

CONFIDENTIAL
Press Conference #119,
Executive Offices of the White House,
May 9, 1934, 10.43 A. M.

Q It looks like you are going to sign a bill today (referring to a bill on the President's desk which had quite a number of pens attached to it).

THE PRESIDENT: I am going to start charging (for these pens). Twenty-five cents apiece. (Laughter)

MR. DONALDSON: All in.

THE PRESIDENT: I am going to sign the sugar bill at eleven o'clock and a large number of pens are requested. It is a very costly procedure for the Government and I am going to charge twenty-five cents apiece for all pens used in signing bills, from now on.

Q Cheap at half the price.

Q Can you tell us whether you consider now that the debtor nations can escape the penalties of the Johnson Act?

THE PRESIDENT: You are going to anticipate that famous Message going to the Congress. It is nearer now than last week.

Q Will an explanation of that be contained in the Message?

THE PRESIDENT: Maybe; I do not know.

Q Can you give us any clarification on the debt Message at all?

THE PRESIDENT: No, because all these stories being written -- I do not know where they come from. I believe that the position of this Government is what it has been all along. There has been no change --

Q (interposing) Mr. President, --

THE PRESIDENT -- no applications made by any other nations or revisions.

Q There seems to be a great deal of opposition, according to the newspapers, against the appointment of Scott, the colored lawyer here, as Judge of the Municipal Court. Can you tell us something about it?

THE PRESIDENT: All I can tell you is that I read about the opposition and sent the whole thing over to the Attorney General to give me a report on it. That was about a week ago.

Q As I understand it, if they do not ask for a revision of war debts, we are not offering any?

THE PRESIDENT: The position is exactly the same. In other words, for over a year and three months we have said very definitely that if a person owes money and feels he cannot pay it, it is up to him to go to his creditor and tell him the story.

Q That means that no negotiations with England at all?

THE PRESIDENT: None.

Q Didn't Britain come and tell us the story last November?

THE PRESIDENT: Yes, came and told us the story and made a suggestion as to terms, which was not satisfactory.

Q Have they come back again?

THE PRESIDENT: No.

Q You say the position of the Government has not changed. Doesn't the Johnson Act change it as regards partial payments?

THE PRESIDENT: No.

Q It raises the question, can we still accept the partial payments and declare they are not in default?

THE PRESIDENT: That question came up last year just about this time. I took the position at that time, under all the circumstances, that I

personally did not consider it in default. Then they came back last November and we canvassed the situation as of that time and again thought it over very, very carefully, and decided again that from my own personal point of view it did not constitute a default. Now, the question has not come up in regard to the general payment yet.

Q You do not wish to say anything regarding --

THE PRESIDENT (interposing): That would be prognostication without facts.

Q Do you have something to say on silver this morning?

THE PRESIDENT: I think yesterday's statement covers it all right.

Q Is the silver bill now on the list of "must" legislation?

THE PRESIDENT: No. As far as I know there isn't any silver bill yet.

Q If they get one along the lines outlined yesterday --

THE PRESIDENT (interposing): That is an "if" question, Stevie (Mr. Stephenson).

Q Would you have any thought of exempting PWA from the application of the municipal bankruptcy bill?

THE PRESIDENT: I do not know enough about it to answer that question. I haven't even talked with Secretary Ickes about it.

Q He expressed himself as feeling that PWA should be exempted.

THE PRESIDENT: I do not know enough about the status of loans made to municipalities and the conditions of municipalities to which the loans were made really to have an opinion on it. I am glad you mentioned it. I am going to take it up.

Q Do you have any ideas of filling the vacancy up at the RFC?

THE PRESIDENT: Lots of them but they have not crystalized as yet.

Q They are drawing a bill up on the Hill providing for the national-

ization of silver -- a 25% ratio.

THE PRESIDENT: I think, for background, the easiest way to put it is this: that on the question of increased metallic reserves of silver, there is nothing new in that. That is an old, old thing. We have had much larger silver metallic reserves in a great many other periods of history. We had them during the McKinley Administration, the T. R. Administration, and it is only in comparatively recent years that the silver metallic reserve has been brought down as low as it is now, around 12% at the present time.

As you know, last year we talked in London about trying to get all the nations to increase the ratio of their silver metallic reserves to gold. There is nothing new and startling in it in any way. Half of the world, after all, is on silver, so that part of the story is not exactly new in any way.

The only thing that is new is the canvassing that we are doing as to the desirability or the necessity of giving to me or the Treasury Department the same authority to take over silver stocks in this country that we already have and have carried out in the case of gold stocks. The difference really would be that in taking over the silver stocks we would take over only the silver bullion stocks. In other words, we would not put the silver coins out of general circulation. People would still be allowed to hold them for circulation but not for hoarding purposes.

Q. Have you the power to do that under the existing Thomas Act?

THE PRESIDENT: We don't think so. We don't think we have the right to commandeer silver in the same way we did to commandeer gold.

Q. On the war debt, I understood you to say that the Johnson Bill does not change the Government's position. Does that mean that the question will be decided on its own merits each time?

THE PRESIDENT: Yes.

Q Can you comment on the Darrow Report?

THE PRESIDENT: Yes. (Laughter) Remember, I said I was going to look into it. Finally, I did cut the string and unwrapped and started to read it and I decided, in the first place, that it was a thing we could not possibly brief unless we put two or three people on it and it is a thing you people couldn't have read unless you appointed a committee to read it, section by section. The result is that I am referring it to three people, the Attorney General, the Federal Trade Commission and the NRA, to digest it for me, that report and the minority report.

Q Can you tell us anything about the Wagner Bill? I understand it has gone back to the Senate Committee.

THE PRESIDENT: I cannot talk about it intelligently because we are all agreed on the general principle of the bill but it is the kind of measure that ought to be discussed in committee up there and it is in the legislative stage.

Q Are there any developments in your water conservation program -- flood control?

THE PRESIDENT: I probably will have the Message for Congress by the end of this week. I am sending up the report they asked me for.

Q Was that committee to include this work projected some months ago?

THE PRESIDENT: Yes.

Q Is there any comment on the Mullen verdict?

THE PRESIDENT: No, except we did with him as we did with everybody else. We made no exception one way or the other.

Q You say the question of token payments will be decided on their own

merits. Does that mean if the debtor nation should offer a substantial payment we might except them from default?

THE PRESIDENT: You cannot answer that categorically because it would depend entirely on the circumstances when they arose and they have not arisen.

Q Getting back to the Darrow Report, can you tell us the status of Sinclair?

THE PRESIDENT: Why, yes; there is no particular reason you should not know it because you know it already. He has tendered his resignation.

Q Have you accepted?

THE PRESIDENT: No. I have not done a thing about it except to refer the package to those three departments.

Q Have you had a report on the desirability of a uniform Federal incorporation law?

THE PRESIDENT: No. I think there was a committee that started to study it about six months ago and they were terribly busy and felt that at this session of the Congress nothing should be asked. They will go ahead with the study of it during the recess. Whether they will recommend something or not, I do not know.

Q Have you decided on the revenue bill, just when that will be signed?

THE PRESIDENT: I think I will get to it tomorrow.

Q On the silver, are you considering anything beyond the possible acceptance of authorizations with respect to silver? Is there any talk of mandatory legislation in any form?

THE PRESIDENT: No.

Q That was given out generally in some circles on the Hill?

THE PRESIDENT: Now, wait a minute. You get to a very fine distinction.

In that second thing, we did mention and we did discuss yesterday the possibility of Congress either stating an ultimate objective or a national policy as a declaration of the Congress. Now, of course, in a sense a declaration of the Congress is mandatory but if the method and time of carrying it out is not put down in the bill, that part of it is permissive. So you get two factors right away.

Q That is the point I was thinking of.

THE PRESIDENT: In other words, what I was talking about yesterday is both mandatory and permissive. The policy becomes a mandatory policy but the method of carrying it out remains permissive.

Q Nationalization would be mandatory, would it not?

THE PRESIDENT: No.

Q It would give you authority?

THE PRESIDENT: Yes.

Q And so far as that goes, that would be acceptable to you?

