

CONFIDENTIAL  
Press Conference #407  
Hyde Park, New York  
October 29, 1937.

THE PRESIDENT: Well, the Youth people are going to be here this afternoon. Dr. Koht -- you know about it -- is coming; also the Norwegian Minister and Mrs. de Morgenstierne, and Mr. Summerlin. And after lunch I am going to motor over to the cottage to meet a delegation representing the National Youth Administration. I think they are the State Directors. You know about it. I'll shake hands with them. Secretary Morgenthau is arriving this evening and Under-Secretary Magill, and I guess that's all. What do I do in the morning?

MR. McINTYRE: That's for overnights.

THE PRESIDENT: I don't think I am doing anything in the morning unless you have loaded me up. I am going to be out most of the day driving around. I don't believe there is any news. Isn't that awful?

Q Mr. President, is there anything you can tell us about the conference tonight with Morgenthau?

THE PRESIDENT: Usual progress.

Q Will it perhaps include the possibility of taxation?

THE PRESIDENT: Among fifty subjects, but don't emphasize it

because there will be fifty others. Same thing we talked about the other day.

Q Is Mr. Bell coming up?

THE PRESIDENT: Monday morning.

Q Will Mr. Morgenthau stay over for the Bell conference too?

THE PRESIDENT: No. When I say no, I don't think so. I don't know what his plans are.

Q Mr. President, there is one thing of interest, if you feel free to answer or talk about it. That is this business in China. It has been going on now for three or four months. Do you think it is a war, or don't you?

THE PRESIDENT: I think you will have to refer that to the State Department.

Q Is there anything that can be said about the stories appearing recently, particularly the last two days, in the New York Times this morning, about the possibility of adjustment in capital gains and surplus profits taxes?

THE PRESIDENT: The only thing I can say about those stories is something rather interesting. If you will read them you won't find in any of the stories anything relating to changes in taxes -- not a single reference -- to that portion of the population which has very little money to live on. It is rather an interesting fact

that as these stories come out of Washington, not one statement contains any reference to the very large section of our national population that doesn't have a decent standard of living. I have been rather struck by it of late. In other words, here's a national problem that apparently in these stories is only being viewed from one angle. Did you ever think of that? It's an interesting thing.

Q Is there any mention in any of these stories of the kind of taxes? They pay taxes on sales. The sales taxes that these very poor people pay?

THE PRESIDENT: Never, no mention of that ever. Never any mention of increasing the purchasing power among the thirty or forty millions of people who have today practically no purchasing power. I think very probably it is an interesting thing for you to use your imaginations on and write interpretative stories.

Q (Mr. Trohan) I had much rather you would interpret it.

THE PRESIDENT: No, it would be a very useful practice on the part of all of you.

Q (Mr. Trohan) I may be slow, Mr. President, but I don't find any significance in that.

THE PRESIDENT: No, you are not slow at all.

Q Do you expect us to psychoanalyze ourselves in our papers?

THE PRESIDENT: No, I am just thinking about the stories that Bob (Post) asked about.

Q They have no purchasing power and they pay no taxes?

THE PRESIDENT: No, I didn't say that at all. Nobody ever said they paid no taxes. On the contrary, the suggestion was that they paid very large taxes. Why don't you dig up that report? Don't attribute this to me, for frankly, I don't know whether it is accurate or not, but in the report of the Filene Foundation you get the whole thing in one paragraph. It showed the taxes that are paid by the family with income of one thousand dollars a year, and then on up.

Q I wanted to ask you about these hearings on Czechoslovakian Treaty. They have been having hearings before the Reciprocity and ? Committee, and it looks to me as though they were making that a part of the general attack from the labor angle on reciprocal treaties.

THE PRESIDENT: I don't know; I didn't follow it all.

Q There is tremendous influence from labor in countries where conditions are not nearly as good as here. /

THE PRESIDENT: I take it that is why they have hearings -- to bring out those things.

Q Even the arguments of industry are being put from the labor standpoint in order to get this import section in the Wage Bill.

THE PRESIDENT: Well, that is why they have the hearings; it's a good thing.

Q They had some terrible testimony on labor conditions in Czechoslovakia.

