. President, there are widespread reports to the effect that the Administration is considering the establishing of a central bank. Can you tell us anything about that?

THE PRESIDENT: That is a new one on me. I think it is a rotten guess.

Q Mr. President, --

THE PRESIDENT: (interposing) I would be doing the opposite of Andrew Jackson. He abolished it.

Q Are you planning any conferences on the 30-hour week with the advocates of it in Congress?

THE PRESIDENT: No. It has not come up at all. I meant to talk to Hugh Johnson about it this morning and forgot to talk about it.

Q I meant the Congressional end?

THE PRESIDENT: No.

Q Can you tell us anything about your war debt message?

Q Nothing decided?

THE PRESIDENT: No.

Q Mr. President, have you had any conferences with Senator Wagner?

Is there anything you can tell us on that subject regarding making the Labor Board permanent by legislation?

THE PRESIDENT: We have not got to that. We only talked about the facts in the Weirton case this morning.

Q The Senator has some bills?

THE PRESIDENT: He told me he was working on the legislative end of the thing.

Q Any thought of recommendations?

THE PRESIDENT: No, because he is not ready yet.

Q Have you heard from John Fahey about the Home Owners' Loan recommendation he was going to prepare for you?

THE PRESIDENT: No, not a word.

Q What is the situation in the bituminous coal controversy -- the Captive Mine situation?

THE PRESIDENT: I do not think that has come up at all. You see, the Weirton case is under the Steel Code.

Q Mr. Lane and his assistants were in yesterday and I thought something new had developed.

THE PRESIDENT: I did not see them.

Q They were here while you were out.

MR. MCINTYRE: They were here to extend an invitation to you to attend their Annual Convention next month, that is all.

THE PRESIDENT: Did Mac say that with a straight face? (Laughter)

Q Is a sugar conference in contemplation?

THE PRESIDENT: No. It will go in sometime -- I haven't even got any idea of whether it will be in the next two weeks or the next two months.

Q What about your tariff Message?

THE PRESIDENT: I think you could make a pretty good guess on the tariff Message, that there won't be anything done on tariff until the Secretary of State gets back, which will be inside of two weeks. He ought to be here by the twenty-fifth.

Q Any consideration of opening postal deposits to checking accounts?

THE PRESIDENT: Only what you read in the paper. We have not discussed it at all.

Q There is a lot in the papers these days. (Laughter)

Q Mr. President, can you tell us anything about the Japanese landing tuna fish under the N.R.A. label? (Laughter)

THE PRESIDENT: I forgot to ask about that too. I read that in the paper.

Q Would you care to make any comment on the flight to Hawaii by the Navy planes?

THE PRESIDENT: I sent them a message of congratulations.

Q Have you heard anything, Mr. President, from the Senate on the St. Lawrence Treaty?

THE PRESIDENT: No, what happened to it?

Q They talked all day.

Q They recessed until Monday, Mr. President.

THE PRESIDENT: Fine.

Q Have you seen Hiram Johnson's Resolution?

THE PRESIDENT: I have not seen it. I sent for it and I do not know

which one it was. He had two.

Q This one is to bar the purchase of securities from countries which have not paid their debts.

THE PRESIDENT: I have not seen it.

Q Thank you, Mr. President.

THE PRESIDENT: I am sorry there isn't any more news.

CONFIDENTIAL
Press Conference #88,
Executive Offices of the White House,
January 15, 1934, 10.40 A.M.

(This Press Conference was held for the financial experts in order to explain the President's Message of January 15, 1934, to the Congress)

THE PRESIDENT: Are these the only people out of all the White House correspondents who know anything about finance? (Laughter)

Q We are the only ones who admit that we do not. (Laughter)

THE PRESIDENT: The easiest way, I think, is for me to read this release to you.

MR. EARLY: They already have it.

THE PRESIDENT: I just want to say one or two things. In the first place, Steve (Mr. Early) wanted me to stress that all this is in confidence until the Message is released and nothing is to be said in advance of the release.

Q By the way, when will the release be made?

THE PRESIDENT: As soon as it gets up there to Congress. I don't know whether it is released up there before it is read by the Clerk or not, but I see by the heading "until its reading has begun in the Senate or in the House."

Now, in a nutshell, the first portion of this, down to the first line, might be called philosophical. In other words, it merely goes into the general theory that the issuance of money or currency or any medium of exchange is solely a government prerogative and always has been since the days of Babylon or the time they used sea shells or coral shells in the South Sea Islands. In

theory, coral shells are a perfectly good medium of exchange, perfectly good money as such, provided there is control over them. It becomes a question of control and because of the lack of assurance of control throughout history, it has always been, for the sake of stability, advisable to have some basis behind the currency which, as a matter of practical fact through the ages, has been the precious metals, gold and silver. We do not have to go on further with that.

Q Might we assume that that is an argument against greenbacks? What you have just stated?

THE PRESIDENT: It certainly is an argument against starting of the printing presses. On the other hand, of course, as you know, there has been a very great difference of opinion as to what is a greenback and what is not a greenback. If we were to start tomorrow, this is the easiest illustration, to pay off the deficit of this year just by printing greenbacks, that would be greenbacks, there is no question about that.

On the other hand, a limited amount of non-interest bearing five and ten dollar bonds to retire an outstanding debt and with provision for retirement of those new non-interest bearing bonds would not be greenbacks.

What people fear about greenbacks is, of course, that some future Congress may take off the limit -- take off the lid.

Then we come down to the next point which is the taking of the title of the gold in the Government and that follows out logically the theory that the Government is entitled to control the basis behind all currency.

Then the third point is the establishment of an upper limit within which I have to act. By that I mean that I could not stabilize at above 60 if this is put through. This does not stabilize at 60. It still leaves me free to stabilize between 50 and 60.

And -- this is just for information because I have noted one or two stories -- there has been absolutely no doubt from the legal point of view of the authority under the previous act to stabilize more than once and to put it at 50 or 60 or anything else I want, as often as I want.

Q What Act is that?

THE PRESIDENT: Oh, last spring; the Banking Bill.

Q Yes.

Q This is a 40 per cent deflation by enactment of Congress?

THE PRESIDENT: No, it is not. That is exactly what it is not. Congress has said that I may devalue as low as 60. Now I am asking them to give me authority to devalue by not less than 40.

Q This is a further limitation on your power but does not require you to do anything?

THE PRESIDENT: Today I can revalue between 100 and 50 and I am asking them to limit my power so that I can only revalue between 50 and 60.

Q Then, until you devalue you merely do not have to revalue at all?

THE PRESIDENT: No, but if I revalue I won't be able to revalue higher than 60 or lower than 50. This is a 10-cent leeway.

Then the third point in that same paragraph, it would set up a fund of two billion dollars for the purchase and sale of gold, foreign exchange and Government securities.

Q Might that be called a stabilization fund?

THE PRESIDENT: Well, that is only part of it.

Q Isn't that, Mr. President, the commodity dollar feature?

THE PRESIDENT: It is the tying in of certain powers that we have at the present time. For instance, the buying of gold and silver through the R.F.C., it is to simplify that procedure. It is to keep this fund intact in the Treasury so as to stabilize, insofar as possible, foreign exchange.

Q The point I had in mind was this, that this would permit you to deal with foreign exchange without definitely fixing, permanently, the value of the dollar.

THE PRESIDENT: Let me give you a little background on this particular thing, because I think it is important. Last spring things went up much too fast in this country. Wheat went up to \$1.25 which, undoubtedly, was altogether too high. That was caused by speculation and a great many manufacturers overproduced, the steel companies overproduced, the textile people overproduced, for various reasons, trying to get in under the wire before the Code went into effect. The result was a perfectly natural one. There was quite a big drop in commodity prices of all kinds around the middle of July. That was a perfectly healthy thing. But a little bit later on, somewhere around September, there began a very definite drift of commodity prices downward. That was caused by a great many factors. It was caused by people who did not approve of N.R.A. Codes, it was caused by some of our foreign friends who were deliberately trying to increase the exchange value of the dollar and decrease the exchange value of the franc -- there were a good many

foreign elements that entered into it.

