

CONFIDENTIAL
Press Conference #103,
Executive Offices of the White House,
March 7, 1934, 10.55 A. M.

Q (Mr. Storm) Good morning, Mr. President.

THE PRESIDENT: Good morning, Mr. President (Mr. Stephenson).

Q (Mr. Stephenson) Good morning, Mr. President.

Q The president (referring to Mr. Stephenson) issued his first executive order yesterday.

THE PRESIDENT: Did he, really?

Q He authorized the purchase of a new chessboard for the press room.

Q (Mr. Stephenson) And also no more Monday morning speeches by the President.

THE PRESIDENT: How about backgammon? Have you taken to it out there? You ought to do it. I play it on the NOURMAHAL all the time. You can play a whole game in about four minutes. And, by doubling, you can lose your shirt on it too. (Laughter)

I do not think there is any news at all except I am feeling quite chipper because I finished all the work on the forthcoming book at midnight last night.

Q When will it come out?

THE PRESIDENT: About the middle of April, I think.

Q How long is it?

THE PRESIDENT: About 300 pages.

Q Is the title still to be, "On Our Way"?

THE PRESIDENT: You will have to ask the publisher. I don't know. I think it was announced as that. That is a thing over which the author has no control.

Q What is the nature of the writing?

THE PRESIDENT: Mostly compilation.

Q Can you tell us anything about the strike situation in the automobile industry -- collective bargaining?

THE PRESIDENT: I have not heard a word about it. Johnson has been too busy the last three days to talk to me about it at all.

Q Have you had much reaction to your speech on Monday on NRA?

THE PRESIDENT: There was a flock of telegrams that afternoon. I did not see any yesterday. Did any more come in?

MR. EARLY: I gave them out, sir.

Q There is some confusion about Senator Robinson's speech on the state of the Union, and particularly the Stock Market Regulation Bill. Is he speaking for himself or --

THE PRESIDENT (interposing): I have got to be frank and off the record, I haven't read it.

Q The House Ways and Means Committee is holding hearings on the free ports. I think it is understood you were in favor of it?

THE PRESIDENT: I did not know they had any legislation up there at all. I have always been interested in the possibility of free ports, but nothing specific. It is a perfectly fine idea and they do have free ports in certain parts of the world that work very, very well.

Q Do you think it would help our foreign trade?

THE PRESIDENT: Yes. Where they have free ports it seems to work out very well. It encourages trade.

Q Mr. President, the mayors of the Great Lakes cities are coming in tomorrow about St. Lawrence. Anything you can tell us?

THE PRESIDENT: I understand they are coming here to endorse it.

Q We thought they were going to put the heat on. (Laughter)

THE PRESIDENT: That would not be a bad idea either. (Laughter)

Q Mr. President, are you going to ask for an extension of the licensing provisions of the NRA? I think they run out in June.

THE PRESIDENT: I think they do and, Stevie (Mr. Stephenson), I have not talked to anybody about it yet. I think it would be a pretty good guess to say we would, but I have not talked about it and I cannot answer yes or no. It is something I have got to do fairly soon.

Q Also there are some reports you are planning executive action to bring about the shorter work week, which you suggested to the NRA meeting the other day, in the event that they do not do it themselves?

THE PRESIDENT: That is very premature. We will let them finish their conversations this week.

Q Mr. President, will you soon be able to give attention to the local appointments, the Justice of the Municipal Court and the Public Utilities Commissioner?

THE PRESIDENT: I think that is a very good idea. I think, for your sake, I will try to take it up this week. Are we ready to shoot on that?

MR. MCINTYRE: What is that?

THE PRESIDENT: Municipal Court and Public Utilities?

MR. MCINTYRE: I do not think so.

THE PRESIDENT: Keep after Mac. (Laughter)

Q Is your Message on war debts about ready to go up?

THE PRESIDENT: No. It is nearer than it was last week. (Laughter)

Q Is there any change in the sugar situation that has caused such a furor out west?

THE PRESIDENT: No. Has there been some furor out there?

Q Overlimiting domestic production.

THE PRESIDENT: They have had furors in Hawaii and Puerto Rico and the Philippines too. They are all having them.

Q The Inter-American Highway, do you favor its extension beyond Panama down to Buenos Aires?

THE PRESIDENT: No. The general thought is that if we can get all the Central American Republics to go along with the building of it, then the South American Republics can take it up of their own accord. Eventually, if we can link North America and South America, it would be a great achievement.

Q Anything new in the railroad legislation?

THE PRESIDENT: No, they are meeting on the fifteenth.

Q You have not heard anything of the position of Labor, whether they will go along?

THE PRESIDENT: No.

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

CONFIDENTIAL

Press Conference #104,
Executive Offices of the White House,
March 9, 1934, 4.08 P. M.

Q It looks like you have got a lot of business there (indicating the desk, piled high with papers).

THE PRESIDENT: I don't think there is a blessed bit of news. My basket is almost empty and I am almost up to date on everything.

Q What are the prospects tomorrow? Put the lid on again?

THE PRESIDENT: Yes.

Q Anything you can tell us, sir, about the matter of liquor quotas and the letting down of the bars in the matter of liquor importations?

THE PRESIDENT: Yes, I can. We talked it over in the Cabinet meeting and the general feeling was that we should let down the bars and, at least, for a temporary period, thirty days or sixty days, temporarily let up on the quota system. We will let liquor come in because it is obvious that it is not being sold at a low enough price in this country.

Then, there was one other phase I talked with Choate about yesterday. He has applications from quite a number of distilleries, most of them -- this is American liquor, Rye and Bourbon -- which did not get in within the time limit for setting the domestic manufacturers' quotas. Most of them are comparatively small distilleries; most of them old, that were owned by old families in Kentucky, Tennessee, et cetera, and did not get their applications in in time. To give them permits at this time will undoubtedly increase the possible total of manufactured liquor in this country to a total maximum on a 24-hour basis of 44 million gallons a year.

Q Increase it to that?

THE PRESIDENT: No, by that. That is the maximum possible running on a 24-hour basis, and Mr. Choate recommended and I approved going along with the idea of giving them permits.

Q These late fellows?

THE PRESIDENT: These late fellows, in order to again bring down the price of United States made, tax paid liquor.

Q Is there any discussion on decreasing the duty on imported liquor?

THE PRESIDENT: Not at this time.

Q Mr. President, does that mean that any American importer now may get a permit for any amount he wishes for the next thirty or sixty days?

THE PRESIDENT: Yes, as I understand it.

Q When does it go into effect?

THE PRESIDENT: At the end of the present quota period, whenever that is. I think you had better check on that.

Q That means there won't be any restrictions whatever on imports during that period?

THE PRESIDENT: Yes, it means there won't be any restrictions on imports during that period.

Q There won't be until April thirtieth?

THE PRESIDENT: I don't know whether right away or wait until the end of the quota period.

Q Did you discuss a definite period?

THE PRESIDENT: No, but it will only be a trial period.

Q Is there any considerable amount of protests coming in from small businesses to the effect that they cannot stand reduced hours?

THE PRESIDENT: You mean the liquor business?

Q No, sir; reduced hours in general.

THE PRESIDENT: I do not know; I have not been to the NRA meetings. I suppose

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there have been some protests, the same way there have been some protests from large companies that could not stand it.

Q One of the morning papers today ventured the opinion that you had decided to shelve the debt issue because it was not included in the list which Senator Robinson brought to the White House.

THE PRESIDENT: I think you have answered your question, "They have ventured the opinion."