THE PRESIDENT: For the purpose of this tax discussion and the point you raise -- suppose for the discussion there were plans or ideas to revise the tax downward, and that were done, would that shift the additional burden upon the people who are not mentioned in the stories, or isn't the point -- and I understand this from Mr. Kennedy, who was up a week ago -- taxes now are not yielding the income they could be made to yield for and larger if they were revised downward somewhat.

Q To whom?

THE PRESIDENT: A larger proportion of the people who do have capital gains.

Q Obviously these people who talk about it do not have capital gains.

THE PRESIDENT: Very few of them. I know what you mean -- you have to do some tall thinking. The point I emphasize is

in all these stories the point of view stated is not that of the people who have very little purchasing power, or no purchasing power at all. There isn't a mention of the effect of changes in the tax law on the forty million people who are sub-standard so far as living goes. Isn't it an interesting fact that that argument isn't taken into consideration in these stories?

Q Isn't it true that a great many tax experts believe these changes wouldn't have any effect on these forty million people?

THE PRESIDENT: I wouldn't know. After all, you have to have real method to run a government; you have to have X number of dollars. Where are they coming from?

Q Don't some of them think changes in these taxes will provide additional capital to give additional employment?

THE PRESIDENT: Some do and some don't. Like those two letters I think I told you about the other day. They came in, two economic experts of the first water. One says the entire question is one of the velocity of capital turnover credit, and don't pay any attention to purchasing power. The other one says, forget all this algebraic formula about the velocity of capital turnover credit, the whole question is purchasing power on the part of one

hundred and thirty million people. It is a fascinating study.

Q Do you mean that if they have to pay out beyond -- (interruption) -- that it goes into wages and dividends, which is then spent? If you take the distributed profits it goes into wages and dividends?

THE PRESIDENT: Your velocity says that it does. There is another thing -- if you want to check up -- I can't give you definite figures -- I don't know whether I mentioned it the other day. The people of this country are getting about two and one-half billions of dollars -- you have to check up on these figures; Lubin has them. Don't write the story without checking. I haven't got them except very, very approximately. The only figure I have got is the total figure. The national income, because of a change in government action in one year, has been decreased two and one-half billion dollars. That's an extraordinary thing unless you analyze it. There has been a billion and one-quarter less payment this year on the Bonus, for instance. You will have to check on these figures, and I think they are public. There is a billion and a quarter less going out this fiscal year on the Bonus. There is a billion dollars less going out on relief, nearly

a billion. Then one of the so-called expenses of the government.

Nobody can believe any general balance sheet. You have to be an accountant to understand. There has been a contribution by employers and employees that runs about three hundred and fifty or four hundred million, for social security. Of course, a layman would say that contribution is being held in trust, a reserve fund, part of it, and part of it for payments. But quite a large portion of the total payment goes into a reserve fund which the Government invests in something. Now, that is typical of completely foggy thinking. Not attributable at all to completely foggy thinking -- the Hearst papers came out and said that this money was going into government bonds and that the government bonds wouldn't have any assurance of being made good ultimately, and that the Government was taking the cash that these people were putting up and paying the ordinary running expenses of the Government with it. This, of course, isn't true. When you receive money for a trust fund you have to put it into something, obviously, and if you study the financing methods of Social Security you will see it is better to put those trust funds into Federal Government bonds

than into stock exchange stocks and bonds. You have something which can always be made good if we have a government. It is all predicated on that.

Now, the total of all these things, the Bonus, the decrease in relief, decrease in public works, and the contributions to Social Security, mean about two and one-half billion dollars less than the figures of a year ago. Now, that is one of the contributing factors. Of course, business is supposed to be taking it up and they are taking up a portion of it, which, of course, you know. The national income has risen from thirty-eight or thirty-nine billions to -- what was it this year? -- sixty-five, and probably this coming year will go to seventy. And, of course, the aim is ninety or one hundred. When, the Lord only knows, but that is a perfectly sound goal to put out in a country which is going ahead in the increase of its wealth and the increase of living standards. The Wages and Hours Bill, of course, ties right into that, the Crop Control Bill, Surplus Control Bill, ties right in, increasing the national income.

Q Do you have any ideas about the proposed tariff section of the Wage and Hour Bill?

THE PRESIDENT: I don't know. I haven't seen anything about it at all.

Q There was one in the beginning, of course, and someone said you ought not to put tariff in the Wage Bill.