The result was that by the tenth or fifteenth of October we were in a definite downward drift which, if carried out, would have been a serious thing. Wheat, which should have a normal value of 85 or 90 cents had gotten down to 60. Cotton had gotten down to below 9 cents a pound and there was a rather determined drive against prices. The whole line was down. That was when we took action on gold. I have forgotten what gold was at that particular point, it was around 4.60 as I remember it. It was around 4.60 and the tendency was for it to go to 4.50, 4.40 or 4.30 and, perhaps eventually because of the pressure on the other side, if left alone might have gone back to the figure that the British Treasury and the Bank of England, away back last May and June, were taking as the stabilization figure, about 3.90 to the pound.

We then started to purchase gold. There are various ways of maintaining foreign exchange. You can either purchase bills of exchange, et cetera, or actually buy the gold. This move today was in prospect at that time and obviously it was to the interest of the United States to buy gold. So we bought gold and have been buying it ever since in fairly large quantities and the result has been that the exchange has gone up to well over five dollars and has maintained itself there largely because of the American purchase of gold.

It has, I think, been felt by people on the other side as well as here that if we had not pursued the gold purchase policy, the actual exchange value rate on gold would be 4 and something instead of 5 and something.

The other result of maintaining the dollar-pound and dollar-franc ratio as high as it has been has shown itself in our ability to get rid of a great many of our export surpluses. Cotton has been moving out. Of course, you know our objective is to eliminate the very large surplus which has been overhanging the domestic prices. The same thing applies to wheat and everything else. Our one objective was to get rid of the surpluses. We got rid of a great deal of cotton and we got rid of a great deal of copper, for instance. At the same time the import trade has increased enormously during the past three months since the dollar has gone down in terms of pounds. The result has been a very excellent one from a general economic domestic point of view.

This revaluation of not more than 60 per cent and not below 50 per cent should enable us to maintain a fairly reasonable exchange ratio with other nations. The reason it has to be done this way is what I said in the Message to Congress, that there is at the present time no willingness on the part of the other nations to go ahead and go back on a fixed basis. In other words, to put it the other way around, Great Britain has been pursuing what you call the Professor Warren theory for perhaps two and a half years. That is the thing that some of our people forget very definitely. They have a managed pound, absolutely managed, far more so than we have ever thought of managing the dollar.

Q Does that indicate that an open gold market in the United States will be established? It talks about --

THE PRESIDENT: I don't know. Of course there has been talk about an open gold market. That is one of the mechanics of the situation.

I don't know. There is no immediate prospect.

Q What is the purpose of purchasing Government securities along with gold and exchange?

THE PRESIDENT: I suppose the easiest way to answer that, the purchase of Government securities, is to ask the question, "Is it right or proper that a handful of people who did not happen to like what was going on or who wanted to use a club in order to get something of their own through -- that such private individuals should have the right, without check, at their own sweet will, to dump Government bonds into the market and artificially depreciate the price of Government bonds? Is it moral that private individuals should have that right?"

Q Was there short selling of Government bonds?

THE PRESIDENT: I couldn't tell you whether it was short selling or not but there were, undoubtedly, certain individuals -- this does not by any means apply to the overwhelming majority of the bankers in the United States -- but there were individuals who recommended to their clients that they should get rid of Government bonds and in most of those cases there were ulterior motives.

Now, the fact that the Government would be given the right to purchase Government bonds means that a private effort of that kind could be checkmated right away. This is protective armor for any Government and we ought to have it.

Q Does the setting up of that two billion dollar fund depend on the profits of revaluation?

THE PRESIDENT: Yes.

Q Until you definitely revalue, there will be no profits, however?

THE PRESIDENT: No, it is out of the profits.

Q When do you need the fund?

THE PRESIDENT: No, we haven't gotten to that yet.

Q Do you contemplate, as soon as this bill is passed, very promptly thereafter, immediately, issuing a revaluation proclamation?

THE PRESIDENT: We haven't come to that yet.

The last part relates to silver -- expresses the thought that silver has also been used from time immemorial as a metallic base and that it is still used by half the population of the world as such; that it is used by us and is a crucial factor in international trade and that it cannot be neglected. Further on I say that Governments can well employ silver as a basis for currency and I look for a greatly increased use. I also describe the existing situation with respect to the agreement among the sixty-six nations and the fact that we have put our part into effect. I also say that I am withholding any recommendations to the Congress at this time for further extension because I want to know the results of the London agreement and the results of the rest of our monetary measures.

Q Can you tell us anything about the legislation that is to be offered in connection with this?

THE PRESIDENT: There has been drafted what might be called a purely tentative method of arriving at the things recommended in the Message. I am perfectly frank in telling you that I haven't even read it. In other words, it is to save the committees trouble and give them something to chew on in order to carry out the recommendations. It is not an Administration bill. It is just to help the committees.

Q On this gold policy, there is no thought in mind of the Treasury, with its gold stocks, issuing money on the basis of 40 per cent reserve?

THE PRESIDENT: No. The idea is, of course, that for this money turned in the Federal Reserve Banks are given certificates that there is gold in the Treasury, dollar for dollar, and that on those certificates the Federal Reserve Banks can issue their own currency to their member banks.

Q Do you look for any immediate effect on domestic prices from the mere passage of this legislation?

THE PRESIDENT: I don't know; I have no idea.

Q The profit from this operation clearly is to go to the Treasury?

THE PRESIDENT: Yes. Right on that point, there has been a divergence of opinion amongst some of the bankers -- not by any means all -- and on the part of a few politicians who have wondered whether the Government had any right to take this profit or whether the profit should accrue to the stockholders of the banks. Of course, so far as I can see, there is no question on that at all. We asked individuals to turn in their gold and get paper money on it. We also asked all the corporations to do it and substantially all came across and did as requested. I cannot see a great deal of difference between a bank and a private corporation. The constituent bank is owned by private individuals and if we were to pursue that policy of letting the stockholders of the banks take this profit, it would mean that the Government was handing them a great big Christmas present.

I was very careful to point out in this message that such

legislation places the right, title and ownership of our gold reserves in the Government itself. It makes clear the Government's ownership of any added dollar value of the country's stock of gold which would result from any decrease of the gold content of the dollar which may be made in the public interest.

But, in order to be fair, I pointed out that the Government would lose such dollar value if the public interest in the future should require an increase in the amount of gold designated as a dollar.

Q It is your idea to have a permanent policy, retaining the limits within the 50 and 60, revaluing within those limits from time to time?

THE PRESIDENT: As far as any human being can say "permanent."

Q And continue to hold all the gold?

THE PRESIDENT: Certainly, to hold all the gold.

Q If you issue dollar for dollar, that is, under the old Gold Certificate Act --

THE PRESIDENT: (interposing) No, it would be under the new act.

Q Well, it is similar to that. Isn't the gold, in effect, then left in the Federal Reserve and their profits -- that it is still within the Federal Reserve System as profits of the bank?

THE PRESIDENT: Oh, no. They get a piece of paper under this which says that there is in the Treasury, say on a \$10. certificate, that there is in the Treasury \$10. worth of gold. It does not say how much gold or grains or anything like that.

Now, on that certificate which will be held by the Federal Reserve Bank on behalf of the member banks, the banks will issue

currency on the 100 to 40 basis. Is that right, Henry?

SECRETARY MORGENTHAU: Yes.

Q Then the Federal Reserve Banks would have authority to issue their notes against that gold?

THE PRESIDENT: It depends on what you revalue at.

Q This would not increase the currency issuing power of the Federal Reserve at all?

THE PRESIDENT: The thing to remember is that every bank statement -- the statements of the member banks, the state banks, and the twelve Federal Reserve Banks, their statements are in terms of dollars and there is absolutely no change in their statements. It does not give them less reserve or more. They have the same number of dollars.

Q Would you mind phrasing in words of one syllable to millions of unlettered people, to most of whom this would be Greek, how the Government would derive these profits that there is so much talk about?