THE PRESIDENT: I am still studying it. I have not said that yet; you nearly had me. (Laughter)

Q Has Russia made any offer to us?

THE PRESIDENT: No; nothing has come in at all.

Q They are supposed to have offered, I think, one hundred million dollars?

THE PRESIDENT: No.

Q Do you expect to send a Message to the Congress about the housing program soon?

THE PRESIDENT: Yes.

Q This week?

THE PRESIDENT: I hope within the next couple of days.

Q Do you favor law control legislation this session?

THE PRESIDENT: Yes, I think we ought to do it.

(The Press Conference adjourned at 10.55 A. M.)

CONFIDENTIAL

Press Conference #120,
Executive Offices of the White House,
May 11, 1934, 4.15 P. M.

MR. DONALDSON: All in.

THE PRESIDENT: I do not think I have any news. Has anybody got any?

Q Mr. President, we understand that the State Department has been notifying the representatives of the debtor nations that their governments will not be exempt from the penalties of the Johnson Act if they continue to make token payments. The State Department refuses to say anything officially. Can you tell us whether that is so?

THE PRESIDENT: I think you will have to get it from the State Department. I hate to cross wires.

Q Is it not conceivable that if the debtor nations were to offer us a substantial payment, considerably higher than the token payment --

THE PRESIDENT (interposing): That is the same question that Stevie (Mr. Stephenson) asked the day before yesterday. In other words, exactly what I said the other day, that I cannot give an answer to any specious case until I know the case.

Q What puzzles us is whether or not you are going to hold them liable to the Johnson Act unless they make full payments or whether you might be willing to find some means of getting around the Johnson Act if they made substantial payments along the lines of their capacity or desire to pay.

THE PRESIDENT: There you are running into the same thing. We cannot say anything about these things until some nation makes a proposition.

Q Then that is still an open matter?

THE PRESIDENT: Yes.

Q Has any nation asked new negotiations?

THE PRESIDENT: I do not think so.

Q The British today seemed to express the feeling that if you could call a general debt settlement conference, they would appreciate it very much. (Laughter) How does the Administration feel about that?

THE PRESIDENT: Just what we felt for a year and two months; exactly the same thing. In other words, no such thing as a general debt conference. Each nation is a debtor and talks with its creditor.

There has been a general effort to -- this has to be off the record -- there has been a general effort, ever since I have been here, ever since I was elected in November, 1933, to gang me, this is off the record, into saying that we would have a general conference. I said, "No, we will talk anything over with any individual debtor at any time." We have not changed that position.

Q May we point out that our position in dealing with them individually still remains unchanged?

THE PRESIDENT: Yes.

Q How far off is our debt Message?

THE PRESIDENT: Well, I should think I ought to be able to get it in inside of the next ten days. In other words, what I am planning for is to get it up the week after next, the early part of the week.

Q What are you going to say in that, Mr. President? (Laughter)

Q Will that be a sort of general report on conditions as they are?
(Laughter)

Q What is the latest on the selection of the Public Printer?

THE PRESIDENT: I do not know.

Q There has been a name mentioned?

THE PRESIDENT: I have not, frankly, been handling it myself. I have two or three other people looking into it and, as I understand it, they came down to two or three names a week or ten days ago, but I have not heard.

Q Do you know anything about the drought in the Middle West? (Laughter)
You know Clint Mosher once referred to you as "The Rainmaker"?

THE PRESIDENT: I do.

Q When does the relief appropriation Message go up, that billion and a half?

THE PRESIDENT: Monday. By the way, it is less than a billion and a half because they have been chipping it away. I can tell you that the amount left now looks about a billion, 322 million dollars.

Q Can you tell us whether that boring has been in the Public Works, whether that reduction has been in the Public Works?

THE PRESIDENT: Oh, no. It has been all sorts of -- I will see if I cannot give you enough of a hint on it to give you an idea.

Q Mr. President, is there any plan to help the drought sufferers out West?

THE PRESIDENT: Yes, we talked all about it in Cabinet. This is something you cannot use yet, it has got to be off the record. We have been working on it for a whole year and I think I have talked informally here about the general theory of it. This has got to be off the record because I am a month away from a story on it. With crop control, in those crops in which there is a surplus of production over consumption, where we are trying to bring production within the general field of consumption in order to prevent

abnormally low price levels, at the same time you have to recognize the element that you may have a year of bumper crops and another time you may have a year of serious crop shortage.

Over a year ago we began discussing the principle of establishing what might be called a reserve granary which would contain a large carryover, which would amount to a larger carryover than we have been carrying in normal years. That reserve emergency granary could be used to put surpluses into in the bounteous years, and then we could draw on that granary in years of drought in order to prevent any starvation or anything like abnormally high prices, so that it would work both ways. In other words, in years of plenty it would prevent abnormally low prices and in years of drought it would prevent abnormally high prices.

The thing has been, more or less, in a very tentative stage, a very tentative study stage, for the past year, and they are working on it at the present time. We hope to have something along that line worked out during the course of the next few weeks, not as a message to be presented to this Congress, but as something to be studied as rather an essential component part of the general agricultural program.

Q Do you care to tell us what feature of the drought was discussed in the Cabinet meeting?

THE PRESIDENT: Just the localities, the different localities which came out in the report.

Q Was there any discussion of making funds available for some of the farmers who complain that their crops are going to be ruined?

THE PRESIDENT: No. Of course that would be handled out of the general relief funds if it came to the point of necessity.

Q Was there any discussion as to how large a fund is now available for that purpose?

THE PRESIDENT: That you will find in the Monday appropriation bill. I cannot tell you now but somebody was asking about how the total of \$3,166,000,000. had been chipped away up to the present time. Well, just a few items, for instance, crop loans, \$40,000,000., necessarily reduced that original amount by that much. Then farm mortgages, \$40,000,000. -- that is additional capital; veterans' benefits, \$22,000,000.; Army Air Corps, special appropriation, \$5,000,000.; Mississippi flood control, \$29,000,000.; Independent Offices' Act, \$228,000,000. Those are the principal items and there are miscellaneous supplementary items which I would leave out because they always go in at the end of the session. Those items I gave you are the principal ones which might be called unexpected reductions from the total amount of \$3,166,000,000. If the financial writers would like, before I send this bill up on Monday, would like to come in and have a talk over it, the way we did on the general Budget bill, I would just as soon do it. Talk with Steve (Mr. Early) about it and we can have just another little informal talk about the items in this big appropriation bill so that we will have some background for writing the stories.

MR. EARLY: You don't know when you will send it?

THE PRESIDENT: I thought I would send it up on Monday afternoon.

MR. EARLY: Then we can have a Monday morning conference?

THE PRESIDENT: Yes.

Q Governor Green of Rhode Island is in town. Has he been in to see you?

THE PRESIDENT: I saw him about a week or ten days ago.

Q He is not coming in at this time?

THE PRESIDENT: Not that I know of.

Q On these figures, I am not clear -- those are --

THE PRESIDENT (interposing): Those are unexpected amounts which we did expect would be appropriated last January and of necessity, if the Budget balancing is to be maintained, they have to be deducted from the \$3,166,000,000. because there is no other place to deduct them from.

Q On the \$288,000,000. Independent Offices?

THE PRESIDENT: Yes.

Q Under the Mississippi flood prevention, does that include the Wabash and White Rivers?

THE PRESIDENT: I don't know; you have me there.

Q Mr. President, do you favor the six-hour day for railroad labor at this time? The movement seems to be gaining headway in the House.

THE PRESIDENT: I don't know anything about it.

Q They floated a petition in the House today to force a vote on the six-hour bill for railroad labor.

THE PRESIDENT: It is news to me.

Q Have you heard anything from the analysts of the Darrow Report?

THE PRESIDENT: No, only except some perfectly fool stories (laughter) -- the suggestion that it was not going to be made public. It will, as soon as somebody can read through and digest it for the Press.

Q You won't make the text available to the public?

THE PRESIDENT: Oh, yes; you can have the full text and take it to bed with you.

Q Is silver legislation unchanged?

