

CONFIDENTIAL

Press Conference #272,
Executive Offices of the White House,
February 4, 1936, 4.08 P.M.

MR. DONALDSON: All in.

THE PRESIDENT: I don't think there is any particular news. You will want to know what the conference was about that we just held. It was the periodic check-up of the lending agencies this time. We have them every two or three months to find out how the actual expenditures out of the Treasury are going and how they probably will go during the next two or three months. That part of it was routine. At the same time we took up the question of certain authorizations by Congress during the past three years for potential obligations to see if any of those authorizations were no longer necessary to carry out or needed. We are now working to find out the exact amount it will run to -- probably several hundred millions of dollars of previous authorizations -- which will not be used and therefore can be properly cancelled as authorizations.

Q One hundred million dollars?

THE PRESIDENT: Oh, a good many hundred millions.

Q Could that be a billion by any chance?

THE PRESIDENT: I cannot give you any figure because I haven't any figures.

Q Do I understand you to mean that of the earmarked money, you can take the earmarks off and use that for current purposes?

THE PRESIDENT: You cannot use it for current purposes. This does not mean money coming into the Treasury which can be used for other purposes. It means you lift from the Treasury Department or agencies that finance themselves directly, the possible need for future borrowings. Just

to give you one practical example, the Home Owners Loan Corporation. I have forgotten the date on which applications ceased, does anybody remember?

Q June 27th.

THE PRESIDENT: Now, that was the last date on which applications for loans could be made and the loans made up to and including that date are now nearly all passed on. They have not quite finished passing on them but I think they will be in a few weeks. Therefore, we can make a pretty good estimate that the Home Owners Loan will not need several hundred million dollars which it was authorized to lend out. Therefore, the Home Owners Loan Corporation will not go into the market for that additional sum. There are five or six different agencies of the Government in a similar situation.

Q Are they direct obligations or indirect?

THE PRESIDENT: In some cases direct and in some cases indirect. In the case of the Home Owners Loan Corporation and the Farm Credit Administration, they are indirect.

Q Are some of them outright appropriations and authorizations by Congress?

THE PRESIDENT: I am talking about authorizations. For instance, RFC has certain authority to go to the Treasury and to call on the Treasury for certain funds for certain purposes. Now, some of those authorizations to RFC to go to the Treasury are now obsolete and can be cancelled as a borrowing power of RFC. That is a direct case because they borrow from the Treasury. The Farm Credit Administration and the Home Owners Loan are indirect from the point of view of the Treasury because they borrow directly from the public instead of going to the Treasury.

Q Can you give us an idea of what other agencies there are?

THE PRESIDENT: I cannot remember them offhand. There are quite a number involved.

Q Did you say that there were several hundred million dollars for Home Owners Loan Corporation?

THE PRESIDENT: Yes. As a matter of fact, I think HOLC -- I think you can put this down -- is somewhere between five hundred million and a billion dollars. That is HOLC alone.

Q That they will not have to borrow?

THE PRESIDENT: That they will not have to borrow.

Q Will any of these take action by Congress to cancel those authorizations?

THE PRESIDENT: Not of necessity. In other words, if we do not get action by Congress, it simply means that I write them a letter and tell them not to do it. The cleanest way of all would be to get action by Congress. The point is that the money won't be spent.

Q It is up to the Administration to borrow the money?

THE PRESIDENT: It is what?

Q It is up to the Administration to either ask or not ask for the money?

THE PRESIDENT: Yes.

Q Does it mean that these renting agencies will now be liquidated?

THE PRESIDENT: What one, for instance?

Q Most of them will have outstanding assets of one kind or another. They would be liquidated?

THE PRESIDENT: Home Owners' Loan -- some of them run twenty years.

Q By liquidating I mean turning them into banks instead of having the Federal Government own them?

THE PRESIDENT: No. The Home Owners' Loan is a direct agency of the Government. It makes the direct loan to the home owner.

Q The H.O.L.C. will remain as such?

THE PRESIDENT: Yes.

Q Nothing to do with appropriations?

THE PRESIDENT: No, just authorizations.

Q As a result of today's discussion, have you an approximate figure of how much you can save?

THE PRESIDENT: I think you can safely say over a billion dollars. You cannot call it savings, however.

Q Yes.

Q Does that mean the money cannot be used for any other outstanding --

THE PRESIDENT: (interposing) That is the point. We are cancelling the possible obligation of it; either by Presidential Order or Act of Congress repealing the authorization.

Q Any purpose with respect to the bond market?

THE PRESIDENT: No purpose at all but a usual process. We have got to the point now where we can do it.

Q In this conference did you also explore the possible holdover from the disbursing agencies?

THE PRESIDENT: Not yet.

Q Budget said it would be a billion or a billion, 100 million?

THE PRESIDENT: On Thursday I am seeing the spending agencies. We will check up and find out what their probable actual expenditures will be during the next two or three months. During December and January the actual calls on the Treasury for expenditures ran less than had been figured the first of December. Now, we get another checkup for the next two months.

Q How far ahead can you chart the expenditures of the spending agencies?

THE PRESIDENT: A couple of months, two or three months at the outside, otherwise you get in the realm of guessing.

Q Do you recall how much less they ran the last two months?

THE PRESIDENT: No.

Q You have said we come to the point where we cancel the obligations.

Can you say that that is approaching the end of the emergency period?

THE PRESIDENT: That is too broad a statement, much too broad, because it might be considered all inclusive. For instance, if you come down to practical instances, in each case you can answer that for yourself.

In the case of the Home Owners' Loan, the actual obligations for loans ended last June. Obviously, that phase of the Home Owners' Loan work is approaching its end. The final obligations are now being passed on.

From that time on, the Home Owners' Loan becomes a collection agency.

Q I missed the point. Can you do this, or have Congress do it?

THE PRESIDENT: Either way. In other words, take the case of the Home Owners' Loan Corporation: I say to them, "When you get these loans cleaned up, you will have a surplus of between 500 million and a billion dollars. Now, you are to make no more loans." Actually, I think, in that case, under the law, they cannot do it. But you have a potential cancellation of between 500 million and a billion dollars. Now, you can leave the whole thing on the statute books or repeal it, and the cleanest way is to repeal it.

Q Did these sums appear in estimated deficits in the past?

THE PRESIDENT: That particular thing was not in the Budget.

Q These sums did not appear in estimated deficits?

THE PRESIDENT: There has been no question of deficits on those.

Q It might have appeared in estimates but after deficits.

THE PRESIDENT: The Home Owners' Loan isn't going to have a deficit. It is going to pay its way out.

Q I mean the total Budget?

THE PRESIDENT: It has nothing to do with Budget figures.

Q Did you consider the repayments that might come from the lending agencies?

THE PRESIDENT: What?

Q The repayments by these lending agencies?

THE PRESIDENT: Only in the case of R.F.C. where the repayments for the past month were \$50,000,000. greater than the loans. Certain agencies of that kind.

Q In the Budget you estimated about \$100,000,000. coming back this year?

THE PRESIDENT: That is a figure I have asked for -- we did not get it today -- as to whether there would be any change on that estimate. It will probably run slightly higher than the estimated return.

Q R.F.C. are running higher than expected?

THE PRESIDENT: Yes, higher than expected.

Q Any discussion on cotton loans?

THE PRESIDENT: Yes.

Q Can you tell us anything about that?

THE PRESIDENT: That is a terribly involved subject that I do not entirely understand myself. We have the old cotton pool. There is one of them and, of course, the liquidation of that pool will -- on the liquidation of the pool and the time it is done will depend on whether we will call on \$100,000,000. that has been set aside and not called on up to the present time. Now, the speed of liquidation of the bales held in the cotton pool will control the use of that hundred million.

Q That is the recovery of it?

THE PRESIDENT: Yes -- no, I do not think it is the recovery of it. I think it is the use of it. I think they have that as a sort of kitty, haven't they? I think so. That is one thing you have to check on.