THE PRESIDENT: Let's put it this way: We have been trying to bring the purchasing power of the dollar back, approximately, to the level in which the average of the debts of the country were incurred so that the average of people can pay off those debts in a dollar that has approximately that same purchasing power. Because of that, one method -- the most practical method of doing it, is to cut the theoretical gold content of the dollar. Now, you can only make that practical and fair if the Government has all the gold. The number of dollars in the banks of the country will be exactly the same as they were before and the Government will have -- as the currency issuing power, will have the same weight of gold in the Treasury

but actually, in terms of dollars for the Treasury, that will represent 80 per cent more or 100 per cent more depending on what we revalue at.

Q Have you estimated the profits in terms of dollars?

THE PRESIDENT: There will be, therefore, a nominal profit to the Government of somewhere between 3 billion 400 million and 4 billion 200 million depending on what we revalue at. Is that about right?

SECRETARY MORGENTHAU: Yes, sir.

Q That is between 50 and 60 per cent?

THE PRESIDENT: Yes.

Q That is the rate between 50 and 60?

THE PRESIDENT: Yes.

Now, there is one other thing. Of course, in terms of foreign exchange, the dollar is today, in terms of gold, worth only about 63 cents.

Q How much?

THE PRESIDENT: About 63 cents.

Q Can you make any use of this profit other than the two billion dollar fund you set up?

THE PRESIDENT: That is for the future.

Q Have you any authority to issue currency against it?

THE PRESIDENT: No.

Q And the profit does not represent a base of currency in the Federal Reserve?

THE PRESIDENT: No. We keep it in the Treasury.

Now, off the record, just for your information -- I have to keep it off the record because it involves another branch of the

Government -- we do not intend to encourage Congress to spend the billions of the profit. (Laughter)

Q If anything like that were done, it would be up to Congress to take action?

THE PRESIDENT: We asked them to take action on the two billions.

Q Congress would have to pass further legislation if you wanted to make use of the profit?

THE PRESIDENT: Yes.

Q Do you hope that this will encourage international stabilization?

THE PRESIDENT: I hope so.

Q If you use a bullion system --

THE PRESIDENT: (interposing) This is a bullion system. We will not coin any gold coins except such as might be necessary to make up small amounts less than a bar of gold. Loose change.

Q In other words, I don't see how you can make an artificial gold price effective unless exchangeable in some form.

THE PRESIDENT: The bullion and small change would be used for foreign settlements. Those take place every six months or a year.

Q Did you say that the export embargo was removed?

THE PRESIDENT: No, no. Of course, after the whole system gets into bullion, obviously the export embargo would be removed to the extent that if we do have an unfavorable trade balance at the end of the period, we would ship out bullion to pay unfavorable trade balances.

Q There is no relaxation of the order, then?

THE PRESIDENT: No.

Q Everybody in the country is wanting to know how it is going to affect

him.

THE PRESIDENT: How?

Q He wants to know whether it is going to increase his buying power or increase his wages -- how much it is going to be felt.

THE PRESIDENT: Probably very little. Probably certain commodity prices will go up to a certain extent and it will enable people, knowing that Congress has said between 50 and 60, it will enable people to make contracts ahead with far greater assurance than at the present time, because today it is between 50 and 100.

Q And now it will be definitely between 50 and 60?

THE PRESIDENT: That bill makes it between 50 and 60.

CONFIDENTIAL

Press Conference #89,
Executive Offices of the White House,
January 17, 1934, 10.45 A.M.

THE PRESIDENT: Too much musicale last night.

Q (Mr. Storm) Have a crowd?

THE PRESIDENT: No, had a boy violinist and a lady who recited. Acute indigestion most of the night. (Laughter) I don't know whether it was cause and effect or not. (Laughter)

Q Looks like a clear desk this morning, Mr. President.

THE PRESIDENT: The way they keep coming in one would think there was some news. There isn't any. (Laughter)

MR. DONALDSON: All in.

THE PRESIDENT: All right, go ahead and ask questions. It is a dull day and I think it may rain. That is all I know.

Q The sun is shining out there.

Q You are unduly optimistic.

THE PRESIDENT: Anything doing for the District of Columbia?

Q I don't know.

THE PRESIDENT: What vacancies have I got left?

Q The Public Utilities Commission and Judge of the Municipal Court.

THE PRESIDENT: Is that the lady I appointed and she could not take office?

Q No, that is another one.

THE PRESIDENT: What has happened? (Laughter)

Q Her time expires January twenty-second.

THE PRESIDENT: I will make a note of it.

Q And the Public Utilities Commissioner?

THE PRESIDENT: I am trying to find somebody right now. Have you any ideas?

Q I have indeed. (Laughter) A very good man and a very good lady, too.

Q Mr. President, do you care to discuss public reaction to your gold message?

THE PRESIDENT: I have not read the papers yet. (Laughter)

Q Mr. President, there seems to be considerable complaint around the country that wages paid to C.W.A. workers in some instances are considerably higher than wages paid under the codes and prevailing wages paid. Has there been any discussion or consideration of a revision or anything of that sort, or have those complaints come to you?

THE PRESIDENT: Only from Harry Hopkins. He told me about them and he said there have been complaints from certain parts of the country, as you say, and he is working on the possibility of cutting the number of hours where the existing scale does give more than the going rate in the locality. I do not know whether he has worked out the plan yet and is putting it into effect but the result would be to give a slightly smaller total for the week's work by working less hours. He was working on it. I do not know whether it is done or not.

Q We have heard complaints of people who quit jobs in private industry and laid off for a week or two and got on the C.W.A.

THE PRESIDENT: There have been things of that kind and because the C.W.A. is handled entirely by local relief organizations so far as the names go, there are difficulties in places where there are

no local relief organizations. For example, you take the State of Georgia, there are quite a lot of counties in the State of Georgia that have no relief organizations and, therefore, no relief rolls.

Q On that same question, how about the compensation of war veterans who are on the C.W.A. pay roll?

THE PRESIDENT: You mean as to the legal conflict of their getting two pays?

Q Two pays, yes. I understand you have an Executive Order more or less prepared on that subject.

THE PRESIDENT: It has not come back. There is one in preparation.

Q Mr. President, quite a few of us have been writing stories about the activities of National Committeemen practicing before the Departments, and some have gone so far as to say that it is embarrassing the Administration. Have you anything to say on that?

THE PRESIDENT: I think if we can avoid reference to individuals, it is all right to talk about the general principle. I have felt all along that it is not quite in accord with the spirit of the Administration that any individual who holds a high Party position, such as National Committeeman, should earn a livelihood by practicing law, because, in a sense, he holds himself out as having access to the back door of the Administration. It just is not done. That is strictly true. It has been done and it ought not to be done.

Q Mr. President, is there anything you can tell us in connection with the Iowa situation that seems to be heading up today? The Public Works Administrator was fired out there.

THE PRESIDENT: The Attorney General -- I asked him on the telephone -- the District Attorney is arriving here to talk it over with the Department (of Justice) and I imagine the Department (of Justice) will be largely guided by the recommendation of the District Attorney.

Q He was ready to lay it before the Grand Jury when he was called down here. He had eighty witnesses.

THE PRESIDENT: I understand there are two stories on that. I do not know the actual facts as to whether he was ready or wanted to talk it over with us first. I think you had better check on it over there.

Q Mr. President, can you tell us anything as to when the war debt Message will be ready?

THE PRESIDENT: I will make a pretty long guess on that. I should say not for a month.

Q Mr. President, did you inquire specifically into the constitutionality of the so-called compensation law before?

THE PRESIDENT: Which one?

Q The matter that the Senate Committee took up yesterday?

THE PRESIDENT: The due process of law thing?

Q Yes.

THE PRESIDENT: Oh, yes; the Attorney General is perfectly definite on that.

Q He has already given you his opinion?

THE PRESIDENT: He gave us an oral opinion on it as far back as the time we went off gold, last April. I do not know whether he gave a written opinion at that time or not -- I think he did -- so far

as private individuals or corporations went. He has been perfectly clear on the thing all the way through.

Q How about the Newspaper Code, Mr. President?

THE PRESIDENT: I have not got to it yet. It is sitting beside my desk in the White House.

Q Mr. President, is it a good guess that the war debt Message will contain a recommendation for reduction of armaments?

THE PRESIDENT: I have no idea. I have not taken it up at all.

