

CONFIDENTIAL  
Press Conference #367  
Executive Offices of the White House

May 18, 1937, 4.15 P.M.

THE PRESIDENT: How has everybody been behaving in Washington?

We had a grand time on the trip . . . . There are a lot of people coming in today.

MR. YOUNG: They are just curious today.

MR. DONALDSON: All in.

THE PRESIDENT: There isn't very much news but before we talk about news, I am going to ask you for a very few minutes to resolve ourselves into a Committee of the Whole. Off the record, wholly off the record, I just wanted to tell you a story that I think you ought to know because it does affect the Press of the country. I think you will all agree on that when you hear what I am going to read. As you know, I have always encouraged and am entirely in favor of absolute freedom for all news writers. That should be and will continue to be the general rule in Washington. That applies to all news services, for that matter.

There has come out, though, in the past couple of weeks two things from one news service that in a sense does affect the Press of the country as a whole.

The McClure Syndicate, as you probably know --  
I don't know if you have all seen it -- they send out

to about 270 papers every week these (indicating) white sheets for publication which constitutes the column in these papers. Of course it is absolutely legitimate that they should collect this news at the White House or from Congress or anybody else. At the same time, with these white sheets for publication, there goes out a pink sheet as information for the editor, marked as being not for publication and is sent to the editor in confidence. Of course you and I know that that is not a news service in the strict sense of the word, but it goes out with the news service and you pay for the whole service at the same time.

Now, there are two things in here that I think you people ought to know about. As I say, this is off the record and just in the family. This pink slip (indicating) dated May 14-15, has the following:

"Unchecked. A New York specialist high in the medical field is authority for the following, which is given in the strictest confidence to editors:

"Towards the end of last month Mr. Roosevelt was found in a coma at his desk. Medical examination disclosed the neck rash which is typical of certain disturbing symptoms. Immediate

treatment of the most skilled kind was indicated, with complete privacy and detachment from official duties. Hence the trip to southern waters, with no newspaper men on board and a naval convoy which cannot be penetrated.

"The unusual activities of Vice President Garner are believed to be in connection with the current situation and its possible developments."

"Checking has been impossible."

That is number one. (Laughter)

Number 2. This is from the McClure Newspaper Syndicate of May 12-13:

"At a recent private dinner in New York an official of the American Cyanamid expressed in extreme form the bitterness towards the administration which is typical of the personal reactions of many right-wing leaders in business and finance."

"The gentleman in question asserted in so many words that 'the paranoiac in the White House' is destroying the nation, that a couple of well-placed bullets would be the best thing for the country, and that he for one would buy a bottle of champagne as quick as he could get it to celebrate such news."



That is all I wanted to tell you because, after all, all I think I have to do is to repeat that I have been in favor, as you all know, of any legitimate news reporting or news service, no matter what its origin may be and no matter whether for friendly papers or hostile papers -- it makes no difference.

Q Is that off the record?

THE PRESIDENT: Yes, absolutely.

Q Is that signed?

THE PRESIDENT: It is sent out by the McClure Newspaper Syndicate.

Q Unsigned?

THE PRESIDENT: Richard Waldo is editor.

Q How about that clipping?

THE PRESIDENT: That was clipped out of another paper. It was used by a radical paper in order to point out the terrible things that are being said by the conservatives, but it has been used in the press.

Q But the original pink sheet -- you read from the original sheet?

THE PRESIDENT: Yes, there it is (indicating). That is the one. I have not got a copy of the other one but suppose we have it somewhere. That is the pink slip that goes out.

Q I did not mean to interrupt you. Have you more to say?

THE PRESIDENT: No; I think we understand each other very well. We have been friends for a good many years and I am very very keen that the press should retain and the newspapers of the country -- not only our particular family group -- the admirable relationships and high regard we have always had.

Q There is no doubt about the second one -- it is the pink slip.

THE PRESIDENT: And it is alleged to be in this paper.

MR. EARLY: It was only received this afternoon and we have not had time to check against it.

Q That is not newspaper reporting.

THE PRESIDENT: That is just it, it is not newspaper reporting.

Q Have you taken the matter up with the syndicate?

THE PRESIDENT: No, certainly not.

Q Isn't that second one actionable under law?

THE PRESIDENT: You know, that does not make any difference at all. The President of the United States does not sue for libel and the Department of Justice does not proceed libelly.

Q Is it due to the syndicate itself. It might be a fraud?  
(Laughter)

MR. EARLY: It was checked with Mr. Waldo and Mr. Waldo promised to retract the pink slip with reference to the

coma and the President's compulsion to make the trip south if the White House would issue an official denial. Of course the White House would not do it.

Q How much of this is off the record?

THE PRESIDENT: It is all off the record; all strictly in the family and nothing else, because I thought you people were entitled to know some of the things that go on that none of us approve of. Neither you, nor I, nor the public, nor I believe the great majority of editors would approve of it.

—So, that is all right; the Committee will now recess.

The only thing I can tell you, I think, is that I am going to send up, within a day or two, the Buenos Aires treaties to the Senate. I have them here on the desk and they are going to go up in two or three days.

Q Which treaties are those?

THE PRESIDENT: The treaties resulting from the Buenos Aires Conference in December.

Q As we came in we heard the band playing on the lawn. Is there any special significance to that?

