

CONFIDENTIAL

Press Conference #248,
Executive Offices of the White House,
November 13, 1935, 10.45 A.M.

MR. DONALDSON: All in.

THE PRESIDENT: I don't think I could invent any news for you if I tried.

I don't know a thing.

Q Mr. President, can you tell us anything about the Canadian Treaty?

THE PRESIDENT: No.

Q I mean, as to when it will be released?

THE PRESIDENT: I don't know. I just signed the usual authority to have it signed but I do not know when it is to be signed.

Q Mr. President, would you care to say anything about the inauguration of the Philippine Commonwealth on Friday?

THE PRESIDENT: I am giving out a statement and a telegram, et cetera. You are a little ahead of time. It is coming tomorrow.

Q What is that authority, for the Secretary of State to sign the treaty?

THE PRESIDENT: I do not know what the technical name of it is. It is a proclamation, to which I sign my name and they put the seal of the United States on it.

Q Is there any likelihood that the Argentine Trade Agreement will be consummated in the near future?

THE PRESIDENT: I don't know; I have not heard about it for a long time.

Q I understand plans for its consummation have about been abandoned.

I haven't seen anything about it since I came back from the cruise.

Q Can you tell us anything about the conversations with (Asst. Sec.) Roosevelt and Admiral Standley yesterday?

THE PRESIDENT: Yes, I have to develop the story. We talked about the total personnel, first of the Navy, to go into the budget and secondly of the Marine Corps. We went, with a great deal of detail, into the problems of manning the new ships to be put into commission, also of maintaining the Marine Corps up to a reasonable strength in comparison with the Navy. Nothing was decided. I won't take it up until I get to the Navy bill and the Navy budget bill won't be ready -- it will be one of the last two, Bell told me yesterday.

Q Did they indicate what our total personnel in the fleet would have to be by the end of 1937, when we have the new ships?

THE PRESIDENT: It will probably come to -- it is now I think 93,500 and the question is how close we can bring it this coming year to 100,000. That, of course, is the 100,000 maximum. If Congress is asked for and authorizes 100,000, it means an average in the service during the year of 96,500. I haven't decided whether I will ask for the whole 100,000 or not.

Q That is both Navy and Marine Corps?

THE PRESIDENT: No, just Navy.

Q Did you discuss the possibility of a new battleship?

THE PRESIDENT: For about a minute and a half. In other words, we decided not to make any final decision until a little later.

Q A hypothetical question seems to have arisen on our neutrality order and the Executive Orders following it. In the event Great Britain were to enter a war with any power, not necessarily Italy, what would that do to our trade with Britain's colonies?

THE PRESIDENT: I don't know. It is too hypothetical. I have never

thought of it. Of course the general rule -- it would be leaving out the question of Great Britain -- the general rule would be that any other nation entering the war -- I have discretionary power in that case to apply the Arms, Ammunition and Implement Section to that nation.

Q Mr. President, will the request for the new battleship rest on the outcome of the Naval Conference?

THE PRESIDENT: That is going too far ahead. I just said we are not making any decision now.

Q Have you made any decision as to whom you are going to send to the Naval Conference?

THE PRESIDENT: No, because we do not know the date of it yet.

Q Can you enlarge on the statement the other day that bank balances and deposits indicate recovery?

THE PRESIDENT: No, I don't think so. I think I could add only this to it, that of course it indicates the very essential machinery of recovery -- put it that way -- and if it were properly used, it would help recovery. On the other hand, that raises the other question that some people who think beyond the ends of their noses realize and that is that if it is not used in a reasonable way, it slows up recovery. Therefore, the converse is true.

For example, a fellow came to me the other day who had contracted to buy a farm and he was able to pay 60 per cent of the price in cash. He wanted a 40 per cent mortgage. This is not the South or the West, mind you. This is the East. He shopped around to all the banks in his county and the best rate he could get was 6 per cent. Now, there are a lot of examples of that kind. That

is slowing up things.

Q Have you any idea as to the proper rate?

THE PRESIDENT: Well, it is below 6 per cent. Let's put it that way.

Q Would you fix that for the whole country, that rate, or by regions?

THE PRESIDENT: We have been trying, of course, to get down the rates all over the country to make them as nearly uniform as possible. Of course, there are certain instances in certain parts of the country where conditions are not -- put it this way -- they are not stabilized yet as they are in the older parts of the country. One of the great things that happened in the South and West is that what we in the East would have called pirate rates, which existed up to 1933, have been very largely eliminated. For example, down in Georgia it was the hardest thing in the world to borrow money to buy a farm before 1933, and that was not just during the panic years; it goes back six, seven, eight and nine years before that, at less than 8, 9 or 10 per cent. Out West the same thing was true.

Q What was that term?

THE PRESIDENT: Pirate rates.

Why should not low-money rates extend to loans that have perfectly good, sound security on land. For instance, in England the economists and the Government and over here the Government and some economists believe that recovery can be helped by the maintenance of easy money rates, that easy money rates should apply not only to commercial paper loans but should apply also to real estate and loans on securities.

Q Mr. President, the bankers say that bank examiners will not let them

take very many of those loans.

THE PRESIDENT: What loans?

Q Real estate loans.

THE PRESIDENT: Well, put it up to the savings banks. Take that end of it. They are investing mostly in real estate loans.

Q But the bankers say that the bank examiners criticize them when they do make real estate loans.

THE PRESIDENT: Oh, yes, when they get up to too high a percentage. Of course the first question to ask them is, "What percentage of your depositors' money have you got in real estate loans?" A bank has to keep, always, a certain amount of liquid assets.

Q Do you agree that the interest rate should be based somewhat upon the degree of risk?

THE PRESIDENT: Oh, yes, certainly; the better the risk, the lower the rate.

Q Rather than regional?

THE PRESIDENT: Yes.

Q Mr. President, since you made your original allocation for Buffalo's \$15,000,000. sewage plant, there has been practically no progress and 6,000 men are being denied jobs because of political bickerings back in Buffalo among civic commissions.

THE PRESIDENT: Has that allotment passed the Comptroller's Office?

Q Yes.

THE PRESIDENT: Are you sure?

Q I think so.

THE PRESIDENT: You had better check on it and see. That was included in that large batch -- I have forgotten what the total was but it

was pretty close to \$200,000,000. -- that went through just before I sailed. I do not think it has gone through yet.

Q I think it was before that, though.

THE PRESIDENT: It was?

Q If it has been approved by the Comptroller, then what?

THE PRESIDENT: I don't know. You will have to find out.

Q Isn't there anything you can do?

THE PRESIDENT: I don't know a thing about it. I have not heard about it. I would hesitate to risk any guess at all.

Q Have you received from Secretary Ickes a tentative draft of an Executive Order approving the Thomas Jefferson Memorial on the Mississippi?

THE PRESIDENT: No, no tentative draft. I talked to him about it yesterday and the thing is still being studied.

Q Any decision been reached?

THE PRESIDENT: No. As to how it is going up?

Q Yes.

THE PRESIDENT: The plan is to start right away with the razing of buildings. I don't know what the total amount is.

Q But they can't do it until you approve the project?

THE PRESIDENT: It has been verbally approved for immediate work. Now, what the total amount of that is I haven't the slightest idea.

Q They have to have an Executive Order.

THE PRESIDENT: Well, they are checking up now to find out how many people they can put to work this year and what the cost will be.

Q Have they made any recommendations as to next year?

THE PRESIDENT: No.

Q Are you holding to your original plan that no commitments be made for 1937?

THE PRESIDENT: I haven't got any visions.

Q Have you discussed the St. Lawrence Waterway Treaty with Mackenzie King?

THE PRESIDENT: There isn't any news on that at all. I am looking into a thing that both the Prime Minister and I were very much interested in and that is the Niagara Falls problem, the problem of the Falls being cut back year after year, and I have asked for a report of a study that was being made jointly by, I think, the Federal Power Commission, the New York State Power Authority and the Army Engineers. I have asked for that report.

Q Any further study being made as to possible amendments to the Treaty requiring re-negotiation?

THE PRESIDENT: Not at the present time.

Q You have mentioned that you have discretionary power to apply the arms embargo to any other nation engaged in war. I wondered if that meant any other nation engaged in the Italian-Ethiopian conflict or any other war that breaks out in any way?

THE PRESIDENT: War. In other words, what I said the other day -- "War is war."

Q War is hell. (Laughter)

Q Thank you, Mr. President.

CONFIDENTIAL

Press Conference #249,
Executive Offices of the White House,
November 15, 1935, 4.00 P.M.

Q Mr. President, what about that Executive Order for the Thomas Jefferson Memorial in St. Louis?

THE PRESIDENT: It is supposed to have come up and gone to the Attorney General and come back.

Q You just forwarded it to the Attorney General?

THE PRESIDENT: Yes.

Q Any idea as to when he will send it back?

THE PRESIDENT: Probably this afternoon.

Q Will you sign it right away if it is in order?

THE PRESIDENT: Yes.

Q Have you drafted your Atlanta speech?