THE PRESIDENT: There was one perfectly impossible section which would mean the Chinese War around the country. The only thing to say about that is that the people who are for it have failed to realize you can't export unless you import. It is a perfectly obvious, simple, straight fact. You cannot export unless you import. In other words, people on the outside have no purchasing power, no method of paying for our goods. Now, if we import goods on the ground different people have different standards of living -- incidentally, all over the continent, so far as I know, there is a low standard of living, except possibly -- and you can't use this -- in a few countries, for instance, Scandinavia. It has, I think, about as high a standard of living as we have in this country, taking it by and large. All of you know that the average British working man and his family don't have a high standard of living as we have here. That is also true on the continent. Scandinavia, I think, is in awfully good shape, but the rest of the world is below us. Now, that section you are talking about in that bill simply meant there would be kept out goods from every other nation in the world, with the net result that we wouldn't export our goods.

7-26-55]

Q Defeat of the Reciprocal Trade Treaty idea.

THE PRESIDENT: Not only that, but defeat of foreign trade; in effect reestablishing in this country the old non-intercourse Act of 1807.

CONFIDENTIAL

Press Conference #408

Executive Offices of the White House

November 5, 1937, 10.50 AM

MR. DONALDSON: All in.

THE PRESIDENT: Steve tells me that the only news I have is a letter from Mr. Justice Robb of the Circuit Court of Appeals of the District of Columbia -- that the United States Court of Appeals of the District of Columbia -- announcing his retirement on November 15th when he becomes seventy years of age.

MR. EARLY: He is seventy years on the 14th.

THE PRESIDENT: Yes.

Q May we have the text?

THE PRESIDENT: Yes. Steve (Early) says that it will be ready for you when you leave.

Q Have you a successor ready, Mr. President?

THE PRESIDENT: No.

Q That makes two vacancies?

THE PRESIDENT: Yes.

Q Mr. President, have you actually heard or had a letter from Mr. Hosford, of the Coal Commission, resigning?

THE PRESIDENT: No, I am taking that up today.

Q Are you taking any other action with respect to the Coal

Commission, particularly the reports of quarreling within the agency?

THE PRESIDENT: I don't know; I have not checked up. I am going into it today.

Q Has he actually resigned to you, sir?

THE PRESIDENT: I don't know that either.

Q You haven't seen it?

THE PRESIDENT: No.

Q Will there be any appointments soon to the vacancies on the Securities and Exchange Commission and the Federal Reserve Board?

THE PRESIDENT: I don't know. I suppose soon. I suppose that depends on the definition of the word.

Q Will there be any appointments soon to the First Assistant Secretaryship of Labor?

THE PRESIDENT: I suppose so, soon.

Q Any comment on the New York election, Mr. President?

THE PRESIDENT: No.

Q Mr. President, can you tell us the reason for the delay in some of the flood control projects that were started and held up last week? Apparently there was some trouble with the relief money -- with the budget.

THE PRESIDENT: I don't know. That is a question with which

I am not sufficiently familiar. It is a question of whether we release at this time the full amount to complete or to go ahead with the thing in this fiscal year. That really is the question. It is as short as it is long. It will be finished. It is a question of budgeting whether we release more now than we can use the balance of the fiscal year.

Q Have you any comment to make on this Peace Conference?

THE PRESIDENT: No.

Q Mr. President, when you were North, the news got out that the Civil Service Commission and others were examining into the cost of having a five-day week for Government employees.

THE PRESIDENT: That thing has been under study for about six months and still is.

Q Are you looking forward to that -- (interrupted)

Q Do you expect to get the report yourself or is it going to the Budget Bureau?

THE PRESIDENT: I think it goes from Civil Service to the Budget.

I have not talked to Budget or the Civil Service about it.

Q Would you like a five-day week?

THE PRESIDENT: It is a question of getting some facts.

Q Do you favor a five-day week?

THE PRESIDENT: I am favoring a study, that is all. I don't know anything about it and none of us do.

Q Early figures on the possible cost will run between sixty and one hundred million dollars. Will that run too high?

THE PRESIDENT: I cannot comment because I don't know whose figures they were.

Q Was Jim Farley present when you were talking to Mayor LaGuardia yesterday?