THE PRESIDENT: I think the point is well taken. (Laughter)

Q It is the Grass Roots Convention, I guess. (Laughter)

THE PRESIDENT: That is all right, Fred (Essary).



Q Some time ago there was made public a communication you sent to the heads of departments and bureaus, asking for suggestions as to what they could do in the way of economy in the current year and they were asked to report to you or Dan Bell by May 1. Is there anything you can tell us on that?

THE PRESIDENT: I have not checked the figures, except to say that they have reported and that we expect to make the economies. I see no reason why Dan should not give you the figures. There has been excellent cooperation.

Q Will it include the Army Housing Bill of \$71,000,000?

THE PRESIDENT: That was an authorization bill, not an appropriation bill.

Q In connection with the Buenos Aires treaties, is it the desire that they should be considered prior to the Argentine Sanitary Convention?

THE PRESIDENT: I don't know.

Q There seems to be a strange temerity here today, about asking about the Supreme Court. One of the Senators, who has been discussed as a possible Associate, said he would be disqualified and necessarily the others would be who voted for the Supreme Court retirement on the theory that they had changed the emoluments of office. Is that your construction?

THE PRESIDENT: Honestly, I have not thought of it. I have not given any consideration in relation to an appointment and I don't know. That is a brand, new one. I would hate even to give a snap judgment on it.

Q Will Justice Van Devanter's retirement affect your program in connection with the Court program?

THE PRESIDENT: I don't think there is any news in that.

Q Are you insisting on an enactment of legislation this session?

THE PRESIDENT: I am not insisting on the enactment of any legislation this session. What I have said all along was that if we could get some further step forward in our general objectives, it would be a good thing -- a desirable thing.

Q What is your general impression of the bill that was submitted to the House by the group of farm leaders which were called here by Wallace?

THE PRESIDENT: I have not read it. I probably will read it tomorrow or the next day. But the point, I think, should be made that this bill, as I understand it, was primarily the production -- came from the farm leaders and was not written by the Department of Agriculture. But, taking it by and large, the Department feels that it



is along the right lines -- the principles are pretty good and the thing is being taken up now, I think, in the House Committee. But as to whether it will go through with the changes or not, I don't know.

Q Mr. President, when will your legislation or suggestions of legislation for maximum hours and minimum wages be ready for Congress?

THE PRESIDENT: Did you say when?

Q Yes sir.

THE PRESIDENT: Isn't that assuming that it is going up?

Q We have all understood that it would go up.

THE PRESIDENT: I think your guess is pretty good that there will be something on it, recommended.

Q Soon?

THE PRESIDENT: I cannot tell you; but I should say fairly soon.

Q Can you give us a list of the highly desirable legislation for this session?

THE PRESIDENT: I haven't had time to write it out as yet.

Q Can you tell us what you discussed with Senators Harrison and Byrnes today?

THE PRESIDENT: Budgetary-wide matters.

Q Economy?

THE PRESIDENT: Well, of course budgetary matters are always related to economy.

Q Mr. President, do you expect to make an appointment to the Supreme Court soon?

THE PRESIDENT: I haven't thought about it at all. Absolutely no consideration.

Q Under the law, if the vacancy occurs on June 2 and Congress is in session, you will have to send it in before the end of the session. Isn't that true?

THE PRESIDENT: I think so.

Q Do you still think it is a good rule not to appoint anybody to the Federal bench who is over 60?

THE PRESIDENT: I haven't given any consideration to it at all.

Q You announced that rule?

THE PRESIDENT: You also must remember that I have, fairly recently, promoted one or two District Judges to the Circuit Court of Appeals who were over 60 -- as a promotion.

Q We were thinking of original appointments.

THE PRESIDENT: I haven't given any consideration to it at this time.

Q Have you reached any decision on the Interstate Commerce Commission -- Commissioners Eastman and Tate?

THE PRESIDENT: I haven't thought of it at all. When do they expire?

Q They have already expired --

THE PRESIDENT: Really, but they are still doing business all right.

Q Will there be a special message on power soon?

THE PRESIDENT: Not on power.

Q On flood control and power?

THE PRESIDENT: No.

Q It has been reported that you, personally, intervened to turn thumbs down on the Trans-Atlantic Races in August; is that correct?

THE PRESIDENT: No. That was handled entirely between Commerce and State.

MR. YOUNG: Thank you, Mr. President.



## CONFIDENTIAL

Press Conference #368

Executive Offices of the White House,

May 21st, 1937 - 10.40 A.M.

(Present: Senator Pepper of Florida)

THE PRESIDENT: Good morning. I had a most interesting smoke the other day - a perfectly delicious cigarette. Where do you suppose it was made? In Palestine. This Lord Melshire (?) who has been over here is quite strong on the Zionist movement.

Q Does it have any American tobacco?

THE PRESIDENT: The interesting thing is that it is a sort of cross between Virginia tobacco and Turkish tobacco.

Q Is it rolled like ours?

THE PRESIDENT: It is rolled over, which I don't like, but it is rolled loose, which is our style.

Q Has it a Turkish flavor?

THE PRESIDENT: No, it is more like ours. You see, these (indicating an American cigarette) have a little Turkish flavor in them.

Q They are mild?