THE PRESIDENT: I have not thought of it. I have drafted nothing ahead.

Q Mr. President, I was wondering if you read the statement by Senator Norris that he might not run again in 1936? I was wondering, if you had, if you would care to comment?

THE PRESIDENT: I understood there was a question as to whether he had made it.

Q I read several versions of it. (Laughter)

THE PRESIDENT: I don't see why I should not say something about it.

It is perfectly clear, I feel. It is the kind of thing you can say about a very few individuals in the United States and George Norris happens to be one of them. Put it this way: If I were a citizen of the State of Nebraska, regardless of what party I belong to, I would not allow George Norris to retire from the

United States Senate, whether he wanted to or not, for the very good reason that I feel that he is necessary not only to Nebraska but to the United States as long as he lives.

Q Is that for quotation?

THE PRESIDENT: Yes.

Q Direct quotation?

THE PRESIDENT: Yes. That is all right. So that is that.

Q Can we quote that too, "So that is that?"

THE PRESIDENT: No.

Q Mr. President, do you plan to go into Kentucky on your way south?

THE PRESIDENT: No. I have to go straight to Warm Springs.

Q Do you approve of the change in PWA on buying of foreign materials?

THE PRESIDENT: A change in PWA?

Q As announced yesterday?

THE PRESIDENT: What paper do you read? (Laughter)

Q He announced it himself in his letter to Mr. Green as a change in policy.

THE PRESIDENT: He said that?

Q Yes, sir; he said, "Accordingly I am changing the policy of PWA."

Those are the exact words.

THE PRESIDENT: Suppose you give the whole thing. I don't remember it except as I read it in the paper. Let us get this straight. When a newspaper says to the public that any department of the Government is changing its policy in regard to the purchase of foreign materials, that is a deliberate misrepresentation. Let that stand. The reason is this: The Secretary definitely stated that the policy of the Government was not to buy foreign materials,

never was, and for that reason they had put on, in addition to the tariff, a percentage which was supposed to keep foreign materials out. As soon as it became apparent in these two cases, after many, many months that the percentage was not high enough, then we changed the percentage, but the policy remained the same.

Q Has the percentage been changed?

THE PRESIDENT: Yes, it will be changed. And with that goes, of course, the supplementary part of the statement that in the future where a foreign bid is lower, we will find out first, whether it was a subsidized bid and, secondly, whether there was collusion on the part of American bidders as occurred in one of those two cases on the face of things.

Q Are you going to investigate the alleged collusion?

THE PRESIDENT: Oh, yes.

Q The Federal Trade Commission?

THE PRESIDENT: Yes.

Q Is the Treasury Department going to investigate the possibility of dumping in this connection?

THE PRESIDENT: Yes. There are various methods by which, in some nations, they are able to assist exporters through various kinds of ways.

Q Is it a fair inference that if foreign exporters have been found to send materials here and are selling them cheaper because of government subsidies in their own countries, that purchases of those materials would not be allowed?

THE PRESIDENT: Obviously because, after all, if you once admit the subsidized goods, they could subsidize manufacturers 100 per cent and the manufacturer could sell things for one per cent of the

cost of manufacture.

Q Under the amended AAA subsidy, subsidies will be granted on our agricultural products. Would that, perhaps, constitute dumping abroad?

THE PRESIDENT: You are talking about an export debenture plan?

Q Something of that sort. It applies to the export of agricultural products.

THE PRESIDENT: It is essentially the same principle.

Q Senator Lonergan, I believe, wants you to subsidize cotton exports.

THE PRESIDENT: It is essentially the same principle. In other words, it is something contrary to the free flow of trade. It is an artificial stimulation to trade which ends in cut-throat competition.

Q Do you intend to open both the Texas and the Arkansas Centennial Expositions?

THE PRESIDENT: Yes, both on the same trip. It will save mileage.

Q How far apart are they likely to be?

THE PRESIDENT: Twenty-four hours.

Q Mr. President, will you comment on the shipbuilders' failure to bid on the new \$15,000,000. United States liner?

THE PRESIDENT: I am not ready to because I do not know enough about it. I am asking the Secretary of Commerce to give us the facts.

Q A lot of the P.W.A. allotments have not passed through the Comptroller General's office yet. Have you considered postponing the deadline of the fifteenth of December for awarding the contracts?

THE PRESIDENT: I think they have passed through within the last twenty-four hours.

Q How about the highway allotments? Only a slight percentage of those have been allocated. Will the deadline be set back on those?

THE PRESIDENT: Of course the highway allotments to the states do not fall under the December fifteenth deadline anyway because it is part of the annual highway program of each state.

Q Is that true of the grade crossings?

THE PRESIDENT: I cannot tell you; I don't know. I suppose that depends on the individual case and also on the individual states.

Q Is it possible for you to make any announcement of American participation in the Naval Conference?

THE PRESIDENT: I have to have it in the next two days. We have not heard from London on the date. We telegraphed and have not had any reply yet.

Q Have you authorized a new setup for the California Central Valley Project?

THE PRESIDENT: I have not heard anything.

Q It is reported in California by Senator Johnson -- he released a letter out there saying that you had authorized it.

THE PRESIDENT: I don't know.

MR. McINTYRE: You wrote the Senator.

THE PRESIDENT: Oh, yes; I sent a letter to him.

Q We were wondering if there had been submitted to the Comptroller General a reason for the change?

THE PRESIDENT: I don't know; I have not thought of it since sending the letter.

Q Can we have a copy of the letter?

THE PRESIDENT: Yes.

Q Mr. President, is there a possibility that the German order may be stopped in case dumping is found?

THE PRESIDENT: I do not believe it can. How much was it -- \$19,000. out of a \$42,000,000. project?

Q Anything new on the neutrality situation?

THE PRESIDENT: No.

Q The Secretary of State reported today that the figures show some increases since those of October fifth?

THE PRESIDENT: I do not think so.

Q Would you care to say anything for quotation on the general policy of the Administration with respect to dumping foreign materials on relief or P.W.A. projects?

THE PRESIDENT: The Secretary's letter gave the full story.

Q What has Chairman Prawl of the Communications Commission been here on?

THE PRESIDENT: All kinds of things -- radio, telephone, telegraph, and every other form of communication.

Q Anything about this radio reallocation plan been taken up?

THE PRESIDENT: No.

Q How about the A.T. & T. investigation? Anybody selected for that?

THE PRESIDENT: No. I asked him how it is getting on and he said it is getting on all right.

Q Would you oppose the expansion of the Nation's shipbuilding facilities?

THE PRESIDENT: What do you mean?

Q On the basis of the experience of last year, when application was made for a loan to expand them considerably, there was a great deal of official opposition.

THE PRESIDENT: A loan for what?

Q A large yard in Pensacola, Florida.

THE PRESIDENT: (laughing) That is what we call cross examination. Now we know all about it. Bring me a sound one and I will tell you about it. That Pensacola proposition was not sound, financially, under the wildest possibilities.

Q Mr. President, speaking of neutrality, can we announce that you and Steve (Mr. Early) have referred your argument to the State Department? (Laughter)

THE PRESIDENT: Yes.

Q Thank you, Mr. President.

Q How much of the cheese (referring to a cheese presented by Wisconsin manufacturers) did you get?

THE PRESIDENT: I have not had any yet. I do not know what Mac (Mr. McIntyre) did with it.

CONFIDENTIAL
Press Conference #250
At the White House
November 17 (Sunday), 1935, 2.00 P.M.

(This Press Conference held in the State Dining Room. There were present, in addition to the Press, Secretary Hull, Secretary Wallace, Under Secretary Phillips, Assistant Secretary Sayre, and several others)

THE PRESIDENT: Good afternoon. I am glad I do not have to read your story (Laughter).

I am very glad to welcome this new class in Advanced Economics. As to some of you, I have had the privilege of having you in my course before this year, but I see however a number of freshmen. The copies of the State Department release have run out, but there will be some more in about ten minutes and I appreciate what a difficult story this is to write because it has so much in it. I will do my best, and I thought that possibly by using this copy I could go over somewhat hurriedly the paragraphs which I have marked and which I think are the more important paragraphs for you to read. Afterwards, when we get through with this, for I suppose it will take half an hour, go ahead and ask questions. I have asked the good people who are experts in this matter to come here and they will be able to answer, I think, any questions you may ask.

The salient thing, when you come down to it, is the very interesting fact that a territory that adjoins us, which has in relation to us a very small population -- what is the population? -- 10 or 11, about 10½ million people or in other words a couple of million people fewer than there are in the State of New York -- that that country, small in population, prior to 1929 bought from the United States more

goods of all kinds than all of Latin America put together. Or, for that matter, all of Asia put together. They were buying nearly a billion dollars worth of our products -- about 900 million -- and since that time our trade with Canada has dropped about 66 per cent, all in the last five or six years.