THE PRESIDENT: Oh -- (Laughter) Having read the newspaper stories about the conference I suppose the easiest thing to do is to disprove most of your speculations by simply telling you what happened. I will give you the time table. The Mayor arrived at twenty minutes to three and he came upstairs to see me all alone. And at five minutes past three Jim Farley came upstairs and I suppose we talked for three minutes and then both of them went downstairs and I got myself dressed to go to the train. The Mayor left the house about four minutes later. Jim Farley and Mrs. James Roosevelt and Harry Hopkins and myself and the little Hopkins girl, we all left the house and went to the train. Now there is the schedule. (Laughter)

I feel like inventing a new proverb or aphorism.

"Speculation in news stories is just as dangerous as

speculating on the stock exchange." That is a good one.

You can use it in quotes.

Q In view of the speculation as to possible further devaluation of the dollar, sterling is now five dollars. (Laughter)

THE PRESIDENT: A very excellent illustration, excellent.

Q Any comment?

THE PRESIDENT: No.

Q Matthew Woll said last week that he expected to see you up at Hyde Park and he didn't say for what reason. I wonder --

THE PRESIDENT: He has been on the list, oh, I don't know, for a couple of months. I think he is going to see me very soon.

Q Any particular reason?

THE PRESIDENT: No.

Q Have you had any word from the British Government concerning the possible token payment on their debt?

THE PRESIDENT: No. The Treasury or the State Department may have. I don't know. I have not.

Q The Treasury hasn't either.

Q There is some report, Mr. President, that you are about to take a step regarding the British trade agreement or that you have taken one.

THE PRESIDENT: I don't know anything about it. Ask the State Department.

Q Mr. President, have you determined on a definite date of departure for Warm Springs?

THE PRESIDENT: Yes, the night before Thanksgiving, the 24th.

Q The night before?

THE PRESIDENT: Yes. Gainesville the morning of Thanksgiving Day and get to Warm Springs in the afternoon, after lunch.

Q Mr. President, you will speak in Gainesville, will you not?

THE PRESIDENT: Yes.

Q How long do you plan to stay?

THE PRESIDENT: I don't know. I haven't any plans after Thanksgiving. That depends on a lot of things.

Q Has the Administration taken any active part in promoting the convening of this conference between CIO and AF of L?

THE PRESIDENT: Not that I know of.

Q Do you plan to do anything to make speculation on the Stock Exchange a little less dangerous?

THE PRESIDENT: A little less what?

Q A little less dangerous.

THE PRESIDENT: Of course there are two ways of looking at that. The more dangerous it is, the less people ought to go into it. If it were not dangerous everybody would make money in it. Just think that over.

Q Do you consider the stock market dangerous?

THE PRESIDENT: Consider the stock market dangerous? That does not make any sense.

MR. YOUNG: Thank you, Mr. President.

MR. PERKINS: Do you favor the reunion of the two groups in labor movement?

THE PRESIDENT: I always have.

(The Press Conference adjourned  
at 11.00 AM)

CONFIDENTIAL

Press Conference #409

Executive Offices of the White House

November 9, 1937, 4.05 PM

Q (Mr. Young) Mr. President, how are you, sir?

THE PRESIDENT: Russ, I see that your yesterday morning story was the only one that stayed through to the final edition.

Q (Mr. Young) It is just as good this morning, too.

MR. DONALDSON: All in.

THE PRESIDENT: I am making a short radio talk on Sunday night about the census -- the unemployment census -- that takes place next week and the movie people had to have a movie of it all ready, so I am making that tonight and because I am giving it to them tonight, I'm giving you a release of what I say tonight this afternoon. (Laughter) Cause and effect. (Laughter) It is a very good illustration of how careful Steve (Early) has to be to please everybody.

I don't think there is anything besides that.

Q Mr. President, as long as we are dealing with social problems now, have you been reading in the public prints about Mark Sullivan's stenographer? (Laughter)

THE PRESIDENT: Yes.

Q (Mr. James Wright) Well, Walter Lippmann thinks you are

taking the thirty-five cents a week and spending it on riotous living so that there won't be anything when this girl does get to be sixty years old.

THE PRESIDENT: No!

Q Well, what have you to say about it? (Laughter)

THE PRESIDENT: The only thing I could say is to comment on the first two paragraphs of Mark's story. Is Mark here?