THE PRESIDENT: They are very mild. You cannot buy them over here but they sell for about the same price as ours.

MR. DONALDSON: All in.

THE PRESIDENT: (Addressing himself to Mr. Young in an undertone) Wouldn't it be funny if the announcement came out in the press that the President had discovered a Jewish cigarette?

THE PRESIDENT: I don't believe there is any news this morning.

Q Do you intend to confirm the Senate nomination of Senator Robinson to the Supreme Court? (Laughter)

Q Get out your rubber stamp.

THE PRESIDENT: I'm afraid I will have to tell you the truth. I have not considered the Supreme Court vacancy at all. Really, not at all. And I don't expect to for some time and, when I do, I am not going to tell you. Anything you write should be headed, "Surmise Number 23."

There isn't any news on it and, by gosh, there won't be any news on it. I think that is the easiest thing I can say.

Q You are not likely to appoint anybody until the present Justice gets off the bench, are you?

THE PRESIDENT: And there again, if I was to say anything

about the time element you'd probably, quite properly, write a surmise, so I'm not going to say anything about the time element.

Q Mr. President, do you care to comment on the question as to who should take precedence over Philippine officials?

THE PRESIDENT: I never heard of it.

Q Mr. President, will the Treaties go up today - the Buenos Aires?

THE PRESIDENT: I expected to send them up today but the Senate is not in session so they will be held here until Monday.

Q Can you tell us anything about your conference yesterday with Congressman Whittington of the House Flood Control Committee and the one you are going to have with Congressman Snyder of the War Department Appropriations Sub-committee?

THE PRESIDENT: I don't know what Congressman Snyder is talking about, but Judge Whittington and I, with Mr. Bell, talked over methods of getting more money for the flood areas, especially those areas which have had floods this spring in the Ohio, <sup>[Valley]</sup> without busting the Budget and we think we found a pretty good way.



We would have available about eleven million dollars of relief labor during the coming year which would be put in those areas on the flood control work, in those localities where it is most needed. That would be in addition to the recommendation of the Budget. — It is nearly twelve million dollars and might, in practice, when we come down to it, run a little bit higher by other methods that we are exploring at the present time.

Some very interesting things happen in that Ohio Valley. There are a few communities where it is almost impossible to guarantee them against future floods, comparatively small communities, where there is a certain portion of the town right down next to the river. They are studying the possibility now of turning that part of the town into a park and playground and literally moving the population of the town in that area into higher land. In work of that kind, the RFC is seeing whether it can be of any help and so is the PWA. It would require what might be called a consolidated financing to move that portion of the population up to higher ground but probably would save money in the long run.

Q Mr. President, can you say anything about the status of Government reorganization? There seem to be a lot of conferences about it.

THE PRESIDENT: Why, I talked with seven - I think it was seven - House Members yesterday and there is nothing to report except progress. They are getting on very well. The Joint Committee is meeting again, I think, in a day or two. Probably the legislation will come out fairly soon.

Q Is there anything to be said about the possibility or probability of the Trade Agreement with Great Britain --

THE PRESIDENT: I haven't heard anything on that.

Q Would you care to comment on the proposal of the Civil Service Commission to reduce the age limit for retirement? I think they took it up with you yesterday.

THE PRESIDENT: Yes. I did not come to any decision at all.

Q Will Chairman Landis get a sort of extension in office when his commission expires?

THE PRESIDENT: I have not thought about the matter. I want him to stay on just as long as he can before he goes to law school.

Q Will you say anything more about the Civil Service Commission except that you came to no decision?

THE PRESIDENT: I think that is all at the present time.

Q Was the cost too great?

THE PRESIDENT: No - no decision on the proposal.

Q Secretary Morgenthau is reported or represented as being opposed to a general international monetary conference. I wonder if there is anything you can say about your attitude on these things.

THE PRESIDENT: I don't think there is anything one can say intelligently on it at the present time except possibly one suggestion and that is, what would be the effective use of an international conference unless one knew that it would result in good?

Large question mark!

Q In connection with that can you say anything at all about the reports Mr. Norman Davis brought back to you on general conditions in Europe?

THE PRESIDENT: He was over there on sugar.

Q Yes, but he carried on conversations on other subjects in London.

THE PRESIDENT: Naturally; when anybody comes back from



the other side you say, "Did you have a good time? What was the general feeling about the price of eggs, besides sugar?" That is just general, pleasant conversation.

Q Mr. President, did you tell Grover Whalen how much you would be willing to approve for the New York World's Fair?

THE PRESIDENT: No.

Q Did he ask for a specific sum?

THE PRESIDENT: Yes.

Q How much?

THE PRESIDENT: He asked for all he could get.

Q Would you consider three million dollars?

THE PRESIDENT: I referred it to the Congress.

You know, on that veto of the bill - this is off the record - reading the Herald-Tribune editorial this morning carries me back to 1929 in Albany when, on the general appropriation bill for running the State Government, the Legislature, a Republican Legislature, stuck a little clause in, relating to about twenty or twenty-five million dollars, providing that it could not be spent by the Governor, they appropriated

it all right, but it could not be spent, without the approval of the two finance Chairmen of the Assembly and Senate. Well, I vetoed it once and twice and finally, the third time, so as to let the people go home, I signed the bill and took it to court. At that time all the bad cat papers said it was a terrible thing for the Governor of the State to object to legislative checks on unbridled spending. Of course, as a matter of fact, it was a very, very deep constitutional issue involved. It was one of the most fundamental things you could get. If I would let that get by up in Albany, there would have been no reason why - nothing to have prevented the Legislature of the State, on every appropriation bill, from saying, "Now, Governor, you and your department heads cannot spend one red cent of this unless we approve of the method of spending it, unless you, to be quite frank, go along with us on administration."