Now, that being so, because they are a nation adjoining us -- same general stock -- same general conditions of life -- we see no reason why we should not try to build our trade back, and we hope as a result of this step which has been taken that we will build our trade with Canada back to what it was before. It means putting a very, very large number of people to work. It seems perfectly obvious that we should think in terms of trading, not on the bi-lateral angle, but on the triangular methods -- the more trade you have between countries, the more people are at work in both countries, the less unemployment there is in both countries. That is a perfectly obvious thing, therefore we are trying to visualize this as the sole purpose and we expect that, as a result of this trade agreement, our trade with Canada is going to double in the course of the next year or two years. I hope and I really believe that it will.

Now, let us get down to this written story that some or most of you have.

The trade negotiations were initiated in 1934 and have culminated on Friday in the signing, but the actual agreement was made a week ago Friday.

(The President read from the Department of State Press Release of November 17, 1935, interpolating for explanatory purposes and omitting unimportant paragraphs. What follows, therefore, is a verbatim report

of what the President said; the interpolations, being brought out to margin.)

"The trade negotiations between the American and Canadian Governments, which were initiated in the latter part of 1934, culminated Friday in the signature of a trade agreement of wide-reaching scope which is of major importance to the producers and the consumers of both countries, and the stimulating effect of which on industry and commerce as a whole will be a material factor in general economic recovery on both sides of the border. The agreement should assure a marked increase in the exports of each country to the other; and that means a marked increase in their total export trade, since Canada is the second largest customer for our exports and since the United States is the second largest consumer of Canada's exports.

"The concessions made by Canada to the United States will affect beneficially much the larger part of our total export trade with her. While our agriculture and industry will benefit largely from the expansion of their Canadian sales, the agreement leaves for both agriculture and industry adequate protection in the domestic market, even though it opens to Canadian producers a larger share in that market. To consumers, moreover, the reductions in our duties will be of much benefit, by checking unreasonable increases in prices of the consumers' commodities concerned.

"Most of the crude and simply-manufactured products which we buy from Canada have been free of American duty in the past, and by the trade agreement nearly all of the important free items are 'bound' against the imposition of any duty or import tax."

This theory, as you know, of binding something on the free list is to make it possible for business men and producers of all kinds of goods to plan ahead so that they will know that something on the free list will be on the free list when they go to make sales from the factories they are about to build or the crops they are about to raise. In other words, it is a very definite step towards permanence of trade.

"As a compensation for our action with respect to free commodities, which is of great benefit to Canada, she has made reductions in duties on American commodities which represent a substantially larger value of trade than is represented by the Canadian commodities on which we have reduced duties under the agreement, although the reductions made by the United States cover a large portion of the dutiable imports from Canada.

"The magnitude of the benefit which will accrue to American agriculture and industry from this agreement may be judged by the fact that duties and other charges will be lowered on products of which we shipped to Canada, in the Canadian fiscal year ending March 1930, --"

we take all through this in most cases, the years 1929-1930 as the base period -- something to shoot for and something we expect to get back to rather than the infinitely lower period of 1934. We shipped during that year of 1930 about \$415,000,000.

"That was the last year before the marked increases in Canadian duties and other levies on American goods. The commodities affected by these new Canadian concessions to us comprised in that year over three-quarters of the total dutiable exports to Canada from the United States.

"On the other hand, the concessions made to Canada by the United States are of wide-reaching character. They affect commodities which accounted for about two-thirds of our total imports from Canada in 1929. Much of the larger part of the trade in those free commodities of which Canada is the principal supplier of our imports will now be bound against the imposition of duties or import taxes, and reductions in duty have been made with respect to commodities representing about three-fifths of the 1929 figures of the total value of the articles, of which Canada is the principal source, which are dutiable under present laws."

The next two paragraphs are important:

"It will be remembered that since 1929 the United States has greatly increased its duties against Canadian goods by a new tariff law and Canada has increased her tariffs against us by special legislation and various special orders in council.

"Imports from Canada into the United States dropped from \$503,000,000. in 1929 to \$232,000,000. in 1934, or 54 per cent. Exports from the United States to Canada dropped from \$899,000,000. in 1929 to \$302,000,000. in 1934, a decrease of 66 per cent."

That was the percentage I referred to in the beginning.

"Countries other than Canada will obtain relatively little benefit from the reductions in duty made by the United States in this agreement. Imports from Canada of the articles on which duties have been reduced were, in 1929, 94 per cent of the total imports of these commodities from all countries combined. Canada is overwhelmingly the principal supplier of most of these articles. The proportion supplied by Canada of the articles bound on the free list by the Canadian agreement is also very high."

In other words, translating that -- and somebody asked me the question in Press Conference the other day -- the most-favored-nation-clause of course which we have in treaties with other nations will be affected by this agreement, but probably the value of goods imported into this country from other nations will be very small because they are so far away that the shipping rates preclude any very large increase in their sales to us.

"Every section of the United States and most branches of industry and agriculture will benefit from the reductions in the Canadian import duties embodied in the trade agreement and from its other provisions.

"The Canadian concessions to the United States fall into four general groups:

"(1) Direct duty reductions on items named, commodity by commodity, in what is known as Schedule I."

Of course the average layman does not have the vaguest conception of what a tariff is, that is why it is awfully hard to explain. They think of a tariff in terms of this item (1) which I have just read, but there are a lot of other things they do not think of at all.

"(2) The grant to the United States on all other commodities of the lowest rates now or hereafter paid by any non-British country (these are commonly referred to as 'most-favored-foreign-nation' rates) in place of the higher 'general' rates."

Well, let us give you a specific example. Suppose Canada has a special trade treaty with France. Up to this time we have not been able to benefit by that special trade treaty with France. This treaty gives us the same rates into Canada as the French exporter has into Canada. In other words, it is the most-favored-nation clause operating to our advantage.

"(3) A large and satisfactory measure of relief with respect to the Canadian system of arbitrary valuations here-

before applied on many commodities."

Through these orders and counsel and various other types of special legislation, Canada, during the last five or six years built up a new system of tariff rates, not confining it to ad valorem but adding to the ad valorem a system of valuations which they arbitrarily put on to the product regardless of what the valuation given in the bill of lading was. Am I right on that?

SECRETARY HULL: Yes.

THE PRESIDENT:

"(4) Benefits to commercial travelers and to transit trade passing through the United States resulting from general provisions of the agreement, together with promised legislation regarding exemption of tourist purchases from duty."

First the direct concessions:

"Those duty reductions on the part of Canada which are specified by name in Schedule I, together with a few items on which the existing rates are bound against increase, number about 180. The commodities covered accounted for \$175,000,000. out of the total of \$523,000,000. of dutiable imports into Canada from the United States in 1929-30. In the case of many commodities specified in Schedule I the rates named are the 'intermediate' or 'treaty' rates heretofore paid by the most favored non-British country, which are in most cases materially lower than the general rates which we have hitherto paid.

"In the case of 80 or more duty reductions specified in Schedule I, however, representing a value of trade in the base year 1929-30 of over \$115,000,000. the rates named are lower than those heretofore paid by any non-British country.

"The extension to the United States of 'most-favored-foreign-nation' treatment, including both the items named in Schedule I of the agreement and items not there named, means lower charges on our products comprised in no less than 767 items and sub-items of the Canadian tariff. This number includes most of the agricultural and industrial products of the United States for which there is any market in Canada. Among them are 114 products, or groups of products, of each of which the United States furnished to Canada during the fiscal year 1929-30 imports to the value of more than \$500,000.

"All the export products of the United States affected by

these Canadian concessions are listed in a separate table, which shows for each the old and the new rates, the percentage of duty reduction, and the value of Canadian imports from the United States during those two years. The following summary --"

I think this summary is probably worth putting in because it shows what can be accomplished --

"shows, by commodity groups, the wide distribution of the trade benefiting from reductions in Canadian duties. It includes all items where the reductions are the result of Schedule I or of the extension to us of most-favored-foreign-nation rates.

Value of imports from the United States, fiscal years ended March 31, of articles benefiting by duty reductions
(Thousands of dollars)

	<u>1930</u>	<u>1935</u>
Agricultural products were	\$49,778	and dropped to \$15,195
Fishery products	1,164	400
Stone, glass and non-ferrous metals	24,634	8,431
Iron and steel and products	8,993	4,216
Hardware	3,057	1,416
Other manufactures of iron and steel	65,473	15,650
Machinery and engines	84,107	22,309
Motor vehicles -- now that is an important item	40,461	3,128
Railroad equipment	3,077	312
Wood and wood products -- this is wood and wood products going into Canada	21,620	4,257
Paper and paper products	19,745	6,421
Hides and leather	6,063	1,382
Textiles -- that is an important item	40,546	6,419
Rubber products	2,547	1,112
Petroleum products	19,982	4,154
Chemicals	7,697	4,505
Musical instruments	2,611	268
Miscellaneous products	17,548	6,619
	419,103	106,194

"The importance of Canada's grant to us of the most favorable tariff treatment which she accords to any non-British country cannot be measured by mere statistics of the volume of trade affected or the extent of the resulting duty reductions. It

means a revolution in the trade relations between the two countries. It means that Canada has adopted with respect to the United States the non-discriminatory policy which the United States has long maintained toward all countries. As a consequence our export trade to Canada, save to the extent that it is still somewhat affected by the system of British Empire preference, will enjoy the advantage which naturally goes with our proximity to Canadian markets and the similarity of Canada's consumption of goods, and of her economic life generally, to that of the United States."