THE PRESIDENT: No, still talking up there. Morgenthau was up there this morning.

Q No change in your attitude in relation to monetary legislation?

THE PRESIDENT: No.

Q Have you heard the latest on silver? They very nearly got to terms up there today on something but that has not been called to your attention?

THE PRESIDENT: No.

Q Do you favor the reelection of La Follette for Wisconsin? (Laughter)

THE PRESIDENT: I am not taking any part in any primary or election.

Q You say you will be able to make public the Darrow Report sometime next week?

THE PRESIDENT: The early part of the week.

Q Has Thorpe resigned?

THE PRESIDENT: Yes, and while I have not actually written the letter, it is going out this afternoon, accepting it with great regret.

Q Who is that?

THE PRESIDENT: Thorpe.

Q Are you going to appoint a State Marshal in South Carolina?

THE PRESIDENT: I do not know yet.

Q On the matter of that drought, do I understand there was some information about relief in the appropriation?

THE PRESIDENT: No. Whatever has to be done will be included in the general relief fund, which is quite a large fund.

MR. EARLY: Harry Hopkins is making announcements on those things.

Q Is any item on naval construction in there?

THE PRESIDENT: No, it is not in here.

Q Thank you, Mr. President.

CONFIDENTIAL

Press Conference #121,
Executive Offices of the White House,
May 14, 1934, 12.10 P. M.

(This was a special financial Press Conference called to discuss the President's Message to Congress of May 15, 1934.)

THE PRESIDENT: I won't make any remarks about the financial knowledge of the Press, newspaper men and sailors; they have the same general reputation. (Laughter)

Q All goes out and nothing comes in.

THE PRESIDENT: Yes. I think the easiest way is to read the Message that is going up to the Congress.

Q When is it going up?

THE PRESIDENT: Tomorrow. Do not use it until it does go up.

(Reading) "TO THE CONGRESS OF THE UNITED STATES:

"In my budget message to the Congress of January 3, 1934, I said to you:

'It is evident to me, as I am sure it is evident to you, that powerful forces for recovery exist. It is by laying a foundation of confidence in the present and faith in the future that the upturn which we have so far seen will become cumulative. The cornerstone of this foundation is the good credit of the government.

'It is, therefore, not strange nor is it academic that this credit has a profound effect upon the confidence so necessary to permit the new recovery to develop into maturity.

'If we maintain the course I have outlined, we can confidently look forward to cumulative beneficial forces represented by increased volume of business, more general profit, greater employment, a diminution of relief expenditures, larger governmental receipts and repayments, and greater human happiness.'

"The budget which I submitted to the Congress proposed expenditures for the balance of this fiscal year and for the coming fiscal year which, in the light of expected revenues, called for a definite deficiency on June 30, 1935, but, at the same time, held out the hope that annual deficits would terminate during the following fiscal year.

"It is true that actual expenditures since January have proceeded at a slower rate than estimated; nevertheless, it must be borne in mind that, even though the actual deficit for the year ending June 30, 1934, will be below my estimate, appropriations are still in force and the amounts actually to be expended during the following fiscal year will, therefore, be increased over and above my estimate for that fiscal year."

There have been a lot of editorial writers who have gone absolutely cuckoo on that particular subject, as you know. In other words, they have said, "Oh, the Government is not going to spend within three billions of what they thought they were going to spend, therefore there is going to be that much saving." Of course, that is nonsense, because that money has been appropriated and will be spent and most of what is not spent this fiscal year we are in now will be spent in the next fiscal year, so that by the end of June, 1935, we will have expended, as far as we can now tell, most or almost all of the appropriations that either are in force or will be in force when Congress adjourns this year. The money will be gone. There are very, very few items where the actual expenditure will not have been made. They will be certain items of public works, long-term public works, where there is a three-year job to do. There may be some recovery on those items, but the total will be very, very small. I should say, just at a rough guess, that a total of those items of public works that have already been approved and allotted which won't be spent until after June 30, 1935, will not run to perhaps more than three or four hundred million dollars which, against the total, is almost nothing.

(Reading) "In this connection it is relevant to point out that during the fiscal year 1935 it is estimated that there will be actually expended on public works \$1,500,000,000 out of appropriations heretofore made."

In other words, we reach the peak of expenditures on public works, PWA, some time in August this year, and most of the old three billion three hundred million will have been actually expended by the 30th of June, 1935, except for that lag that I spoke to you about, things which take three years to build.

(Reading) "In my budget message of January 3, 1934, it was pointed out that there could be no abrupt termination of emergency expenditures for recovery purposes, that the necessity for relief would continue, and that appropriations amounting to \$3,166,000,000 in addition to the appropriations contained in the budget itself would be requested for the two fiscal years ending June 30, 1935."

That is the famous sum of \$3,166,000,000.

(Reading) "The present Congress has already made appropriations out of which, for the two fiscal years in question, it is estimated there will be expended the following sums:"

Now, this list contains items which did not appear in other parts of the budget. In other words, they have got to be taken out of the \$3,166,000,000 if we are to stick within that figure. Those items are, Relief, \$950,000,000, already appropriated. That, in itself, ran a good deal higher, as you know, than our January 3rd relief estimate, and that was because of the additional money that we felt was necessary to put into the CWA during the winter and also the fact that, during the course of this summer, we will not be able to slow up as much as we expected to.

The next item is Crop Loans, \$40,000,000, and Farm Mortgages, \$40,000,000. Now, on the farm mortgages, that is a capital expense because it is providing capital for the farm loan banks and intermediate credit banks.

RFC, \$500,000,000. Veterans Benefits, \$22,000,000. Army Air Corps, \$5,000,000. Flood Control, Mississippi River, etc.,

\$29,000,000. Well, of course, that last item in one sense is a relief expenditure, but it has been earmarked.

Independent Offices Act, \$228,000,000. That contains the additions on the Government employees and veterans.

Miscellaneous Supplemental Estimates, \$30,000,000.

That all makes a total of \$1,844,000,000 which has to be taken away, deducted, from the \$3,166,000,000.

This leaves a balance of \$1,322,000,000, and out of this balance it is necessary first, to take specific items that have to be appropriated for Federal Land Banks, which are subscriptions to paid-in surplus, \$75,000,000, and reduction in interest payments -- that was when they cut it from five to four and a half, or four and a half to four per cent, \$7,950,000.

We also have to appropriate for the emergency bank act and gold transfer \$3,000,000; for the Internal Revenue Service \$10,000,000 -- which is the effort to stop bootlegging; for salaries in the office of the Secretary of the Treasury \$100,000, and for the Secret Service \$45,000, making a total of \$96,095,000, which has to be deducted from the balance of \$1,322,000,000.

That leaves available -- and this figure you want to put down -- \$1,225,905,000, which is available for the following purposes:

(Reading) "Civilian Conservation Corps Camps, Public Works, and Relief Work, in addition to amounts already appropriated, and including aid to the dairy and beef cattle industries."

Now, taking that sum of \$1,225,905,000, it is estimated that the minimum requirements -- using this process of elimination all the way down -- the minimum requirements of the CCC Camps will be \$285,000,000. You deduct that from the \$1,225,905,000, and the

amount available for public works and relief is \$940,905,000. A very simple checkup of these figures shows that they total -- in other words, putting it the other way around and leaving out the odd figures, taking \$940,000,000 for public works and relief, \$285,000,000 for CCC Camps, and \$96,000,000 for the small items that I mentioned, and taking the amount already appropriated, \$1,844,000,000, a simple checkup shows that they total \$3,166,000,000 to which reference was made in the budget message of January 3rd.

It was my thought in January, and it is my thought now, that this sum should be appropriated to me -- in other words, this sum of \$1,225,000,000,

"under fairly broad powers because of the fact that no one could then, or can now determine the exact needs under hard and fixed appropriation headings. In furtherance of this thought it seems appropriate to provide that any savings which can be effected out of certain appropriations made for emergency purposes shall be available for emergency relief purposes.