Q Mr. President, can you tell us the status of negotiations with England?

THE PRESIDENT: I have not talked with Phillips (Under Secretary of State) about it for ten days. I do not know exactly how far they have got.

Q Are you seeking any understanding with Great Britain on the currency and monetary program?

THE PRESIDENT: No.

Q Or on trade?

THE PRESIDENT: No. The only thing I know about is the big whiskey deal. (Laughter)

Q Is the whiskey coming in?

THE PRESIDENT: Yes, and the pigs are going out.

Q There have been reports published this morning to the effect that the Administration has undertaken conversation with Great Britain to avoid any sort of possible conflict of stabilization funds?

THE PRESIDENT: No, nothing on it. No communications at all.

Q Mr. President, is there anything you can tell us in the way of new developments in the Weirton case on which you had a conference just prior to the last Press Conference?

THE PRESIDENT: I do not think there is anything can be printed on that.

I saw Weir on that the other day and had a talk with him about it, more along the broad line of some effort on his part to eliminate the present feeling on the part of some people who claim that the election was not fairly held. They are going to have further conferences. There isn't anything more than that at the present time.

Q Did he indicate he would accede to a second election?

THE PRESIDENT: No, hadn't got as far as that. Talked about the particular objective.

Q Ireland is sending over the head of its Department of Commerce to talk the possibility of reciprocal trade agreements with us. Can such an agreement be drawn by you or must there be a tariff Message to the Congress?

THE PRESIDENT: I do not know. That is the first I heard of it.

Q I wonder if the Administration has any objections to the State Department going ahead with it?

THE PRESIDENT: No. Tell me, can we enter into a trade agreement with Ireland without the consent of Great Britain?

Q I think so. Ireland claims they can. (Laughter)

Q Would you care to discuss Senator Johnson's bill for trading with countries who are in debt with us?

THE PRESIDENT: I think you had better lay off that for a while.

(Laughter)

Q What will be the subject of your next special Message to the Congress?

THE PRESIDENT: I haven't any Messages in mind at the present time, not a single one.

Q I wondered what you are working on in preparing this legislative

program?

THE PRESIDENT: I imagine the next thing that will go up will be that appropriation of \$1,166,000,000. to carry us through until the first of July, because there is real need of getting that through before the tenth of February. Hopkins' appropriation will be exhausted on the eleventh of February. He won't have any more money.

Q Has Secretary Dickinson's report on the regulation of stock exchanges reached you?

THE PRESIDENT: I spoke to Dan Roper and he expected to have it in two or three days.

Q Have you had a chance to talk about a new governor for Hawaii?

THE PRESIDENT: No. Off the record, for your information, we had a man picked and he could not take it, so we are just where we were before.

Q Will you favor legislation for the regulation of motor vehicles on the highways at this session, such as the Rayburn Bill?

THE PRESIDENT: I don't know. I frankly haven't gone into it at all. It is a difficult subject, and Commissioner Eastman is not ready to report. I asked him yesterday in the Council meeting to come in some time in the course of the next week and talk over legislation. He said he is not ready to make any recommendations as yet.

Q That means legislation?

THE PRESIDENT: On the whole transportation problems, transportation of all kinds. Remember we had it in mind. There is no particular secret about it. It follows the Salt Lake City speech. It is to try to consolidate control of all transportation into probably the

Interstate Commerce Commission. That would include motor buses and trucks and waterways and railroads.

Q Waterways in and outside the country, like the Panama Canal?

THE PRESIDENT: No, not the Panama Canal. I would not say that categorically. I suppose it might include the Panama Canal, since it competes with railroads on U. S. shipping from one port to the other. I guess it would.

Q Any phase of the Cuban mess you can discuss?

THE PRESIDENT: No, it moves too fast for me. I haven't heard this morning.

Q Thank you, Mr. President.

CONFIDENTIAL

Press Conference #90,
Executive Offices of the White House,
January 19, 1934, 4.18 P.M.

THE PRESIDENT: I will have to confess that I was entirely ignorant of the fact that you were outside. I was talking to the Secretary of the Interior about the Ogdensburg Bridge, one of my old favorites. Do you remember, Fred (Mr. Storm)?

Q (Mr. Storm) Yes, I do.

MR. DONALDSON: All in.

THE PRESIDENT: I think you all got this veterans release. It has been in effect these last three months and it is just carrying out what we have been doing ever since last spring, correcting under the Executive Order what seemed to be inequalities. I have got the totals. I think Steve (Mr. Early) has given the breakdown of the \$21,000,000. of additional cost to some of you; if not, they are all here in the tables. The increase from \$90. to \$100. a month is about \$8,000,000. The liberalization of the eligibility roll on hospital treatments amounts to about \$8,000,000. The \$15. a month Spanish War is about \$2,000,000.; there are a very small number of the Spanish War people left and they were only sixteen or seventeen years old when they enlisted. There are only seven or eight thousand of them left, and the burial and funeral allowance is about \$1,250,000. The war veterans coming under the ninety-day service clause, \$204,000. The widows, \$470,000. The Federal employees clause, \$1,250,000. The renouncement of pensions, no cost. The total is \$21,000,000., all of which come within the terms of the policy outlined in the Chicago speech and do not go

beyond it. I think you can make a pretty good guess that I won't go beyond it. In other words, we will stay tight on the Chicago policy.

Q What about Federal employees? There has been a lot of talk in the local papers about it.

THE PRESIDENT: I do not know what has been happening up there on it.

Q Mr. President, can you tell us what progress has been made on the guaranteeing of Home Loan bonds?

THE PRESIDENT: I have not heard anything since Tuesday and, on Tuesday, Mr. Fahey said it probably would not be ready until the end of this week or the beginning of next week.

Q Any appointments for us?

THE PRESIDENT: No. These (indicating) are all affirmations by the Senate.

Q Mr. President, is there anything to be said yet about the Los Angeles postmaster? They are getting nervous out there. It seems that three people out there are all mentioned.

THE PRESIDENT: I did not even know there was a vacancy. It is very careless on my part. (Laughter)

Q Anything further on the Weirton Steel case?

THE PRESIDENT: Not a word. Nothing has come in at all.

Q (Mr. Boettiger) How does this veterans program line up with the four-point program?

THE PRESIDENT: I do not know, John (Mr. Boettiger); you will have to compare it.

Q Mr. President, what do you think of today's president in Cuba?

THE PRESIDENT: Well, I think if I were writing the story -- just a

background story, let us say -- I would put it this way: that we do hope that the election -- don't bring me into this at all -- of Mr. Mendieta looks very hopeful towards a realization of the two points that we have hoped would be fulfilled. The first was a government in Cuba which would have the substantial backing of the Cuban people; and the other, a government that would be able substantially to maintain law and order.

Of course, you cannot, within twenty-four or forty-eight hours, determine that this new government will be able to fulfill those hopes. I do not call them conditions, I call them hopes. I think you can make it a guess that if in perhaps a week from now or ten days from now there seems to be a carrying out, a fulfillment of those hopes -- in other words, if things go along all right -- that probably I will converse with some of the other American republics and have an interchange of views in regard to recognition, making it clear that recognition would not be in any way dependent on an agreement in any way between the various American republics; but, having talked things over with them before, I think that probably we should have a general talk about the situation as we hope it will be a week or ten days from now.

Q Mr. President, will any of our ships be withdrawn in the meantime, or will things stay as they are?

THE PRESIDENT: It depends entirely. I couldn't tell you yet. If the people down there seem to think that things are quite normal the thing to do would be to withdraw the ships, but we have no report on that yet.

Q Mr. President, reports are current in California that you are con-

templating a trip to the West Coast via the Canal after you get rid of Congress. Is that true?

THE PRESIDENT: I do not think there is anything particularly new. I said all along that if Congress went home fairly early in the spring and, if everything else was quiet, that I would like nothing better than to get on a ship and go to California through the Canal. I also expressed the hope that I could visit Puerto Rico, the Virgin Islands and Hawaii. But it is still in the form of a hope.

Q Will you make any speeches in California?

THE PRESIDENT: Oh, no. (Laughter) I hope I won't have to make any speeches anywhere. (Laughter)

Q Do you expect before that time to have a new governor in Hawaii whom you might visit?