Changes in duty valuation system, which has always been a great difficulty we have had:

"A broad advantage to many lines of American exports will result from changes in Canada's system of valuing commodities for duties. These changes are assured either by the trade agreement itself, or by a note of the Canadian Government accompanying it. There has been gradually growing in Canada a system, taking several distinct forms, of applying arbitrary assessments exceeding the invoice values on imported goods."

The Secretary (Hull) says that method is two or three times more destructive than the actual listed tariff schedules themselves.

"The resulting charges were materially higher, in some instances several times higher, than the nominal duty rates. On some commodities the practice meant not merely that the ad valorem rates were applied on a higher sum, but that the difference between the arbitrary value and the invoice value had to be paid as a so-called dumping duty.

"These methods of valuing commodities have caused much complaint on the part of American producers and exporters, by reason both of the height of the resulting charges and of their uncertainty.

"Moreover, the Canadian Government has given assurance in a note that it will sponsor legislation in Parliament to permit residents of Canada visiting the United States to bring back with them free of duty articles for their personal use up to a value of \$100, a privilege similar to that now enjoyed by Americans returning from visits to Canada or other countries."

MAJOR CONCESSIONS MADE BY THE UNITED STATES TO CANADA

"The concessions granted by the United States in exchange for the advantages thus secured from Canada for our agriculture and industry may be briefly summarized as follows:

- "1. The binding of the existing free entry into this

country of pulp-wood, wood pulp, and newsprint paper;"

Publishers please note -- especially those who run campaigns "Buy American". (Laughter)

Q Is that off the record, Mr. President?

THE PRESIDENT: That is off the record. And, also off the record, and own ships that bring it in flying the British flag.

Q Who is that? (Laughter)

THE PRESIDENT: (Continuing)

"unmanufactured wood generally; certain kinds of simply-manufactured wood such as shingles and lath; certain fishery products including lobsters; certain kinds of furs; crude asbestos, crude artificial abrasives, certain fertilizers, and a number of less important commodities. All of this means no change in the existing free list. It does not change the rate at all but binds it.

"2. Reductions in duty, but for specified quantities, on cattle, calves, dairy cows, cream, certified seed potatoes, and lumber and timber of Douglas fir or Western hemlock; any imports in excess of the specified quantities will pay the old rates.

"3. Reductions in duty on lumber and timber of other species; on Cheddar cheese, turnips, apples, hay, maple sugar, live poultry, and horses; on halibut and certain minor kinds of fish; and on patent leather, harness leather, ferromanganese, ferrosilicon, acetic acid, and several other minor items.

"4. The binding against increase of the existing 10 per cent duty on certain feed-stuffs for animals. Here again no change in our present tariff is made.

"The aggregate value of our imports from Canada in 1929 of all articles which are affected directly by the trade agreement was thus about \$308,000,000., or almost exactly three-fifths of the total value of our imports from Canada in that year."

As I remember it going the other way, it was three-quarters. American goods going into Canada benefited three-quarters and Canadian goods coming here are benefited three-fifths.

"In the negotiation of this agreement our Government has recognized that a substantial balance should be maintained

between the concessions granted by this country on agricultural products and those obtained from Canada on agricultural products. Even if the United States had obtained from Canada little in the way of duty reductions on farm products, our farmers would have gained much from the numerous and important concessions obtained for American manufactured goods. The increase in the exports of our factories, which seems bound to result, will so add to the purchasing power of the wage earners in this country that they can buy more of the products of American farms. Moreover, our farmers, as large consumers of Canadian products on which our own duties have been reduced, will be protected against unduly high prices for those commodities.

"As a matter of fact, however, the agreement does much more than this for our agriculture. It will assure large increases in exports of American farm products to Canada."

That is something that I hope will be duly noted by certain people here. To repeat, it will assure large increases in exports of American farm products to Canada.

"There is good reason to anticipate that these increases will at least equal the increases in imports of agricultural commodities from Canada resulting from the concessions which we have made to her. Moreover, in making duty reductions the Government has taken the greatest care to prevent injury to any group of American farmers.

"Both the United States and Canada export large quantities of grain to Europe,"

-- that is the wheat question --

"and no duty reductions have been made on Canadian grain and grain products imported into this country, although Canada has been assured that the present duty on certain animal feed-stuffs will not be increased -- it will be kept where it is. On the other hand, the United States with its larger area of Agricultural land and its more varied climate, produces far more of most kinds of animal products, vegetables, and fruits than does Canada. Our consumption of these products is huge as compared with the Canadian exportable surplus. For that reason it has been possible to make duty reductions which assure to Canadian farmers such an increase of exports to this country as will add materially to the total demand for their output, while scarcely affecting the demand for and especially the prices of the products of our own farms.

"Canada's concessions to us on farm products cover a wide field. In some cases we secure lower duties merely as the result of the general provision by which hereafter American goods,

instead of paying the 'general' Canadian duties, will pay the lower 'intermediate' or still lower 'treaty' rates. On a number of important farm products, however, Canada has given us rates well below intermediate or treaty rates. Moreover, the adjustments which Canada has agreed to make in her methods of valuing import commodities are of particular advantage for our products.

"The most important one concession made by Canada in the field of agriculture is that relating to the Canadian tariff paragraph which covers fresh vegetables. Canada has long distinguished between the season when her farmers are marketing their output of such vegetables and the 'off season'. There has been a basic ad valorem rate, 30 per cent since 1930, applied throughout the year, but during the competitive season this has been supplemented, as regards most kinds of vegetables, both by minimum specific rates in cents per pound and by so-called valuation advances. Under this valuation method not only did the ad valorem rate apply to a value higher than the invoice value, but the difference between the two values was also charged as a 'dumping' duty.

"The agreement makes great changes in the charges payable on this important group of fresh vegetables. A few vegetables of relatively minor importance have been transferred to the free list. On the remainder, the basic ad valorem rate has been reduced from 30 to 15 per cent. Our farmers, especially in the Pacific and southern States, will get great advantage from this 50 per cent reduction in Canada's duty on vegetables which are off-season in Canada. The minimum specific duties hitherto applied during the season when our vegetables compete with the Canadian will be entirely canceled, except on tomatoes. More important still is the adjustment made with respect to valuation advances during that season. On a number of vegetables, including tomatoes, the system of advances will be canceled entirely. On about a score of vegetables Canada reserves the right to apply these valuations, but the agreement assures our exporters that the additions to the invoice values will be at least one-fifth lower than heretofore."

The Secretary of State, the Secretary of Agriculture, the Under Secretary of State and I all read the next paragraph. This has nothing to do with what you are going to write, but none of us understood it. If you want an exercise in mental gymnastics, read it.

(The President did not read the paragraph referred to)

"This concession which Canada has made with respect to vegetables imported during the Canadian marketing season will be of wide-reading advantage to producers of such vegetables in our northern States, such as New England, New York, New Jersey,

Pennsylvania, Ohio, and Michigan.

"A similar adjustment respecting ad valorem duties, specific minimum rates, and valuation advances has been made in those Canadian tariff paragraphs which cover all except citrus fruits. Here the basic ad valorem rate has been reduced from 20 to 15 per cent, the valuation advances have been canceled on several classes, and such advances as may hereafter be applied on other kinds of fruit will be at least one-fifth lower than heretofore.

"In addition to these reductions in the charges on vegetables and fruits subject to general paragraphs of the Canadian tariff, our oranges, dutiable in recent years, are to be free during the months when we normally ship the most, the rate on grapefruit is cut from 1 cent to $\frac{1}{2}$ cent per pound throughout the year, and lemons are bound on the Canadian free list. Large quantities of these citrus fruits are consumed in Canada, and our Florida and California growers will benefit greatly by these concessions. Duty reductions are also made by Canada on sweet potatoes which are made free, fresh and cured meats, poultry, canned fruits and vegetables, ripe olives, and several other agricultural products of importance in our trade with Canada. Raw cotton, which Canada imported from the United States to a value of \$27,104,000. in 1929-30 and of \$18,095,000. in 1934-35, is bound by the agreement against the imposition of any duty.

"Reductions in duty in one form or another have been secured on articles accounting for about \$53,000,000. of this total. The charges on most of these commodities which we ship to Canada will be at least one-third lower than heretofore, and in some cases the reduction will range from 50 to 100 per cent.

"In return for the benefits thus secured for our farmers, the United States has made concessions of importance to Canada's agricultural community.

"Reductions in our duties made by the agreement cover live poultry, dressed chickens, horses, cheddar cheese, hay, apples, fresh cherries, strawberries, and green peas, the last-named concession applying only during the summer and does not affect winter peas imported from southern countries. The imports of this group of commodities, in recent years, have been small in comparison with the domestic production. Although no doubt the imports of them may increase materially and may become a substantial fraction of Canada's output of these products, they cannot become a sufficient part of our consumption to affect materially the prices of the far larger output of our own farmers.