Q Do you still intend to send a Message up?

THE PRESIDENT: Yes, and it is nearer than it was two days ago.

Q Is it likely that the Message will have any legislation?

THE PRESIDENT: I have not thought about it at all.

Q The same paper ventured the same opinion about the Pure Food and Drug Bill.

THE PRESIDENT: Not that I know of. Frankly, I have not heard of it the last ten days. I do not know what has happened to it.

Q They have been having hearings on it in revised form and now they are waiting to see whether Copeland (Senator Copeland) will make any changes.

THE PRESIDENT: I have not approved any revised form. I did not know they had got to that.

Q Senator Copeland said it was satisfactory to you in the revised form.

THE PRESIDENT: I have not seen any revised form and it is news to me that Copeland and Tugwell (Assistant Secretary of Agriculture Rexford G. Tugwell) were together on it.

Q Any possibility of your taking action regarding legislation or other steps to control the operation of chain stores?

THE PRESIDENT: I have not heard a word about it. Any talk in the NRA?

Q No, sir, not yet; but there has been some recent action in conference on the same subject and there are rumors, not very definite.

THE PRESIDENT: I have not heard a word about it.

Q We have had a pretty difficult winter here. Any chance of going south, do you think?

THE PRESIDENT: I do not know. I have been looking at some people -- I think you need Florida for a few days.

Q Yes, indeed.

THE PRESIDENT: So, just out of consideration for the Press, I am really thinking of -- depending on Congress, of course, and it is really tentative -- going off with Vincent Astor on the NOURMAHAL, going off the end of this month sometime, the last week of this month, to catch some fish off the coast of Florida. We will send in a radio to the Florida coast every morning and every evening.

Q At Miami, Mr. President?

THE PRESIDENT: So you will be all right. (Laughter)

Q At Palm Beach?

Q You are going to board the NOURMAHAL at Miami, did you say?

THE PRESIDENT: I do not know where.

Q Can you tell us anything about your conversation with Summer Welles?

THE PRESIDENT: Oh, that was about starting a Cuban bank. That is all ready to be signed this afternoon, the Executive Order.

Q Can you tell us anything about your conversation with Green (William Green of the American Federation of Labor)?

THE PRESIDENT: Green came in to recommend a gentleman for appointment to some office and I have forgotten which one it was. He and some Senator came in today. (Laughter)

Q In connection with the Cuban bank, has it not been definitely decided to extend \$10,000,000. of credit for silver purchases?

THE PRESIDENT: No, the bank, as organized, will have \$250,000. in common stock and two and a half million dollars in preferred stock. Of course

that can always, at any time later, be amended but that is the way it will be organized.

Q And the purpose of the bank, Mr. President, is to finance trade?

THE PRESIDENT: The immediate purpose of the bank is to make it possible for Cuba to obtain silver currency, of which there is a shortage.

Q How much will Cuba take at the beginning, sir?

THE PRESIDENT: I do not know.

Q To whom will this stock be sold, the RFC?

THE PRESIDENT: Yes.

Q Can you comment on legislation pending in Congress to appropriate anywhere from a billion and a quarter to two billion dollars to have the RFC take over the assets of all closed national and state member banks and pay the deposits one hundred per cent?

THE PRESIDENT: The only comment will be, off the record, that the bill won't go through and, if it goes through, it will get vetoed.

Q Have you given any consideration to establishing a new agency to administer the proposed Stock Market Regulation Bill?

THE PRESIDENT: No; I read in the paper they had a new bill. Is that right?

Q They are drafting it now.

Q In connection with the Cuban bank, can we understand that the credit granted will be granted to American exporters of silver?

THE PRESIDENT: I have no idea what the latest details are. I think it is a straight transaction with the Cuban Government, but I am not sure.

Q Will it involve a cash loan to the Cuban Government?

THE PRESIDENT: No, it is a banking transaction.

Q Speaking of vetoes, do you care to offer any comment on the veterans' bill?

THE PRESIDENT: No, not at all.

Q I understand Ray Stevens has withdrawn from the Foreign Bondholders' Pro-

pective Council and there are charges that the Council has been doing business with some of the issuing houses of the Latin American securities, something which you warned against. Is there any chance, under these conditions, that you will revive Section II?

THE PRESIDENT: Ray Stevens was in bad need of a holiday, which he had not had since his return from Siam. As I understand it, he got out temporarily in order to be entirely free during the balance of the winter and, as I understand it, he hoped to be able to go back in the spring sometime. What the details are, I do not know.

Q There is no plan to revoke under Section II?

THE PRESIDENT: No.

Q There have been several reports lately that despite the promises made by Litinov, when you recognized the Soviet Government, the Communists have continued their propaganda in the United States?

THE PRESIDENT: I have not heard anything about it at all. Have you any reports, specific ones?

Q Quite a few.

THE PRESIDENT: Ask the State Department; I haven't any.

Q Would you care to comment on the suggestion of General Johnson for a ten per cent increase in wages?

THE PRESIDENT: Still in the discussion stage over there.

Q There is a revival of the report that Farley intends to get out as National Chairman?

THE PRESIDENT: I guess it is true, as soon as we can find anyone to succeed him.

Q How about the group on St. Lawrence?

THE PRESIDENT: They left a three-page full and complete endorsement, which they say came from practically every city in the whole Great Lakes area,

in favor of the St. Lawrence Treaty. I sent them up to the Hill.

(The Press Conference adjourned at 4.20 P. M.)

CONFIDENTIAL

Press Conference #105,
Executive Offices of the White House,
March 14, 1934, 10.35 A. M.

THE PRESIDENT: I think I have only one suggestion and that is that you should get your accommodations at Miami as soon as possible because they say there is hardly a bed to be had down there.

Q We had better work today?

Q That is where you will keep headquarters, will you, Mr. President?

THE PRESIDENT: No, that is where you will make your headquarters. (Laughter)

Q How soon are you going down?

THE PRESIDENT: I hope the beginning of the week after next or the middle of the week after next, I don't know the exact date. It will be somewhere around the twenty-seventh, depending a little bit on what Congress does in the meantime.

I haven't any news for you this morning.

Q That is all right; you will have some before you go away.

THE PRESIDENT: I think so.

Q Mr. President, yesterday Senator Robinson of Arkansas said that he was for a unified air force. I was wondering whether that is a reflection of the Administration's viewpoint or just his own. Can you tell us anything about that?

THE PRESIDENT: Only this, for background: We have by no means solved permanently the general aviation policy of the Government. It has been kicking around, as you all know -- you have to use this as background -- and the present board that has been reconstituted will take it up from the point of view of the Army Air Service. It is primarily limited to that. Now, of course, that only covers a part of the story. You have

still got all the other relationships of government to aviation. You have got the Customs Service, the Internal Revenue Service, and the Department of Commerce and its relationship to civilian aviation. You have the Navy and the Marine Corps. There has never yet been worked out a satisfactory complete Government policy. It is a thing you cannot work out immediately. The only thing you can say is that we are all studying it and hope to work out a complete Government policy. That will be the objective. The appointment of the Board is only in relation to the Army Air Service. I think we will be able to work something out. We may eventually appoint a board or an individual, but the object will be to get a complete Government policy.

Q Can you tell us anything about General Mitchell's visit yesterday?

THE PRESIDENT: Only that he came in and gave me a great deal of information from his point of view. He is a very old friend of mine and there is no question, of course, but that he has had a great deal of experience in aviation. I am trying to get every angle.