Well, the thing came up in the lower court and I duly lost, and then I took it up to the Court of Appeals and I shopped around for quite a long while

in New York to see if I could get some very, very well known lawyer who would take the case. I tried some prominent Democrats and some prominent Republicans. No, they didn't like it because they went along with the bad cat editorials and then I found old William D. Guthrie and he said, "You have an issue here that is absolutely fundamental." He took the case and he argued it before the Court of Appeals and I got a very good and commending decision from the Court of Appeals upholding the division between the judicial, the legislative and the administrative duties of government. But by far and away the most important reason for fighting it was that somebody, some time, had to draw the line between the duties of the legislative and executive branches of government. It has been done and, of course, it will be sustained.

Q May I ask you another question about the Civil Service matter? Do you expect another visit from the Commission?

THE PRESIDENT: Oh, yes. This thing has been going on for a long time. As a matter of fact, one of our difficulties on the question of retirement is that the law



now is entirely different in its relationship to different departments of the Government. We want to standardize a great deal more than we do at the present time. But I doubt very much if there will be anything at this session of Congress because it is too complicated a thing.

Q How is your message on national planning coming along?

THE PRESIDENT: Very well, very well. You have got it right. I should say, offhand, it will probably go up next week.

Q Mr. President, have you and Senator Pepper been discussing the Florida ship canal?

THE PRESIDENT: Not yet, we have only talked about three or four minutes. I don't know what we are going to talk about after this press conference.

MR. YOUNG: Thank you, Mr. President.

PRESS CONFERENCE No. 369      Washington, D. C., May 25, 1937      4:05 P.M.

THE PRESIDENT: I have only one thing. I have sent to the two Chairmen of the Military Affairs Committees of the House and Senate a copy of the report on helium from the Secretary of the Interior, and the Secretaries of State, War, Navy and Commerce, in which they point out that virtually the United States Government is the only large producer in the world and there is only one more private company. They recommend that, if satisfactory terms with this small private company can be arranged, the Government buy it, thereby giving it a practical monopoly on helium. They recommend that we continue to sell it for experimental use, which is mostly medical use, and that in regard to lighter than air craft, in accordance with the Good Neighbor policy, we should let other nations have any unneeded surplus for the promotion of commerce, safeguarding of lives of passengers, on condition that this use in commerce be properly guarded against military use. That report is going up to the Hill. Steve will let you have copies of the report, I think, in a few minutes. Want to have it done now, Steve?

MR. EARLY: Yes, sir.

Q: Will you make any comment on that report?

A: It sounded like very good common sense.

Q: What is the object of buying the small private plant?

A: Additional supplies. Probably, if we have the whole thing we can produce cheaper than they can.

Q: That is the Louisville plant, is it not, Mr. President?

A: Yes. We talked about buying it two years ago, I think, Ulric, and the price was much too high.

Q: Mr. President, does the report say what would be considered proper safeguards against military use?

A: No, it does not go into that.

Q: Will you indicate that?

A: No, it does not go into that and I don't know. That will have to be worked out.

Q: We were hearing suggestions last night and today that the Social Security may be extended. Senator Wagner made some suggestions and the statement was made last night to the general effect that it might be extended to the farm labor and domestic labor. Also that it might include health insurance eventually. Have you given any thought to it?

A: Fred (Essary), all I can say is that it was about last October or November that the Social Security Board itself began talking about minor exceptions, such as increasing the amount of benefits for dependent children or crippled children to bring them up more nearly to the amount that widows were getting per capita. There have been various plans, all of which would cost more money, naturally. They all related -- all these plans related to exceptions to the kind of social security provided under the bill. In December, when we were doing the budget, we all agreed that this year -- this calendar year -- should go by without anything done

on it by this session of Congress. In other words, we wanted to see how this worked out before making any determination in regard to any changes.

Q: Then it was the budget matter rather than any uncertainty over Court action that caused it to go over?

A: Yes.

Q: Can you say anything about the Court action? Has it changed your plans?

A: I don't think there is any comment. I think that is a very obvious thing. I tell you what I can, though, if you want something for background -- something very simple. I think we are all -- looking at the thing from the large point of view -- all very, very happy over the decisions of yesterday, and I think we are all happy that in the days to come the same human point of view will prevail, but of course there are a great many things that have not been passed on yet -- an enormous number of things. Well, just for example, that message that I sent up yesterday involved three -- four fairly important changes in national policy. As to child labor, it would involve a direct reversal of a direct decision. We hope that that reversal will take place. If it does take place, and somebody is almost sure to take it up to the Court, we come to the second phase, which is minimum wages, and of course the theory under which the Government can enter the field that people get decent wages is exactly the same theory as child labor. That would have to be passed on. Limitation of



maximum hours would have to be passed on. Goods manufactured under inferior employment conditions, such as refusal to bargain collectively, -- that would have to be passed on.