Q Anything on Los Angeles, California, delegates?

THE PRESIDENT: No.

Q There is a story that Colonel Fries, Director of the N.E.C., resigned and that he was coming to Washington to take some important Budget post. He is not going to be Assistant Director of the Budget?

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

Q I have some inquiry as to why the Costigan-Jones Sugar Act was not included in the legislation asked for?

THE PRESIDENT: You had better talk to Chester Davis or Henry Wallace about it. I do not know.

Q Have you reached the point where you can tell us your personal opinion of how the bonus should be paid?

THE PRESIDENT: Oh, heavens, no.

Q Studying it?

THE PRESIDENT: Checking on it. We are keeping on studying it. Nothing decided at all.

Q Could you comment at all on the attitude of the Administration toward the various inflation proposals made on the Hill?

THE PRESIDENT: Various what?

Q Proposals for inflation.

THE PRESIDENT: No.

On the bonus thing, this is just a very rough guess on the total extra cost of paying the bonus between now and 1945, which is what? Nine years. It will run about a hundred million dollars a year above

what it would have cost if it were paid in 1945. That is the rough figure, but approximately correct.

Q But you do have to have a billion dollars between June 15, and April 15?

THE PRESIDENT: Yes. That is a question of financing.

Q Have you come to the point of how you are going to get that money?

THE PRESIDENT: No, the only figure is the difference in cost to the Government between now and '45 will be about a hundred million dollars a year.

Q How do you arrive at that, on a 20-year basis?

THE PRESIDENT: On a what?

Q On a 20-year or a 10-year financial basis?

THE PRESIDENT: I couldn't tell you; I don't know.

Q Is there any comment on the shipment of gold abroad?

THE PRESIDENT: No, except it does not do any harm.

Q Coming back to the subject of cotton, how about this two hundred and some -- approximately 250 million dollars in loans through the Commodity Credit Corporation and the R.F.C.? Did you take them into consideration in this tightening up of the purse strings?

THE PRESIDENT: No, no. Nothing to do with it. This is not a tightening up of the purse strings.

Q Have you decided on your new tax bill for the substitute farm bill?

THE PRESIDENT: No, not yet. I did not even discuss it today.

Q Are you going to have a stopgap on the two hundred million taxes imposed by the Federal courts -- a stopgap tax bill?

THE PRESIDENT: I do not know; I have no idea.

Q Is there a continuance of these cotton loans affected by the A.A.A. decision?

THE PRESIDENT: No, I do not think so. There will be orderly marketing, but

very orderly. No frightful rush about it.

Q Have you discussed corn loans along with the cotton loans?

THE PRESIDENT: No.

Q Thank you, Mr. President.

CONFIDENTIAL

Press Conference #273,
Executive Offices of the White House,
February 7, 1936, 10.35 A.M.

Q I have a corporal guard this morning, Mr. President.

THE PRESIDENT: Well, well, Merry Christmas (referring to the snow).

Wouldn't it be grand at Hyde Park today?

Q If you were able to find it.

Q You could get the sleigh out.

THE PRESIDENT: Yes. A corporal guard is right.

Q I can't get out.

THE PRESIDENT: There are some of them that cannot take it in every profession.

MR. DONALDSON: All in.

THE PRESIDENT: Congratulations to the faithful. (Laughter)

I have got to apologize; I haven't any news.

Q When will the nomination of the seventh member of the Federal Reserve Board come up? Have you any idea?

THE PRESIDENT: To tell you the honest truth, I haven't done a thing about it the whole week.

Q Can you tell us anything about the conference with spending agencies yesterday?

THE PRESIDENT: No; just the routine thing.

I suppose the easiest way to put it is to say it involved just one problem and that was the amount necessary to carry the unemployed between now and the first of July and whether, on existing allotments, we have enough for that purpose or whether we have to transfer some other allotment over to relief in order to carry the thing through

to the end of the fiscal year. It was a long, involved talk that related to practically every department.

Q. Will you need more or less to get along between now and the first of the fiscal year?

THE PRESIDENT: Neither more nor less. In other words, we have known all along we would have to take some, around the end of April, from other agencies, over and above the allotments that had previously been made. There is nothing new in it.

Q A reshipping of allotments?

THE PRESIDENT: Yes.

Q You take some from the other agencies and give it to the W.P.A.?

THE PRESIDENT: Yes, because on the original allotments to W.P.A. it did not have enough to carry through to the first of July.

Q Which agencies?

THE PRESIDENT: Every one that has an allotment. They are all subject to it.

Q Others, like Rural Resettlement?

THE PRESIDENT: Army, Navy, Labor, Commerce, every department. It would come out, perhaps, of every department. Some we might use but it would not be worth while taking it out. For example, on that, you take some of the work that the Army and Navy is doing: It is practically W.P.A., only, instead of being done for a municipality, it is being done for the Navy. So it is money usefully spent for the same purpose and, except for certain minor individual projects, we would not take it away.

Q Can you give us any tentative figure as to how much would be needed after April first?

THE PRESIDENT: I don't know. It is almost an impossible question to answer.

New projects that are being started now won't actually go to work until after April first, so an allocation now does not mean the immediate spending of money. We have to take it up from the point of view of the amount that would be spent before the first of July.

Q Any consideration of continuing the demands from the states after April first?

THE PRESIDENT: No.

Q In the Treasury statement, on the subject of emergency funds, the column showing the Emergency Relief Appropriation Act for 1935 totaled, at the start, \$4,000,000,000. It now totals \$4,400,000,000., \$400,000,000. having been transferred from the Reconstruction Finance Corporation under the Act of April 8, 1935. In view of the authorization for another \$400,000,000., will that column, will the total of that column now total \$4,800,000,000.?

THE PRESIDENT: Of expenditures?

Q Of funds available for emergency relief purposes?

THE PRESIDENT: I don't quite understand it. What does the Treasury statement show?

Q On page 4 of the Treasury statement there is an accounting of emergency funds for the fiscal years 1933 and down to date. The first column shows the specific appropriations, the second shows the allocations under the National Industrial Recovery Act, the third the Emergency Appropriation Act of 1934, and the third column shows the Emergency Relief Appropriation Act of 1935. The total of that 1935 appropriation, showing the allocations to the various agencies, was, at the beginning, in this fiscal year, \$4,000,000,000. Now, with \$400,000,000. transferred from the R.F.C., it is now \$4,400,000,000. You will now

be drawing an additional \$400,000,000. from the R.F.C. Will that column eventually total \$4,800,000,000.?

THE PRESIDENT: I suppose so. I do not know. That is one of the Treasury bookkeeping things. I don't know. We will probably draw from the R.F.C. all we have authority to draw from them.

Q As a result of the Supreme Court decision in the Maryland National Bank case, will that change any policy of the R.F.C.?

THE PRESIDENT: You had better ask Jesse Jones. He is studying the possibility of a small amendment to the law. You had better ask him.

Q Has it been decided to continue the low-cost housing policy, or is that being considered? That is direct Government aid to low-cost housing?

THE PRESIDENT: In the future or old appropriations?

Q Future?

THE PRESIDENT: That is still in the study stage. They are still going ahead with all the projects listed.

Q Can you comment on the study of conditions under the W.P.A.?

THE PRESIDENT: I don't know.

Q They made a survey of conditions in thirty-five states, including 18,000,000 people, and found some acute suffering, so they say.

THE PRESIDENT: I do not know; I have not seen it.

Q Is the tax bill taking any shape?

THE PRESIDENT: Not yet.

Q Mr. President, have you come to any conclusion about the Ship Subsidy Bill?

THE PRESIDENT: No. I have gone over it a couple of times since last week. Nothing yet. I hope we can get something on it.

Q On taxes, has it been determined yet whether taxes will be necessary to finance the bonus payment?

THE PRESIDENT: I don't know; we haven't any decision on it at all.

Q Mr. President, Mr. Wallace estimated that the cost of the farm control program will be about \$500,000,000. annually. Is there any change in that estimate of \$500,000,000. more or less?