"In my judgment an appropriation in excess of the above amount would make more difficult if not impossible an actual balance of the budget in the fiscal year 1936, unless greatly increased taxes are provided. The present estimates should be sufficient as a whole to take care of the emergencies of relief and of orderly re-employment at least until the early part of the calendar year 1935. If at that time conditions have not improved as much as we today hope, the next Congress will be in session and will have full opportunity to act."

Now, I am also making a recommendation that out of this lump sum there be made certain specific allocations of \$48,000,000 for TVA, that being a public work, \$35,000,000 for Federal buildings, \$100,000,000 for public highways, \$40,000,000 for increase of the Navy, and \$325,000 for the Executive Office Building. That last item is to give us some room to work in.

By the way, if we get a new building I am going to get an oval room, but it is going to be two feet longer. I am adding

that for the Press.

Q Can we get a bar in there?

THE PRESIDENT: Sure. I am going to have steps going up to the mantel piece so the short fellows can sit on the mantel piece. (Laughter)

Then for the inter-American Highway, \$5,000,000. That is to provide materials for those countries all the way down to Panama that cannot make their own materials.

Q Is that for the survey or the actual construction of the highway?

THE PRESIDENT: No, I think it is for materials to be bought in this country and donated to those highways. Of course, in a sense, it works in under the relief plan because it puts people to work. It is our contribution.

And then the rest, roughly and broadly, goes into relief and PWA.

And then there is one other clause, and that is the clause that would allow me to transfer certain items, certain appropriations if they were not used, to transfer them to relief deficits. For instance, Jesse Jones has already got \$500,000,000 and while he does not know and I do not know, nobody knows, whether the RFC will find it necessary or advisable to spend that whole additional \$500,000,000, the idea is that if, when we come to it in the fall, he does not need to spend it and we need more money for Harry Hopkins, we will be able to transfer it from Jesse's appropriation to relief work.

Well, that really covers the whole thing.

Q Mr. President, does the Department of Justice get anything in its work under the coming plan?

THE PRESIDENT: I think they got it in the deficiency part of this bill -- Internal Revenue gets \$10,000,000 -- I don't think it is in the bill, but I talked with Lew Douglas about it and it is going in somewhere. I forget how much they want, I think it is two or three million dollars. I don't think it is physically in there, but it will be asked for all right. It is a comparatively small amount.

Q There is some talk on the Hill as to the right to use this money in a discretionary way.

THE PRESIDENT: Well, the answer is two things: No human being can tell what the situation is going to be on the first of October. Congress won't be back until January and we don't want Congress back for a special session. Further, they don't want to come back for a special session. And nobody, on the whole, will be able to tell as well as myself what the actual needs will be.

There will be, of course, a certain amount of effort to earmark it for one purpose or another.

Q Of course every dollar they earmark takes away from the money you may need next November?

THE PRESIDENT: Absolutely. On the highway thing, people have to realize certain very simple facts. In the first place, money that goes into highways is not as immediately effective as money that goes into what might be called a reorganized or planned CWA. Of course, last fall when we went into CWA it was not a planned thing. We had to trust to the localities, and a lot of localities did certain things and a few localities allowed graft and political preference to enter into it. On the whole, 80 or 90% of it was well spent, remarkably well spent, considering the fact that it was set up in the course of two or three weeks. Now, CWA money is the most effective in

that it goes out in direct proportion to people who need it. On the other hand, highway money takes a long time to plan for. We got the highway money last June and the peak of the expenditure won't occur until some time this summer. The bulk of last year's highway money will be spent in 1934. And there will be some left over for 1935.

I am not against going ahead with highways. The pre-depression appropriation for Federal aid to highways ran to \$100,000,000. But to go ahead at this time with a very much larger expenditure, runs up into the difficulty of taking it out of more direct and quicker relief. It brings us into the difficulty of having a large portion of the expenditure go to overhead and to people outside of the particular area as, for example, the contractors in the State of New York who came from Bridgeport, Connecticut. Then, there is also the fact that a great deal of this highway work benefits country communities where the actual unemployment, the actual relief need, are less serious than they are in the congested centers.

Now, of course, there is going to be an effort made without any question to earmark more money for this, that or the other thing. The only thing we can do is hope to work it out in some way.

Q From now on the problem with respect to communities is going to be the actual condition, their specific needs, rather than this equal --

THE PRESIDENT: (interposing) That is true today. There are a good many communities in the country where distress has been reduced 50 or 75%. Then there are other communities where distress conditions have not been very much relieved because of families that have been able to hang on without relief up to this time but have come to the end of their rope.

Q How about this highway bill of \$400,000,000?

THE PRESIDENT: That is an authorization.

Q Does that fit into this picture in any way at all?

THE PRESIDENT: I don't see where the money for \$400,000,000 for highways is coming from unless we have more taxes.

Q They also appropriated money for beef and dairy cattle?

THE PRESIDENT: That is included in here.

Q It comes out of public works in addition to relief?

THE PRESIDENT: It comes out of relief, yes.

Q When you say that the economies should be left to your discretion, does that mean that in any of the appropriations which are made --

THE PRESIDENT: No.

Q -- you might take that saving and decide in your own mind where to spend it?

THE PRESIDENT: No. It is very definitely limited. Any savings or unobligated balances in existing appropriations or any savings which can be effected out of certain appropriations made for emergency purposes shall be available for emergency relief purposes.

Q Would that permit cancellation of existing PWA projects and shifting of the funds?

THE PRESIDENT: No.

Q Are you planning to have more activity in housing as part of this public works program in the next fiscal year?

THE PRESIDENT: Well, of course there is quite a lot of PWA money in here. And then, there is also some that is left over. A large portion of it will go for housing projects. And then in addition -- I did not have time to talk about it this morning -- the message

that went up today called for setting up a Corporation which can be obligated for \$200,000,000, but I don't think that that is included in the budget, one way or the other. In other words, it is on the same basis as the \$2,000,000 on farm loans and the \$2,000,000 on home loans. It is what might be called a contingent liability of the Government which does not figure in the regular budget. You must remember that after the regular budget went up the Government guaranteed four millions of home and farm credit bonds. It is a guarantee and will appear in the annual statement as a contingent liability. But there isn't much chance of any of it being lost. It looks pretty good, and I think it is Lew Douglas' idea to include this \$200,000,000 insurance corporation in the same category.

Q Have you decided yet on who is going to administer the new corporation?

THE PRESIDENT: Which one?

Q Housing.

THE PRESIDENT: No, I haven't taken it up at all.

Q On this new appropriation for relief, does that mean that the CWA is going to be revived?

THE PRESIDENT: No, there is no new corporation. Hopkins continues to run relief and Secretary Ickes Public Works. It simply means that if Hopkins get\$short of relief money in the Fall and Ickes has some or Jones has some, that I will be able to transfer either from Ickes or Jones to tide Hopkins over.

Q Last April the CWA was discontinued and the new process of administering relief was in effect. Now, is it contemplated that this appropriation of \$400,000,000 is to re-establish the CWA in the winter time as a Federal project?

THE PRESIDENT: There again, I cannot tell; it is too soon. If we do re-establish CWA, it will be done along new lines. They have some fancy term for the new CWA.

Q E. W. D.?

THE PRESIDENT: That is it. It will be done that way.

Q You are still, of course, shooting for a balanced budget in 1936?

THE PRESIDENT: Yes. But, of course, there again we don't know. Now this program, if things go extraordinarily well, ought to be enough to last us through, but if things do not go well we will have to have more money, especially for relief work in January or February, immediately available. If things go very badly, I will have to transfer some funds to carry us through until Congress comes back. That is the main point.

Q The financing of the deficit for this fiscal year, there will be nothing extraordinary about that? You will continue the sale of securities?

THE PRESIDENT: That is going along very well.

Q Has anybody brought to your attention the amount or the percentage of Government securities that now form bank assets? That is to say, the banks have an extraordinary percentage of Government securities among their assets. Presumably, if those securities are going to be sold through the next fiscal year, that percentage will become considerably higher.

THE PRESIDENT: No, it will work out all right if the banks start to push out credits based on those securities. That is largely up to the banks. If the banks will only do their bit. Those securities, the sum of them, immediately form the basis of three or four times their face value in the form of credit.