"American duties have also been reduced on maple sugar, turnips, and frozen blueberries. Imports of these commodities supplement our inadequate domestic production.

"A concession is made by the United States on cattle,

Calves, and dairy cows. But the duty reduction on cattle relates only to those weighing 700 pounds or more, the imports of which come almost entirely from Canada. The rate is reduced from 3 to 2 cents per pound, but--"

and this is in the same sentence --

"it is at the same time specifically provided that entries (from all countries and not merely from Canada alone) at this lower rate may not exceed in any year three-fourths of one per cent of our average annual total domestic slaughter of cattle and calves from 1928 to 1932. The lowered duty on calves ($1\frac{1}{2}$ cents against the former $2\frac{1}{2}$ cents per pound) is similarly specifically limited to a small percentage of domestic production, and that on dairy cows (also $1\frac{1}{2}$ cents) is specifically limited to 20,000 head of dairy cows, which is a small fraction of one per cent"--

this is also in the same sentence --

"of the number of cows annually reaching the milk-producing age in the United States. It is self-evident that the imports of cattle, calves and dairy cows at the reduced rate, within the limits thus specified, cannot appreciably affect the prices received by our American farmers. It may be noted, in this connection, that the reduced duty on cattle will benefit many American farmers who fatten purchased feeders for sale, since a large proportion of the small imports from Canada will be feeder cattle.

"The limits set for the quantities of cream and certified seed potatoes which may enter at reduced duties are also such as to safeguard American producers of these commodities against injury from increase in imports. The reduction on certified seed potatoes is exclusively for the benefit of American farmers who grow potatoes, that is to say, the commercial potato farmers. No reduction on potatoes for consumption has been made in the agreement.

Now we come to the industrial and non-agricultural. You haven't got this (indicating paper in front of him) -- it is a comparison slip -- showing the 1922 tariff rates, the 1930 tariff rates and the new trade agreement rates. In other words, if it interests you to go back, the previous 1922 tariff on five or six items as, for example, cattle weighing less than 175 pounds each -- in other words calves -- was $1\frac{1}{2}$ cents a pound in 1922; it jumped to $2\frac{1}{2}$ cents in 1930 and we put it back to 1922. Cattle weighing 700 pounds or more used to be

2 cents a pound in 1922 -- it was the Harding tariff -- and it was jumped to 3 cents a pound and we put it back to 2. And on those cows, the quota allowed will not exceed the number coming in at the present time -- not more than 15,000 head -- which is about one-tenth of one per cent.

Q Is that the total cattle importation which will not exceed their quota or just the cows?

THE PRESIDENT: No, those are the slaughter cattle and cows -- 20,000. That is about one-tenth of one per cent. Cows weighing 700 pounds or more at 2 cents per pound, jumped to 3 cents per pound and now is put back to $1\frac{1}{2}$ cents per pound.

Cream, fresh or sour, was in the 1922 tariff, 20 cents a gallon. That was jumped to 56 cents a gallon and is reduced to 35 cents a gallon, so that it is still materially higher than it was in 1922. Maple sugar was 4 cents a pound in 1922; was jumped to 8 cents a pound and reduced to 4 cents. Cheddar cheese was 5 cents a pound; it was jumped to 7 cents a pound and is restored to 5 cents a pound. Lumber was on the free list. It was made \$4 through a tariff of \$1 and internal revenue of \$3 and we have made it \$2. That also is subject to a quota. That is, Douglas fir and Western hemlock.

"The advantages obtained for our factory and other non-agricultural industries through the trade agreement with Canada are of great magnitude. They should mean fuller and more profitable employment for many industrial plants and for many tens of thousands of American wage earners.

"Reductions in Canadian import duties, in some form or degree, are provided by the agreement on American industrial products which were shipped into Canada during the fiscal year 1929-30 to an aggregate value of \$365,000,000.

Duty reductions into Canada on products included in Schedule I:

"Machinery represents the largest group of non-agricultural

products benefiting from the reductions in duty specifically assured to the United States by this agreement. In the case of agricultural machinery and implements, the concessions accorded involved a trade which, in the fiscal year 1929-30, amounted to a total of over \$14,000,000. On most classes of such farm equipment, the Canadian duty has been reduced by half, or from 25 per cent to 12½ per cent ad valorem. All tractors, for whatever purpose, will now enter free; some types have hitherto paid a duty of 25 per cent.

"In the industrial machinery group, the Canadian tariff paragraph 427, which covers machinery of iron and steel not specially provided for the imports of which from the United States amount to \$35,800,000. in 1929-30, will be subject to varying reductions in duty. The duty in all cases was previously 35 per cent ad valorem. Hereafter, the rate on none of this machinery will exceed 25 per cent; a large portion will be dutiable at 20 per cent; on some types of special purpose machinery, the rates are further reduced to 15, 10 or 5 per cent; and in certain cases the duty is removed entirely.

"Certain mining machinery which we sold to Canada gets a reduction from 25 to 20 per cent ad valorem. The rate on logging machinery of the type which formerly paid 20 per cent is cut to 15 per cent. Special textile machinery was formerly at 10 per cent; now 5 per cent.

"Electric dynamos, generators, motors, also enjoy substantial reduction. Radios and parts -- \$10,400,000. worth -- are to have the duty reduced from 30 to 25 per cent ad valorem. A similar reduction is made on telephone and telegraph apparatus. Electric refrigerators which have hitherto paid 40 per cent, now pay 30 per cent. Washing machines, representing a trade of \$1,600,000., are reduced from 35 to 25 per cent ad valorem. On the extremely diversified Canadian tariff item of miscellaneous manufactures of iron and steel the duty has been reduced from 35 to 25 per cent. Electro-plated ware 45 per cent duty to 30 per cent. Other reductions on metal products affect pipe fittings, enameled hollow-ware, manufactures of tin plate, cooking and heating apparatus, wire fencing and netting, various types of wire, and certain zinc products.

"Dressed lumber, including flooring --"

that is, from this country into Canada --

"will enjoy a reduction from 25 to 20 per cent in the rate of duty, and continued free entry of rough lumber and lumber dressed on one side is bound during the life of the agreement. The imports of rough and dressed lumber from the United States during 1929-30 were valued at \$11,000,000. The Canadian tariff items covering American manufactures of wood not elsewhere provided for, with trade value of \$3,600,000., hitherto 25 per cent duty will

now pay 20 per cent.

"Miscellaneous manufactures of paper, imports of which from the United States during 1929 amounted to \$3,000,000., secure a reduction in duty from 35 to 30 per cent. The tariff item covering types of paper not elsewhere provided for will pay 30 instead of 35 per cent.

"Under the terms of the agreement American magazines, which have hitherto been subject to various rates of duty ranging up to 15 cents a copy, will now enter Canada free of duty. The importance to us of this concession, which will be welcomed by many Canadians, cannot be over-estimated."

No applause on that? Surely some of you are story writers. (Laughter)

"Duty reductions on non-agricultural products under general provisions:"

Space does not permit even the mention of all of them.

"Motor vehicles (1/6 off); railway cars and parts (1/12).

"Cotton fabrics (1/7 to 1/6 off); rayon fabrics and other products (1/7 to 1/5); hosiery and knit goods of various kinds (about 1/8).

"Dressed furs (1/10 off).

"Various chemical and medicinal preparations (1/10 to 1/5 off); gasoline and lubricating oils and greases (1/10 to 1/8).

"Glass tableware and manufactures of glass (1/12 to 1/5 off); electrical apparatus (1/6 off); manufactures of copper and brass (1/6); engines and boilers (1/6); iron and steel rolling mill products (1/12 to 1/5).

Concessions made by the United States on Non-agricultural commodities:

"Apart from those classes of wood pulp which were already bound on the free list by the trade agreement with Sweden (value \$16,485,000. in 1929) the agreement with Canada binds the continued free entry of goods making up about \$221,000,000. -- these are goods now free. The biggest items bound on the free list are newsprint paper, wood pulp (mechanical, soda and bleached sulphite) and pulpwoods. Including wood pulp of authorized kinds already bound on the free list by the Swedish agreement, our imports of these three articles from Canada in 1929 were valued at no less than \$184,000,000. The justification for assuring to Canada that these three commodities will continue to enter without duty during the life of the present agreement lies chiefly in the fact that this country is at present unable

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to supply anything like its total requirements of paper and paper-making materials, and the fact that in normal times the cut of wood from our forests, for paper, lumber, and all other purposes combined, greatly exceeds the annual growth, with resultant steady depletion of our timber stands. For more than ten years past the imports of paper materials and paper have been more than half of the total paper consumption in the United States. Any sudden and marked reduction in imports of these commodities would greatly derange the paper-manufacturing and paper-using industries of the country. Adequate advance notice of any intention to change our long-standing policy regarding imports of these products should be given in the interests of American business. Moreover, any change in policy would scarcely be justified without assurance of a closer future balance between wood-consumption and annual forest growth, involving a far-reaching program of reforestation and forest management."