There, just in one message, there are four new issues raised, which, in all human probability, will some day come before the Court. And, of course, there are a great many things that have occurred in the past that still have not been ruled on. We do not know anything about T. V. A. The T. V. A. decision related only in effect to the Wilson Dam. The same things may come up on Boulder Dam -- Bonneville, and lots of other places. Then there is flood control on the Ohio watershed. These things I have not thought out at all. They are just popping into my mind. The question, for instance, if a municipality wants to have its own electric light plant -- the question whether they can borrow money from the Federal Government. We assume they can because they can borrow money from the Federal Government for hospitals, or sewers or new streets. Can they get a grant in any way from either W. P. A. or P. W. A. or any assistance? That question has not been ruled on. And so it goes. And I suppose there are half a dozen other things that have not been ruled upon as yet by the Supreme Court and they are all very, very vital propositions. For instance, here is another one: The question is, can the Federal Government, in entering upon a housing project, can they condemn land? And so it goes.

Q: (Russell Young) Mr. President, taking it from what you say, it is not what the Supreme Court is doing now, it is what it

will do in the future.

A: Continuing process.

Q: This is all non-attributable?

A: No, this is just background.

MR. EARLY: Background is attribution. You mean attribution?

A: You can use it for attribution. That is all right. You can use it without quotation, of course.

Q: The emergency that originally called for action on the Court plan this session -- do you think that has passed now?

A: I will let you do your own imagining.

Q: Can you comment on another report from Europe at this time -- from Mussolini -- that World Arms Limitation Conference would be a success if you called it?

A: I have not seen or heard it. When did it come out?

Q: Today.

A: I have not seen it.

Q: What has happened to the Buenos Aires Treaties?

A: No Senate today. They will be sent up tomorrow.

Q: Last summer the Democratic Party at Convention pledged itself to seek some sort of a Congressional inquiry into suffrage in the District of Columbia. Have you given any consideration to that this session?

A: I have not at all.

Q: President Quezon, of the Philippines, has returned to New York. Has he any engagement with you?

A: I think I am going to see him. The actual time has not been arranged but he will undoubtedly see me very soon after he gets to Washington.

Q: Returning to the helium question. Can you explain the purpose of sending such report to Congress. I believe you have the power to export a certain amount of helium.

A: I think probably the chief reason was that there have been a number of bills introduced on the Hill for it, and a number of speeches made on it and this is primarily for the information of Congress.

Q: Has any decision been reached on the immediate question of sending helium to Germany to be used over there?

A: I do not know anything about it. Have they applied? Is there a formal application in?

MR. EARLY: Dr. Eckener is supposed to be in Washington now.

A: I think Dr. Eckener is here now conferring at the present time.

Q: What becomes of the position that Senator Berry, of Tennessee, held originally in the Government? I think it was Industrial Cooperator or Coordinator.

A: Fred (Essary), I have not been back long enough to find out. You ought to find out.

Q: (by Fred Essary) One of my timid colleagues put me up to that question.

A: I will ask Steve to find out before the next meeting.

MR. EARLY: I will have to pass that on to Rudolph.

Q: Can you say anything on the action of the House in earmarking \$300,000,000 for P. W. A. and \$55,000,000 for flood control?

A: I will have to read the Resolution first. Of course the only thing you can work into it is that for every dollar that is earmarked out of the billion and a half for W. P. A. you have to consider whether by using it in the earmarked way you are getting fewer people jobs. Now, that would have to be studied.

Q: That is the test?

A: That is the test. It is the question of getting fewer people jobs from the relief rolls. I am not talking about indirect labor.

RUSSELL YOUNG: Thank you, sir.

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(End of Conference)



## CONFIDENTIAL

Press Conference #370

Executive Offices of the White House

May 28th, 1937 - 12.10 P.M.

THE PRESIDENT: Well, I think the only news I have got is that I am going to leave here tomorrow night and get to Hyde Park Sunday morning, and I am coming back either Monday night or Tuesday, so that I will be here either Tuesday morning or Wednesday morning. I can not tell when.

Q Have you any remark to make on tax evasion?

THE PRESIDENT: That is a matter on which we have been studying and we are continuing to study and there will be something on it when we are ready to shoot. There seems to be quite a serious situation.

Q There was a story this morning that you were going to get a hundred to a hundred and fifty millionaires who had been forming corporations and so forth.

THE PRESIDENT: Well, the thing is being studied.

Q Are you going to ask for a Congressional investigation of what the New York Times says?

THE PRESIDENT: I cannot tell you until we have gone further with our studies.

Q Can you tell us whether you have received reports of very clear evasions?

THE PRESIDENT: Yes, that is true, we have.

Q Is that individuals or corporations?

THE PRESIDENT: No, individuals. Of course, on the corporation end, we are not ready yet to go ahead with our studies because so many corporations this year asked for extensions and their returns are not in as yet. A very large number have asked for extensions so this relates primarily to individuals.

Q Does it involve any illegality or merely take advantage of the law?

THE PRESIDENT: Both.

Q In other words, it is avoidance and evasion, both?

THE PRESIDENT: Yes.

Q Legal avoidance.

THE PRESIDENT: Yes, and of course it raises, very largely, a general moral issue.