Q There are stories to the effect that he may take charge of aviation for the Government.

THE PRESIDENT: That is just a story. Anything of that kind is just nonsense. You have to have a policy first.

Q When you spoke of board or individual, did you mean to make a further study or to be in charge of the whole situation?

THE PRESIDENT: We are making a study at the present time. Whether it needs a board or ten boards or an individual or fifty individuals, that is a matter to be worked out. You have to try a new Government policy because the old one has not worked for twenty years.

Q Are you going to recommend to Congress legislation regulating motor and water carriers?

THE PRESIDENT: You mean the Eastman report?

Q Yes.

THE PRESIDENT: I think all that has been done is the transmittal to Congress, like the first report was.

Q Mr. President, they are about to vote today on the St. Lawrence Treaty, and it looks like the vote is against you. I was wondering if you would care to offer any comment on that.

THE PRESIDENT: No. However, there is one phase of it -- in fact, two phases of it. One is perfectly simple to mention and the other is a bit more difficult.

The first phase of it is that whether the thing goes through this afternoon or not makes no difference at all because the St. Lawrence Seaway will be built. That is perfectly obvious. And it will be built at a very, very low cost as things go today. You have left only the International Rapids Section and the Lachine Rapids Section. You can visualize the whole navigation problem; it is so obvious that man is going to follow the lead of Nature. Whether the thing goes through today or next year makes, on the whole, very little difference -- it is going through.

You see, you have got today a seaway practically from the top end of Lake Superior down through the Sault Ste. Marie locks, which are big locks, down through Lake Michigan and Lake Huron, then through the Detroit River into Lake Erie, through the Welland locks, which are big locks, and then through Lake Ontario to the St. Lawrence River. And of course the St. Lawrence River runs to the sea.

Now, there are three waterfalls -- rapids, actually. One of them, the middle one, at Beauharnois, has already been built -- they are nearly finished with it. Some of you were up there with me about three years

ago. They have already practically completed the power development and, as a part of that power development, for just a very small sum, they can add locks. The Canadian Government is also proceeding with plans for the last waterfall, the Lachine, and there they can do one of two things: They can either build a dam and put locks in the dam, or they can dig the old Lachine Canal and deepen it from twelve to thirty feet without building a dam. That leaves only the top or western waterfall called the International Rapids. Canada already has a twelve-foot canal around the International Rapids.

Now, it is not the least bit necessary to develop power which, of course, calls for a dam. It would be a perfectly proper thing and a perfectly possible thing for Canada to enlarge the International Rapids Canal on the Canadian side of the River without ever building a dam. Canada isn't so crazy to have water power; they have an awful lot of it. If Canada were to do that on the Canadian side of the River, there would be a Canadian seaway. Mind you, the amount necessary to do that Canal over would be less than one hundred million dollars, so you see what a small amount it is. There would then be a Canadian seaway from salt water up the St. Lawrence River, past the Lachine, Beauharnois, and the International Sections, and then you would be in the Lake. That seaway would be one hundred per cent under the control of Canada.

And if Canada wanted to be mean -- and lots of governments and people are mean to their neighbors -- so far as treaties go, Canada has an absolute right -- not a moral right, but a legal right -- to let British and Canadian ships use that Canadian seaway free of charge and to charge a toll to American ships. In other words, if you look at it purely from the national point of view, the United States on one side and Canada on the other side, without looking at it from the broader

point of view of commerce and humanity, if we don't go along with Canada in the development of this seaway, we open ourselves, without any question, to the Canadian right to build a Canadian seaway and discriminate against all American ships. If Canada were to do that, British and Canadian ships could use that seaway free of all charge and it would be prohibitive for American ships to use it. That is a distinct and definite legal right that Canada would have if we do not go along with her and do it jointly.

Now, one other phase of it -- and I will tell you a story. A certain Senator said that he was going to vote against the treaty because of the Mississippi and the taking of water out of Lake Michigan. I asked him if he thought we had any right to divert water over and above the need for drinking and health purposes from one watershed into another. Then I told him a story about an old case in up-State New York. A fellow had a piece of property on a river but, at that particular point, there was practically no drop in the river -- it was practically a flat river. He was most anxious to put up a grist mill and he didn't have any water power. People down in the stream below him had grist mills. Suddenly he had a bright thought one night. He said to himself, "by cutting a little ditch through a little hill on my property I can run this water over into the watershed of another little river and I can get a 50-foot drop. I can take the water out of this river and carry it through the ditch, drop it down over a wheel and put it into another river." Of course, it was a grand idea. But, unfortunately, he ran up against what is known in the common law as the riparian right of the man further down the stream. Well, the mills down the stream at once brought suit and said that ever since 1450 when the first case came up in England the rule has been on a watershed, on a river, that you have

the right to use the water but you have to put it back into the river. You cannot divert it into some other watershed.

Well, this Senator, who is a good lawyer, admitted all that and finally said that international law is different. I said, "There aren't any cases of international law that are different from the old rule based on common sense." He said, "Never mind whether international law is different or not, we are going to try to take all the water we want out of Lake Michigan and put it into the Mississippi, no matter what anybody else says."

So that is a perfectly clear-cut issue. The Government of the United States believes in the common law and believes that we have no right to injure our neighbor, Canada, by diverting water out of the Great Lakes into another watershed, any more than the fellow upstream a hundred years ago in New York had a right to divert water from one creek into another. Chicago is absolutely entitled, under the common law and under common decency, to all the water they want to drink, to all the water they need for sewage purposes and Canada has even gone further; they have given them enough water by treaty to give them, in all probability, pretty decent navigation down to the Mississippi and down from there to the Gulf. Of course, not ocean-going steamers but probably nine-foot draft, which is the same as the upper Mississippi.

And so, the thing is going through, perhaps not today but the St. Lawrence Seaway is going to be built just as sure as God made little apples. The only difference is that I would like to see it done by joint action of two neighboring nations. If we don't go along, Canada has a perfect right to build an all-Canadian seaway and discriminate against us, if they so desired.

Q In other words, this treaty will go back again?

THE PRESIDENT: It will go back in some form. How soon, I don't know but it will go back as soon as it can.

Q Can we use this?

THE PRESIDENT: As background, I think it is all right.

Q What did the Senate leaders tell you about the bonus?

THE PRESIDENT: I haven't talked to them about the bonus at all.

Q Will you say anything on the House action on the bonus?

THE PRESIDENT: No. I never comment on that. There is an article in this morning's Wall Street Journal by Bernard Kilgore that really anybody who writes about finances and bonuses and currency issues and so forth ought to read because it is pretty darn good. I don't agree with the story all the way through, but it is a good story. It is an analytical story on an exceedingly difficult subject -- on the question of issuing currency to meet Government obligations. I think that Kilgore could have gone just a little bit further than he did. Of course this is all background.

It was along the general line that almost everybody who has studied -- well, I will tell you a story; Paul Warburg a good many years ago, ten years ago, who had a very great mind, talked over with me one day the proposition of issuing Government currency to retire Government debts. In other words, they were what might be called baby bonds to retire outstanding Government debts. As he put it, there is nothing wrong about it except the opportunity that it gives to a legislative body in the future to pay the running expenses of Government by printing paper. Now, there is all the difference in the world between paying the running expenses of the Government by issuing paper and retiring the outstanding interest-bearing obligations by the issuance of paper, provided always that the paper is amortized and retired year by year as the bonds would

have been. But the one fear is that if a legislative body gets into the habit of it that they will just run wild year after year, and if they once started to run wild they would pay off the veterans this year and then tomorrow they would say to the people in this country who, in 1917 and 1918, worked on munitions, who had rather unhealthy conditions, long hours and not much sanitation, good patriotic men and women who probably came out of the war physically rather worse off than they went in, certainly far worse off than the men in uniforms who spent their time in camps a few miles away from them -- they would say, "Why shouldn't you come in for a bonus on the ground that you have worked overtime and under difficult conditions for two horrible years?" And then, if you paid them, you would find another class in the community entitled to the same treatment. Then take Government employees, why shouldn't they get better treatment, get 25% more than anybody else?