THE PRESIDENT: I hope so.

Q There will be a new governor?

THE PRESIDENT: What?

Q Excuse me.

THE PRESIDENT: I don't know, Stevie (Mr. Francis Stephenson of the A.P.)

Q Will you ask again for legislation permitting you to appoint as governor of Hawaii some other than a Hawaiian resident?

THE PRESIDENT: Not at this session.

Q One of the Press Associations had a story this afternoon that the Administration was going to favor the Vandenberg Bill along political lines. Anything to tell us about that?

THE PRESIDENT: I think I can tell you off the record in this particular instance because I have not seen the bill but I have talked to a

number of very serious gentlemen, some of them from the Hill. The question has been raised: If we are going to treat a condition like that that the Vandenberg Bill is aimed at, if we are going to seek to correct the situation by legislation instead of by general ethics, why not go the whole hog? Why not take in everybody in the employ of the Government, including Senators and Congressmen? (Laughter)

Q Aren't the Senators and Congressmen already in? They are not practising before departments now?

THE PRESIDENT: No, they are not allowed to practise before the Government departments but of course you and I -- mind you, this is off the record -- you and I know there are an awful lot of Senators and Congressmen who are getting paid for political influence. I am just saying that in the broad and what has hitherto been accepted as the proper sense with respect to the use of the words "political influence."

Q You mean they are practising law while still serving in Congress?

THE PRESIDENT: Yes. As the Vice President suggestively remarked a little while ago; he said it is perfectly proper for any Congressman or Senator to do political favors which would result in a political reward as long as it is not a financial reward. There is all the difference in the world between those two. Naturally, every member of the legislative body, and I have been one myself, will go out of his way to do favors for people in the hope that that is going to reelect him. It is perfectly all right. That is an inherent part of our Government political system. But, when he does political favors for pay, that is a horse of a different

color and I think that is where the distinction should be drawn.

Q Isn't there a good deal of that?

THE PRESIDENT: There always used to be when I was in Washington before.

Of course I have not been able to circulate as freely during the last year or two. (Laughter)

Q That would not apply to practice before the courts, would it?

THE PRESIDENT: It depends entirely on the individual case.

Q For example, a man who is elected to Congress and has some law practice hanging over and the cases come up while he is in Congress?

THE PRESIDENT: What kind of cases? Cases in which the Government is in no way involved?

Q A civil suit?

THE PRESIDENT: And the Government involved?

Q No.

THE PRESIDENT: If the Government is not in any shape, way or manner involved, that is all right. It is only a question where the fact that he is a Congressman or a Senator or a member of the National Committee is going to help him in that suit.

Q Will that include contributions to the campaign funds in return for favors done?

THE PRESIDENT: By whom?

Q Favors done, political favors?

THE PRESIDENT: Yes, I think so. Generally the only thing on the campaign fund element is the old difficulty of finding enough rich men to go as ambassadors to foreign countries. Almost of necessity you do go into the realms and ranks of those who have contributed. It is a very difficult problem, that question of ambassadors, be-

cause almost every rich man has contributed.

Q I was thinking about votes for tariff bills and other things from which contributions might come, things of that kind.

THE PRESIDENT: Votes?

Q Votes on tariff bills and legislation from which contributions come to members of Congress or to the political committees?

THE PRESIDENT: Give me an example.

Q I mean to say, when they put tariff rates in, you can expect that those who benefit will contribute to the political campaign funds.

THE PRESIDENT: It is the same thing as if they were doing it for political favors. It is awfully difficult to draw a hard and fast line, but the principle is apparently clear.

Q Mr. President, do you think this law will prevent public officials of either party from holding an office in the party?

THE PRESIDENT: Oh, you mean Jim Farley? (Laughter)

Q Not particularly, Mr. President. (Laughter)

THE PRESIDENT: I do not know why party officials should hold public office except, in the case of the Chairman of the National Committee, your Postmaster General might be called the political Pooh-Bah of the party. I do not think it is good and -- this is still off the record -- Jim (Mr. Farley) has felt all along that he ought to get out as Chairman of the National Committee. It has been a question of finding someone to take his place. The chief reason for having that particular assignment to the Post Office is that in the old days the postmasterships were the principal things in patronage that the Government had. I do not think it is a good thing. I think it is one of the things we should get rid of as

soon as we can. That does not mean that Jim should get out.

Q Senator Borah has introduced a bill which would prevent Senators and Representatives from representing a client in any court if that client had business before the Government. For instance, he says that if a Representative or Senator is retained for \$10,000. in one particular case, it is much easier for him to vote for something that affects a client, although that particular case had nothing to do with it. Your idea would include something like that?

THE PRESIDENT: Yes.

Q Can you tell us anything about the Johnson Bill that would prevent the issuance of bonds of a defaulting country?

THE PRESIDENT: Yes. That question came up Wednesday. I am not ready to shoot on it. I am studying the bill with great care.

Q There is a report around -- I don't know where it originated -- that you favor handling the stabilization funds on the basis of a three-year operation.

THE PRESIDENT: I think we are a little ahead on that story. You had better wait until the bill comes out of the Committee, and I think you will see that there is a perfectly satisfactory clause in it. In other words, on this question of stabilization fund -- and I think you had better wait because I am telling stories on it out of school, since it should wait until they make their report -- there has been a feeling that the actual operation of the fund should be secret without any question. But, at the same time, there should be some thought of making a report to Congress at some future date on the status of the fund. That is not the operation of the

fund, but the status. When that report is made to Congress on the broad status of the fund, they would then be in a position to determine whether they wanted to terminate the fund or not. I think you will find that the amendment which they bring in to the bill as it was originally drawn will carry that thought out. We will have a report a little bit later on and I think three years is a pretty good guess.

Q Obviously, there would not be any publicity given to the operation; that would defeat the whole purpose?

THE PRESIDENT: Yes, but it is perfectly all right that Congress should get a report on the general status and then have the right to say that they are going to cut it off.

Q How many people would share the secret of the fund operation? It will be controlled by the Secretary of the Treasury, and of course he would report to you?

THE PRESIDENT: Yes.

Q Would there be a board set up to handle it in addition to the Secretary of the Treasury?

THE PRESIDENT: I don't know. That is a matter of mechanics as to how many people. The fewer the better, from the publicity viewpoint.

Q In that connection, did you read Walter Lippmann this morning?

THE PRESIDENT: Yes.

Q What do you think of control by a high monetary court instead of by the Congress or the President?

THE PRESIDENT: I don't think any human being can tell what ought to be done until we get some experience on it. It may be a perfectly pious idea of Walter's, but I don't think we can tell until we see

how the working of the fund is carried out. It may come to something like that.

Q Mr. President, is there anything to be said about the Finance Committee?

THE PRESIDENT: I am talking to the Secretary of the Treasury on Monday evening about it, not until then.

Q On the stabilization fund, will its operations as to purchase and sale of Government bonds also be a secret, or will that be made public?

THE PRESIDENT: That, frankly, I don't know.

Q The use of funds of other Government agencies is made public.

THE PRESIDENT: I don't think it would be of necessity. It may be decided to make it public, but I don't think it is provided for.

Q Mr. President, are you still of the opinion that only 5% of the 15% pay cut should be restored?

THE PRESIDENT: At this time. In other words, we are basing the thing on the determination by the Congress last year that the cost of living should enter into consideration. The cost of living figures, as you know, indicate that there has been a very slight increase and that increase has not brought it up to the minus 15%. It is still 21% minus.

Q Anything on the extension of C.W.A. beyond May first?

THE PRESIDENT: The bill will be ready on -- oh, you mean May first?

Q Yes, sir.

THE PRESIDENT: No. The bill will be ready on Monday.

Q Any developments in sugar, Mr. President?

THE PRESIDENT: No sugar today.

Q Mr. President, is it your idea that after February fifteenth or after February tenth, if the money is given by Congress, that they will go back to the 30-hour work week in C.W.A.?

THE PRESIDENT: I think it depends largely on the district or locality.

Q There might be a readjustment with respect to localities, depending on the condition?

THE PRESIDENT: Depending on the condition at the time.