Q Mr. President, has this asking for extensions on the part of corporations reduced the current tax collections? Is that one of the elements in reducing current tax collections?

THE PRESIDENT: No; to a certain extent, yes, but not very much. In other words, when a corporation asks for an extension, as I understand it, they pay in their estimated one-quarter, or whatever it is, as of the fifteenth of March. Then, when the return comes in, it will give the final amount from their point of view and, of course, the chances are that they would not put in on the fifteenth of March more than what their final returns would be. The chances are they would put in a little bit less, so that there would be some kind of additional payment but not very much.

Q Do you expect that there will be any prosecution?

THE PRESIDENT: Well, that is a thing that the lawyers have got to tell you in the individual cases.

Q Mr. President, can you tell me, have you determined whether any legislation will be necessary?

THE PRESIDENT: No question but what there will have to be legislation.

Q Will that be in this session or the next?

THE PRESIDENT: Well, there ought to be some in this session in order to plug obvious loopholes for those cases that, so far, have been turned up. But, every

day that goes by they are turning up new types of cases. The big question, of course, is the moral issue. If Congress passes a tax law in good faith and tries, with the help of its experts because, as we all know, they have all kinds of experts attached to the two Committees on the Hill and they try to think of every possible loophole; if Congress passes the act in good faith and then somebody comes along and through the aid of high-priced lawyers discovers some - invents - it is not discovers them but invents some new loophole, is that the moral thing to do or not, even if it is a legal thing? That is the big question.

Q Mr. President, can they invent a loophole if it is not there?

THE PRESIDENT: Yes. I think that is fair term. I will give you a simple example used in one or two papers this morning. A man owns a high-priced, an expensive yacht that costs him a hundred thousand dollars a year to run. Obviously, the yacht is for his own personal enjoyment and the Committees of Congress naturally suppose that he will pay for the upkeep



of the yacht out of his own income. Now, isn't it an invention if that man incorporates his yacht and turns over three million dollars of securities to the yacht so that the yacht is the owner of three million dollars of securities? Isn't that an invention? Sure it is. It is a very immoral invention. Unethical is another term you could apply to it. Then the corporation, out of the dividends on the securities owned by the corporation or owned by the yacht, pays the master and the crew and rents the yacht back to the owner of the yacht for a hundred dollars a year. It pays the depreciation on the yacht and thereby the owner of the yacht saves, let us say, fifty thousand dollars which otherwise he would have paid to the Government because if he had run the yacht himself he could not have deducted the wages of the master, of the crew, of the fuel, of the depreciation and so on.

Q Has there been an actual case of that kind?

THE PRESIDENT: Yes, and there will be a lot more.

Q Who is it? (Laughter)

Q Will that information come to light as to who does that?

THE PRESIDENT: I think undoubtedly. Of course, through the proper investigating authorities.

Q You are not ready now?

THE PRESIDENT: Certainly it is not up to me to publish the names. But, if there is an investigation and there is any substantial demand for it, the names will come out.

Q Can you give us any idea as to when you will make anything public?

THE PRESIDENT: I cannot tell you. I am afraid to give any date, but fairly soon.

Q Not until after you return from Hyde Park?

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

Q Has the Treasury given you any estimate of the aggregate amount of such avoidance?

THE PRESIDENT: We cannot tell yet because we have only just scratched the surface. In other words, these investigations have been confined to what might be called simple cases in simple Internal Revenue jurisdictions.

Q It does run into billions?

THE PRESIDENT: Oh, undoubtedly.

Q Does it apply to Social Security taxes or simply to income taxes? There have been reports --

THE PRESIDENT: Yes, that is one of the methods of evasion.

Q Is this an entirely new practice, or when was it first discovered?

THE PRESIDENT: Apparently it has been increasing in the last, perhaps, ten or fifteen years. It does not relate to any particular law or any particular law. But, during the past year, the practice seems to have accelerated - that is a very mild way of putting it. So that it is now just to the point where something ought to be done about it.

Q Has it been discussed with the individual taxpayer?

THE PRESIDENT: No; it hasn't got to that stage.

Q Anything to say about the situation on the relief bill in the House?

THE PRESIDENT: Well, I guess you people know the situation just as well as I do. I think the only thing that can be said is that we do have to differentiate between a relief bill and a public works bill. Probably a great many of these individual cases are going to be straightened out and worked out in the House

before we get through. At the present time, with all the various limitations that have been put on, it means, in effect, that the five hundred and five million dollars that have been earmarked would take about a hundred thousand people off the relief rolls directly, whereas, the same amount of funds expended through WPA would provide for employment of six hundred and thirty thousand people. I think that is the most easily understood result of earmarking.

Q Do you mean a hundred thousand people or five hundred thousand people?

THE PRESIDENT: I mean a hundred thousand people.

Q You mean a hundred thousand fewer people?

THE PRESIDENT: No; I mean five hundred and thirty thousand fewer. I will repeat it. The five hundred and five millions would give employment to only a hundred thousand people from the relief rolls, whereas if it were not earmarked the same amount of money would give employment to six hundred and thirty thousand people. Therefore, that one item alone would cut down the total number of people from the relief rolls by five hundred and thirty thousand.



Q Are you going to confer with the bloc leaders?

THE PRESIDENT: I think they all understand it. As to individual projects, I will talk to them about it if they want to talk about it.