Q (Mr. Sullivan) Yes. (Laughter)

THE PRESIDENT: -- in which Mark intimated gently but firmly that the question of his stenographer's old age was her problem and not his problem and not the Government's problem. In other words, that she had absolute freedom, as an American citizen, to starve to death when she got to be sixty-five if she wanted to.

Q He said she had saved the house in the meantime.

THE PRESIDENT: That would depend on how good a trustee Mark is.

Q (Mr. Sullivan) In spite of all that she is half a New Dealer yet. (Laughter)

Q Do you think there should continue to be as big a contribution as there is now to the Federal Treasury?

THE PRESIDENT: For a while.

Q For a while?

THE PRESIDENT: For a while. In other words, what the outcome

of the reserve fund will work out at over a period of years is something that we frankly don't know enough about. Now, there are all sorts of stories that it may amount to forty billion dollars or fifty billion dollars. I don't know. I am not sufficiently familiar with the mathematics of insurance to give you a top figure as to what it may turn out after we keep going for a comparatively short time, not any forty or fifty years. The total reserve fund will not have to be as big as anything like planned in the original Act but, in the meanwhile, Mark's stenographer is being taken care of. I should think, from what I would call a preview on this young lady's case, that if I were in her place, she has had such excellent publicity, that I would ask Mark for a higher salary. Of course, that would increase her old age benefits too. (Laughter)

Q What would happen to the money if you built it up to forty billion dollars?

THE PRESIDENT: That is one of the problems.

Q Is that a problem?

THE PRESIDENT: Certainly. Of course it is.

Q Are taxes likely to be reduced; can you tell us anything on that?

THE PRESIDENT: On what?

Q In the study of this question of reserves, can you tell us whether the taxes may be pared down?

THE PRESIDENT: Frankly, I don't think we know enough about it. You will remember that the British Government put in, in 1910 or 1911, their first old-age pension plan and I think that ever since then, that is 26 or 27 years, there has hardly been an annual session of Parliament that they have not changed the mechanics of the plan one way or the other. They were rather badly hit during the war because they tried to extend the operation of the plan to take care of the wounded veterans without providing further reserves. Since that time, by various amendments to the original law, as I understand it, they have got the mechanics of the reserves and of insurance back on a sound business basis where it is no longer troubling them.

Now, as time goes on, every session or every other session of Congress, there is no reason why with experience we should not make modifications in the law. You cannot tell what kind of modifications there will be. It is too early to tell. We don't know enough about it. Only Mark does.

Q Isn't it the broad plan to put social security on a "pay as you go" basis?

THE PRESIDENT: Permanent -- ?

Q "Pay as you go."

THE PRESIDENT: "Pay as you go" is too difficult to define.

No two people will agree on what "pay as you go" means.

It is a very simple phrase to use. What do you mean by it?

Q Where the reserve --

THE PRESIDENT: No reserve. Why have any reserve? That is one definition of "pay as you go".

Q You really are not going to have that. You are going to float these bonds to raise the money that is necessary when the time comes?

THE PRESIDENT: After a long period of years. If you put in a plan of this kind immediately, you would go broke on a "pay as you go" basis. For the first forty or fifty years, whatever the term is, it would take too much out of annual receipts if it were made "pay as you go" on this basis of annual reserve.

Q There is a great deal of interest in a conference that met with you at two o'clock and which adjourned a little bit ago and which said that you would be the source of news.

THE PRESIDENT: "We discussed in a general way the studies our committee is making in regard to tax matters and there was some discussion of taxes in connection with the farm

program," Doughton said. (Reading from a UP ticker report) And so do I. (Laughter)

Q Will you read that again, sir?

THE PRESIDENT: I am reading it from the ticker, "We discussed in a general way the studies our committee is making in regard to tax matters and there was some discussion of taxes in connection with the farm program." Doughton said that.

Q And he also added that you would give us the details.

THE PRESIDENT: He was optimistic. (Laughter)

Q Have your experts verified the report of the Department of Agriculture economists that the national income next year is going to be under sixty-nine billion dollars?

THE PRESIDENT: I have not heard of it at all. That is a new one.

Q You haven't heard of it?

THE PRESIDENT: No.

Q There was another conference you had this morning and those attending it said the same thing. The conference which included the Chairman of the Power Commission, Mr. Seavey and Mr. Carmody.

THE PRESIDENT: That related to a general study of the national power program. Same idea.