Q About twenty billion dollars?

THE PRESIDENT: Yes. In other words, the banks, if they will only push the money out and start things going, will help the situation materially. Here is the thing which has got to be more or less off the record, sort of half-way between background and off the record: There has been all this howl about how the banks are doing their work. On the other hand, we get in here, constantly, protests because banks won't lend on good security. A man came in the other day to see me. He lives in a town of 50,000 people. He said, "My wife and I, about four years ago, bought a little piece of land in the suburbs and paid a thousand dollars. I have got two children. All my taxes have been paid up to date. I have a job and never lost a job, and am making \$125 or \$150. I have saved up \$1,500. We want to build a \$3,000 house. In other words, when the house is completed, the property will have cost me \$4,000 all together. Now we have that \$1,500 in the bank and want to build the house. We need to borrow \$1,500, which is a comparatively low percentage and give a mortgage on the property worth \$4,000. But there is not a bank in town which will lend it to us. We went to the building and loan association and they said, 'No, nobody is investing.'"

—Well, this bill going up today takes care of that because it provides for partial Government insurance for building and loan associations and it ought to enable them to get more savings in in order to enable them to push it out in the form of loans. That will take care of that typical case of the man who wanted to borrow \$1,500 to build a \$4,000 house.

Q Was that refusal because of the type of the loan?

THE PRESIDENT: I will tell you the real reason. The little banker -- and this is off the record -- the little banker in this little town is in touch by telephone once a week with the Guaranty Trust Company in New York. The Guaranty says, "Our policy is to remain 100% liquid." The little banker takes his cue from the Guaranty Trust Company. If the Guaranty Trust Company and one or two of the other big banks in New York adopt a policy, that spreads all over the country, and in about a week every banker on the crossroads knows that the policy of the big bankers is to remain liquid. It centers right up in New York City, let's be frank. It is psychology, and the little fellow follows the banker in the big city.

Q A leading banker said that if a man owned a lot in Detroit worth \$2,000 and wanted to build an \$8,000 house that he did not know of anybody in Detroit to whom that man could go to get the additional \$2,000 with a \$10,000 place offered as security.

THE PRESIDENT: Yes, and the banks are loaded with money.

Q We would be glad to write this.

THE PRESIDENT: Keep it in the back of your heads. You can color your stories that way.

Q Have you estimated the amount which will be appropriated for your discretion if the Congress accepts your proposal? Is it something around two and a half billion dollars?

THE PRESIDENT: Oh, no. The discretionary? You mean on the transfers?

Q Yes.

THE PRESIDENT: On the transfers, there is a possibility of transferring out of Jesse Jones' five hundred million dollars whatever he does not need. There is the possibility of withdrawing from Ickes such

balance as he has not allocated out of his un-earmarked PWA fund which is only about two hundred and fifty million dollars. And those amounts can only be transferred for relief purposes and nothing else.

Q The discretionary amount, then, is about \$750,000,000?

THE PRESIDENT: Yes, total. And, of course, it really, actually, will be a good deal less than that because Jones will use some of his and Ickes some of his.

Q Mr. President, can you tell us about this \$40,000,000 for the Navy?

THE PRESIDENT: That has already been done.

Q Secretary Swanson said the other day that he wanted \$32,000,000, of which \$27,000,000 was for ships and \$5,000,000 for aircraft. I wondered where the other \$8,000,000 was going to go.

THE PRESIDENT: I don't know. The figure I got down here is \$40,700,000 for the Navy, aircraft, equipment and facilities.

MR. EARLY: Let us make it clear that all this is in confidence.

THE PRESIDENT: All in confidence until the message goes up.

Q When will copies of the message be available?

MR. EARLY: Tomorrow morning at ten-thirty. It goes up at noon.

Q These appropriations are supposed to run to June, 1935?

THE PRESIDENT: Yes, June, 1935.

(The Press Conference adjourned at 12.40 P. M.)

CONFIDENTIAL

Press Conference #122,
Executive Offices of the White House,
May 16, 1934, 10.40 A. M.

MR. DONALDSON: All in.

THE PRESIDENT: I do not think I have any news. Somebody was asked to ask me a question in regard to this Securities and Exchange bill, a question of who is going to run it, and the answer is a very simple one, that I was very, very scrupulous in keeping my hands off the bill when it was in the House and in the Senate and I told Congressman Rayburn's Committee that of course we had to have some machinery to enforce it and it was up to them to decide what they thought was best. They decided on the Federal Trade Commission and I told Senator Glass that I would interpose no objection if his Committee wanted to put it in as a separate commission, which they did.

Now it is in the point in conference where they have asked me my own feeling and I very carefully did not make up my mind until the bill had passed both Houses because I wanted to keep an open mind and decide honestly what I thought was the best thing for the administration of the bill. After what you call careful consideration, there are a lot of reasons that make me feel, personally, that it would be better to have the bill administered by the same agency that is administering the securities bill, in other words the Federal Trade Commission. That is my own personal feeling about it. The Federal Trade Commission, in the first place, has a great many -- has existing machinery which would be, to a certain extent, duplicated by another commission, a separate commission; in the second

place, it saves money to add two commissioners to the Federal Trade Commission rather than appoint five -- the overhead won't be as great if it stays in the Federal Trade Commission; and then there is the other reason, which I have to make off the record, and that is that, thinking into the future, if it is put into the Federal Trade Commission as one of many duties, it will be less liable to political change in future years. In other words, it would be a more permanent part of our Government.

So I told that to the House Committee and I am telling it this morning at eleven o'clock, by telephone, to the Senate Committee so that they would know just where I stand on it. It is not a frightfully important thing, one way or the other, but so long as they have asked my views, there they are.

Q How about your views on minimum margin requirements? That is the other point.

THE PRESIDENT: The definite provision in the House bill should stand.

Then there was one other question in regard to that bill which was brought up yesterday. Under the Senate bill providing for a separate commission, the question of the banking credits for brokers' loans was divided in a rather complicated way between the Federal Reserve Board and the proposed separate commission. It seems to me that the question of banking credits should be either one way or the other. I suggested that they should remain in the Federal Reserve Board.

Q Mr. President, the Senate made some modifications in the Securities Act. Are those O. K. by you?

THE PRESIDENT: It was one of those frightfully complicated things. I have not gone into the details of it but, so far as I know, they

are all right.

Q Anything on the coconut oil tax?

THE PRESIDENT: I just haven't got to that. I am a bit behind, about three days behind on things at the present time. It will be going up just as soon as I can get it written.

Q Anything on the Darrow report yet?

THE PRESIDENT: Oh, I am getting the mimeograph started on it and I think you will have it this afternoon or tomorrow and also I got a report last night which again I have not read as yet. It is the question of physical time -- it is from Johnson (General Johnson*) -- and that will be released too, but I have got to have time to read it first. I only got it last night.

Q Are you considering ordering an investigation of the various shootings and strikes in Los Angeles?

THE PRESIDENT: No, I have not heard anything. I have not seen that telegram from Governor Rolph. All that I know is what I read about it this morning.

Q No, the shooting in the last ten days.

THE PRESIDENT: I do not know anything except what has come out in the paper. I know nothing about it so far; in fact, it has not been brought to me so far.

Q What was your attitude on the labor bills pending?

THE PRESIDENT: Still in the conference stage.

Q Are you going to talk to the silver Senators today?

THE PRESIDENT: Yes, they are coming in after three o'clock.

Q Have you anything to say about Governor Black?

THE PRESIDENT: It is a perfectly simple thing. Governor Black has been

pleading for the last six months to go back to his business in Atlanta and I have been begging him to put it off. He says he cannot afford to stay here. He came originally with the idea of staying three months and has been here for a year. I am going to keep him here just as long as I physically can. I told him yesterday I will have to order out the Marines.

Q Have you a successor in mind?

THE PRESIDENT: No, I have not talked about it yet.

Q Is Ambassador Davis taking over any suggestion from you in connection with the disarmament situation?

THE PRESIDENT: No. I can say no to that but there is no particular reason why you should not know that Norman Davis has been writing a speech. In other words, he has been writing a statement to make and we are going over it at the present time. I cannot tell you what it contains because that will have to wait until he gets to Geneva.