And so you would start paying with paper and you would keep on paying with paper. In other words, this bonus bill comes down to a fundamental -- you might say two fundamentals: One is the method of payment, and the other is whether the Government is going back on its contract. The Government has a contract. Kilgore's article is well worth reading.

Q Mr. President, did you talk to Senator Harrison about sugar yesterday in the course of your conference?

THE PRESIDENT: I do not think we did. Yes, we did, at the very end, just a mention. I said, "How is the sugar thing coming on?" and he said, "We are going to try to work it out."

Q Members of the Judiciary Committee of the Senate say they are expecting some word from you on the Municipal Bankruptcy Bill that has been reported on. I understand you have some change?

THE PRESIDENT: Has it been reported on?

Q Yes, sir; by the Committee.

THE PRESIDENT: No, I am not proposing any changes but Judge Summers of the House is working on an amendment to meet certain objections to the bill as it passed the House. Don't let this come from me because it is entirely a matter on the Hill. I am simply telling you what you can find out from Summers. The thought is this, that the bill as reported out allows 66 per cent of the creditors to agree with the city on a complete revamping of the debt. Now, that applies not only to interest rates and the maturity dates -- in other words, extension of time of payment -- but also extension of principal and the insurance companies and savings banks have objected to that feature for fear that the principal would be cut down. Judge Summers was working on an amendment which would make it necessary for 80 per cent of the creditors to agree if the principal amount of the debt was cut down, leaving it 66 per cent for the interest rates and the date of maturity.

Q Does that same provision apply to the private debts of corporations? Van Nuys has a bill on that.

THE PRESIDENT: All private debts.

Q In bankruptcy? These buildings, et cetera, corporations and bankruptcy?

THE PRESIDENT: They have that right now.

Q In bankruptcy, but to cut down their fixed charges?

THE PRESIDENT: Wait a minute, Stevie (Mr. Stephenson) has a bright thought.

Q The other day the Department of Justice gave notice that they were going to seek proceedings against Mellon and others on tax evasion. Can we look for others on that?

THE PRESIDENT: I will give you something off the record on that, if you wish.

Q Yes.

THE PRESIDENT: The income tax prosecutions are not exactly prosecutions.

Here is the real problem that was put up and, frankly, it is a problem of Government. I think the reason there was an announcement of names the other day -- and of course there are a great many other names -- was because if there had not been an announcement from here the story about these particular names would have broken in each of the districts very shortly and therefore it was easier to announce them from here. Now, these actions are by no means confined to the names announced. There are several hundred cases in exactly the same category.

Here is the Government problem, and I will put it up to you: The Government finds, in going over income tax records, that there are a certain number of people who have failed to include certain income. Putting it the simplest way, they have done that or, in working out their returns, they have made the amount owing a great deal less than the Government thinks it ought to get. Immediately there arises the question of motive. If the motive was to cheat the Government, it is a criminal offense. If, however, the motive was a perfectly honest mistake, it is not a criminal offense but the Government has a civil suit to recover. Now, who is going to determine what the motive was in filing a return that lacked either the proper amount or the inclusion of certain income? Who is going to determine whether the motive was to cheat the Government or not?

If you leave that determination to some individual in the Department of Justice or in the Internal Revenue Bureau and he lets off a very prominent man, you know what the people of this country will say. If he decides to prosecute the little fellow and let the big fellow off, you know what the country will say. On the other hand, if he decides

to prosecute the big fellow, you know what some people will say. They will say that it is persecution and not prosecution.

It puts the Government action up to some Government individual in Washington. Well, they are human and it is a mighty difficult thing to put up to them. We have, in our laws, a system of determining motive. It is called a grand jury. Now, the policy that has been adopted is based not only on justice as we have it, but on common sense. If we were to determine these matters here and say, "Why no; Mr. Jones did not intend to cheat the Government, he merely followed his highly paid lawyers' advice", every other Mr. Jones in the country would thereupon go to his high priced lawyer and would be open to the temptation of putting in a return that was, in effect, cheating the Government, with the assurance, mind you, that two years later or three years later all he would have to do would be to go to Washington and say, "I did not intend to cheat the Government; I merely took the advice of my lawyer," and he would get a clean bill of health.

In other words, it is a definite invitation to people to cheat the Government and then come back afterwards and say, "I did not cheat the Government: I did not intend to." Therefore, what we are doing is taking all of these cases, sending them to the District Attorneys of the respective districts and saying to them, "Put these up to the grand jury. If the grand jury does not think that the man or his lawyer were trying to cheat the Government, it is perfectly all right. In that case we will bring a civil suit and recover our money. If the grand jury does think there was a motive there, to avoid the payment of taxes, then the grand jury will indict." And so you have got a panel of twenty-three men under an American system who determine the question of motive. Now, that is all there is to any of these income tax cases. It catches the

big fellow and the little fellow and we apply the same rule to the big fellow and the little fellow, and we are going to put them all up to the grand jury.

Q Is that off the record, Mr. President?

THE PRESIDENT: You can make it background. Don't write the story around the Mellon case because it applies just as much to the man with an income of \$3,000. a year as it does to the man whose income is very high, or to Mr. Mellon. It is a matter of principle.

MR. STEPHENSON: Thank you, Mr. President.

(The Press Conference adjourned at 11.07 A. M.)

CONFIDENTIAL
Press Conference #106,
Executive Offices of the White House,
March 16, 1934, 4.10 P. M.

THE PRESIDENT: Have the accommodations been taken (at the hotel where the temporary White House is to be established)?

Q The first steps have been taken.

THE PRESIDENT: Good.

Q The reporters will go back to Miami from the ship, won't they?

THE PRESIDENT: Will they go back?

Q To Miami?

THE PRESIDENT: It depends a little bit. Do you know how to figure out latitude and longitude?

Q If necessary, we can learn.

THE PRESIDENT: I will bet you can, in Miami. You can learn almost anything there. Sometimes people forget where they are.

Q We can learn anything to justify the end.

THE PRESIDENT: I foresee that a radio message will come in signed, "Stevie," "Please send me my latitude and longitude."

Q (Mr. Stephenson) Eddie (Roddan) is getting out of control again.

THE PRESIDENT: The only news I have is off the record -- literally off the record -- my income tax was paid yesterday and I did not know I had that much money in the world. I hope the check is good but I don't know yet.

Q There are a lot of people that feel the same way. (Laughter)

THE PRESIDENT: They take 15 per cent off of you and an income tax on top of that. It is an awful lot.

Q Have you had any estimates as to how much income taxes they are going to get?

THE PRESIDENT: Henry (Morgenthau) said this morning on the telephone that it is running ahead of their estimates. Up to last night, while it was not very much ahead, it was definitely ahead of the estimates and of course the estimates were away ahead of last year.