THE PRESIDENT: I think that is about right.

Q Has a decision been reached on the financing of the bonus debt -- how many years?

THE PRESIDENT: No. I should say offhand that would depend on the Treasury decision as to the best method of raising the money. It depends on the money market, other issues. It all ties in together.

Q Thank you, Mr. President.

CONFIDENTIAL

Press Conference #274,
Executive Offices of the White House,
February 11, 1936, 4.00 P.M.

THE PRESIDENT: How did you work up into the front row?

Q (Miss Ruby Black) I just fight for it. You can't hear these questions the boys ask you in the back row.

THE PRESIDENT: I know it. Most of the people in the back row are here for curiosity. Isn't that right?

Q That is right.

THE PRESIDENT: They do not care about the questions and answers. They want background.

Q That is just a polite name for it.

Q (Mr. Storm) Jack O'Brien wanted to know how I got the chair and I said it was due to too many complaints.

THE PRESIDENT: There was too much scenery in the front row and we had to lower the drop.

MR. DONALDSON: All in.

Q What is the name of your white elephant? (Referring to the toy elephant on the President's desk)

THE PRESIDENT: Gop.

Q Just Gop?

THE PRESIDENT: Yes.

Q Mr. President, have you received any news on developments of the spending conference that was held here the other day? You said you were going to transfer some funds.

THE PRESIDENT: Which one? We had a three-ringed circus going on there. We had a conference almost every day.

In order to make it clear, all of these various conferences are almost a daily occurrence. They are working on three lines of attack. One you know about, which is the various authorizations of appropriations which will not be used and can therefore be, in effect, cancelled, like the Home Owners Loan Corporation thing we talked about last week. The second line of study that is going on at the present time relates to various appropriations or authorizations which would effect a saving on the public debt, a reduction in the public debt.

The third line of study represents those -- affects those appropriations that would have an effect on the Budget or, say, the deficit.

Those are the three lines of study and they are all proceeding simultaneously. The Director of the Budget, of course, is in all three and he calls in various people on each type of appropriation and each department affected.

Q Is it true that Mr. Black is going to succeed Mr. Coolidge as Under Secretary of the Treasury?

THE PRESIDENT: There isn't any news on either of those appointments over there yet.

Q Have you any comment to make on Mr. Jones' call this morning?

THE PRESIDENT: No. What did we discuss? I have forgotten. He comes around every two or three days, you know.

Q Mr. President, our Canadian clients are asking whether you are likely to invite Canada to participate in the proposed Pan-American Peace Conference?

THE PRESIDENT: I don't know. You will have to ask the State Depart-

ment about that. I think they will probably say "No."

Q Is anything being done on the Niagara Falls Treaty now?

THE PRESIDENT: Not at the present time. There is a lot of correspondence going on about it.

Q On these three lines (of attack) you are working on now, has any time been set for them to report?

THE PRESIDENT: They are reporting right along. There will be a report on this appropriation today and another one tomorrow. I cannot give you a deadline.

Q Is it being done piecemeal?

THE PRESIDENT: No, it is not being done piecemeal. They are all three different things. More information every day on the three particular lines. I cannot give you a deadline but I can guess that inside of a week we will have pretty good information.

Q Has a goal been set for savings? Any amount been laid down?

THE PRESIDENT: No.

Q Will you issue an invitation to the Conference, or will that be left up to the State Department?

THE PRESIDENT: I think we can say now -- has the letter been given out?

Q No.

THE PRESIDENT: Well, the first thing to be done is to get the letter. Well, a letter has been signed and the only reason for not saying anything about it at the present time is a matter of courtesy to allow enough time for the letter to be received by all the heads of governments.

MR. EARLY: Which is this afternoon.

THE PRESIDENT: Steve (Mr. Early) says it is today.

Q A letter to the Peace Conference?

THE PRESIDENT: To all heads of governments.

Q Pat Nash and Bruce Campbell announced today that your name will be entered in the Illinois primary. Have you any comment?

THE PRESIDENT: No, I do not know the law in Illinois. Off the record, ask Senator Borah; he knows what the law is.

Q In the letter coming out today, could you comment on the ideas of the Conference?

THE PRESIDENT: No. I think the letter is a story in itself. Don't put too much in one paper.

Q We would like to be clear on one point: The letter was to be to the heads of the governments. I did not understand that the Conference was for the heads of governments.

THE PRESIDENT: You had better see the letter. We are not going beyond the letter at this time.

Q Have you a copy of it, sir? (Laughter)

Q There is a report over in the Interior Department that Ickes has issued some report on the attitude of municipalities on public works spending. Have you received that?

THE PRESIDENT: Yes, I got one last week and one yesterday. I think yesterday's is around here somewhere. Here it is. There are an awful lot of figures in these -- it was a study -- so I cannot summarize it for you because there are pages and pages. It relates to the approval of public works by communities and it is a new piece of information. It is rather interesting along certain lines. These relate to the F.W.A. and not to W.P.A. and the various local

projects from the beginning of P.W.A. down to date.

There were 12,022 applications filed by communities. Of those 4,629 required local elections before they could go through. That was the grand total relating to applications filed. Now, actually, of the applications that were approved subject to local elections there were 2,613 that called for local approval and elections were held. They were approved in 2,166 cases or approximately 83 per cent, where they had an election and the voters approved the expenditure. In dollars and cents, the voters in those 2,613 communities approved local contributions, that is to say out of their own pockets, of 213 million dollars and they defeated projects for 44 million dollars. The main point of the thing is to show that the voters in those communities, by a referendum, assessed themselves that amount as local contributions to be paid for out of local taxes.

Q Any figures on the number and amount in which there was no referendum?

THE PRESIDENT: I am trying to find out, to see if there was.

MR. EARLY: Secretary Ickes said he only intended that as a summary, that he had all the details.

THE PRESIDENT: I haven't the details. I haven't it here because all you have to do is to find the total amount that was given by loan and grant -- do not get it mixed up with the straight loan thing -- and then deduct those figures from it, and that will give you the amount where there was no election held.

Q All those raised by local taxes or part by revenue?

THE PRESIDENT: Local taxes, revenues or bond issues. But, after all,

revenues and local taxes are almost synonymous, aren't they?

Q Very much.

THE PRESIDENT: Well, the only story on that, Stevie (Mr. Stephenson), is the fact that in a great majority of these cases there was local contribution approved by the locality.

Q Does the Secretary give the amount of the grant that was made to the communities that approved this 213 million (dollars)?

THE PRESIDENT: How much?

Q How much Federal money went into the communities that voted this total of 213 million dollars?

THE PRESIDENT: No, but that represented, on the average, I suppose, about 45 per cent. Wait a minute -- I don't believe -- quite a lot were the old 30-70 and that is not broken down, so I cannot tell you.

Q Any comment on the situation likely to result on the House Appropriations Committee's refusal to approve the budgetary allotments for the Guadalupe and Florida Ship Canal?

THE PRESIDENT: I haven't heard anything about it except what I read in the papers. I haven't heard any report from up there on it. I take it that will be thrashed out later.

Q Is this letter to the heads of the Latin-American Governments from you?

THE PRESIDENT: From me; signed by me personally.

Q On taxes, has that bill been --

THE PRESIDENT: (interposing) Not yet, no. But the A.P. story the other day was a bum steer, Stevie (Mr. Stephenson).

Q (Mr. Stephenson) What story is that? (Laughter)

THE PRESIDENT: The story was that I was not going to send it up until I saw how much taxes came in on the fifteenth of March.

Q (Mr. Stephenson) Are you sure that is an A.P. story?

Q Thank you, Mr. President.

CONFIDENTIAL

Press Conference #275,
Executive Offices of the White House,
February 14, 1936, 10.30 A.M.

THE PRESIDENT: Good morning; how is Fred?

Q (Mr. Storm) Just fine, Mr. President.