Q It is a safe assumption that it outlines our policy?

THE PRESIDENT: Yes.

Q Does it propose any new schemes or plans?

THE PRESIDENT: Wait a minute -- I will be giving it away.

Q Can you tell us anything about the conference on the Steagall Bill yesterday?

THE PRESIDENT: The only thing I asked them was please, for heaven's sake, to take a vote and get the bill out. So I think some kind of a bill is going to come out.

Q Mr. President, in connection with the disarmament, can you tell us anything yet about the Naval Conference for next year?

THE PRESIDENT: There hasn't been a single thing done on that yet.

Q In connection with the Darrow Report, there has been a suggestion that you will have a conference with Darrow and Johnson to talk this over.

THE PRESIDENT: No.

Q Is your debt Message ready?

THE PRESIDENT: No. What time did I say, last Friday? Ten days -- I have not looked at it.

Q That was last Wednesday.

THE PRESIDENT: I still hope to get it up next week.

Q Have you found anybody for the Federal Power Commission and RFC vacancies yet?

THE PRESIDENT: No, I have to do something about it because Congress will go home.

Q Anything on the Soviet trade credit situation? The Soviet Ambassador talked to you about it.

THE PRESIDENT: No, that is still in negotiation here and in Moscow.

Q In connection with the debts, various dispatches state that the French may be considering sending over a debt mission to us. Have we heard anything officially?

THE PRESIDENT: No.

Q Have any of the nations made overtures for relief on debts?

THE PRESIDENT: Not so far as I know. I have not talked with the State Department since the day before yesterday so it is subject to check with them.

Q On the silver, anything on that subject as far as this Conference is concerned?

THE PRESIDENT: No, I have not heard a word from the group. I think they saw Secretary Morgenthau day before yesterday. I have not talked

with any of them.

Q There has been some talk that an international conference may be called on silver.

THE PRESIDENT: No; have not even got to the discussion stage of that.

Q Have you any message planned to go to Congress in the near future besides that war debt Message and the one on coconut oil?

THE PRESIDENT: I do not think so. Yes, I have got another one but I cannot tell you about it yet. I will tell you what it relates to: I might just as well tell you the subject of it -- I might not send it -- but it relates to munitions makers. That is all I can tell you.

Q Mr. President, the announcement that we are going to make a new statement at Geneva undoubtedly is going to arouse widespread interest in Europe.

THE PRESIDENT: I don't think they may have any interest in it at all.

Q They may have new hope. (Laughter)

Q Will this Message you have just mentioned be concerned at all with the report of the War Policies Commission, or the recommendations?

THE PRESIDENT: What is the War Policies Commission?

Q A commission interested in the advisability or possibility of an amendment to the Constitution -- war without profit --

THE PRESIDENT (interposing): I have not thought about that at all. It is germane but it is not tied in with that particular report.

Q I mentioned that because there was a resolution on munitions makers in it.

THE PRESIDENT: Yes, and then there is the Nye Resolution that want through.

Q Will it have any connection with the Nye Resolution?

THE PRESIDENT: You will have to read it.

Q In connection with the disarmament, will it be a safe guess that it is a restatement of our policy rather than a new statement?

THE PRESIDENT: I guess it would not.

Q You are receiving the Belgian Mission today?

THE PRESIDENT: Yes.

Q Do you expect to take up any international subjects with them?

THE PRESIDENT: No, I do not think so. It is just a formal party.

Q In connection with the housing program, building costs are only nine per cent under 1929 as compared with other costs. Has the Administration planned to compensate for that?

THE PRESIDENT: I think you had better talk to Frank Walker about it because that is one of the things discussed a great deal and undoubtedly some building material costs are too high, without any question.

Q Have you signed the crime bill yet, the new one?

THE PRESIDENT: No, it has not come to me yet. I signed one a couple of days ago. Those passed yesterday have not come in.

Q Thank you, sir.

Q Can you tell us your reactions on the Pennsylvania Primaries?

THE PRESIDENT: No. I will tell you the honest truth, I have been conferring since I started breakfast this morning and I have not even read the morning paper.

(The Press Conference adjourned at 10.55 A. M.)

CONFIDENTIAL

Press Conference #123,
Executive Offices of the White House,
May 18, 1934, 4.25 P. M.

MR. DONALDSON: All in.

THE PRESIDENT: Steve (Mr. Early) and the Attorney General have just put into my mouth the powerful statement on signing the crime bills that you will receive today. I call your attention particularly to the clause that Steve (Mr. Early) did not like but I think is grand:

(Reading) "Law enforcement and gangster extermination cannot be made completely effective so long as a substantial part of the public looks with tolerance upon known criminals, permits public officers to be corrupted or intimidated by them or applauds efforts to romanticize crime."

I think Steve will remember the fact that he was writing for the papers once. (Laughter)

Q Was that cut out?

THE PRESIDENT: That was off the record. No, I left it in. My remarks are off the record.

Q On the Munitions Message today, any background on that?

THE PRESIDENT: No, except that we want to do everything that we possibly can on that.

Q Does it apply to Paraguay and Bolivia?

THE PRESIDENT: That is a different thing. I cannot talk to you about that yet, except off the record, because here is the story: It only came up just within the past twenty-four hours. We would very much like to stop the shipment of any munitions to either Paraguay or Bolivia but we have treaties with them that go back to 1856 or something like that and to put a resolution through the Senate that would forbid the export would be in violation of those treaties.

You see, they are inland countries and those treaties were made on the basis of their being inland countries and therefore it would not be sufficient for the nations around them to say, "We won't allow shipments to go in", because we have treaties with them that allow goods through by the Rio Platte. The Secretary of State is consulting at the present time -- that is the reason we have to keep it off the record for the moment -- with Key Pittman or the Chairman of the Foreign Affairs Committee in the House, and discussing with them the possibility of a resolution which will authorize me to stop the sale of any munitions destined for them within the United States. In a sense it is getting around those old treaties but we do not want to act in a way that would be definitely violative of those treaties. We want to accomplish the same end and the language is being worked out now.

Q The Senator pointed out this treaty this afternoon.

THE PRESIDENT: On the Chaco thing, don't say anything yet because Cordell will probably tell you when he has talked with Key Pittman.

Q Does the 1925 treaty set up the treaty as you desire, that is to stop the sale by the licensing clause?

THE PRESIDENT: Not if it is in contravention of existing treaties.

Q But if you get the resolution, you can use it in stopping the sale?

THE PRESIDENT: Stop the licensing because it is going out of the country -- I think so. It is so long since I have looked at it.

Q How vital do you consider enactment at this session of amendments to the (Agricultural) Adjustment Act?

THE PRESIDENT: I think they are pretty important. I would like very much to have them go through because those amendments, in principle,

not the detailed language but in principle, they make clear certain things in the AAA that are not perfectly clear at the present time. That is the main objective of them (to clarify), where there is doubt. I have got a memo on it somewhere. They relate to the three primary methods of aiding agriculture set up in Section 8 of the Act. One is the licensing authority and, after a year's experience in the administration of the Act, it has become clear that the language used in the original Act is not free from doubt. The proposed amendments make clear the Secretary's authority in this respect beyond doubt. In other words, there was not much question as to the original intent but there was whether the language carried out the original intent.

Q Do you know whether or not the NRA has any regulations in mind for the automotive industry?

THE PRESIDENT: No.

Q To turn back to the Chaco for a moment, stories have already been printed that the United States will stop the sale of American war supplies. Is there any objection to saying such plans are going forward?

THE PRESIDENT: If you do it in very general terms. I don't want to have anything said that would anticipate the conversation between Cordell Hull and the two Chairmen.

Q Mr. President, how about raising the deficit.

THE PRESIDENT: No.

Q The Democratic deficit, I do not mean the Government deficit. Both of them seem very large.

THE PRESIDENT: Both of them the same status as the foreign debts.