Of course we have only just scratched the surface in regard to that in the past two or three years and it will take us at least another ten years of intense effort before we bring American tree growth up to anywhere near the present consumption, let alone any increased consumption.

"It may be noted further that to levy a duty on one of these three major commodities, without also placing duties on the other two, would be unreasonable and unfair.

"The most important non-agricultural commodity on which the duty has been lowered is lumber. The imports of lumber from Canada in 1929 were more than \$37,000,000. in value. Lumber entered free prior to 1930. In that year a duty of \$1 per thousand was imposed on lumber of the major softwood species, and by the Revenue Act of 1932 a \$3 tax was imposed on all lumber, additional to the duty. As a result of this action, and of the reduced demand for lumber during the depression, imports of Douglas fir nearly ceased, though considerable quantities of other softwood lumber continued to enter. The agreement reduced the combined duty and tax by 50 per cent. In the case of Douglas fir and Western hemlock the domestic industry is safeguarded by limiting the quantity, which may enter at the reduced rate, to 250,000,000 board feet. This quantity, it should be well noted, is equal to about 5 per cent of our consumption of those species during the last few years, and of course an even smaller percentage of the combined domestic consumption of Douglas fir, western hemlock and yellow pine, the three species most affected by the competition of the Canadian

Douglas fir. The imports of spruce and white pine from Canada supplement inadequate domestic supplies of these species.

"Concessions have been made to Canada with respect to certain dutiable fish items. Because of the already severe competition of imports of cod, haddock and related species with the catch of our New England fisheries, no duty reductions have been made on these fish. In the case of most species on which the rates have been lowered the imports either are small in comparison with domestic production or are supplementary to the domestic catch. The duty reductions apply to fresh or frozen halibut, salmon, eels, eight species of fresh water fish; fresh but not frozen swordfish; pickled or salted salmon and alewives; certain kinds of smoked herring; and, most important of all, canned razor clams." (Laughter)

The State Department does not agree with me. They say the most important single item is fresh halibut, but canned razor clams have them beat a mile. (Laughter)

"The most important single item is perhaps halibut. The imports of fresh halibut in recent years have averaged only about 10 per cent of the domestic consumption. There is some exportation of American-caught halibut to Canada and she has by the agreement reduced her duty. Both the American and the Canadian catch is almost wholly on the Pacific coast.

"Reductions in duty have been made with respect to about 15 manufactured products. The most important of these are patent leather, harness leather, acetic acid, and whiskey."

(cheers from the crowd) (Laughter).

"During the period of prohibition in the United States large quantities of whiskey of American type (rye and bourbon) were manufactured in Canada. With the end of the prohibition period Canadian distillers were left with great stocks of American type whiskey for which Canada itself afforded only a small market." (Laughter)

I think that is one of the most amusing paragraphs I have ever read, if you think of the implications of it. The State Department would not allow me to say anything about the implications but you people can. (Laughter)

"The shortage of properly aged whiskey in the United States since the repeal of the prohibition amendment has created a demand for

this Canadian supply. The 50 per cent reduction in the heretofore high duty of \$5 per gallon applies also to Scotch, Irish, and all other whiskey aged four years or more in wood."

And just between ourselves and off the record, I asked the State Department if I couldn't say anything about the advantages of four years in the wood. They said, "No", that it possibly might offend some of our American, what we call synthetic, manufacturers.

(Laughter)

I think that is all.

Q Is this a statement by you or by the State Department?

THE PRESIDENT: Oh, no. By right, I am not in this picture any more than I am on the third day of January, when we have a family gathering and try to explain the mysteries of the Budget. I am only doing this to be helpful and if anybody wants to ask any questions, if I can answer them I will, or else I will get somebody else to answer them.

Q On page 9, that item with regard to Canada, will they give an assurance that they will permit Canadians to carry back into Canada \$100 in American goods? Is there any limitation?

THE PRESIDENT: I think the American rule is once a month.

MR. SAYRE: There will be limitations on it.

Q What is the present American rule?

THE PRESIDENT: \$100 once a month. You cannot do it every day.

Q Mr. President, this whiskey concession is given only as to whiskey and not all distilled spirits?

THE PRESIDENT: Only whiskey; that is right.

Q Can it be applied to Canuck Brandy?

THE PRESIDENT: Only whiskey.

Q On that whiskey matter, does that apply to re -- exports?

THE PRESIDENT: Or whiskey over four years old from any country, provided the other country has a most-favored-nation clause.

Q Does that, in effect, write a new product into the Tariff Act?

THE PRESIDENT: It is a new classification or subclassification.

Q In several places you have mentioned "during the life of the agreement". This has no specific limit.

THE PRESIDENT: No, but it can be revised every three years.

Q What is the total amount of cattle of all kinds permitted to come into the country under the agreement.

THE PRESIDENT: Beef type cattle -- 155,000 head, which is about one per cent of the total slaughtered in this country -- no, three-quarters of one per cent of the total slaughter of these cattle in this country in a year.

Q That is beef cattle?

THE PRESIDENT: That is all cattle slaughtered.

Q 155,000 head?

THE PRESIDENT: 155,000 head which is three-quarters of one per cent of all cattle slaughtered in this country. They have to weigh over 700 pounds apiece.

Q Is that to keep out the Mexican cattle? -- the 700-pound provision?

THE PRESIDENT: Yes.

Q You refer to these as "slaughter cattle". Is there any distinction for feeder and stockyard cattle or are they included in these 155,000?

THE PRESIDENT: They are included -- all lumped together.

Q What is the provision for cows?

THE PRESIDENT: On dairy cows, this lets 20,000 head come in, which is again a fraction of one per cent of the total number of cows that freshen in this country every year. That may be compared, incidentally, with

800,000 dairy cattle that we slaughtered -- the States and the Federal Government slaughtered last year because of T.B. or other disease.

Q Is there any possibility for the raising of those quotas?

THE PRESIDENT: No.

Q Is it correct to say that that limitation takes the particular item out of the operation of the most-favored-nation clause?

THE PRESIDENT: No, but we do not bring in any from other places. These quotas cover imports from all countries.

Q How much cream is included in this?

THE PRESIDENT: 150,000 gallons, which sounded to me like an awful lot of cream, but it is less than one per cent of the cream consumed in this country.

SECRETARY WALLACE: It is 8/10ths of 1 per cent of the production in the Atlantic States.

THE PRESIDENT: It represents one pint a year for every fifteen people in our population.

Q Mr. President, under the most-favored-nation clause, could another million and a half gallons of cream come in from New Zealand?

THE PRESIDENT: No, the million and a half includes all countries.

Q But, under the practical operation, it would be Canada?

THE PRESIDENT: Yes; it is the only country that ever sent fresh cream to us.

Q When does this become effective?

THE PRESIDENT: January first next.

Q How many beef cattle have been imported so far this year from Canada?

THE PRESIDENT: At the rate of 140,000 a year.

Q Mr. President, what is the anticipated effect of the agreement on

American branch plants in Canada, if any?

THE PRESIDENT: I don't think we know yet. I think every industry will have to study how it is going to affect them. Of course, they do not know yet because they have not seen this. I will give you something but you cannot use it. I was talking to Myron Taylor, head of U.S. Steel Corporation. He said that they were very much interested in this, because they have a branch steel plant in Canada and also, of course, since the Ottawa Agreement, the American plants in Canada have been using mostly British steel. He is very much interested and all their people are to see whether this means that American semi-manufactured steel can go over into those plants in Canada that are owned by American capital. They do not know yet because they have not seen the agreement. Of course, on the general theory of increased business in both countries, it will start up a good many plants here and on the other side.

Q Does it affect any of the requirements with respect to medicines and pharmaceuticals?

THE PRESIDENT: They have sent us a note that in this coming session of Parliament they are going to define those more clearly than now.

Q Is Canadian legislation needed to effect the general reduction?

THE PRESIDENT: No. I think most of the cases will not require legislation, except for special things. For example, I think they will have to have legislation on the \$100 a month that individuals can take in.

Q Does this require ratification by Parliament?

THE PRESIDENT: All the rate reductions can be done by orders immediately -- the first of January -- and they go into effect by the first of January, but eventually it will have to have general ratification.

Q There is an item here "motor vehicles", does that include automobiles?

THE PRESIDENT: They get a reduction of one-sixth. There is a table you will all get that goes with this to cover each specific item.

Q That is one-sixth -- a reduction from 30 to 25?

THE PRESIDENT: That is right.

Q Have the experts feared what effect on American butter markets this exportation of cream will have?

THE PRESIDENT: I don't think it can be measured. Probably no effect at all.

Q Mr. President, several times you have mentioned transferring articles to the free list. I thought that the present Trade Agreements Bill did not give you that power?

THE PRESIDENT: I never mentioned transferring articles to the free list.

Canada does that, we do not. I cannot put an article on the free list.

I can cut the duty in half but we put no articles on the free list.

Q How do these tariff rates compare with the British preferential rates?