Q Has the study of the business situation reached a point where you can say that Federal pump priming will be reduced or expanded?

THE PRESIDENT: That is what they call "spot news" and it does not come into the picture.

On the question of power, I was reading over the other day -- this is just for background -- one of the press conferences we had in 1934. It was a very, very interesting conference. Kannee typed out the notes of the conference and it is a curious thing that the things that were said at that time -- I talked for ten or fifteen minutes for background -- are just as true today as they were then. We took up the principal problem of utilities and I told -- some of you remember it -- I told the story of the origin of the utilities, the ferryman on the Thames in the days of Queen Elizabeth, and how the common law of England, which we have inherited, set forth certain principles, and that by carrying out the analogy of the common law, which we have got away from for a good many years in this country, we could solve the whole problem of public utilities.

For example, suppose that Queen Elizabeth said to that ferryman on the Thames, "We will value your ferryboat

as being worth \$500. You say you paid \$1,000 for it. Well, that is your own fault. You cannot get a reasonable return on \$1,000 just because you paid that for the ferryboat if the ferryboat was only worth \$500 at that time."

You can apply that analogy to the question of <sup>the</sup> valuation of public utilities today. It was an awfully difficult thing when I talked with the heads of some of the public utilities to get them to even discuss the problem of valuations. I understand -- we know that there are lots of reasons why they do not want to discuss the problem of valuations.

I stated, in this same press conference, a case down in Georgia where a little, busted, run-down-at-the-heel municipal plant had practically no value -- had a scrap value of about \$50,000. Something had to be done. Either the municipality had to go in and build a brand new electric plant, or it had to bring in a private utility. No reasonable person, on a straight value basis, would have given more than \$50,000 for the existing plant. Practically all it consisted of was a brick building and a couple of boilers and a few miles of worn-out wire and a couple of transformers. But the competition in those days

between electric companies was so great that the city was clever enough to get them bidding against each other and finally one of the companies paid \$200,000 for this plant worth \$50,000. And the city sold it. It was a good piece of business on the part of the city.

Query: Should that utility company seek to earn a reasonable profit on \$200,000 or on \$50,000? Obviously, the \$50,000.

All right, take another case:

There is a certain waterfall in the United States which is owned by a private utility company. They bought it a good many years ago at the value of farm land, about \$50,000. Well, they are about to develop it. Should they put into the cost the \$50,000 plus the taxes they have paid in carrying it over a few years, or should they give it a value of \$1,000,000? It may be worth \$1,000,000 today but it only cost them \$50,000 and they have put in perhaps another \$25,000 for taxes.

If people would come down to the old common law on the valuation of utilities, we can get a meeting of the minds right away and we can say to them in return, "If you will value correctly under the old common law and if you will capitalize on that corrected valuation under the

common law, there is no reason in the world why you should not continue to receive a special benefit from the government, and that is a monopoly. Nobody is going to compete with you if you are properly valued as to your property and properly capitalized."

There is only one other thing that has to be said to them, and that is this: "In the territory in which you receive a monopoly, not under the common law but under the Constitution, a municipality, as a corporation created by a state, has a right to say by a vote of the people, 'We are going to go into the distribution system ourselves.'" They have a right to do that and if they do, the private utility ought to sell bulk juice to them over the transmission line, again at a reasonable profit, for the same price that they would charge to others for that juice. That is a thing over which we have no control. A municipality has the right to distribute its own electricity, if it so elects. That is simple. It is the law of the land. But very few municipalities are going to make that election if the private utility which is there now gives them a rate which is based on a fair valuation -- a common law valuation.

That is practically a repetition of what I said, I

think, in 1934. There is your solution.

Q How do you square your application of the common law to the Supreme Court's definition of value?

THE PRESIDENT: I don't.

Q How are you going to get around it?

THE PRESIDENT: I don't think it is constitutional.

Q How are you going to change that?

THE PRESIDENT: I hope we will get some decisions more in line with the common law.

Q You mean judges?

THE PRESIDENT: No, I am not talking about judges; I am talking about Supreme Court decisions.

Q Decisions in conformity with the common law rather than the precedent set by the Court up to now?

THE PRESIDENT: In all cases, yes. That has nothing to do with individual judges at all. I am talking about the Court as a whole.