Q In that connection, some time ago you indicated you did not want members

of the Democratic National Committee to hold other jobs in the Government and Farley, in amplifying the statement, said you were particularly anxious that no Internal Revenue agent should collect campaign funds. In Detroit yesterday some officials of the Packard Motor Car Company made a statement that a member of the Democratic National Committee of Michigan, Mr. Abbott, had asked them for \$50,000., \$30,000. of which was to go to the Democratic Committee.

THE PRESIDENT: I should say that was highly, highly improper, as you put it.

Q Can that have any effect on the rumor of Abbott's resignation?

(Laughter)

THE PRESIDENT: From which, the Democratic National Committee or the Internal Revenue?

Q Either.

THE PRESIDENT: I don't know; I have not heard the rumor.

Q You won't accept funds from large companies?

THE PRESIDENT: Unfortunately we cannot do it under the law. Corporations cannot give. (Laughter) Charlie (Mr. Furd of the New York Times), you phrased your question all wrong.

Q You answer it your way then.

THE PRESIDENT: You struck out. Sorry.

Q Has an action been taken on the report of the forty per cent horizontal cigarette tax reduction?

THE PRESIDENT: I suppose, when you really come right down to it, it is not proper for me to comment because it is a matter distinctly before the Congress. But I think I can tell you, off the record, just so you know how to write the story, that any tax legislation of any kind at this stage of any session especially where it relates

to something that has not been pretty thoroughly discussed beforehand, presents a pretty difficult problem. We have had very little time to discuss new tax legislation and I think Pat Harrison feels that way about it. But don't use me in any way on this; get it from the Hill.

Q Can you tell us your attitude on RFC loans to schools as provided in the Sabath Bill?

THE PRESIDENT: I don't know; there are so many bills on the school question.

Q This would allow up to seventy-five millions of RFC funds to be loaned to school districts. The presumption is that Chicago might get twenty millions of the seventy-five.

THE PRESIDENT: I think that is one of those things we are not going to take any attitude on down here. Jesse Jones is talking officially on the Hill about it. They all have been running up to see me. I think you had better leave it as a matter between Congress and Jesse.

Q London reports that the British Ambassador's visit yesterday was to ascertain or make certain the status or a token payment on the fifteenth.

THE PRESIDENT: That is very interesting.

Q Anything about your talk with the British Ambassador?

THE PRESIDENT: No, I cannot comment at all.

Q Mr. President, is the Ickes oil bill "must" legislation for this session?

THE PRESIDENT: I don't know who invented that term "must legislation."

You see, they get the impression up on the Hill that there are certain definite things that have to be done. There has never been any expression out of the White House on that. We are as innocent as a newborn

babe. One can express an interest in legislation or a hope that a certain thing would go through, but this word "must" is a terrible word. I would not use "must" to Congress. I never have, have I?
(Laughter)

The oil legislation is a little bit like the agricultural legislation. There are certain words, clauses, language in the old Oil Administration law, the section of last year, which are not particularly clear so far as legal purposes are concerned but which are fairly clear as to the original intent of the Congress and the situation arises on the oil question a little bit in this way: that there are some states on the quota basis which have not got any local state laws for enforcing either quota bases or hot oil runs, things of that kind, such, for instance, as California. The intent, of course, was that in those states that the Oil, the Federal Oil Administrator should be able to act in those states to enforce quotas that the large majority had agreed on in the absence of a state law.

Then you come to the second clause, on state taxes, where you have got machinery. There the obvious intention of Congress, I think, last year was that the local machinery should be used for enforcement up to and until such a point as it became clear that the local machinery was not effective, where, in spite of local machinery, large amounts of hot oil were being run over and above a quota. Now, obviously, in a case like that the Federal Government ought to have authority to step in and see to it that the general theory of a quota on hot oil should be enforced.

Now, as I understand it, the purpose of these amendments is to

carry out that general principle and they are very desirable in clearing up weaknesses of language.

Q Mr. President, can you tell us who will succeed Harry New as Federal Commissioner of the World's Fair (at Chicago)?

THE PRESIDENT: Is Harry New out?

Q It was announced yesterday.

THE PRESIDENT: I did not know that; I did not even know.

Q I understood he sent his resignation to you this morning.

THE PRESIDENT: I did not know it at all. I don't know who is going in his place.

Q You will have a hard job finding a man for that, won't you?

THE PRESIDENT: By the way, has the Federal appropriation passed yet?

Q I think it has.

Q No, it has not. The Federal Commissioners were supposed to O. K. it this afternoon and it goes to the Federal Budget tomorrow and then, if you O. K. it, it goes to the Appropriations Committee.

THE PRESIDENT: It opens (the Fair) next week, does it not?

Q Yes.

Q This amount of money to be spent on the conservation program immediately, the report of that Committee, I understand you had a conference on it?

THE PRESIDENT: I think we have allocated \$5,000,000 to that. Isn't it \$5,000,000? I think so. Then, out of the acquisition of submarginal lands, they will get an amount, as yet undetermined, and whether they will get any more out of relief, I do not know yet. It is a little early. Then they will also get an amount of assistance from CCC Camps.

The combination of all these things will give them enough money

in the course of the coming year to do a pretty good job. It comes from four sources.

Q On the tobacco tax, did your committee make a report?

THE PRESIDENT: Which one?

Q Secretary Wallace and Secretary Morgenthau and Tugwell. They were investigating it.

THE PRESIDENT: Investigating what?

Q The tobacco tax reduction?

THE PRESIDENT: I do not think they did. I think they were to talk it over with the finance chairman. I have not heard from them. But that background I gave you on it is enough.

Q Can you tell us anything on silver?

THE PRESIDENT: Silver? What about it?

Q Will that go up Monday or Tuesday?

THE PRESIDENT: I think a pretty good guess is a Message on silver on Monday.

Q What time are you going down the river?

THE PRESIDENT: Either seven or nine, I don't know which. I have not consulted the White House. I am not the doctor.

(The Press Conference adjourned at 4.33 P. M.)

CONFIDENTIAL

Press Conference #124,
Executive Offices of the White House,
May 23, 1934, 10.40 A. M.

MR. DONALDSON: All in.

THE PRESIDENT: Steve (Mr. Early) suggested that I might give you a general slant on additional messages to the Congress and I have been trying to think over the various ones I have had in the back of my head. I can only think of three that are going to go up. One is -- and you will be pleased to hear it -- the debt message.

Q When?

THE PRESIDENT: Soon. The other is the cocoanut oil message and the third is transmitting the reports that have been made to me pursuant to the resolution, I think it was the McCarran resolution of the Congress in regard to water use. Of course, that will be a fairly broad message. Water use includes so many other things such as soil erosion and forestry and marginal lands and so forth.

(Mr. Early spoke to the President) Steve suggests that is why some people confuse it with the so-called social message. I never mentioned any social message.

Q What is this water thing?

THE PRESIDENT: I cannot remember the wording of it but Congress asked me for a report on the general policy of the Government in relation to all forms of water use which includes the Mississippi channel, the Tennessee, Arkansas, Upper Missouri, Ohio, etc., all rivers. It is broad enough to include other public works such as channel deepening for harbors and of course, as I have said, soil erosion, forestry and marginal lands. It is a tremendously big subject.

Q That is an announcement of policy?

264

THE PRESIDENT: Yes, but it will not call for legislation at this time.

Q Will you recommend specific projects in it?

THE PRESIDENT: I think you will have to wait for the message. I think not. It is the huge stack over there (indicating) in the basket and some of the engineering reports have reported on specific projects but this does not recommend any specific projects.

Q Is that the "pay-as-you-use" proposition -- both using rivers and so forth?

THE PRESIDENT: That might be a phase of it. I have not begun to draft it yet. There might be a paragraph on it.

Q Will they go up in the order named?

THE PRESIDENT: I have no idea.

Q Am I to understand that you will not send up a message on social reform?

THE PRESIDENT: Depends on what you call social reform. Isn't water use social reform? (Laughter)

Q Will that include the St. Lawrence?

THE PRESIDENT: It will include everything in the way of a river in the United States, as far as policy goes.

Q Will that tie up with the Sub-Committee of the Cabinet you spoke of some time ago?