THE PRESIDENT: What is the news today?

Q We are hopeful.

THE PRESIDENT: I don't think we have anything.

Q None today?

THE PRESIDENT: We will have a quiet week end.

Q Pretty dull on the Hill these days.

THE PRESIDENT: I think the only news is that we will put the lid on for two days.

Q This is Valentine's Day. Could you give us a valentine?

THE PRESIDENT: That's right.

Q Any news from the duck hunters, Colonel Watson and Brother Early?

THE PRESIDENT: Not yet; they have hardly had time.

Q I didn't know they were going to South Africa. (Laughter)

MR. DONALDSON: All in.

THE PRESIDENT: The only news is off the record. Steve (Mr. Early) has had White House orders not to shoot a turkey. We have heard enough about turkeys. No more turkeys. The only other news is that we are going to put the lid on from now on until Monday morning.

Q Washington and District health officers are very much concerned over the size of the Budget for health purposes. They say it is dangerous and I wondered whether you had any ideas on the subject?

THE PRESIDENT: I do not know enough about it, personally, to make an

intelligent answer. I do not know, Russell (Mr. Young).

Q Can you tell us about your housing plans which were discussed here yesterday?

THE PRESIDENT: Only very, very general discussion yesterday; no specific plan. It might be called a preliminary discussion.

Q Mr. President, last week a group of Atlantic Coast Congressmen came to see you about icebreakers. Can you tell us what the situation is?

THE PRESIDENT: The situation with respect to icebreakers is this: that instead of building special ships, Navy, Commerce, Army and Treasury are all trying to find out whether it is possible to use vessels that are out of commission and normally kept out of commission, and have them ready during the ice season, with perhaps a special shoe or something like that forward, to be used when we have an ice emergency. That probably would save an awful lot of money instead of building new ships. Various departments have a certain number of vessels laid up in reserve.

Q Do you expect a report on that?

THE PRESIDENT: Yes. You will get it probably in the next two or three days.

Q Does that mean you would oppose new construction of icebreakers?

THE PRESIDENT: Yes, if we can use existing vessels.

Q If you could not, would you then oppose new construction?

THE PRESIDENT: We will cross the bridge when we come to it. We have to first find out whether we have any available vessels. We think we have.

Q May I ask another question on housing? Have you given any consideration to the method in which this program would be financed?

THE PRESIDENT: No, not a bit.

Q What preparations are you making on your tax conference?

THE PRESIDENT: None in the last three or four days; I haven't taken it up at all.

Q Any idea when the Tax Bill will be presented?

THE PRESIDENT: No.

Q Next week?

THE PRESIDENT: I hope so but I doubt it.

Q After March fifteenth?

THE PRESIDENT: Have so many things to do; have not been able to touch it.

Q Has anybody been selected to succeed Dr. Meade?

THE PRESIDENT: In all, fifty-seven, I think.

Q Are you ready to announce the appointment of a new Under Secretary of the Treasury?

THE PRESIDENT: Not yet.

Q Do you favor putting labor provisions into the Ship Subsidy Bill?

THE PRESIDENT: I think that is a matter for the Congress to determine.

Q Thank you, Mr. President.

Q (Mr. Stephenson) Lowell Thomas is challenging our baseball team.
Do you authorize us to accept?

THE PRESIDENT: On one condition, and that is that we practise first.

Q (Mr. Stephenson) Right.

Q (Mr. Storm) I think there would be a game if we practised first.

THE PRESIDENT: Right.

CONFIDENTIAL

Press Conference #275-A -- with Editors of
Trade Papers,
Executive Offices of the White House,
February 14, 1936, 11.00 A.M.

THE PRESIDENT: I sympathize with you people having to write editorials more than you know. Isn't that right?

MR. PAUL WOOTEN: Yes, sir.

THE PRESIDENT: And writing editorials on things -- that is why I am so terribly sorry for you -- on subjects that I couldn't write on myself, knowing three times as many facts as you do. (Laughter)

MR. WOOTEN: This group understands our categories of news and if you want to say anything off the record or for background, they would be glad.

THE PRESIDENT: There are two things that I have always felt, having had a certain amount of experience in both: I used to be a columnist once and how anybody can write a daily column or a three-times-a-week column, is beyond me. It is just humanly impossible to be accurate and intelligent, doing it that often. I also once upon a time had to write an editorial over night and the same thing applies there. It just cannot be done. I have done them both and know what it is like. It is an eternal grind and it cannot be done intelligently and 100 per cent right if someone is after it day after day. I am not only being sympathetic, I am being terribly frank.

Any questions you people want to ask? I would love to have you do that.

MR. WOOTEN: These are business publications, so it is easy for them.

THE PRESIDENT: Yes.

Here is another thing, too. It may interest you, as an off-the record suggestion. In the news end of things, our news friends have to write news stories and that is an awfully difficult thing to do. There was a very, very good example this morning in the papers that will interest you from the building point of view, for instance. There is a long front-page column on it in almost every paper. How did that story come about? As you know, we are all very much interested in building, in increasing the houses in this country. We probably need, almost immediately, 5 million new houses for 5 million families because we have fallen behind so much in the last four or five years. Therefore we are tremendously interested.

Yesterday we had the first conference we have ever had on the subject of housing where we did not talk about any specific plan. Just between us, we did not talk about a single specific plan. We talked about a dozen principles, but only principles, and never mentioned a figure. Bob Wagner, who is a very old friend of mine, comes out (of my office) and the boys are gathered and he talks about his plan. He has a specific plan. Now, we never mentioned Bob's plan in here at the conference, and yet the lead in every story is that the Administration has adopted a plan to spend 300 or 400 million dollars this coming year. Now, there you are. Bob was talking about his plan and, because he had just come out of a conference -- at which the plan was not mentioned -- the boys outside thought it was the Administration plan.

Now, you boys back of the desks, you read that story and

you write editorials about it. So, you see, those are some of the problems that you have got that are terribly hard, to discriminate between the story that absolutely is a fact and the story that, in one way or another, gets out, that cannot be relied on and that does not happen to be true. I think you have an awful job.

Have you got any particular questions about the business publication end of things?

Q Would you like to say a few words more on the prospects of progress in this housing movement?

THE PRESIDENT: Yes. We have this thing, which divides itself up. It should not ever be treated as one subject. There are three main subjects in housing and they are entirely different.

One is the tenement or apartment. In other words, that is the absolutely urban problem, and that is only in the cities of, let us say, 25 or 30 thousand people or more.

Then there is the second problem, I call it the suburban problem. It is the single house, double house, or four-family house. No people who have lived in New England know about the four-family wooden tenement. That is not right in the middle of the city but a little ways out on land that isn't particularly valuable.

Then there is the rural problem.

They are three separate things and they probably, from our experience, have to be handled with different methods of financing, et cetera, all three of them.

We want to keep the Government from spending any large sum

each year. We want private enterprise to take over the burden just as much as we possibly can.

One of our problems is the question of slum clearance, which is the large city apartment house. You have a social problem there. You can't build in New York City with private capital, even on a 3 or 4 per cent basis. You can't tear down tenements and put up brand new ones at much less than 9 or 10 dollars a room. And of course that does not help in the social group that cannot afford to spend more than 4 or 5 dollars a month. It just doesn't meet that need and nobody has devised the way of meeting the need. If private capital can do it, it would be fine. But private capital says, "We can't do it." That raises the question immediately, as has been the case in England and in practically every European country, whether the Government should go in and give, over a period of years, some kind of subsidy to reduce the cost, either through a loan without interest or a straight grant, or half a dozen different ways of doing it. But the fact remains that unless something is done, private capital cannot build that type of building. We all know that in New York City you can't do it. Even if you go out to Queens, you cannot put up an apartment house at under 8, 9, or 10 dollars a room unless you get some kind of a grant, either in reduced interest or straight money. Nobody has the answer to it in this country, frankly.