Q Mr. President, the hearings before the Senate Interstate Commerce Committee developed that the main opposition to the Dill Communications bill was the going beyond the bare recommendation which you made for transfer of existing authority. Would you care to express your attitude on that?

THE PRESIDENT: I do not know. I have not read the bill. In what way does it go beyond?

Q Providing for effective regulation of rates, interlocking directorates and intercompany transactions.

THE PRESIDENT: Not having read the bill, I cannot talk about it intelligently.

The only thing I talked with -- who was it put in the bill, Sam Rayburn -- the only thing I talked with him about was the general thought that we ought to provide for control of communications between this country and other countries by any company which is foreign owned, that that ought to be an American controlled company. In other words, I only talked about the principle and I do not know what the actual details of the bill are.

Q The president of the I. T. & T. (International Telephone and Telegraph Company) said 9 35/100 per cent of the stock was foreign owned.

THE PRESIDENT: Only 9 per cent?

Q Just about.

THE PRESIDENT: Then the company would not have any trouble. It means 100 per cent control.

Q Twenty per cent foreign is the limit.

THE PRESIDENT: I will have to tell you this off the record: The general

thought on that was this; that there is a tendency on the part of foreign companies which are either Government controlled or quasi Government controlled, like the British Communications, Ltd., which is actually privately owned but the policy of it is dictated by the British Government, to interfere in our communications with foreign countries and it is our thought to prevent such interference. Well, one simple example is the feeling we have had that the dissemination of news by the Havas Agency in South America has been, as practised, very distinctly anti-United States. There is no particular secret about that. I have complained to the Havas people about it and of course the Havas Company is subsidized by the French Government. We won't be able to get United States, American news, and especially press news out of this country in such a way that foreign newspapers will get proper news.

Q Did you complain to the Havas news agency?

THE PRESIDENT: Entirely unofficially. I did not do it myself.

Q Is that in the dissemination of news from the United States through South America?

THE PRESIDENT: Yes.

Q Is this on the record?

THE PRESIDENT: Oh, no. I think you had better treat that off the record, this last part about foreign news agencies, because that is a thing that concerns all of us rather than the general public in this stage of the game.

Q I understand on these bids for the \$10,000,000. worth of motor trucks, they say the decision rests with you as to whether it is to be accepted or rejected or an extension of time.

THE PRESIDENT: I have not the foggiest idea. It has not come to me yet.

Q A bill was brought up on the Hill today, both Houses, that would give the

RFC authority to lend money to industry. That is the description I get but, technically I do not know whether it is correct or not. Does this conflict with the proposition to put up credit banks or is it supplementary? Our office is rather excited. It is said to be sponsored by Jones (Jesse Jones). It is an Administration measure.

THE PRESIDENT: I have not the faintest idea. I never saw it. I think probably the plan for the intermediate credit banks will go through. It will be asked for.

Q But that will have a Federal Reserve action and not RFC?

THE PRESIDENT: Yes.

Q You will need legislation on that?

THE PRESIDENT: On the intermediate banks? Yes.

Q Tell us about your talk with Governor Lehman today.

THE PRESIDENT: It is a question of finding about sixty or seventy million dollars. In other words, the Governor gave the estimates of what New York State and the communities could raise and what the total amount necessary was for the next ten months and then Harry Hopkins told me how much we could contribute definitely, I mean the minimum amount we could contribute, and that still left the State of New York about sixty or seventy million dollars short of what they thought they needed. What they are doing now is conferring as to where they can save a portion and where they can get it another way.

Q Will you tell us the proportion that Hopkins said the Federal Government may be able to contribute?

THE PRESIDENT: On the plan as laid out, it will be one-tenth of \$600,000,000. or \$60,000,000.

Q From the Federal Government?

THE PRESIDENT: Yes. You see, the State of New York gets, on a basis of

population and also based on need, about 10 per cent of the entire Federal Government relief monies.

Q Is the treasury of New York State depleted to the point where they cannot raise this money?

THE PRESIDENT: No. Their present bond issue still has in it -- you had better not take my figure -- it is about \$35,000,000. and they undoubtedly will probably ask for an additional bond issue but, of course, that could not be voted on until November. You had better not say "undoubtedly" because the Governor did not say "undoubtedly". He said they were still considering it.

Q Isn't that thirty-five million, forty-eight million?

THE PRESIDENT: Thirty-five, I think.

Q Did the City (City of New York) Economy bill enter into the discussions?

THE PRESIDENT: Yes. (Laughter)

Q Did you give any advice on it?

THE PRESIDENT: I did.

Q What was it? (Laughter)

THE PRESIDENT: Well, I told the Majority Leader in the Senate and the Minority Leader in the Assembly that the quicker the City of New York was put into a proper financial status the quicker they would get Federal funds, and that we could not wait all year, that some other city might balance its budget and be entitled to it.

Q General Johnson seems to have written another letter to the railroads on the code proposition. Would you care to say anything?

THE PRESIDENT: To the railroads?

Q Yes, March eighth.

THE PRESIDENT: What about?

Q February twenty-first and March eighth.

THE PRESIDENT: What about?

Q Suggesting they confer on a matter about bringing certain employees under a code -- certain classes of their employees.

THE PRESIDENT: What kind of employees?

Q Probably maintenance of way and white collar workers, particularly maintenance of way.

THE PRESIDENT: I do not know; I have not talked to him at all.

Q Thank you, Mr. President.

THE PRESIDENT: I think we had better put the lid on tomorrow. There is nothing doing. What happened last week?

Q On Saturday morning we had the air mail statement.

THE PRESIDENT: I forgot it was Saturday; I won't do it tomorrow.

(The Press Conference adjourned at 4.20 P. M.)

CONFIDENTIAL

Press Conference #107,
Executive Offices of the White House,
March 21, 1934, 10.50 A. M.

THE PRESIDENT: I hear you all had a late night last night.

Q It was a tough day, too.

Q Can't you pull in your neck?

Q (Mr. Storm) It is the first time I have been hearing so many complaints
(about his size).

THE PRESIDENT: You look a little pale this morning -- overwork?

Q We need the sun, Mr. President.

Q You can't go (to Florida) too soon.

THE PRESIDENT: I hope we can get off. I do not know now, with all these
things popping.

Q There is a full house today (meaning the attendance).

MR. DONALDSON: All in.

THE PRESIDENT: I cannot see you people at the back but all the people in the
front look awfully tired and overworked. (Laughter)

Q That is repeal. (Laughter)

THE PRESIDENT: I got a telegram last night -- I do not think you have it;
Steve (Mr. Early) will give you copies afterwards -- from Collins
(William Collins), National Representative in Detroit of the American
Federation of Labor, In it he states that:

(Reading) "The conference of the officers of Federal Labor
Unions of the United Automobile workers affiliated with the
American Federation of Labor, held at Pontiac, Michigan, on
Tuesday, March twenty, nineteen thirty four, at five p. m.,
whose case has been presented to the National Labor Board,
Washington, D. C., do hereby declare our complete sympathy
with your efforts to bring the country out of the depression.
We speak for the employees in the automobile industry in ex-
pressing our sincere admiration of your high leadership in the

problems that face the country. Therefore, as the responsible officers of these unions, we pledge to you our undivided support in every attempt to bring about in the spirit of the New Deal the cooperation of labor and capital under the machinery of the National Recovery Act. We, therefore, are prepared to place our case before you confident that in the interpretation of Section Seven A of the National Recovery Act, the right of free choice of representatives will be maintained. We therefore are appointing a committee to meet with you at your invitation. The strike is held in abeyance pending the outcome of your conference at Washington, and we further ask your indulgence in granting the conference that in addition to William Green, President, American Federation of Labor; William Collins, national representative; Arthur Greer and John Bailey, that you give each chosen representative of the thirteen unions an opportunity to attend the conference."