Q Does that mean as between urban and rural or by locality?

THE PRESIDENT: It depends entirely on the locality. In some cases it would be urban and in some cases rural.

Q Has Roper presented his report on stock exchange regulations?

THE PRESIDENT: He is bringing that in Monday, also the Securities Bill.

Q Mr. President, will that include the Communications report at the same time; I think that is ready?

THE PRESIDENT: I don't know; I did not ask him about that.

Q Mr. President, did you say that there will be a Securities Bill?

THE PRESIDENT: No, I did not. But his Committee has been studying not only the stock exchange end but the securities end and the problem of the investment banker. For instance, a firm which is engaged in buying and selling securities, in other words, as a broker, is, at the same time, an investment banker, and at the same time runs an investment corporation. Now that kind of a firm has three functions and the question has come up as to how one firm can conduct all three functions at the same time without letting his right hand know what his left foot is doing.

Q Mr. President, can you tell us anything about your talk today with Whitney and the other railroad men? They were very silent when

they went out of here today.

THE PRESIDENT: We talked about two things. One was, tentatively about the 10% railroad pay reduction, which does not come to a head until sometime in the spring. We just talked about it in very general terms. The other subject was the St. Lawrence. I pointed out, in the case of the St. Lawrence, that whether the Treaty was ratified or not the seaway without any question would be built, and that it could be built by Canada without entering into United States territory at all and without building a dam. All they would need would be some locks.

Q Thank you, Mr. President.

CONFIDENTIAL
Press Conference #91,
Executive Offices of the White House,
January 24, 1934, 10.45 A. M.

MR. DONALDSON: All in.

THE PRESIDENT: I think I can save time by telling you what is not news.

The Secretary of Commerce gave me yesterday the report of the Committee which has been studying stock exchange regulations. I have not read it yet but as soon as I have I am going to send it up to the proper Committees in the Congress for their information. That does not mean that it is an Administration proposal or policy or anything else. I say that before I have read it, so it is perfectly safe. It may be all right and it may not. It is merely for the information of the Committees and I will tell them that after they have read it and have gone over the suggestions made by their own people, I will be glad to see them and talk over the whole subject before we come to a determination of policy. The same thing applies to communications. That report also came from the Secretary of Commerce and I am sending it on in exactly the same way for the information of the Congressional Committees.

The liquor bill for the District of Columbia is sitting here on my desk. I have not taken it up as yet.

Q Are you going to do it today?

THE PRESIDENT: I hope to do it today. If I get a free afternoon, I hope to make the basket look more respectable.

Q The sooner the better on that, Mr. President.

Q Do you have any ceremony?

THE PRESIDENT: No.

Q Any new developments in the pay cut situation?

THE PRESIDENT: No, Count (Rudolph De Zappe), I do not think there is another thing.

Then, on the currency bill, Mr. Morgenthau just this moment handed me the bill marked with the Senate Committee amendments and I have not had a chance to read it yet, so I cannot say anything about it as I have not read the amendments.

Q Did the Secretary make any comment on them?

THE PRESIDENT: No, just gave me the bill.

Q Yesterday Senator Tydings, after his Committee had acted on the Hawes-Cutting Bill, issued a statement favoring the extension of seven months on the Hawes-Cutting Treaty.

THE PRESIDENT: There again, it is first in the basket. I have a written memorandum from Manuel Quezon, who is, I think, talking with the Secretary of War about it this week. And I won't do a single thing until I have talked with the Secretary of War. I haven't said yes or no to any proposal. I have not even talked to Senator Tydings about it except that I did talk to Senator Cutting last week in regard to extending the life before last Wednesday, the day it was to expire, and we both agreed it was not necessary to extend the life before last Wednesday, that it could be done later if we decide to do it.

Q Among other things that Senator Tydings said yesterday was that after the new election if the Legislature again failed to take action, or action adversely, it would be notice to Congress that the Filipinos do not desire independence and would be willing to continue under their present status.

THE PRESIDENT: No, nothing to say.

Q Does the Stock Exchange regulation include the Grain Exchange?

THE PRESIDENT: I have not read it. I wish I could tell you.

Q Do you anticipate any Congressional action on that matter this session?

THE PRESIDENT: On which?

Q The Stock Exchange regulation?

THE PRESIDENT: I hope so. It is one of the planks of the Democratic platform which has not yet been fulfilled.

Q Mr. President, can you tell us anything as yet as to when you will be ready to talk over the Platt amendment with Cuba?

THE PRESIDENT: No, because there has not been time since four o'clock yesterday afternoon to talk that over at all. Nothing has been done on it.

Q Is there anything you can tell us about the Newspaper Code?

THE PRESIDENT: That is sitting on my other desk.

Q Is that likely to be reached at all?

THE PRESIDENT: I hope to get at it this week if I get out of this jam a bit.

Q In that connection, the Newspaper Guild has protested against Ralph Pulitzer as the administrator of the Code. Have you received that?

THE PRESIDENT: No.

Q Care to comment on it?

THE PRESIDENT: No. What is it based on?

Q I do not know; I did not get a chance to read it. I just know they have.

Q Dispatches from Tokio indicate the Japanese Government has approached our Government with a view to settling disputes which will occur in the next two years, meaning the naval question. Have you received any information to that effect?

THE PRESIDENT: Nothing done on the preliminaries of the naval conference at all.

Q Can you tell us anything more about the proposed guarantee of the Home Loan Bank bonds?

THE PRESIDENT: Yes. They were in yesterday afternoon and the bill for the guarantee of the bonds will be substantially the same as the Farm Credit guarantee bill. They also have another question under consideration and that is the need that the Home Loan Board feels for additional lending power to finance improvements in homes, the rebuilding of existing homes, with the thought that it would take up quite a good deal of slack in the building trades and put a good many people to work. That is being studied now as to the necessity for it and also as to where the money would come from, whether it would be an expansion of the two-billion-dollar borrowing power or bond issuing power or whether it should be done through some other form of financing.

Q Has any figure been mentioned?

THE PRESIDENT: I think \$250,000,000.

Q Additional?

THE PRESIDENT: Yes.

Q Mr. President --

THE PRESIDENT (interposing): It is merely in the study stage.

Q Any change in the decision to stop the C. W. A. on May first?

THE PRESIDENT: No.

Q You are going to ask for additional funds?

THE PRESIDENT: Additional \$350,000,000.

Q Does that go up today?

THE PRESIDENT: Lew (Lewis Douglas, Director of the Budget) said yesterday afternoon he would have it today, and \$500,000,000. for the following fiscal year.

Q For C. W. A.?

THE PRESIDENT: No, for relief which, of course, could be used through a C. W. A. method, at least in part. In other words, we are not going -- on the relief question we cannot determine at this time what the necessities and needs will be next autumn and next winter. We have got to have a certain amount of flexibility in there.

Q In that connection, have you any reports that might throw any light on the expected absorption of these C. W. A. workers during this spring?

THE PRESIDENT: Only such vague figures at this time that it is awfully hard to put them down. I would put it this way: that we hope, through the actual operation of the P. W. A. funds and also through the hoped for pickup in industry, and also through the seasonal reemployment as, for instance, in the South, crop planting, and in the West, general farming operations to take up a large portion, at least a majority, of the people who are on the C. W. A. That does not mean that all of them will be taken up but we hope a fairly large majority of them will be taken up through those other methods. I hesitate to use figures because.

it is still in the guess stage.

Q Mr. President, would you comment on Coordinator Eastman's conclusions that, if possible, Government ownership would be the best solution of the railroad problem?

THE PRESIDENT: I do not think I had better because he has -- how many more?

Q Two more.

THE PRESIDENT: Two more reports coming in. I think I had better wait.

Q He has not been over to see you since last week?

THE PRESIDENT: No, he has not been over to see me since last week.

Q On the C. W. A., have these stories of graft been called to your attention?

THE PRESIDENT: I suppose ever since the first week it was organized we have had an average of several hundred letters a day, most of them political protests that the local agencies, which, of course, means local government, have been using the C. W. A. funds to build up political machines or to favor people belonging to one party or the other. I should say those protests are equally divided between Republican politicians and Democratic politicians, and if I have had two or three hundred a day, probably Harry Hopkins has had two or three thousand a day. We are getting after them as soon as we possibly can.