Then you come down to the question of the suburban houses, one to three or four-family houses, and again we haven't the answer. The income groups of the country show that what is needed is not a good five-cent cigar but a good \$2500. house,

but nobody will build it for that and we have all been working for it sincerely. A good many private groups have been spending a lot of money on experimental work. There are probably, let us take a rough figure, 80 per cent of the people who need new homes. They cannot afford, because of their income, to pay more than a total of perhaps \$3,000. for the house and land, and nobody has been able to devise a \$2500. or \$3,000. one yet.

Owen Young put it to me a couple of months ago, a little bit on this basis: Suppose you want a Ford car. You can go to any old dealer and get it for \$500. But suppose you said, "Give me a set of the complete plans and let me build one," and you took it around to the best machine shop in town, and you said, "Build the car according to these plans." It will cost you \$2500. to build that car. Now, almost every house in this country is being built on the local machine shop method rather than on the mass production method. We all admit it and haven't found the answer. If we could build houses in this country on the factory basis, we undoubtedly could get a \$2500. house which would be perfectly satisfactory to live in. We have not answered it, business has not answered it and the mail order people have not answered it.

One reason is that we give (individual) orders for houses. If it is a big apartment house, that is a single order and the material is bought and the processing done on the basis of a single order.

Suppose it is a real estate development, a housing development by, let us say, some limited dividend corporation. They

go out into Queens, or up in Poughkeepsie, and they want to build twenty-five houses. Well, on twenty-five houses they cannot get much in the way of lower rates from the bathtub manufacturer.

You see the problem, and no human being has solved it yet. What we want to do is to solve it and, at the same time, keep the Government out of it as much as we possibly can. That is why yesterday, at the conference, we were talking about the possibility of some type of a limited guarantee, which would be a joint guarantee, part by the Federal Government, part by the state and part by -- if you can do it constitutionally -- and partly by the community itself, so as to encourage private capital to go in and do the building.

On the interest rate, probably private capital today, because money is so low, could be got, on a proposition of that kind, at around 4 per cent, if there was a guarantee behind it.

Now, that was just one method discussed. We have not solved it at all. I don't want the Federal Treasury to go into it. I do not know how to do it. We are still working. It would be grand if someone would come along with an effective method.

It has been suggested that we wait and accumulate orders all over the country for certain types of factory houses until we get orders for 50,000 houses, and then go to the material men and processing people and say, "Here is something that will keep you busy for a whole year." Of course they could then afford to give lower prices. Of course the more you do in the factory, the less the labor costs on the job, which are necessarily high.

You may remember that I used to be the President of the American Construction Council for a number of years, so I do know the building problem.

What we are up against in the building trades is something that you all know about. It is the fact that it is not steady employment. Heavens, when you pay \$10. a day to the carpenter, that is awful. But how many days a year is he employed? That is a thing that has to go with it. What I think this thing is going to develop into, and probably with the approval of labor, before we get through, is some kind of sliding scale. In other words, if I guarantee to employ a carpenter 365 days out of the year, I will make a yearly contract with him. But there are thousands of people in the building trades that do not work more than a hundred days a year. Well, a hundred days a year at \$10. a day is not too much money for him to have at the end of the year.

Now, we have never worked that out either, and what we want from all of you people, frankly, is the realization that this thing can be worked out, and can be worked out without calling people names. Don't call the union names. I go back to my old Navy experience. In those days we had what we called sheet metal workers and they were getting what was, for those days, a very high rate. They were getting \$6. a day and it was not any more skilled work than that of a machinist. I said, "Why are you getting \$6. a day?" And they proved that they were only working a hundred days in the Navy Yard a year.

The criterion on the labor question is not the hourly rate

or the day rate. We have to get away from that thought. It is how much a man has taken into his pocketbook during the year.

You take the automobile business: In the spring of 1934, when we almost had that strike out in Detroit, I had a fine conference with Chrysler and Sloan and old man Nash and some of the others. We got along pretty well and had some methods of working it out. Then we got these boys in; they were all young men in the automobile factories who had been elected to represent the men. They were not, any of them, old-fashioned professional leaders. They did not know particularly well how to handle themselves. I looked around and saw a boy about 35 and I said to myself, "That boy has been in the Army or Navy." So I sat up and said, "Were you in the war?" "Yes, sir." I said, "What were you in?" "The Marines, sir." "Oh, you were under me," I said. "Yes, sir."

"Now," I said, "what are you?" "Tachinist, first-class, sir." Imagine a labor leader saying, "sir."

I said, "What do you get now, an hour?" (He said) "Dollar and a quarter an hour." I said, "That is pretty good. At eight hours a day that is \$10. a day?" "Yes, sir."

I said, "Well, that is pretty good pay, isn't it?" I said, "How many days did you work last year?" "Sixty-seven, sir." I said, "You only made \$670. last year in an automobile plant in Detroit?" He said, "Yes, sir."

I said, "Own your own house?" "No, sir; I have lost it." "How much had you paid on it?" "\$2,000."

I said, "Then you couldn't keep up the payments on it and you lost your house?" "Yes, sir."

\$670. a year! \$10. a day is grand but forget that. The question is, How much did he get at the end of the year? And then I got back Chrysler and the others and I said, "Listen: I have got some figures. How much was the average received by the automobile employees in Detroit in the year 1933?" They said, "We do not know." I said, "Well, I know. The average received by the automobile employees in Detroit was exactly \$690. in the year 1933. Well, now, American families cannot live on \$690."

I got them to study the thing and they put into effect the changing of the date of the (Automobile) Show, thus giving them more steady employment through the year, and it has improved things very distinctly. This year we have them up to an average wage received for the year of \$980. That is pretty good. But \$980., with which to bring up a family -- most of these are skilled men -- is not an awful lot of money. So I set them a criterion to shoot for, of \$1250. a year average. I hope they will go to it because, if they get it, it means we will have more building and more everything in the country, because they spend the money and the thing that worries me most in this present resumption of production is the simple fact that production in this country is up to about -- it depends on which index you use -- 94 to 98 per cent of the 1927-28 level. That is fine, that is production. The wages paid -- no, the people employed are only 83 per cent. In other words, that is progress in the technological side of it. And the wages paid are only around 74 per cent. Well, that is an awful problem for industry. It is fine that we are nearly back to a hundred per cent of produc-

tion, yet as far as employment and wages go, we are still way down.

I think the next move is industry's. I hope somebody -- industry -- will be able to give us some kind of suggestion as to what is to be done about that. If we go to a hundred per cent on production and the number employed is 75 or 80 per cent, you have unemployment on your hands, and, if you have unemployment on your hands, you have out-of-balance budgets in the Nation and in every state and every city.

Now, the next move is this: I am sitting here waiting for them to come and give some kind of solution. But, instead of doing that, they go around the country saying, "We have to have a balanced budget. We have to have a balanced budget."

A balanced budget isn't putting people to work. I will balance the budget as soon as I take care of the unemployed. In other words, I am not being helped.

Hell, I can stop relief tomorrow. What happens? Tell me that! You know. I don't mean, by that, the policy of the owner of your paper. You know, as human beings, what happens if I stop relief tomorrow. It isn't any joke.

MR. WOOTEN: If I do not wind up this meeting, I will be in bad with Mac (Mr. McIntyre).

THE PRESIDENT: I have talked an awful lot about the affairs of the Nation, but you see what a big task it is. It is not so easy, as it seems to be, and we do not know all the answers. None of the politicians do, nor do any of the editors that I have met thus far.

MR. WOOTEN: There will be a good many editorials along that line,

I am sure.

THE PRESIDENT: It is good to see you.

CONFIDENTIAL

Press Conference #276,
Executive Offices of the White House,
February 18, 1936, 4.00 P.M.

THE PRESIDENT: I do not think there is any news. We leave on Saturday morning, go to Philadelphia, ^{Camden?} Cambridge and Hyde Park, get to Hyde Park Sunday morning and stay there until, I hope, Tuesday night, and if everything is quiet down here, until Wednesday night. The Nelson House will be very glad to see as many of you as possible. They have had a very snowy winter.