And I wired back:

(Reading) "I greatly appreciate your decision and will be glad to receive representatives of the thirteen unions as suggested. I appreciate the good spirit of your telegram and am looking forward to seeing you on Thursday."

So they will be in tomorrow afternoon about 2.00 or 2.30 and I think this afternoon -- we haven't definite word -- sometime this afternoon I am seeing the representatives of the manufacturers, and that is about as far as we can go in prognostication.

Q Will the manufacturers also sit in in your conference on Thursday?

THE PRESIDENT: In other words, I am seeing the manufacturers today and the others tomorrow. I shall ask the manufacturers to stay here until after I have seen the labor people tomorrow and what the next step will be I do not know.

Q Have the manufacturers advised you that they will refuse to sit with the employees?

THE PRESIDENT: I have not heard from them at all.

Q Somebody in the Tribune intimated as much.

Q Can you tell us anything about the conference with Senator Couzens (of Michigan) this morning?

THE PRESIDENT: No, no particular news in it. We discussed the details of

Section 7 (a), that is about all.

Q Do you have a specific plan proposed for this conference?

THE PRESIDENT: No. The first thing to do is to listen to it. I am having all sorts of thoughts but the first thing to do is to listen.

Q Mr. President, there has been considerable publicity the last few days in the local papers about the plan to reorganize the government of the District of Columbia. It seems to be sponsored by Senator King of Utah and his plan is in detail -- it is very comprehensive. Are you familiar with it?

THE PRESIDENT: No.

Q Are you in favor of reorganization?

THE PRESIDENT: I have no idea; I have not thought about it. You have only one more place to fill, haven't you?

Q That is all. (Laughter)

THE PRESIDENT: That we will take up as quickly as possible.

Q Have you heard from the railroad labor side on this wage matter?

THE PRESIDENT: No, you have given out nothing since yesterday. What was that?

Q That is from the management.

THE PRESIDENT: I don't think we have had anything from the unions.

Q Are you going to extend the licensing act of the recovery program for another year?

THE PRESIDENT: I have not discussed it at all.

Q The substitute postal employees have been complaining bitterly, particularly in New York, about their lot. Has that been given any particular consideration by you?

THE PRESIDENT: A great deal. The real story behind the one-day a month furlough is something that I don't think has been brought out. From

the strictly business point of view, what might be called the good management point of view, if it were merely a question of dollars and cents, we have about 15,000 more postal employees than we need. In other words, there is an excess. That has been caused by the very large falling off in mails as of a year ago although they have begun to pick up in the last six months. You are faced with the problem, "Shall we think of the dollars and cents or shall we think of the human end of it?" Now, we ought to have fired 15,000 from the dollars and cents point of view. We did not do it. Rather than let them go or put them on relief rolls, we kept them as far as we could. This furlough, as far as I understand it, is one day a month and we hope that the postal business will pick up by April so that we can restore that one day a month. I don't think that phase of it has been brought out. Strictly speaking, we ought to have discharged 15,000 and did not.

Q One of the points they have made up there is that in some weeks some married men would make three or four dollars a week.

THE PRESIDENT: The point was that so far as business went we did not need them at all.

Q Are you asking any railroad legislation at this session along the lines of those bills submitted?

THE PRESIDENT: That is part of this railroad conference we are going to hold and I really ought not to say anything about it until we have had the railroad conference. It will undoubtedly come out of the present conference that Eastman is holding.

Q Mr. President, will you be good enough to comment on the Norris Amendment to the Home Owners Loan Corporation Bill?

THE PRESIDENT: What is it?

Q The one that barred politics from consideration in the selection of per-

sonnel.

THE PRESIDENT: I will have to see it. What does it do?

Q It is intended to eliminate political considerations in the building up of this organization. It was adopted by a one-vote majority in the Senate.

THE PRESIDENT: I'm in favor of a general principle of administration. I suppose we have had more protests over the fact that Republicans are in control of the Federal Farm Credit Administration and, in many sections, of the Home Owners Loan than we have had with respect to Democrats. We are trying to keep politics out of it. I cannot comment on the particular amendment because I have not read it. We have had all sorts of kicks from both sides in almost every State of the Union and about equally divided.

Q Mr. President, can you throw any light on the exchange of notes between the Japanese Foreign Minister and the Secretary of State, Mr. Hull?

THE PRESIDENT: I do not know anything about it.

Q He wrote Mr. Hull a letter on the twenty-first of February and he answered it on March third.

THE PRESIDENT: Nothing on that now.

Q Mr. President, may I ask whether you can comment on the Administration policy of giving relief to strikers? Mr. Hopkins, the other day, said he would give relief to strikers unless advised by the Department of Labor that the strike is unjustified or unwarranted.

THE PRESIDENT: Only one policy. It does not relate to strikers any more than to anybody else. People who are in dire want -- lack of food -- the Government is going to try to keep them from starving. It is just a repetition of the old thing.

Q Hopkins has said that in only one case has he given relief to strikers

and then withdrawn it and that was when the Bituminous Board advised him the strike was unjustified.

THE PRESIDENT: It is just a simple rule to try to keep human beings from starving.

Q Any comment on the Federal Trade Commission's report on the Steel Code?

THE PRESIDENT: It is an exceedingly interesting document. I think I can give you, as background, the general thought of the thing. That is that there are two phases of it. The first is the price fixing phase which is in a very unsatisfactory condition. The filing of prices by one steel company with the Steel Institute can, as it is being handled now, very easily result in a fixed price by agreement -- a thing the Government could not stop because there is no way of obtaining proof that there is collusion. It is practically impossible and we have to work out some other method of assuring competition.

The other phase of it relates to cost. We don't know yet what it costs to make steel rails in this country and yet steel rails go to utilities and we have got to work out some method of finding out whether the utilities are paying too much for steel rails or whether they are not. There has been a general opposition on the part of steel rail companies to any disclosure or investigation of what it costs them to make steel rails. We don't know. The general suspicion is that it costs a great deal less than the price we arrived at last Fall, but we don't know. Somebody, some day, has got to find out what it costs to make steel rails.

Q Are you making such an investigation or study just now?

THE PRESIDENT: No.

Q Mr. President, on this railroad thing, did you say you were going to hold conferences on the railroad situation?

THE PRESIDENT: Mr. Eastman is holding the conferences.

Q Now?

THE PRESIDENT: I may take part in them, but I don't know. There is no set arrangement.

Q What is the purpose of the Eastman conferences, as you understand it?

THE PRESIDENT: The purpose is to get a six months' extension of the present schedule.

Q Mr. President, have you filled the vacancy on the Federal Power Commission?

THE PRESIDENT: No, I have not; and I have not thought about it.

Q Is it coming soon?

THE PRESIDENT: Give me some names. (Laughter)

Q Any extension of the Federal Coordinator of Transportation? By proclamation that expires --

THE PRESIDENT (interposing): No; none of them have been taken up at all.

MR. STEPHENSON: Thank you, Mr. President.

(The Press Conference adjourned at 11.05 A. M.)

CONFIDENTIAL

Press Conference #108,
Executive Offices of the White House,
March 23, 1934, 4.08 P. M.

Q How is it, Mr. President? Feeling rather weary these days (referring to the hoped for Florida trip)?