Obviously, on the C. W. A., the actual operation of the thing is in the hands of the local government and the keeping out of graft in the actual administration, the keeping out of politics, depends on the quality of the local government. We are doing everything we can not only to run down specific cases

but also to get the idea abroad in different communities that the thing ought to be kept out of politics.

Q Mr. President, is there any undermining of the Federal Reserve System in giving the Secretary of the Treasury central banking powers?

THE PRESIDENT: No. What do you mean, central banking powers?

Q This bill is supposed to give banking powers to the Secretary of the Treasury?

THE PRESIDENT: Oh, no; it does not give the Secretary of the Treasury any central banking powers and it does not undermine the Federal Reserve System.

Q Any comments on the downfall of Huey Long?

THE PRESIDENT: No. (Laughter) Stevie (Stephenson), the only thing I can say is that it is a local matter. (Laughter)

Q So far. (Laughter)

THE PRESIDENT: That is not for the record.

Q On those Home Loan bonds, will provision be made for guaranteeing the principal of bonds already outstanding as with the Farm bonds?

THE PRESIDENT: I think so, but I would not swear to it; I think so.

Q Some of those bonds are already in the hands of the investing public. Will those be guaranteed?

THE PRESIDENT: I don't see how we can discriminate between them.

Q Your statement, issued at the time the German Ambassador was here, mentioned the German trade. Can you explain that for us?

THE PRESIDENT: Only as a matter of theory. I told him just what I told a great many other people, that the ultimate ideal, the ultimate objective was for every nation's trade to be on a

balanced basis, so that the total income from foreign ports equalled the total outgo to foreign ports, with the world objective of eliminating these large favorable or unfavorable trade balances that have to be paid in gold from time to time. That being so, in the case of Germany, for example, we would be perfectly willing to discuss with them the question first as to whether the trade between Germany and America, both ways, is out of balance or not. The thing has never been studied. We don't know until we actually make a complete study whether we actually export more goods to Germany than we receive from Germany. We have never explored the other side of the picture -- the invisible exports of money from this country to Germany through the tourist trade, remittances by immigrants, and so forth.

The first step is to get figures along that line and then, if it appears that there is a balance, favorable or unfavorable, one way or the other, the time will come to try to correct that through purchases on the debit side of the ledger.

Q Mr. President, is the Government giving its support to the American representatives to the Debt Conference?

THE PRESIDENT: Yes and no. They are private individuals; one of them is a classmate of mine. They are private individuals but, at the same time, we have said perfectly clearly to the German Ambassador and also to our Ambassador on the other side that we are anticipating the same kind of treatment, without discrimination, that other nations are getting. There has been a great deal of complaint, as everybody knows, about discrimination. Switzerland and Holland are being paid approximately 100% on the

debts that are due their citizens by German municipalities and states and corporations, as against other nations that are getting only 50% in cash and scrip for the other 50% which, when you come to cash it, only works out at 25%. We were disturbed, Great Britain was disturbed, and other nations, by the suggestion from Berlin that this 50% cash payment would be further reduced to 30 or 35%. That is all we have done.

Q Mr. President, the special treatment to Holland and Switzerland followed threats of retaliation by them. Have we gone as far as that?

THE PRESIDENT: No.

Q Can you tell us what the German Ambassador said in reply to your representations concerning discrimination against Americans?

THE PRESIDENT: I think you had better ask him.

Q We did, Mr. President. (Laughter)

THE PRESIDENT: Of course, off the record -- I think you had better use it as background as long as you do not attribute it to me in any way -- the theory of the German Ambassador and German Government is a theory which is somewhat difficult to understand. It goes along this line: That if they pay 100 cents on the dollar to Switzerland and Holland creditors, eventually, some day in the future, the general economic situation will be so much better that they will be able to pay 100 cents on the dollar to other people. The best word to use is an unbalanced theory that does not bring much cash into one's pockets.

Q In that connection, is there anything to be said on the rumor that the German Government is buying bonds at the present low prices?

THE PRESIDENT: That has been stated. It has been stated that as high as five hundred million dollars of German bonds in this country have already been bought up at away below par. I don't know whether that is true or not. I don't know whether anybody has checked.

Q It has been checked, and the statement has been found to be accurate. In the last year, 1932, they are supposed to have bought up a good deal more than the equivalent interest payments would have been had they met their various payments due on obligations.

THE PRESIDENT: Yes?

Q In connection with the debts, Secretary Morgenthau, at the hearing, is quoted as saying that the responsibility has been transferred back from the Treasury to the State Department. Is there any significance in that?

THE PRESIDENT: No.

Q Your communication to Congress on C. W. A. will take the form of a message or letter to the Committee?

THE PRESIDENT: I don't know, Fred (Mr. Storm). I don't know that I will send anything up myself. In other words, it was in the budget, and I think probably everybody knows all about it. Probably Lew Douglas will just go up there and explain it to them. Possibly I may have to send a letter of transmittal to the Committee.

Q Did you get a chance to read Prime Minister MacDonald's speech this morning in which he suggested stabilization of the currencies?

THE PRESIDENT: Off the record, I have read it; on the record, I have not. (Laughter)

Q Thank you, Mr. President.

(The Press Conference adjourned at 11.00 A. M.)

CONFIDENTIAL

Press Conference #92,
Executive Offices of the White House,
January 26, 1934, 4.05 P. M.

Q Stevie (Mr. Stephenson) was almost killed in the grand rush, Mr. President.

THE PRESIDENT: I think I ought to assign a Marine guard to him.

Q I think he can take care of himself, Mr. President.

THE PRESIDENT: You think so?

Q I think so; he can carry the ball right along.

THE PRESIDENT: He is getting to be a smart guy. (Laughter)

MR. DONALDSON: All in.

THE PRESIDENT: I have a rather important piece of news: The ladies have been in to see me and they want a special stamp for Mother's Day. All the sportsmen of the country are united behind a duck stamp bill.

Q What is this, stamp day?

THE PRESIDENT: No, you stamp the duck.

Q Try to do it. (Laughter)

THE PRESIDENT: That is all I know.

Q Have you any comment on controlling cotton at the gin -- the production of cotton?

THE PRESIDENT: No. I think that the Department of Agriculture is sending out a questionnaire to try to get the general sentiments of the cotton growers as to whether there should be a more specific control over acreage and if so what form that control should take. If any other further control is adopted, there arises the question of which of two forms should be followed. I talked to Senator Bankhead and the others about this. One

form is the method of licensing the individual farmer to a certain, definite amount. The other form is arriving exactly at the same result through taxation at the gin, with a rebate to the quota amount.

I think it is largely, as between those two methods, a matter of legal opinion and a good many people feel that the taxing method would stand up more readily in court than a straight licensing proposition. I think that Senator Bankhead is entirely willing to have that position taken, perhaps as an amendment to his bill. You arrive at the same result. It is merely a matter of difference in machinery.

Q Do you believe that some action along that line is necessary?

THE PRESIDENT: There again it is a bit too early to tell. I am inclined to think we may have to come to it. But, if we do come to it, we want to come to it, if possible, with the general approval of the cotton growers themselves, which I think we will get. There are two reasons for it and because of the two reasons, it is not yet clear. The first is that the man who restricts his acreage may put in more fertilizer and get as much cotton as he did before. The other is the factor of new acreage which has never been planted to cotton being brought in.

Q The taxation plan will not take cotton out of production, will it?

The farmer can grow as much as he wants to if he is merely taxed for the over-supply?

THE PRESIDENT: Well, he is not going to grow a lot of cotton if he has to pay a tax on it.

Q How about wheat and the others?

THE PRESIDENT: Well, that is too far off. In other words, we are feeling our way on the general theory of trying to bring total production within the limits of total consumption.

Q Reports are printed today that you have named or will name individual experts for virtually each major country on foreign exchange when the stabilization fund becomes operative.

THE PRESIDENT: That is a new one on me.

Q It is on the front pages of the papers today.