Q We won't be able to take part in our election here then. (Referring to the election of officers of the White House Correspondents' Association.)

Q In view of the passage of the Neutrality Bill by both Houses, are you planning any action on your Executive Order withdrawing protection from Americans traveling abroad?

THE PRESIDENT: It has not come to me yet.

Q That is not included in the Neutrality Bill.

THE PRESIDENT: I cannot discuss that until it comes down. Were there any changes? Was the House bill substituted?

Q I do not think so; it was almost the same.

Q Can you tell us anything of your talk with Sumner Welles today?

THE PRESIDENT: No, just a lot of general matters. Nothing in particular.

Q Any responses, sir, to your letter to South and Central American Presidents?

THE PRESIDENT: I think a few have come in and the State Department is holding them all until they all come in. I suppose it will be some time before they all get up here; I suppose another ten days.

Q In that connection, is Secretary Hull likely to head the American delegation?

THE PRESIDENT: There is no conference yet. You are very, very previous.

Q Have you any comment on the scope of the T.V.A. decision?

THE PRESIDENT: I am still studying it. I have not finished reading the three opinions yet. I have got them right here and am about half way through.

Q Have you, as yet, approved the California delegation to the Democratic primary?

THE PRESIDENT: I do not know even what date it had to be done by.

Q The twenty-fifth of March.

Q Have you received any reports recently from Murphy out at Manila on Philippine defenses?

THE PRESIDENT: Has one been forwarded?

Q So we understand. It is somewhere in the mail.

THE PRESIDENT: I have not seen it.

Q Can you tell us about your talk with the group this afternoon?

THE PRESIDENT: That was Chapter III, and probably there will be Chapter IV and Chapter V before there is anything on it.

Q That was on loaning agencies?

THE PRESIDENT: Yes.

Q In what chapter is the tax situation now?

THE PRESIDENT: That is only about Chapter II; just have two or three more to go. We got another chapter on that tomorrow.

Q Taxes?

THE PRESIDENT: Yes.

Q What is that?

THE PRESIDENT: Chapter III on taxes. That will be quite a long book.

Q What is the heading of that chapter?

THE PRESIDENT: The heading of that chapter will be -- what is the name of that book of mine?

Q "On Our Way."

THE PRESIDENT: "On Our Way." (Laughter)

Q Seriously, will there be a tax conference tomorrow?

THE PRESIDENT: Just the usual people; we are having them in right along.

Nothing new about it. I think we have had two on it already.

Q Does that include members of Congress?

THE PRESIDENT: We have not got anywhere near that point yet.

Q Have you come to the processing tax?

THE PRESIDENT: Not even that yet.

Q Have you come to decide on the revenue?

THE PRESIDENT: Not yet. I am afraid there isn't a story in it. I know all about it and I couldn't write one.

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL

Press Conference #277,
Executive Offices of the White House,
February 21, 1936, 10.40 A.M.

Q Have you read the book, "Old Jules"? It tells all about your Swiss governess when you were a little boy.

THE PRESIDENT: "Old Jules." Kannee, make a note of it. Very good; grand old girl and still alive. I got a letter from her two weeks ago.

We have got to get up at an awfully early hour tomorrow morning.

Q It costs too much.

THE PRESIDENT: Stay up tonight. You have done it before and it is easy.

Q I am trying to get the Pennsylvania (Railroad) to be bighearted.

Q All we are asking is that there be no flat wheels on the diners -- that is all.

THE PRESIDENT: They are having a little argument in the front row as to whether those who are accompanying me tomorrow should stay up tonight or be on the train tonight. I apologize for the hour that we leave tomorrow morning.

Q It is all right if you will get a train for us tonight.

THE PRESIDENT: I don't think there is any news at all.

Q Anything further to say on the tax situation?

THE PRESIDENT: No, just progressing.

Q When do you think you will be able to send it up to Congress?

THE PRESIDENT: I cannot tell yet.

Q Not until after you return?

(The President did not answer the question.)

Q Will the Federal Reserve nomination go up soon?

THE PRESIDENT: Not yet.

Q Anything about Representative Rankin's proposal for a Potomac Valley Authority?

THE PRESIDENT: The only thing was what I read in the paper this morning. Of course the rather obvious thought is that you must have areas that are sufficiently large to make an authority worth while, otherwise you multiply overhead. For instance, if every river on the Atlantic Watershed had an authority of its own, it would be uneconomical.

Q Do you think this is large enough?

THE PRESIDENT: The Potomac certainly is not large enough for a separate authority.

Q How about the Columbia River?

THE PRESIDENT: That is certainly a large enough watershed if you figure it out in square miles.

Q Can you give us your interpretation of the scope of the T.V.A. decision?

THE PRESIDENT: No.

Q As I understand it, the Federal Government wants to continue the Mt. Vernon Park system around Great Falls?

THE PRESIDENT: Really, there are three things that tie in there together.

One is the extension of the Mt. Vernon drive on the other side of the river. I think that was authorized a great many years ago. Then the next step on the Potomac development is this Commission which is working out the carrying of that same parkway up along the Potomac and then turning to the right and going to Gettysburg and then, in addition to that, there has been a good deal of discussion about revamping the old National highway all the way up to Cumberland, up the Valley of the Potomac. The National highway follows the river practically all the

way, but the engineering of 1800 and whatever the date was has to be somewhat changed in order to improve the grades and curves. All three of those would tie in to a general highway or parkway development of the whole Potomac Basin.

Q That brings out the fact that some of the things that Rankin is after are already planned for?

THE PRESIDENT: Yes. Then, of course, there is another thing that affects the Potomac watershed and that is the discussion about extending the Blue Ridge Drive north from the Skyline Drive so that eventually it will connect up with the New York-Bear Mountain Park System across the Hudson by West Point and then work up through the Berkshires so as to serve New England.

Q And then it goes south through the Smokies?

THE PRESIDENT: That is already started.

Q Were you speaking of Federal authorities, or state authorities to which the Federal Government might lease Federal projects?

THE PRESIDENT: I do not know; I have not read the bill.

Q When you said you would like to avoid a multiplicity of authorities?

THE PRESIDENT: Federal authorities.

Q Anything to be said at this time on the amount to be asked for relief appropriations?

THE PRESIDENT: Not yet.

Q How about ship subsidy legislation?

THE PRESIDENT: I do not know; you have to ask them on the Hill about that. They know more than I do.

Q Will you comment on the \$50,000,000. Seed Loan Bill?

THE PRESIDENT: I cannot yet. It is before me for study. There will be

action on it probably -- I think my last day was the twenty-seventh.

Q Do you favor putting first, second and third-class postmasters on civil service at this session?

THE PRESIDENT: We have had one conference about it and I hope there will be legislation.

Q Did you talk to Dr. Arthur Morgan (Chairman of the Tennessee Valley Authority) last Tuesday?

THE PRESIDENT: Yes.

Q Can you tell us anything about the discussion?

THE PRESIDENT: No; I do not think there is anything particular to say about it. Discussed many phases.

Q What will be the next conference of your spending and lending agencies -- another chapter?

THE PRESIDENT: The lending agencies are just about through. I think we will have one more to finish up by next Thursday.

Q Of the spending agencies?

THE PRESIDENT: Of course that continues right along. We meet with them about every three months, and we will have another one next week and probably no more than that until April or the beginning of May.

Q With respect to these first, second and third postmasters, the story has been printed that you will try to cover in all the emergency employees into civil service. Is there anything you can tell us on that?

THE PRESIDENT: The trouble is that there is nothing that can be said generally unless it becomes specific. For example, the people that are employed or were employed under the A.A.A. and will be employed under the new agricultural bill, they would depend somewhat on the permanence of the whole program and that depends on the measure itself. Obviously,

when A.A.A. was started you could not go to civil service lists for employees because there were not any and anybody that knows anything about Civil Service knows you cannot have an examination for thousands and thousands of people all over the country and get a list much short of a year. It is a physical impossibility. One gentleman, for instance, suggested that they all be examined locally. Of course, if they are, the personal equation enters into it. If the agricultural program for soil conservation becomes permanent, undoubtedly they will have to be put under civil service as fast as we can.