THE PRESIDENT: You are. (Laughter)

Q I am afraid it is going to be bad weather for a long while.

THE PRESIDENT: So they say. (Laughter)

MR. DONALDSON: All in.

THE PRESIDENT: Well, I do not think I know anything at all except about the weather. It makes Florida look more attractive but not necessarily any closer.

Q Say not so.

Q Steve (Mr. Early) asked us not to ask you that question.

THE PRESIDENT: If I can only get away with the challenge that Arthur Krock gave me this morning. I could not leave unless I batted a thousand per cent four times to the bat before Tuesday. He is about right, as a matter of fact, just about. Eddie Roddan is looking awfully sad.

Q Five hundred is good hitting for anybody.

THE PRESIDENT: I have not any late news from the automobile conference. Steve (Mr. Early) told me that the information from you people is so far all right. I just came out of the Cabinet meeting so I have not talked to Johnson (General Hugh Johnson) since noon.

Q Can you tell us what the General reported at noon?

THE PRESIDENT: Nothing since last night because General Johnson had not started to talk with them.

Q The French, in a note sent to Great Britain and made public today, declared

that the willingness of other powers to consult in case of treaty violations is not sufficient guarantee of their security and they must have guarantees of effective action, particularly by groups of nations. That is a bit further than we are prepared to go?

THE PRESIDENT: What do they want?

Q They want Great Britain to come to their aid if Germany violates any of the treaties, but they do not specify Great Britain, they say the community of nations should come to their aid.

THE PRESIDENT: Of course we cannot change what we said last year.

Q And that still stands?

THE PRESIDENT: Yes.

Q While we are on foreign affairs, we have a report that Ambassador Dodd arrives in New York today. Any significance in his return?

THE PRESIDENT: No. He wrote me about a month ago and said it would be a good thing to get a little holiday and, at the same time, to report and tell us the situation. I did not know he was landing today.

Q Stock Market bill -- anything to say?

THE PRESIDENT: I have not read it.

Q Do you still favor a bill?

THE PRESIDENT: I favor a bill with teeth in it.

Q Have you appointed any kind of committee to study and make reports?

THE PRESIDENT: No.

Q Have you heard of any?

THE PRESIDENT: No, I have not heard of any.

Q Do you care to comment on the veterans' pay allowances voted yesterday by the House, which is still in conference?

THE PRESIDENT: The less I say on that subject the better. (Laughter)

Q Mr. President, have you heard from Eastman on the railroad wage negotiations?

THE PRESIDENT: I have not heard today at all. Does anybody know how it is getting on?

Q He is going to confer with the labor crowd in the morning. He saw the management group twice today and he is seeing the labor group tomorrow morning.

THE PRESIDENT: Right.

Q Are you planning to notify the House on your views on the unemployment insurance bill through a letter?

THE PRESIDENT: On the Wagner-Lewis Bill?

Q That is the one.

THE PRESIDENT: I have an idea that I either have sent a letter to the Chairman or I am going to. I do not know whether I have signed it or not. There is no reason it should not be given out as soon as it gets up. I think I signed one yesterday but it may still be in the basket.

Q Mr. President, is it favorable to the bill?

THE PRESIDENT: This is not the NRA bill, this is the unemployment insurance bill?

✓ Q Yes.

THE PRESIDENT: Yes, it is favorable to the general principles of it.

Q Mr. President, have you heard anything new since your telegram last night from the West Coast notifying that they would call off the longshoremen's strike?

THE PRESIDENT: No. The only other thing is picking the names for the Board of Mediation. I probably will have them by tonight.

Q Are you picking them here?

THE PRESIDENT: I think we are, aren't we, Steve (Mr. Early)?

MR. EARLY: We are, sir.

Q What is your attitude toward the Wagner Bill?

THE PRESIDENT: You are a little previous on that. Hold it until Miami.

Q Did you tell the automobile --

THE PRESIDENT (interposing): In other words, do not construe that as being holding off on it, but from the point of view of timing it is better to wait until we get some of these very immediate questions on automobile troubles and longshoremen a little bit further along before I say anything. There will be something said all right.

Q For background I thought we might inject that into the situation, that that was a sort of hammer over the heads of the industrialists.

THE PRESIDENT: I don't think you could put it that way. (Laughter)

Q Put it subtly. (Laughter)

THE PRESIDENT: If I were writing the story on my own hook, I would say that the cupboard door is still closed. We have not made a gesture toward the cupboard.

Q No telling what is inside?

THE PRESIDENT: No.

Q Will you be having conferences direct, either with the automobile manufacturers or the men this afternoon or tonight?

THE PRESIDENT: I do not know. I told Johnson (General Johnson) that I would hold myself in readiness to see either or both at any time.

Q Mr. President, there is a delegation of steel officials at the NRA conferring with General Johnson and there is considerable secrecy around their negotiations. Do you know anything?

THE PRESIDENT: I cannot imagine anything unless it is caused by the report of the Federal Trade Commission. It might have been. It created quite a commotion.

Q Have you any observations on that report?

THE PRESIDENT: No, except as background. It goes back -- I think I talked

to you about this before -- it goes back to the question of this open price posting and of course in practice that almost necessarily results in one price bidding because everybody else follows the first one to post and posts exactly the same price and then they all bid on exactly the same, identical price. Of course, that is not free competition and the thing is not working. We have to find some method of restoring competitive bidding which seems to be pretty well precluded by this open-price posting method that exists. How we are going to go about it we don't know, but we have to do something about it.

Q Mr. President, have you anything to say about the bill to make cattle a basic commodity?

THE PRESIDENT: I am not familiar enough with the details.

Q A \$150,000,000. amendment was added by Senator LaFollette to finance the reduction of tuberculosis.

THE PRESIDENT: Of course, it is in the legislative stage. I might say, as background, that somebody has to find the \$150,000,000. if it stays in. I haven't got it.

Q Mr. President, are any new slum clearance plans being considered?

THE PRESIDENT: No. On the slum clearance, as a whole, the general thought is this: Our difficulty in giving Federal aid to the major cities that need slum clearance arises out of the real estate values which are very largely fictitious. In fact, in many cases the assessed valuations themselves are fictitious. There are many cases in the slum areas in New York where the city assessment is way above what the owner of the property would be willing to sell the property for. There are a great many tenement house owners that would be tickled to death if they could get 75 per cent of the assessed value in cash. Obviously, just so long as in clearing slum properties you have to pay exorbitant real estate

prices, you cannot put up any new buildings on a sufficiently sound basis so that you will be able to get your money back.

What we would like to see is some method of getting lower real estate costs and, if we get that, it means we would be able to put up buildings in the City of New York that would rent for \$6 or \$7 instead of \$10 or \$12 a room a month. We are being held up by the real estate problem. That is the answer. If we can get around that and purchase real estate at a lower price so that we can put up buildings with low rents, the Federal Government stands ready, out of its next year's appropriation, to increase very greatly its slum clearance allotment.

Q Subject to that condition?

THE PRESIDENT: Subject to that condition.

Q You mentioned New York. Does that hold good elsewhere?

THE PRESIDENT: Yes, except that in other places the scale of real estate is a different one, of course. For example, in a smaller, a great deal smaller city, one that still has a slum problem, \$6 or \$7 a month per room is too high. In a city of that kind you want \$4 or \$5 a month per room.

Q Have you signed the Vinson Bill yet?