THE PRESIDENT: That is the one.

Q In that connection, do you intend sending a Message to Congress which will deal with pending so-called social legislation which, under my understanding, would embrace unemployment insurance and legislation of that type?

Q Old age pension?

THE PRESIDENT: As a separate Message, no. Not as a separate Message.

I might say something in other Messages about it.

Q What Messages?

THE PRESIDENT: I might put it in cocoanut oil, you can't tell.

Q Is that an indication of a veto of the proposed bill?

THE PRESIDENT: Of course those are bridges we are coming to.

Q You do not think there will be legislation this session?

THE PRESIDENT: Not on the water (use).

Q What relation would this board have to subsequent things coming before FWA and to flood control projects?

THE PRESIDENT: This is a much broader theme. If you will read the Senate and House Resolution and the Message which is going up, you will see the answer. It does not relate to specific projects.

Q It will not stop FWA from granting special projects?

THE PRESIDENT: That depends entirely on future legislation. You cannot tell. There is no more money for new projects under the old appropriation.

Q Do you anticipate passage of the Wagner National Labor Board Bill at this session?

THE PRESIDENT: I don't know; I really don't know.

Q What about the unemployment insurance?

THE PRESIDENT: That again, I do not know. I have not heard for the last four or five days what the situation is.

Q How about the Pure Food and Drug Bill?

THE PRESIDENT: That I don't know either, except that Senator Copeland mentioned yesterday he hoped to get it through the Senate.

I am sending up a letter today, in fact it has gone up to the Chairman of Mines and Mining, Senator Logan, and Congressman Rayburn of the Interstate and Foreign Commerce Committee, in regard

to this oil situation, which is just calling their attention to a letter that I had from the Administrator for the Petroleum Industry, the Secretary of the Interior -- Steve (Mr. Early) has copies for you on this -- informing me of the (reading)

"..... continued daily production of oil in excess of the maximum amount determined on by the Administrator pursuant to authority under the Petroleum Code.

"The Administrator states that the records of the Bureau of Mines during the first three months of this year show a daily average production of "illegal" oil of 149,000 barrels. Technically speaking, this may not all have been "hot" oil, but in a real sense it is, since it is oil produced in excess of the allowable. While the final figures of the Bureau of Mines are not available for the months of April and May, it is unquestionably true that there is growing disregard for production orders issued under the Petroleum Code and that the trend of hot oil produced is upward. For example, it is stated on reliable authority that the daily excess production in the East Texas field alone is running at 60,000 to 75,000 barrels per day. Other estimators say that this figure should be much higher. The Oil and Gas Journal recently estimated that there was illegal production in the country as a whole of 198,475 barrels per day during the week ending May 12th.

"If the principle of prorating production under a code is to be maintained, it seems necessary that the existing law should be strengthened by the passage of the Bill which has been introduced in the Senate by Senator Thomas and in the House by Congressman Disney and supported by the Oil Administrator.

"It is a simple fact that as a result of the work of the Oil Administrator definite progress has been made both in eliminating unfair practices and in raising the price of crude petroleum to a reasonable level, which has brought added employment and more fair wages to those engaged in oil production.

"I am frankly fearful that if the law is not strengthened, illegal production will continue and grow in volume and result in a collapse of the whole structure. This will mean a return to the wretched conditions which existed in the Spring of 1933.

"I hope therefore that the proposed legislation can be enacted. I do not want to see this important American industry reduced to the condition under which it was operating before the Oil Administration started its work."

So that is merely calling their attention up there to what may hap-

pen if we do not get additional legislation. Of course, a year ago oil in a good many places was selling at twenty cents a barrel. We know what happened, what the condition of the industry was at that time.

Q Mr. President, has the War Department submitted any recommendation as to the appointment of a Commanding Officer of the National Guard for the District of Columbia, or is that place to be filled by Major General Rekord of Maryland, who was appointed yesterday?

THE PRESIDENT: Count (Rudolph de Zapp), I do not know. I asked somebody to look into that. Will you look into it, Steve (Mr. Early)? Our War Department expert will look into it.

Q How about the appointment of a Judge for the Municipal Court?

THE PRESIDENT: I have not heard from the Attorney General on that. I sent word to him yesterday, asking for it.

Q There is word that Frank Walker is planning to resign in the near future and go back to New York. Anything to tell us about that?

THE PRESIDENT: Frank has been trying to get back to New York for the last six months. I told him to have the summer off and plan to bring him down here in the fall. I need him here in Washington. He said he would have to consult his wife. I told him he might just as well start looking for a house right now.

Q Do you mean that the "consult his wife" is off the record?

THE PRESIDENT: Yes. (Laughter) It is not off the record if you check with him first.

Q Anything on the report of the Darrow Board?

THE PRESIDENT: I have not heard anything more than what I told you about two weeks ago, that Darrow told me he hoped to be able to wind up by the end of May, and that is the last I heard.

368

Q Do you contemplate any action to deal with the growth of strikes in the country?

THE PRESIDENT: We are doing the best we can; that is about the only answer.

Q Can you make any comment on the resignation of Mr. Abbott of Detroit?

THE PRESIDENT: No, except that I knew about it just about the same time that it was announced over at the Treasury Department, and not until then.

Q That place will have to be filled before Congress adjourns?

THE PRESIDENT: Not necessarily.

Q Isn't there a rule that you cannot make a recess appointment with respect to a position vacant during Congress?

THE PRESIDENT: You can make a recess appointment, but the fellow takes a chance of drawing his pay later on. There will probably be a good many appointments of that kind.

Q He (Abbott) is of the Democratic Committee?

THE PRESIDENT: I do not know.

Q Can I go back to this Darrow matter?

THE PRESIDENT: I do not know if it was the end of May, but I told you about it about two weeks ago.

Q More recently he said that now they have hearings scheduled to later than the last of May. Would you have any comment on that?

THE PRESIDENT: Not a thing.

Q Would you care to comment on the Darrow Report?

THE PRESIDENT: Res ipsa loquitur.

Q Say it again.

THE PRESIDENT: I doubt if even the A. P. would carry that.

Q I don't know; we might interpret it.

Q Did General Johnson speak to you in that connection? (Laughter)

Q Do you contemplate any changes in NRA policy re small business after Congress adjourns?

THE PRESIDENT: Oh, there will probably be weekly changes as there have been in the past -- constant changes.

Q You said you were referring that report to the Trade Commission (Federal Trade Commission) and the Department of Justice. General Johnson said that Chairman Ferguson and the Attorney General were to meet as a committee. Can you tell us anything as to getting action from the other two departments?

THE PRESIDENT: I do not know. I sent the report to all three of them. I do not know what happened.

Q Have you done anything to expedite action on grazing legislation this session?

THE PRESIDENT: I talked to some of the grazing Senators yesterday. (Laughter)

Q Is that off the record, Mr. President?

THE PRESIDENT: I suppose that ought to be off the record. (Laughter)
Ruby Black shakes her head; she wants it on the record. You cannot get the consent of the Senators and it is all right.

I would like to see action on the bill this session. Their objection to the bill, as was proposed by the Interior Department and the Department of Agriculture, was that in certain cases, as I understand it, there is the summer range up in the National Forest for one man's bunch of cattle and then winter range down in the public domain, and that the owner of that bunch of cattle has to go to two different departments. What these Senators are afraid of is that they would be thrown out of the forest reserve on a given

date and the public domain would not be open to them until a couple of weeks later, and the unfortunate cattle would have nowhere to go. What I talked over was the definite coordination on the issuing of permits between the Forestry and the Public Domain so they can go to one place and one man and get a permit covering both pieces of territory.

Q Do you think the war debts Message will be up today or tomorrow?

THE PRESIDENT: No; it has not been written.

Q Should the Darrow Board find it necessary to go on until after the end of May, would you interpose an objection?

THE PRESIDENT: I have not the faintest idea.

Q There is a report that you are going to draft Owen D. Young and bring him down here to reorganize the NRA?

THE PRESIDENT: That sounds like a New York report.

Q That is too bad. (Laughter)

(The Press Conference adjourned at 10.55 A. M.)