Q That is some time ago?

THE PRESIDENT: Yes.

Q The same situation exists, then?

THE PRESIDENT: Yes.

Q Any new developments in the Pan-American peace program?

THE PRESIDENT: No. You mean the proposed conference?

Q Yes.

THE PRESIDENT: No.

Q Mr. President, do you favor putting the first, second and third-class postmasters under civil service?

THE PRESIDENT: I started that in 1913 and I have been for it ever since.

Q Do you anticipate going personally to attend the Pan-American Peace Conference, wherever it may be held?

THE PRESIDENT: We do not know that one is going to be held. I answered that last week.

Q Will you tell us what phase of the Merchant Marine bills you discussed with Senator Black?

THE PRESIDENT: I think all phases.

Q Come to any agreement?

THE PRESIDENT: No, not yet, and still in the study stage.

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #278,
Executive Offices of the White House,
February 28, 1936, 10.55 A.M.

THE PRESIDENT: I need a little consultation with you (Mr. Durno) and Fred (Mr. Storm) and Eddie (Mr. Roddan) about the job the Smithsonian has done in fixing up the color of the sailfish I caught.

Q (Mr. Storm) It is too artificial.

THE PRESIDENT: They made it too light a blue..

Q (Mr. Young) Those spots don't remain.

THE PRESIDENT: Not after you get it out of the water. You can see the spots in the water.

Q (Mr. Storm) I think it ought to be bluer in the back.

THE PRESIDENT: Yes, and not quite such a dead white in the belly.

Q (Mr. Storm) There seems to be a blue streak that stays after they die.

THE PRESIDENT: We will have a little session with the fish afterwards.

MR. DONALDSON: All in.

THE PRESIDENT: At the close of this session Mr. Storm will deliver a lecture on sailfish at the other end of the room.

Q (Mr. Storm) I am getting in training now for my speech (as President of the White House Correspondents' Association), so it will help.

THE PRESIDENT: Right.

I suppose you want to know about the conference last night on taxes. We talked over and I set very clearly before the Congressional leaders the Treasury needs and I suppose the easiest way is for me to try to put it in words of one syllable, the way I did to them, so we can all understand what the situation is.

The Treasury need is two-fold, both of which needs have not been

provided for in the Budget Message of the sixth of January but have been caused by subsequent events. In other words, the January Budget Message balanced the Budget for the fiscal year 1937, with the single exception of relief money. Outside of that, it was balanced, as you know.

Now, of course the objective is to end the session with the Budget still in balance except for the relief money. How has that estimate of the sixth of January been changed? By two things: First, the bonus legislation and, secondly, the Supreme Court decision.

What do they total? Let us take the bonus first: Paying the bonus now instead of in 1945 means, as I have said before, an additional cost to the taxpayers between now and 1945 of approximately 120 million dollars a year. That is the net additional cost to the taxpayers of paying the bonus at this time. That cost would run for nine years and it means, putting it in another way, under the old bonus law we were setting aside 150 or 160 million dollars a year out of taxes which, accumulated, would be enough to pay the bonus -- would have been enough to pay the bonus in 1945. Paying it now means that we have to set aside the same amount plus 120 million dollars or 270 or 280 millions instead of 150 or 160 millions. Is that perfectly clear? Therefore, that additional amount must be raised by new taxes and I say "new taxes" because those are "new taxes". Now, that is a perfectly correct application of the word "new". They are additional taxes and this will be additional money paid in by the taxpayers of this country.

The other need of the Treasury is to recoup itself or to reimburse itself for the taxes which would have been collected but for the Supreme Court decision in the A.A.A. case, during the current fiscal year and

the coming fiscal year -- in other words the fiscal years 1936 and 1937. We have to take those two years together into consideration because the Budget does. The Budget runs to the first of July, 1937. How much will the Treasury be out of pocket because of this decision during that period -- the current fiscal year and the coming fiscal year? The amount is one billion and 17 million dollars. The Treasury in some way must get that money back. In other words, it must be reimbursed and, if it is reimbursed for the sum of one billion and 17 million dollars, then it will be in exactly the same position that it would have been if the A.A.A. decision had not been handed down. Taxes to bring that amount, one billion and 17 million dollars into the Treasury, will not constitute new taxes in the sense that they are additional payments by the taxpayers over and above what they would have paid, but are exactly the same amount that they would have paid under the old law.

Q Mr. President, how will that be raised?

THE PRESIDENT: Now you come down to the details of that one billion and 17 million dollars.

In the first place, it seems fair and equitable that those taxpayers who went to court and did not pay their taxes or had their taxes put into escrow and then returned to them should be put on the same footing, ethically, morally and every other way as those taxpayers who did not go to court and who actually paid their money in. Now, the most practical way of handling that is to put on what might be best called a "windfall tax" on the amount that was handed back to them by the court -- a special tax which would be levied on those who got a windfall by the return of the impounded monies.

The objective, of course, would be to get it from whoever was the beneficiary of the windfall. In other words, it would not apply of necessity only to the original taxpayer. The original taxpayer might have entered into a contract by which, if he got a recovery, he would turn it over to somebody else. In that case the somebody else is the beneficiary of the windfall and would pay the special tax on this year's windfall.

Now, that is item one. The amount involved in that, which you may want to know, probably the receipts from that would run, oh, 150 million dollars.

Q That is the amount of the windfall?

THE PRESIDENT: Yes.

Q "Windfall?"

MR. EARLY: The word "windfall".

THE PRESIDENT: Oh, yes; you can use "windfall". That is all right.

Q That would be a percentage of the windfall?

THE PRESIDENT: Yes.

Q That is not the whole windfall?

THE PRESIDENT: No, no; it would be a very high percentage. Of course, in some cases, taxpayers can prove that they do not benefit by the windfall.

Q Have you found any means to levy what might be called the special tax against the people who get the windfall?

THE PRESIDENT: That is the objective.

Q I was asking for the method.

THE PRESIDENT: I don't know. That is beyond me. They say it can be done.

Q Would they have an opportunity to prove whether or not they had got this windfall?

THE PRESIDENT: Oh, yes. This is an equalizing tax. It is a tax to bring everybody out approximately on the same basis.

Q Do you think those processors would readily give up the money for such a tax or would they go into court as they did before?

THE PRESIDENT: I think you will have to consult a clairvoyant.

Q When they say it can't be done, do you mean the Members of Congress?

THE PRESIDENT: The Treasury. They say it can be done.

Q It can be done?

THE PRESIDENT: Yes.

Now, that leaves you about a billion dollars. Now, what is that billion dollars? It is this year's processing taxes and next year's processing taxes, both of which have been outlawed. Therefore, I think you can put it this way: That about half of that, or about 500 million dollars can properly be replaced as a permanent tax in some form. In other words, that would take the place on the Statute Books of the former permanent processing tax and would bring in about the same amount. That would cover the needs for 1937, 1938 and so on. But we are still -- the Treasury is still shy this year's 500 million dollars.

Now, we discussed the possibility of retroactive taxes -- not last night, but have been talking about it for some time -- and retroactive taxes are probably Constitutional but rather difficult to levy and in a good many cases work a hardship, therefore we are not very keen about retroactive taxes to bring in this other 500 million dollars.

Q I beg your pardon, shouldn't that be 350 million because you get 150 million from the windfall tax?

THE PRESIDENT: I am not counting it that way, because the windfall tax you can count for the bonus. In other words, it is not a billion dollars

all told. It is a billion dollars plus the bonus. In round figures, 500 million dollars is what the Treasury Department loses on A.A.A. and we have to get 500 million dollars somewhere. That 500 million dollars would be a temporary tax. Whether it would be all collected in one year or spread over two years or three years is not very material. But, in some way, we have got to get back into the Treasury, in the course of the next few years, this 500 million dollars we have missed out on in this current year.