THE PRESIDENT: It varies so greatly that you have to take it up by specific items.

Q How much does this cost in tariff duties a year?

THE PRESIDENT: It will probably increase our tariff receipts and Canada's as well.

Q Increase the receipts because of more imports?

THE PRESIDENT: Yes.

Q About what would the limitation be on calves?

THE PRESIDENT: One-fourth of one per cent.

Q Has that been figured?

THE PRESIDENT: Roughly, 50,000 head.

Q As to most of the dutiable articles from Canada, would you say that this

is merely taking off the duties imposed by the Smoot-Hawley Bill and putting them back to the rates previously existing?

THE PRESIDENT: In a great many cases, yes, but you cannot say, strictly speaking, that it is doing that because there are a great many variations.

Q You mentioned that our exports to Canada have dropped by 66 per cent. What is the general decline of Canadian exports or imports from all countries?

THE PRESIDENT: It is less than that 66 per cent decline. We have suffered more than all the rest of the trade has suffered.

Q Mr. President, can you explain to us more clearly the matter of putting articles on the free list?

THE PRESIDENT: I tried to explain it before. It is this: Suppose I am a manufacturer dependent for my raw materials on Canada -- say that it is some kind of metal which is the basis of my particular product. I may want to put an addition on to my factory, but I can never tell today whether or not there is going to be a duty, one way or the other. By putting it on the free list, I know that for three years at least I can proceed with my business on the present basis as to my raw materials.

Q That means that Congress cannot hamper the free list without upsetting the whole agreement?

THE PRESIDENT: That is right.

Q You said that this could be diagnosed after the end of three years. Does that mean that no action can be taken by Congress that would upset this in less than three years? Does it have the status, in other words, of a treaty?

THE PRESIDENT: Only if we did it by mutual consent and there isn't much difficulty in that at the present time. For example, if some great inequity appears in here, under the present friendly relations existing between

the countries, we probably can get an agreement without very much difficulty.

Q For example, one representative of the cream interest said that they would have a bill in the next Congress forbidding the importation of cream from any country where the herds are not examined for tuberculosis or something of that kind.

THE PRESIDENT: We think they examine them in Canada.

Q I was wondering as to the possibility of Congressional sniping at this?

THE PRESIDENT: I suppose that somebody who is concerned about some particular item or other may present a bill -- there may be 50 bills presented.

Q I was wondering whether the three-year provision virtually precluded any action by Congress.

THE PRESIDENT: I don't think we will have any trouble because if any substantial unfairness from the standpoint of either country results, we can get together and rectify it. I don't think Congressional action would be necessary.

Q Referring again to the binding proposition, can you go any further than declaring that as a policy? Can you bind Congress not to take something off the free list and put a duty on it?

THE PRESIDENT: It has the weight of a treaty with another country.

Q The distillers that have testified said that if you would reduce the duty here -- the duty on whiskey -- to two dollars and a half a gallon that that would result in a decrease in retail prices of around ten dollars. Did that enter into the negotiations in any way?

THE PRESIDENT: I don't think so. Of course it depends a little bit. In other words, on this question of liquor prices at the present time, let us say that on whiskey there is a spread in there, because of the exist-

ing tariff, of twenty-one dollars a case on any imported whiskey. That is a spread, in a sense an operating spread primarily for the bootlegger. That is, the bootlegger has a twenty-one dollar advantage a case when he starts off his operations today, and in my own personal opinion this provision is going to do as much as anything else to cut down bootlegging in this country.

Q Can you say approximately how many beef cattle were slaughtered last year on account of the drought?

THE PRESIDENT: There were around 7 or 8 million that would have died on the range and they were brought in on board trains and turned into food.

Q Was the bootlegging aspect entered into in including Scotch and Irish types of whiskies?

THE PRESIDENT: It did not enter into it but that would be a result.

Q The idea or principle involved was to grant reductions to countries where they are principal suppliers?

THE PRESIDENT: Canada is the largest supplier.

Q Under the previous trade agreement thus far negotiated, have we utilized the quota system?

THE PRESIDENT: Yes.

Q Which ones were they?

THE PRESIDENT: Cuba, for example.

Q There is a quota stated here for lumber, fir and hemlock, from Canada. Can that quantity be compared with what the imports were when the lumber was on the free list?

THE PRESIDENT: Somewhere between a third and a half. In other words, the new quota will put it to about a third or a half of what used to be imported.

Q Are all cattle weighing less than 700 pounds classified as calves?

THE PRESIDENT: No; only under 175 pounds. There is no reduction involved in this agreement.

Q Can you clarify what you said about the Congressional aspect of it? If Congress should adopt a rate on some commodity which was bound by the free list, wouldn't that hold? Would not an Act of Congress hold?

THE PRESIDENT: It would be a violation of the agreement.

Q Then Congress --

THE PRESIDENT: (interposing) Congress gives to the President a great many rights to make certain kinds of agreements with foreign nations, not only in this Act but in a great many prior acts. We have the right to make international agreements relating to all kinds of things without going through a treaty. This falls into that category of agreements between nations. However, where Congress does not give that grant, it has to be carried through in the form of a treaty and ratified by the Senate.

Q The hypothetical question is; Suppose the McCarran Bill had carried, what then would have been the effect?

THE PRESIDENT: It would mean that we could not make any more.

Q It would not affect this treaty?

THE PRESIDENT: No.

Q These rates would stand?

THE PRESIDENT: Yes.

Q The authority to make them ends next year, does it not?

THE PRESIDENT: 1937.

Q Is three years the period on which the other trade agreements with Cuba and Brazil were negotiated?

THE PRESIDENT: I think the same in all of them.

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #251,
Executive Offices of the White House,
November 19, 1935, 4.10 P.M.

MR. DONALDSON: All in.

THE PRESIDENT: I think the only news I have is that the American delegation to the Naval Conference will be Mr. Norman Davis, as chairman, and the Under Secretary of State, Mr. Phillips, and Admiral Standley.

Mr. Phillips will go over with them but come back after a few weeks. The objective is, of course, to give him personal familiarity with the situation in the Conference so that, when he returns here, we will have a more intelligent liaison with the Conference than if we had nobody here who had attended.

I think that is about all there is.

Q When does the delegation sail, Mr. President?

THE PRESIDENT: I don't know. The Conference is for the sixth of December and the chief problem is what kind of boat they can get to get there in time.

Q What technical experts will they take with them, do you know?

THE PRESIDENT: Oh, the usual staff.

Q Did the imposing delegation which Japan is sending have any bearing on the decision to send Phillips?

THE PRESIDENT: Who --

Q (interposing) Japan is sending a large delegation, one of the largest they have ever sent.

THE PRESIDENT: I don't know.

Q Do we have an American program to put before them?

THE PRESIDENT: I do not think there is any news on that. If I were writing the story, I think the American position will be the same as it was in the beginning.

Q That means no change?

THE PRESIDENT: We oppose navies that cost nations more money than they cost --

Q (interposing) A little louder.

THE PRESIDENT: We oppose navies that will cost peoples of the various nations more monies than they cost today.

Q Harry Hopkins told the Mayors today that relief would not end finally on July 1, and that the Federal Government would still keep a hand on the plow, more or less. Does that imply a general change of policy and does that fit in your policy to end the works program some time next summer?

THE PRESIDENT: Whoever said we are going out of relief entirely on the first of July? There are people starving in this country. I have said 365 times that the Federal Government cannot allow them to starve. There is no news in that. Just old Mr. Commonsense.

Q Does it imply that the works program has been projected some time ahead of your program for next July?

THE PRESIDENT: We don't know how many people we can estimate for next July. That will have to be determined between now and the end of January.

Q Anything you can tell us on new developments in China?

THE PRESIDENT: No; I haven't got a thing except what I read in the papers.

Q You mentioned that the position would be to oppose larger navies. The British have made it known publicly, or at least they have let us

know they wanted twenty more cruisers. I wonder how emphatic our opposition to that would be?

THE PRESIDENT: I just stated the general principle. I cannot go into details.

Q What would be the position of Ambassador Bingham with reference to our delegation in the Conference?

THE PRESIDENT: He will be Ambassador to Great Britain, just as he was before. In other words, -- this is just for background -- the situation in Europe is such, as you all know, that the Ambassador to Great Britain ought to be foot-loose over there to attend to the many European problems from his post in London.

Q Mr. President, do you regard the officials of the United States Lines responsible for failure of the shipyards to build new ships?

THE PRESIDENT: No.

Q The London papers are carrying a dispatch from Ottawa that you have accepted the invitation from Premier King to visit Canada?

THE PRESIDENT: Nothing more than I have hoped to do for the last three years, which was some day to go up and see them up there. No date, no promise, just a hope.

Q Some of us have long telegrams from some Chamber of Commerce of Nova Scotia saying you are coming up there to catch fish but we have not been able to check on it at all.

THE PRESIDENT: I hope they are right. It is the first I had heard of it.

Q Mr. President, what have you been hearing from the country on the agreement with Canada?