THE PRESIDENT: Probably what that story arose from was that somebody was down here a couple of days ago and wanted to know about the proposed monetary commission and I think I casually remarked that of course we would have people to keep us in touch with the actual facts on exchange in probably a dozen different centers of exchange including, I think I used the words, "including Shanghai." And probably whoever I told it to -- I have forgotten who it was -- announced that I was going to have fifty experts centered all over the world.

Q Can you tell us when you are going to ask for money for the recovery agencies for the rest of this year, the \$1,166,000,000. or part of it?

THE PRESIDENT: The situation is, I think they are up on the Hill today, trying to find out whether the leaders in the House and Senate would rather have the appropriation bills in the form of one bill or two bills or a multiplicity of bills. It is largely a question of the jurisdiction of the different committees. A general bill would have so many different matters that would fall under the jurisdiction of so many different committees that we want to find out really what they want to have on the bill before we decide on the form of the bill or bills. Lew (Mr. Douglas)

will probably let me know about it tonight or tomorrow morning.

The bill or bills will go up in the next few days.

Q The amount is still the same, regardless?

THE PRESIDENT: \$1,166,000,000. plus \$2,000,000,000.

Q The liquor trade negotiators tell us that they believe the liquor quota system will be continued after March first. Is that correct?

THE PRESIDENT: I do not know anything about liquor.

Q I understand under Section 5 of the Economy Act, you have powers to modify or cancel the airmail contracts. Has that possibility been discussed?

THE PRESIDENT: The first time was at lunch today when Hugo Black was down here and told me I had that authority. I did not know it.

Q Are you glad you have it?

THE PRESIDENT: Yes.

Q Did you discuss the airmail situation with the Postmaster General?

THE PRESIDENT: No, I talked it over with Senator Black.

Q Have you decided whether you will send that Special Message for grazing control legislation?

THE PRESIDENT: What did happen on that was that I talked with the Secretaries of Interior and Agriculture about that yesterday and I have forgotten what we decided. (Laughter) There is, as I remember it, there is a bill up there, the Taylor Bill.

Q Right.

THE PRESIDENT: And they both agreed that that is a pretty good bill and I asked the two of them to give me a letter on the subject and undoubtedly it will result in a letter from me to whatever Committee is in charge of that bill.

Q Is there anything further in the Weirton case?

THE PRESIDENT: I have not heard a word, not a word.

Q Is there anything new in the C. W. A. charges of graft in that situation?

THE PRESIDENT: No, I have not heard anything more. They are investigating every charge and it costs quite a lot of money too.

Q There is a bill providing for the control of exchanges, providing for the Administration's views, that is being drawn up, providing for control by the Federal Trade Commission?

THE PRESIDENT: The control of exchanges?

Q The issuance of securities?

THE PRESIDENT: I don't know; I never heard of it.

Q Mr. Landis, I believe, is supposed to be working on it?

THE PRESIDENT: I do not believe there is any bill. I know he has been working on the thing and these various reports of Roper's committees were sent up without recommendation -- we just put them in.

Q Have the Newspaper Codes been signed as yet?

THE PRESIDENT: I have not looked at it since I saw you last.

Q Any recent developments in the Administration's sugar program?

THE PRESIDENT: No; haven't taken that up at all.

Q Anything you can tell us about today's patronage meeting?

THE PRESIDENT: We had a very nice hour. (Laughter)

Q They left here smiling.

Q Jim Farley said it was a great social success. (Laughter)

THE PRESIDENT: I suggested a number of things to do. The first was that they should continue and not disband. They should act as a clearing house and, secondly, on the question of complaints, that the complaints should be made as specific as possible. It is

impossible to investigate a perfectly general complaint but, as to a specific complaint, we would be quite willing to go into it.

Q The recognition of Salvador has started talk of the possibility of the United States going into Pan America and recognizing revolutionary governments as set up in --

THE PRESIDENT (interposing): There isn't anything on that at all. The only thing, as I remember it, is that the three Central American Governments, which were still bound by the old non-recognition treaties -- you see, Costa Rica had withdrawn and Salvador practically had taken itself out, and the three that were still bound decided to make this recognition of the present Salvador Government immediately, and then call together a conference of the five republics in order to discuss a new agreement relating to recognition. Of course, our policy there has been to go along with the Central American policies. We were not a signatory of that previous treaty but we said as long as that is the general rule in Central America, we would adopt the same policy. That is all that happened.

Q No change:

THE PRESIDENT: No. There is, as I understand it, going to be a meeting of the five governments after recognition of Salvador.

Q Are you any nearer the tariff Message to the Congress?

THE PRESIDENT: No.

Q How about war debts?

THE PRESIDENT: The only thing we are nearer on is that I have to ask the Secretary of State to bring himself up to date on the reports that were made during his absence.

Q I have one more inquiry on money here. The dollar, you know, is getting stronger every day and closed at 4.94 to the pound in London today. Is there anything of special significance on our monetary program?

THE PRESIDENT: Not that I know of.

Q We have reports that unusually large amounts of foreign money are coming into this country presumably for investment purposes and there is a report that one company is offering \$60,000,000. in securities on the London market. Has that any particular connection?

THE PRESIDENT: I think probably you had better ask Henry Morgenthau about it. I think that some of the gold that we have been purchasing on the other side is coming back to this country in the form of bars.

Q Paris is clearing out fifteen millions a day, mostly sent to this country.

Q Have you any ideas about unifying the military air forces of the Government under one separate Air Corps command?

THE PRESIDENT: Haven't thought of it.

Q Can you give us any details on Senator Black's visit?

THE PRESIDENT: No. We talked over the general work of his Committee and he told me he hoped to be able to make a preliminary report within a month. He also told me that they would not have covered all the ground by that time and I told him I hoped very much that he would cover all the ground before he got through.

Q In that connection, do you think it is necessary to use the authority you have over these airmail contracts that you found out about

today?

THE PRESIDENT: Well, as I say, I did not hear about it until lunch-time. I do not know any details. He told me that in his judgment, most of the present inequalities and troubles with the airmail as well as the ship mail could be corrected by Executive Order but probably some legislation will be needed -- that most of the trouble could be corrected by Executive Order.

Q That would indicate the cancellation of contracts here and there?

THE PRESIDENT: Yes.

Q I suppose you are looking into the matter of making a further examination of it, sir?

THE PRESIDENT: I am sort of waiting for the report of the Black Committee because we haven't any report of recommendations on it at all. And, of course, tied up with that is the general subject that came up way back in the 1932 Campaign, that some effort be made on the part of Government to coordinate the transportation end. If you will read the Salt Lake City speech, you will see what the object is, to coordinate all transportation, which means railroads, air, canals, waterways and shipping under some directing body, which would possibly mean the giving of added jurisdiction to the I. C. C.; in other words, building up the I. C. C. Whether we will be ready for the legislation at this session of the Congress, I do not know. In other words, I do not know whether we can carry it all through this year or through the winter. It is a pretty big and complicated subject.

Q I understand the Postmaster General is making an investigation and report to you on aviation?

THE PRESIDENT: He isn't through.

Q Mr. President, you told us about Douglas (Lewis Douglas, Director of the Budget) being on the Hill on a number of bills relating to emergency appropriations for P. W. A. or C. W. A. Can you tell us anything further?

THE PRESIDENT: We are waiting to find out today. The first form that came to me on it was a draft message and a different bill for each item and I think we can save time and trouble if we cut it down to a smaller number of bills.

Q Mr. President, any progress on trade talks with Russia?

THE PRESIDENT: With Russia?

Q Anything on it?

THE PRESIDENT: I think that is rather a separate thing.

Q Any talk at all?

THE PRESIDENT: No.

Q Mr. President, would you care to tell us what you told the Democrats today at this patronage conference?

THE PRESIDENT: They were here about an hour and they talked fifty minutes and I talked ten.

Q Mr. President, have you done anything with respect to the vacancy on the Power Commission?

THE PRESIDENT: Power Commission? No, I have not. They were down the other day and I asked them to make suggestions and I have not heard anything further.

Q Thank you, Mr. President.

THE PRESIDENT: Put the lid on until Monday.

Q The last time you put the lid on we had to stand out in front of the White House until twelve midnight.