So you have really the three things: First, 120 million dollars a year in new taxes, brand new taxes, to cover the bonus. Then you have got 500 million dollars a year in taxes to take care of the -- to take the place, year in and year out, of the A.A.A. and, third, you have some kind of a temporary tax for a period of one, two or three years to reimburse the Treasury for the 500 million dollars that it has missed out on this year.

Now, that is all that happened and the Chairman and the leaders on the Hill understand the situation thoroughly and I will send up a Message, I suppose the early part of the week, saying exactly what I have said here today.

Q Where do you get the term "windfall tax"? Is that a well-known term?

THE PRESIDENT: No. I found it in one of the papers -- not newspapers.

Q Did you make any recommendations to the Congressmen as to the form?

THE PRESIDENT: No, nor will I.

Q Will the windfall collection come from possible court procedure or from legislation?

THE PRESIDENT: Oh, legislation.

Q Will the Treasury Department submit estimates as to what could be raised

in various forms of taxation?

THE PRESIDENT: Now, you have the cart before the horse. The procedure will be, this year, exactly what it has been in previous years. I will tell the Congress how much money we need to raise all told which, in this case, is replacement or reimbursement of about a billion and 17 million and another 120 million for the bonus and then the Congress will say to the Treasury Department and to me, "What would this tax bring? What would the other tax bring?"

In other words, they will investigate all kinds of forms of taxes and the Treasury will give them the information as to the amount of money each of these plans would bring in. And of course there are, as we all know, ten, fifteen, twenty different kinds of taxes that have been discussed in Congress and in the Treasury and there are various combinations of those ten, fifteen or twenty forms. And the Congress will do what it always has done, decide on what particular form they are going to pick.

Q The revenue need is to replace the processing tax and is chiefly for the agricultural program. Is it safe to assume that the tax will be placed on agricultural products?

THE PRESIDENT: You will have to ask the Ways and Means Committee.

Q On this windfall tax, will you explain whether that will be in the form of an ^[excess] profit or corporation tax? It will be very difficult to explain as to how it will be applied.

THE PRESIDENT: I don't know. I suppose, offhand, it will be in the form of an income tax, a tax on a special form of income. Wouldn't you think so?

Q Same as the 1919 law. You had a court decision on that.

THE PRESIDENT: I don't know.

Q The Hoke (?) case?

THE PRESIDENT: I don't know.

Q Did you tell the leaders of any type of taxes you would not approve?

THE PRESIDENT: No.

Q This would be a tax bill, then, for \$1,137,000,000.?

THE PRESIDENT: Approximately, but not all of that as a permanent tax.

Q Not all, necessarily, for more than one year?

THE PRESIDENT: In other words, the agricultural part, the only permanent taxes, would be \$500,000,000. The permanent would be nine years, assuming the bonus tax would be repealed at the end of nine years.

Q It would be \$620,000,000. approximately of this year's taxes, and the rest might be divided into two or three years?

THE PRESIDENT: Yes, that is right.

Q You said that the windfall tax would bring in approximately the same amount as would be required for the bonus tax for this year. Did you mean the windfall tax would meet the bonus tax?

THE PRESIDENT: No, I did not mean to tie it up. On my total figures it was simpler to figure it that way. It has no relationship to the bonus.

Q Approximately \$500,000,000. in permanent taxes for agricultural relief and soil conservation. Would that be segregated, or go into the general fund?

THE PRESIDENT: General fund.

Q Any possibility that a tax might be levied this year that would be retroactive on last year's income? Is it too late to assess a tax?

THE PRESIDENT: Legally, no. We have done that once before.

Q Of course that would almost have to be done before March 15th?

THE PRESIDENT: I did it up in Albany. We passed it on the 15th of March

and gave them a month to get the forms out.

Q Where did the item of relief figure in the setup?

THE PRESIDENT: The item of relief did not figure here, it figured on the Budget setup, and the item of relief restores the original Budget figures. So, if taxes for this amount are put on, the Budget will be restored to what it was at that time.

Q Getting back to the legal aspect of retroactive income taxes, you do not mean that would apply to be retroactive on individual income taxes? Only on special?

THE PRESIDENT: Yes.

Q Will this prolong the session?

THE PRESIDENT: Ask the Ways & Means Committee. I hope not.

Q Do you expect to make a statement when you sign the Neutrality Bill?

THE PRESIDENT: Which bill?

Q Neutrality?

THE PRESIDENT: I think so. I am not sure. It may be done this afternoon, or tomorrow at the latest.

Q In that connection, will your statement explain that Americans who make any transactions with the belligerents --

THE PRESIDENT: (interposing) Better wait until I make it.

Q You said about the bonus that 150 to 160 million dollars are being covered into the Treasury every year?

THE PRESIDENT: It is in the Budget this year. 150 million was in the Treasury this year.

Q You said that about 150 million dollars would be returned to the Treasury, if possible, and that the entire tax paid back would amount to somewhere near 300 million dollars. Does that mean that this would

actually absorb about half the processing tax?

THE PRESIDENT: That is just the estimate of the Treasury, somewhere between 250 and 300 million dollars that was returned, and they would get back about 150 million dollars.

Q 500 million dollars has got to come back in this year, and the other spread over a period?

THE PRESIDENT: What?

Q 500 million has to come in this year?

THE PRESIDENT: No, I said that could come over a period of one, two or three years. As long as we get it back some way and some day.

Q Did you, by any chance, tell the members that you were warning them?

THE PRESIDENT: My Message on the Seed Loan Bill did that.

Q When will you sign an Executive Order on the seed loan allocation?

THE PRESIDENT: Probably this afternoon.

Q Will that contain \$30,000,000., or has the amount been fixed?

THE PRESIDENT: The Order -- I will tip you off on this beforehand -- the Executive Order on the seed loan will speak of an amount not to exceed \$30,000,000., and not to exceed \$200. per individual loan.

Q Has there been any estimate of a net amount that will have to be raised to redeem the bonus bonds?

THE PRESIDENT: No.

Q Do you know approximately how much is in that sinking fund?

THE PRESIDENT: Here again, I will have to say, off the record, about 400 million.

Q And the estimates have been that probably a billion will be needed?

THE PRESIDENT: I do not think anybody knows that.

Q Did you consider including in this Message any recommendations about the

processing taxes already paid but not impounded? Will there be any legislation stopping taxpayers from attempting to recoup for the processing taxes already paid, and making a profit on the windfall taxes?

THE PRESIDENT: I don't know. I think you will have to ask the Attorney General about that. That is a little bit over my head.

Q There will be suits to recover processing taxes already paid?

THE PRESIDENT: I don't know whether there will be legislation or not.

Q If the Congress will pass additional bills for seed loans or rural electrification, it will add to this tax bill, wouldn't it?

THE PRESIDENT: Not necessarily.

Q Of course --

THE PRESIDENT: (interposing) Just to illustrate, take rural electrification:

If the amount that was actually loaned in the course of the next year were not too high, it might be taken out of Jesse Jones' lending fund, which would not make it appear in the Budget.

Q When do you contemplate sending up your Message on relief requirements?

THE PRESIDENT: I do not know whether I will send that up before I go fishing or when I come back.

Q When do we go fishing?

THE PRESIDENT: I hope the end of March.

Q Would you care to make any comment on the Hagood affair?

THE PRESIDENT: No, no news on that.

Q Our responses from Latin America indicate that Buenos Aires will be the scene of the conference.

THE PRESIDENT: I do not know. The State Department has not told me and won't tell me until they get all the replies. Yesterday I think they had twelve replies.

Q Didn't you say in your letter that Buenos Aires would be the scene of the conference?

THE PRESIDENT: No.

MR. STORM: Thank you, Mr. President.