THE PRESIDENT: I have not heard a thing except what I read in the papers.

Q Mr. President, Italy has threatened to cut off our export trade with her if we refuse to permit her to buy oil here. Can we induce you to comment on that?

THE PRESIDENT: Has she?

Q According to dispatches from Rome.

THE PRESIDENT: Has she? Has the State Department received any protest?

Q I do not believe so.

Q There has been an indication that the Postmaster General is going to resign sometime in January or February. Can you clear us on that?

THE PRESIDENT: (laughing) That is just the same old story.

Q Can you tell us anything about your conference with George Peek?

THE PRESIDENT: We talked about quite a lot of things he is studying for me. He is going to have some reports for me either while I am at Warm Springs or as soon as I get back.

Q Can you tell us what any of them were?

THE PRESIDENT: No.

Q Can you tell us what any of the reports would concern?

THE PRESIDENT: All kinds of things -- foreign trade.

Q You indicated he was making a study of the Canadian Treaty.

THE PRESIDENT: Yes; that and also the effect of the Canadian Treaty on imports from and exports to other nations.

Q Making any progress on the Budget?

THE PRESIDENT: Excellent progress. The old blue pencil is working overtime. Before I leave tomorrow night I have only one more department to finish and then there will be two of them that Dan Bell is bringing down to Warm Springs with him.

I can tell you this too: He will be there Monday and Chairman Buchanan is also coming to Warm Springs from Texas and will get there on Sunday night, and on Monday at Warm Springs we will go over the Budget, as far as we have gone on it, for probably twenty-four or forty-eight hours.

Q Is that the Navy Department, the one you are speaking of?

THE PRESIDENT: Yes, that is the one he is bringing down.

Q You said he would take two departments down there?

THE PRESIDENT: Yes. He will bring down the last two. I have one here and two more down there.

Q Can you tell us which they are?

THE PRESIDENT: Navy. I think one of them is the District of Columbia.

I have forgotten what the third is. Ask Dan (Mr. Bell).

Q Do you still expect to be able to cut off the federal dole on December first?

THE PRESIDENT: Substantially. That does not mean 100 per cent but substantially.

Q Is the bonus in this Budget?

THE PRESIDENT: (laughing) Do you need money?

Q I could use money all right. (Laughter)

Q Thank you, Mr. President.

CONFIDENTIAL

Press Conference #252,

On the road in front of the cottage

occupied by the newspapermen,

Warm Springs Foundation, Warm Springs, Ga.,

November 22, 1935, 11.10 A.M.

THE PRESIDENT: Isn't this a grand place?

Q Fine.

THE PRESIDENT: Well, I think everything is all quiet.

Q Any visitors today?

THE PRESIDENT: No.

Q None whatsoever?

THE PRESIDENT: No, sir; I don't know a blessed piece of news.

Q Nothing in the offing except Bell (Acting Director, Bureau of the Budget)?

THE PRESIDENT: The only news we have is that the Washington mail leaves about 3.15 in the afternoon and we get the first edition of the Star here at 9.30 the same evening. That is going some, isn't it?

Q Yes.

THE PRESIDENT: This gives you your mail and gets in about half past 9 that night.

Q You spend your evenings reading the Star? (Laughter)

Q You don't get any A.P. stories, do you?

Q That is off the record.

THE PRESIDENT: I guess not.

Q That is for direct quotes.

Q Can't you say "Washington papers," Mr. President?

THE PRESIDENT: Yes. Really I have to find out what Russ (Mr. Young) says the same day.

Q You did not see much yesterday. (Laughter)

Q Have you been out to the farm yet?

THE PRESIDENT: No, I just left the cottage. I have no plans for the day.

Q You know, Mr. President, Russ (Mr. Young) wrote his special No. 27 for Mac (Mr. McIntyre) when he cut that big cheese: "Are we Mice or are we Men?" (Laughter)

Q When is your first visitor, Mr. President, in the morning?

THE PRESIDENT: I do not think I have anybody until Bell and Buchanan get here.

Q Anything in particular you are working on?

THE PRESIDENT: No; not even that. I haven't even got a trunkload of documents. I have one small briefcase.

Q You mentioned the Navy and the District of Columbia?

THE PRESIDENT: You said Commerce -- that might be right.

Q I asked old Dan Roper (Secretary of Commerce) and he said no, that you had finished that.

THE PRESIDENT: I know I have not done Navy; I do not think I have done the District of Columbia.

Q Roper said you were finished with him.

THE PRESIDENT: I have done Post Office; I haven't done Navy; I have done Interior; I have done Agriculture; I have done Labor; I think I have done Commerce -- I know I have done Commerce -- and yet Dan Bell told me there were two left to do.

Q What is that Budget going to amount to, about, for the new year?

(The President laughed.)

Q Mr. President, are you going to ask for an increase in Navy personnel?

THE PRESIDENT: Yes.

Q How much?

THE PRESIDENT: As I remember it, there is a total maximum of 100,000, which means an average of 96,000.

Q During the year?

THE PRESIDENT: During the year.

Q What do you mean by, "average"?

THE PRESIDENT: I mean they will not average more than 96,000 for the year.

Q For that you will have to have 100,000.

THE PRESIDENT: The maximum of 100,000 by the end of a year. And in the Marines it is going up from 16,600 to 17,000.

Q Maximum?

THE PRESIDENT: Yes.

Q That is provided by law?

THE PRESIDENT: No. There is provision made in the Budget for increasing the Navy and the Marine Corps.

Q You said this year's maximum was 96,000?

THE PRESIDENT: Average on this year, yes. I think it was either 94 or 96 thousand.

Q What would that make the average?

THE PRESIDENT: About 4,000 less than the maximum.

Q Always 4,000 less?

THE PRESIDENT: In other words, what it does in effect is to add 4,000 men and that is based almost entirely on the new ships. You see, the one problem we are all laboring under is, on the destroyer and destroyer leaders the increase in the number of men on each ship, in comparison with the old destroyers, is very high. For instance, a new destroyer, instead of carrying 110 men, as the old ones did,

carries nearly 200 men, so when we put an old destroyer out of commission and replace with a new one, it takes more men to man her.

Q Are you going to see those football games tomorrow?

THE PRESIDENT: I have to do my swimming. The only day I am going to miss my swimming is the twenty-ninth.

Q You are going to have plenty of exercise up there then. (Laughter)

Q Anything new on the foreign situation?

THE PRESIDENT: I have not heard anything new.

Q Have you heard anything since you have been here from Secretary Hull?

THE PRESIDENT: No.

Q Getting back to the Navy personnel, what would that be in money?

THE PRESIDENT: Figure it out -- about 900 (dollars) per man. And the same thing with the Marines, about 900 a man.

Q Any increase in the Army?

THE PRESIDENT: No; bringing it up to last year's bill.

Q That was 180,000?

THE PRESIDENT: 160 or 165 -- something like that.

Off the record, I have got quite a lot of data here on lumber cut in the United States but I think we had better hold that until we can sit around and talk it over. We will hold it for whenever we have no news.

Q Is that on the Canadian Treaty?

THE PRESIDENT: No, this relates to the American cut. It has nothing to do with the Canadian Treaty.

Q Are you going to keep that Navy Budget open?

THE PRESIDENT: No.

Q This is independent of what happens over there?

THE PRESIDENT: Yes. In other words, anything having to do with battleships will be held up entirely. All we are doing is carrying out, on construction, the terms of the Authorization Bill last year -- oh, you know -- the Vinson Bill. The Navy increase merely conforms to that authorization of the last Congress. It says nothing about battleships, one way or the other.

Q Gene (referring to Governor Talmadge) said he was coming down to see you.

THE PRESIDENT: I have not heard a word.

Q I saw it in the papers.

Q Yes, he was sorry he could not welcome you.

Q I lost a lot of dough at poker last night but, nevertheless, speaking for myself --

THE PRESIDENT: (interposing) What are you looking for, a chance to get it back from me? Maybe we can arrange it. (Laughter)

Q -- speaking for myself, we are enjoying the place.

Q We have a great improvement in living -- better room and steam heat and a fireplace that works.

THE PRESIDENT: That is great.

Q Any change at your place?

THE PRESIDENT: Same thing as last year.

Q Down at the C.C.C. Camp I learned that you cannot toss on an Army cot; if you do you fall on the floor.

THE PRESIDENT: Better swing a Navy hammock for you.

Q Are you going to put in a Message against the fifth card (referring to the poker game of the previous evening)?

THE PRESIDENT: I will show you how to work it. I will charge you a low

charge, \$10. an hour for lessons. (Laughter)

Q How much of an advance do you think we can get on the 29th speech?

THE PRESIDENT: I do not believe until the day before.

Q Get it the day before? That will be fine; we can get a better spot on it; it is handled better.

THE PRESIDENT: What I will try to do is to get the bulk of it by Thursday noon, and then maybe there will be one or two things I will try to stick in at the last moment.

Q Will those things be the lead?

THE PRESIDENT: I will try not to make it the lead.

Q Thank you, Mr. President.