Q Have you given any attention to the Food and Drug Bill which has reached a state of suspended animation?

THE PRESIDENT: I don't know the status; where is it?

Q With the House Subcommittee and there seems to be a difference of opinion between the Food and Drug Administration and the Federal Trade Commission.

THE PRESIDENT: I don't believe the jurisdiction end of it is the real problem. I believe there is something else in it.

Q Do you desire, at this session, legislation on the principle of the ever-normal granary bill?

THE PRESIDENT: Am I going to send a message on it? I don't know.

Q Are you in favor of some legislation being enacted?

THE PRESIDENT: I hope so.

Q As the bill is written now?

THE PRESIDENT: No, the principle of the bill.

Q Will you send a message?

THE PRESIDENT: I don't know.

Q Do you expect to have further talks with Congressmen on the relief situation?

THE PRESIDENT: I cannot talk with them all. I think there are one or two now talking it over with various people.

Q You do not expect to send any message?

THE PRESIDENT: No.

Q Do you expect to confer with any Congressional leaders on this tax evasion matter in the next few days?

THE PRESIDENT: I have, already.

Q Senator Harrison and Chairman Doughton?

THE PRESIDENT: Yes.

Q Have you asked the Interior Department for a specific report regarding various official and unofficial investigations of the Administration in Porto Rico?

THE PRESIDENT: I think the Governor arrives this morning and also Dr. Gruening. I think there won't be anything done until the Secretary confers with them.

Q Have you asked for a report on the situation?

THE PRESIDENT: Not a written report. I talked to the Secretary of the Interior about it.

I think in the tax evasion story, one thing ought

to be made pretty clear and that is that this kind of tax evasion pays only for people in the very, very high brackets and does not apply to the very great majority of income tax payers. The overwhelming majority are absolutely honest and file absolutely honest returns, fiscal returns - put it that way. Those who evade comprise a very, very small group and in the evasion by the small group, of course, they are hitting all the other taxpayers. They are not only hurting themselves but hitting all the other taxpayers in this country of every kind.

Q Is most of this evasion through the use of the corporate system?

THE PRESIDENT: Oh, that is one of them. There are lots of other ways, too.

Q Have you decided when you are going to send your message on regional planning, tariff, et cetera?

THE PRESIDENT: No, I have not; possibly next week.

MR. YOUNG: Thank you, Mr. President.

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CONFIDENTIAL  
Press Conference #371  
White House Executive Offices

June 4, 1937, 11 A.M.

THE PRESIDENT: I am awfully sorry we got off to such a late start this morning.

Q Mac must have been telling you stories?

THE PRESIDENT: Even Mac came over this morning and told me stories. I just could not get started. I do not think there is any particular news.

Q Tell us about your conversation with Senator Robinson last night?

THE PRESIDENT: He told you about that?

Q Not in very great detail.

THE PRESIDENT: I do not think there is any particular information that he did not give you. Let me put it this way: If I were writing the story I think I would stress what has been stressed in some of the papers where it happens to be the fact and in some of the other papers it does not happen to be the fact. All you people down here were all right, but on the Hill they wrote the story yesterday afternoon that the court reform had been abandoned. Of course, that is plain silly. None of those stories came from the White House correspondents. But, in regard to the



rest of it, this is a question of court reform and court reform not only ought to be considered but I think it is going to be carried through without question. That goes all the way up or down, from the District Court to the Supreme Court and vice versa.

I think we have seen things happen in the recent past that the country as a whole understands very well. In other words, the country sees the forest and a lot of people in Washington are all busy seeing the trees instead of the forest. We had an illustration last week showing the need of court reform. The court, going away the second day of June for four months, decides in four different cases that very very important matters to the Government -- to the people of the country -- have got to go over anywhere from six or eight months to perhaps a year and a half. The TVA cases, where we had a very important program held up, that again is put over until Lord knows when. The PWA cases, where, as I remember it, we had had something like six decisions, all favorable, in the six different circuits -- none adverse -- instead of deciding the thing they decided to hold arguments on it some time

next fall or maybe next year before they get to it.

Then there were the Social Security cases, where both sides had asked for a decision. It is very important for the whole country. That was put over until next year.

Q (Fred Essary) What case, sir, was that?

THE PRESIDENT: The SEC -- not Social Security.

And, of course, somebody talked about the Supreme Court going away. Well, they have a perfect right to take a holiday. Nothing in the statutes to prevent it. In fact, I checked up on the statutes and the statutes said the Supreme Court shall hold at the seat of Government one term annually, commencing on the first Monday in October, and such adjourned or special terms as it may find necessary for the disposition of business. In other words there is nothing in it except the court's own volition relating to summer recesses. In going away, they put over -- they cleared the docket except for those cases and in those six cases they had all been argued but they put them over for reargument next fall. I think the act speaks for itself.

Then you have got another subject relating to

court reform and that relates to the docket of the lower courts. Well, of course the Supreme Court has always been looked on, not so much by statute but partly by statute and partly because they have an inherent right to help the lower courts keep up with their work -- have been looked on as sort of a father of the lower courts. Yet we have one or two situations at the present time where we are getting no help at all -- the Government has been getting no help. There is, for example, that famous aluminum case. As you know, in that case we started suit in the second circuit and a Judge in the third circuit district court enjoined the Government. The order was made final. Well, under the law, there seems to be no method except to carry that up through the circuit court of appeals to the Supreme Court. Under the normal run of luck, we might get a decision a year from now. Meanwhile, a very important anti-monopoly suit is held up. Of course it could be cured by legislation, but there is no suggestion from the highest court in the land that that kind of thing be remedied.