Q The common law and what was called "prudent investment" in the Interstate Commerce Commission -- are they the same?

THE PRESIDENT: "Prudent investment" is one factor in it. In the case of the utility that paid \$200,000 for a plant that was worth only \$50,000, they were not prudent investors. That is one factor, but only one of a good many factors.

Q Any special reason for outlining this so clearly today?

(Laughter)

THE PRESIDENT: Only that somebody asked the question about what we were talking about this morning. Chairman Seavey and -- what is his name, of REA?

Q Carmody.

THE PRESIDENT: Yes, and our friend from the Grange in Washington. That was the discussion this morning.

Q (Miss Black) How come Mr. Kannee had it typed out?

THE PRESIDENT: Because I was on Sunday last editing volume three of this famous set that is coming out, the set of messages and papers, in which we are including a number of the more interesting press conferences which, however, will be released to the press before they are published in book form.

Q Mr. President, is there anything new in the Coal Commission row and the resignation of the Chairman, Mr. Hosford?

THE PRESIDENT: No, nothing new.

Q Have you acted on his resignation yet?

THE PRESIDENT: I have not. I hope he won't leave.

Q Why? (Laughter)

Q Mr. President, are you giving personal attention to the Haiti-Dominican trouble?

THE PRESIDENT: Yes and no. I am familiar with it as it goes on.

Q There is an engagement listed with the Foreign Minister.

THE PRESIDENT: We hope very much that it will be straightened out. Oh, this tea visit this afternoon has nothing to do with it at all. That was arranged a long time ago.

Q How about the conference with the Minister this morning?

THE PRESIDENT: That was to say "How do you do." I had not seen him since he was appointed Minister.

Q The story that came out this morning as to the visit of the young Japanese Prince was that he carried a letter to you from his father.

THE PRESIDENT: Just a nice, friendly letter.

Q No diplomatic exchange at all?

THE PRESIDENT: No.

Q In the light of your recent conferences and discussions here, do you still feel confident that the budget can be balanced next year?

THE PRESIDENT: Same old story, same words. I hope it will be balanced next year.

Q Hope?

THE PRESIDENT: What did I say last time up at Hyde Park? Hope and expect?

Q Hope and expect.

THE PRESIDENT: Same old thing. I will turn on the same record. (Laughter)

Q Will you tell us what you talked to Ed McGrady about yesterday?

THE PRESIDENT: I think I had better not at this time because we have a "hen" on. (Laughter)

MR. YOUNG: Thank you, Mr. President.

(The Press Conference adjourned  
at 4.20 PM)

CONFIDENTIAL  
Press Conference #410  
Executive Offices of the White House

November 12, 1937, 10.45 A.M.

(Miss Craig was invited to occupy the Chair  
in the absence of Dean Young.)

THE PRESIDENT: They will be wanting to come to the White House Correspondents' Dinner next time, -- sure as shooting. (Laughter)

Q (Miss Craig) Didn't you know that we tried to come once?

THE PRESIDENT: Yes.

Q (Miss Craig) And they kept the money six weeks and then sent it back saying that they didn't want to keep our money any longer.

Q (Mr. Harkness) You were lucky to get your money. That was a break.

Q (Miss Craig) Yes, but we were the only ones to send it in advance. (Laughter)

MR. DONALDSON: All in.

THE PRESIDENT: Kannee says that he has nothing for me this morning. (Laughter)

Q Is it definite that your message will go up Monday?

THE PRESIDENT: Yes.

Q Mr. President, have any of the utility executives indicated any desire to talk about valuation with you?

THE PRESIDENT: I think there are some coming next week.

I don't know who, but I think so.

Q To discuss valuations?

THE PRESIDENT: I don't know what they want to talk about.

I assume that will be one of the topics.

Q Will the Monday message be concerned only with the items before the Special Session?

THE PRESIDENT: I can't tell you, Ulric (Bell). I haven't finished it yet.

Q Can you tell us a little bit about this program for stimulating the building industry?

THE PRESIDENT: In the study stage still.

Q Will it be ready soon?

THE PRESIDENT: I hope so. It takes very little legislation, as planned.

Q The New York and Washington Newspaper Guilds seem to view with surprise and apprehension your acceptance of membership in the American Press Society which they say is an employer-dominated organization.