THE PRESIDENT: No, it has not come down. It does not come down until tomorrow. If I do sign it and if I have time and do not get taken up too much with automobiles and things like that, I will file with it a memorandum for your information. Perhaps you had better not break the story at all and make this off the record. It will be a memorandum which will point out the distinction between an appropriation and an authorization. It is time that the public was informed of the difference. It is not the fault of the press, because we have all used a word that we understand, but the reading public does not understand when they read a

story in the newspaper that Congress has authorized the building of 102 new ships. The public assumes that they are going to start building those 102 new ships right away. So I have to point out in a memorandum that this bill is really, in its essentials, nothing more than a resolution that it is still the policy of the United States to build up to the London Naval Treaty limits and, having passed that resolution, it depends on the action of future Congresses as to whether the ships will be actually started or not. I have to do that because I have had so many appeals from pacifist organizations which do not understand it.

Q Are you coming up to the Press Club tomorrow night, Mr. President?

THE PRESIDENT: What happens?

Q The dinner.

THE PRESIDENT: Do I have to make a speech?

Q I don't know about that. We will let you off on the speech, if you come.

THE PRESIDENT: All right, if you will do that I will come.

MR. STEPHENSON: Thank you, Mr. President.

(The Press Conference adjourned at 4.15 P. M.)

CONFIDENTIAL

Press Conference #109,
Executive Offices of the White House,
March 27, 1934, 10.50 A. M.

THE PRESIDENT: Is it true about your shopping expedition?

Q (Mr. Stephenson) Yes, absolutely.

THE PRESIDENT: We know everything about you here. Have you been buying, too?

Q (Mr. Storm) Yes, sir; got a new pair of shoes. Stevie got himself a lot of new white clothes.

THE PRESIDENT: We will just make it under the wire. I don't know but I think so.

MR. DONALDSON: All in.

THE PRESIDENT: Well, last night it was pretty definite that we would not leave this afternoon but I heard that Fred (Mr. Storm) had been buying white clothes, so I decided to really make a go of it at five o'clock this afternoon. I am only doing it because of the white clothes.

Q (Mr. Stephenson) Much obliged.

THE PRESIDENT: Twelve o'clock noon I am going to sign the Vinson Bill with a little statement. Shortly thereafter we are going to send a Message to the Congress with regard to the Independent Offices bill.

At 12.20 the railroad labor people are coming in. At 2.00 o'clock we have Council and at 2.30 I am going over the Post Office Department proposals for bids by the air mail during a temporary period. I don't know when that will come out. It may come out this afternoon or, if not, tomorrow.

Q What about the Board for the automobile industry?

THE PRESIDENT: I hope to get that out also between now and 12.00 or 1.00 o'clock.

Q Kind of a light day?

THE PRESIDENT: Light day, yes. (Laughter) And the mail is up to nine P. M. last night. I haven't done today's mail but expect to do it before I leave.

Q Would you care to give us any indication of your attitude toward the Bank-head Bill in the Senate?

THE PRESIDENT: Oh, heavens! Didn't I write a letter on that? I think so. I think I wrote a letter in favor of it once upon a time.

Q On the bids for the air mail, do I understand that there will be temporary bids let?

THE PRESIDENT: Yes.

Q Until the permanent legislation is passed?

THE PRESIDENT: Yes.

Q That will be done right away?

THE PRESIDENT: They will be asked for right away.

Q Are they companies whose contracts --

THE PRESIDENT (interposing): I cannot tell you anything more about it. You will have to wait until that story breaks.

Q How can you legally let contracts of this kind when the law prevents any of these companies bidding for contracts for the next five years under the Section used in annulling their contracts?

THE PRESIDENT: You will have to wait -- that is the same question -- until you see who can bid. That will be in the proposals.

Q Have you been informed whether these companies changed their officers?

THE PRESIDENT: No, I haven't heard at all.

Q Sort of expecting them to do that, aren't you?

THE PRESIDENT: I have not heard. That is a leading question.

Q Mr. Wart? (Laughter)

THE PRESIDENT: Have you, too, been hearing from your office on that? That is one of the things that we can just keep among ourselves but of course

I know and you know some of the orders that have been received down here by the press from the home office on this Wart matter. (Laughter) That is just in the family, because it would violate the ethics of the profession, of course, if anybody were to talk about it.

Of course, as a matter of fact -- this is entirely off the record -- the thing goes back and is best illustrated by a story. A great many years ago I had a talk with Charles W. Eliot, President of Harvard University, a very wise old gentleman. Somebody -- this is about 1908 or 1910, along there -- somebody was very radical and was advocating the abolition of the Senate of the United States. A lot of the papers were saying that the man and the people advocating that were bolshevists and communists, etc. Old man Eliot put it rather well. He said, "Under our form of Constitution it is neither unconstitutional nor illegal to advocate a constitutional change of government by constitutional means. But it is absolutely illegal from every point of view to advocate a change of government by force or by unconstitutional means."

Therefore, to boil the thing down on this particular episode, somebody told somebody some kind of a story which may or may not affect some employee of the government. If that employee of the government, on the fact, not on the supposition but on the fact, was seeking to overthrow the government, of course that is an offense, very definite. On the other hand, any employee of the government as well as any citizen has a right to advocate a constitutional change. Well, you are all familiar with what happened.

For instance, and I think, as a matter of fact, Dr. Eliot was talking about using that as an example, in England, up to about that time, they had two houses, the House of Commons and the House of Lords, with equal powers. Legislation had to pass the both houses and for

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years and years, principally on the Irish Home Rule Bill, the Commons would pass it year after year and the House of Lords would turn it down. It could not get anywhere. So they put through a constitutional change in England by which the House of Lords would have the right to veto a bill one time after it had been passed by the House of Commons but if, after a reasonable length of time, the House of Commons put through that bill a second time, the House of Lords had nothing to do with it, they had nothing to say about it. In England of that period, the people advocating that change which went through without upsetting the democratic form of government in England, the people advocating that were called wild-eyed radicals. Yet they were merely seeking to change the constitution by wholly constitutional means.

So it seems to me that, outside of what I first mentioned, the effort to create a story out of pretty slim pickings, there is not very much to be said in the matter one way or the other. I shall go away fishing and shall not give Dr. Wirt very much thought. I don't think anybody else would. (Laughter)

Q Mr. President, are those last two sentences on the record?

THE PRESIDENT: Not at all. (Laughter)

Q Can you tell us whether you have in mind any new thoughts in our relations with Germany, as a result of your talk with Dodd (Dr. William E. Dodd, Ambassador to Germany)?

THE PRESIDENT: No.

Q Anything you can tell us about commercial or financial relations there?

THE PRESIDENT: I do not think so. All that happened was that he was giving me a general picture of things as he had seen them over there. We did not talk any more than that.

Q Any background on the railroad situation?

THE PRESIDENT: Not yet.

Q Do you expect to put this automobile strike settlement in the form of an Executive Order or will it stand as an informal agreement or amendment to the Code?

THE PRESIDENT: Just keep it the way it is, just an informal agreement.

Q Can you tell us that you are going on this fishing cruise in spite of Dr. Wert?

THE PRESIDENT: No.

Q Are you considering the appointment of an engineer for the District of Columbia and a judge of the Municipal Court?

THE PRESIDENT: Again I think I have something on it.

MR. EARLY: There is something in the making.

THE PRESIDENT: There is something in the making. You shall have it -- I hope so.

Q For the morning papers?

THE PRESIDENT: It is for whenever the Count (Rudolph de Zapp) wants it.

MR. STEPHENSON: Thank you, Mr. President.

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