The people do want court reform. They want cases in some of the district courts tried within a reasonable length of time, inside of a year or preferably six months. Today they cannot be tried for three years. It works against the poor man. In other words, taking it by and large, the desire of the country for court reform is going through. There is no question about that -- and that is the forest.

Q At this session of Congress?

THE PRESIDENT: Yes, sir; I think so.

Q Do you prefer the idea that they dig in and go through -- instead of a recess during the summer months?

THE PRESIDENT: I don't know anything about that. It is entirely within their discretion. I have not heard anything about that.

Q (Philip Pearl) How about the number of judges as provided for under the original bill?

THE PRESIDENT: That again is trees. You are talking about trees and I am talking about the forest.

Q What kind of trees?

THE PRESIDENT: Phil Pearl, tree expert, first cousin to Governor Davey.

Q (Fred Essary) There has been some discussion --



Senator Robinson last evening gave the impression that a two addition compromise might be acceptable to the White House.

THE PRESIDENT: Again you are speaking about trees.

Q (Fred Essary) I beg pardon?

THE PRESIDENT: Trees -- I am talking about court reform and you are talking about trees.

Q Let us talk about trees. (Laughter)

Q How many trees make a forest? (Laughter)

THE PRESIDENT: How old is Anne? (Laughter) I don't think that there are any more messages that I know of going to the Hill. Now that is a real piece of news. In other words, I have not got anything else on my desk.

Q Mr. President, referring to your message yesterday on planning, flood control and power: Will that hold up in any way the flood control projects already authorized?

THE PRESIDENT: Oh, no. It has nothing to do with that.

Q In other words, the program goes through without reference to the planning agency?

THE PRESIDENT: Yes. Of course the only qualification to that is this: As you know, we have on the statute books at the present time -- oh, I have forgotten the

figure -- didn't I say the other day that there are about two billion dollars of authorized projects of all kinds in the country? Well, of course a great many projects which are authorized in large batches for years ahead never do get any appropriations. We all know that. That depends entirely on each succeeding Congress because after a thing has been on the authorized list for four or five years, the Congress may decide to go ahead or it may decide not to do anything about it.

Q Isn't "successive" a better word than "succeeding" for Congress?

THE PRESIDENT: Yes, if you want to put it that way.

Q Have you received the resignation of Admiral Wiley from the Maritime Commission?

THE PRESIDENT: No. That is a brand new one -- never heard of it.

Q There have been many reports abroad that there is a statement due from the signatories or adherents to the tripartite monetary agreement concerning gold. Do you know of any statement coming up?

THE PRESIDENT: Not a thing.

Q Any change in the gold policy?

THE PRESIDENT: Not at all.

Q There seems to be something of a panic in London today, based on the report --

THE PRESIDENT: What is it, over-supply or under-supply.

Q A great deal of gold is coming out of hoarding -- about one billion --

THE PRESIDENT: I would not worry much about that gold situation.

Q Has the Executive Order of PWA with regard to relief labor been repealed yet?

THE PRESIDENT: No. The bill has not been reported out yet, has it.

Q No, it is still in committee?

Q Did Senator Robinson discuss the legislation with you, sir?

THE PRESIDENT: Yes.

Q Has the President a legislative program now?

THE PRESIDENT: I think he told you about it last night.

Q (Mr. Young) That would be all right, sir?

THE PRESIDENT: Yes, that would be all right.

Q To go back to the National Planning Bill: What is its relation to the St. Lawrence Waterway and Quoddy?

THE PRESIDENT: That is a pretty broad question. It depends entirely how they set up these planning commissions. I don't know whether the St. Lawrence

Waterway would come under the Ohio and Great Lakes or whether it would come under the Eastern Seaboard. In other words, it is one jump ahead of the game. I don't know. But it would have nothing to do with the treaty with Canada, of course, because these are only planning commissions and that would be only a planning commission. You see, of all these agencies that are proposed, there would only be three -- really only two -- that would have any administrative functions at all. One would be the TVA in that area and the other would be the Columbia Basin when the Bonneville Dam Bill goes through. Another is the existing agency of the Mississippi Valley Commission.

Q Are you referring to the House Bill as distinct from the Norris Bill when you say that?

THE PRESIDENT: To tell the honest truth, I have not read either so I cannot answer the question.

Q Would the bill cover Quoddy?

THE PRESIDENT: Only the planning.

Q Have you anything to say on the use of helium by foreign nations?

THE PRESIDENT: Only the report of last week which I sent up to the Hill. Has anything happened up there?

Q Not that I know of. It may have, but you have nothing to say now?



THE PRESIDENT: No.

MR. RUSSELL YOUNG: Thank you, Mr. President.

THE PRESIDENT: You can put the lid on tomorrow at 1 o'clock. I am going down the river and will be back Sunday evening -- just down the river and back.

Q From here?

THE PRESIDENT: Yes, from here.