THE PRESIDENT: That, of course, I have no information about. Steve gave me the thing. They quoted the Constitution of the American Press Society and it looked pretty good to Steve and me. It said, "This Society is dedicated to the belief that the practice of journalism is an honorable profession bearing the nature of a public trust. The integrity and detachment of it are

essential to better government and the preservation of the liberties of the masses and of minorities," to which we said, "Amen" and accepted the invitation of honorary membership. That is the beginning and end. We don't know anything more.

Q That "detachment" they are talking about is detachment from trade unionism. That is the detachment they are more interested in.

THE PRESIDENT: Well, I didn't take it that way.

Q On this building program, how have you arranged for bankers to loosen up and for the laboring men to have an annual income?

THE PRESIDENT: That is just the story. We are studying it. We are trying to find out.

Q Are those the two prime factors?

THE PRESIDENT: There are really two prime factors in it we are trying to solve. One is to get capital to go in and secondly to get the double objective of a low-interest cost and a low-building cost. The two go right together because the lower your interest costs the better it is for the pocketbook of either the buyer of the home or the renter of the home and the lower the building costs, the better it is for the pocketbook of the prospective owner or renter.

Q I did not see any labor unions in that. The building trades' costs have been very high.

THE PRESIDENT: In some places.

Q Where they don't have an annual income, the hourly wage is very high and that has stopped building.

THE PRESIDENT: The annual income is one of the factors we are studying, also the reduction in material costs.

Q Have you arrived at any conclusion yet?

THE PRESIDENT: No.

Q What kind of buildings are you thinking of?

THE PRESIDENT: All kinds of buildings but primarily for the lower income group. That is for the individual dwelling in the big city and in the small city and small town, the two-family or the apartment house. It is all inclusive.

Q Have you information on about what income group, exclusive of the very lowest, where there is a deficit in housing, a deficit in safe and sanitary --

THE PRESIDENT: It is awfully hard to give any figure because it varies so much in different parts of the country.

Q Mr. President, have the political developments in Brazil changed your attitude toward the destroyers?

THE PRESIDENT: You will have to ask the State Department about that.

Q May I ask another question about housing? Have you determined what has caused the lag in building? Have

you reached a definite conclusion about that?

**THE PRESIDENT:** There are a great many factors, a great many.

**Q** Would you care to mention any?

**THE PRESIDENT:** Well, high real estate costs and there you run into the problem of transportation. In other words, to go far enough out of town to get low acreage costs, you have to have some form of transportation to get people in to work. Then there is the cost of materials of all kinds, the cost of labor in some sections, the inability -- don't put it as inability -- the fact that there has been very little done by private industry to organize for large-scale building -- obviously it costs per unit a great deal more to build five houses than it does 100 houses and there has been very little done by contractors, builders and financial institutions to come together and do large-scale building which will reduce costs very materially.

And then, finally, the very high interest rates that are charged for first, second and third money running on the average, in the North, well over 8 per cent and in the South 10 to 12 per cent.

**Q** On all of those -- on an average of all kinds of mortgages?

**THE PRESIDENT:** Not mortgages, that is first, second and third money. In other words, when you put up a building

You know you have three different kinds of money, you have your first mortgage and then you have generally your secondary mortgage and then you have what might be called the equity money because you have to have something in hand to carry on the building operation.

Q How will this program dovetail with the slum clearance, would you mind explaining that?

THE PRESIDENT: That is one phase of it and we hope that will go along all right as a phase.

Q Mr. President, will you try to influence the utility people in a building program of some kind?

THE PRESIDENT: I don't know. I don't know whether they want to discuss it or not.

Q We talked to the State Department regarding the new form of Brazilian Government and we asked whether it would affect our monetary arrangement with Brazil and whether the Monroe Doctrine would be brought in and they referred us all to you.

THE PRESIDENT: You will have to ask them again. In other words, I have no news on it today.

Q So far as you know, is all peace and harmony at the National Bituminous Coal Commission? (Laughter)

THE PRESIDENT: You had better ask them.

Q I beg pardon?

THE PRESIDENT: You had better ask them. I have no news on it.

Q You haven't any conference scheduled in regard to that situation?

THE PRESIDENT: I think Mr. Hosford is coming in this morning at 11.45. I see that on my pad.

MR. OLIVER: Thank you, Mr. President.

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