

CONFIDENTIAL  
Press Conference #435,  
Executive Offices of the White House,  
February 18, 1938, 10.40 A.M.

Q Good morning, Mr. President.

THE PRESIDENT: How's the class? (Referring to charts on the desk in front of him, which are evidently going to be explained to the correspondents.)

Q Back to school -- going to school again.

THE PRESIDENT: Yes, we are all accustomed to it.

Q Mac is going to explain it to us.

THE PRESIDENT: Yes. (Laughter) The dotted line (referring to charts in front of him) represents the high cost of liquor.

Q Well, we are going up to where we can get it a little cheaper. The Nelson House bar is always --

THE PRESIDENT: (interposing) Yes, they do not have the same overhead.

Q I don't think they will be able to get in today, it is a big crowd.

THE PRESIDENT: Really?

Q Charge a buck a head and we would make some dough out of it.

Q Yes.

MR. DONALDSON: All in.

THE PRESIDENT: I am requested by Mr. Wile (Frederic William Wile) to file a plea in avoidance. He sent me the following this morning and it calls for an answer on the part of Mr. Sullivan.

Wile says:

"I would make an observation  
For your private information  
Re a subject on which  
You're somewhat in the dark.  
I am filled with high elation

When you tune in the wrong station  
 And mistake me  
 For a man who's made his Mark.

Though he's no New Deal supporter,  
 On behalf of a reporter  
 I venture upon a prayer to embark.  
 Sullivan's got the reputation  
 Which deserves perpetuation,  
 So I humbly rise to plead,  
 God save the Mark!" (Laughter)

Q (Mr. Sullivan) That is about all I have to rely on. (Laughter)

THE PRESIDENT: Well, as you know, I talked with various agencies of the Government the past week in an effort to clarify for you certain economic problems and they worked up for me yesterday a statement on which they are all agreed. That is pretty good, to get six or eight different agencies of the Government to agree. It might be called noteworthy. So, I think the best thing I can do is to read what they have all agreed on. It is not very long and Mac (Mr. McIntyre) -- it is only three and a half pages -- and Mac has mimeographed copies of this so you won't have to take it down. (Reading)

"This Administration has from the beginning pursued a policy designed to promote full employment of our human and material resources. That continues to be our policy. The productive power of our workers and our resources, if fully utilized, can provide and maintain a national income far above any levels we have yet reached.

"An important factor that determines whether we shall succeed or be blocked in our endeavor to attain full employment and a high level of income is the behavior of prices. In this connection careful attention must be given to : (1) the relations of the prices of various groups of commodities to each other; (2) the relations between commodity price levels and the levels of debt burdens and costs; (3) the direction and rate of movement of the general price

level. To further its broad objective the Administration has, therefore, in its agricultural, industrial, and monetary programs necessarily been concerned both with the relation of the prices of groups of specific commodities to each other and with the movement of the general price level.

"The measures employed at any given time to further this policy must fit the needs of that time. A year ago there was ground for concern that a too rapid rise in the prices of some commodities was encouraging a speculative boom. During the past six months, on the other hand, the general price level and industrial activity have been declining. Government policy must be directed to reversing this deflationary trend.

"This does not mean that all prices should advance, nor that the rise should be rapid. Prices of different groups of products must be brought into balanced relations to one another. Some prices and some costs are still too high to promote that balanced relationship between prices that is necessary for sustained recovery. Continued high prices of many of the commodities not subject to highly competitive market forces intensifies the downward pressure on all other prices. Those industries that have maintained prices and curtailed output should seek the restoration of profits through increased rather than through restricted output.

"The prices of some items are still at the highest levels reached in 1937; some are even higher than in 1929. When high prices sharply curtail sales there is real danger. This is shown by our recent experience with housing. A year ago there was a serious shortage. We had unused productive resources ample to overcome the shortage. Yet all the major elements in housing costs advanced so sharply by the Spring of 1937 as to kill a promising expansion of activity in an industry whose restoration is vital to continued recovery.

"For industries, such as agriculture, that operate at a high level of capacity even when business activity is at low levels, the restoration of profits must come primarily through higher prices. Higher prices in such industries and increased output in other industries will, by increasing profits, encourage

new investment in replacement and expansion of equipment. This is necessary to full recovery.

"The average family will benefit from the business recovery which a balanced price structure will foster. Increased employment and more continuous income should much more than offset any increase in the cost of living. Recently wholesale prices have declined markedly, yet that decline has been reflected in the cost of living only to a very slight degree. A moderate rise in wholesale prices at this time should only slightly affect living costs. Incomes of most families will increase while the cost of what the housewife buys should show little change. The average family will enjoy a higher standard of living.

"It is clear that in the present situation a moderate rise in the general price level is desirable, and that this rise need not and should not extend to all prices. The rise should take place in and must be mainly confined to classes of commodities whose prices are too low. These include most of those raw materials and finished products which are produced and sold under highly competitive conditions. Such rise must not be so sharp or continue so long as to lead to a repetition of the unhealthy speculative conditions of a year ago. That sharp rise in prices encouraged speculative inventory buying which, combined with the decline in housing construction, laid much of the ground for the present recession. We must do everything we can to prevent this from happening again.

"Our program seeks a balanced system of prices such as will promote a balanced expansion in production. Our goal is a constantly increasing national income through increasing production and employment. This is the way to increase the real income of consumers.

"This is not a policy of restriction; it is a policy of abundance.

"Our agricultural, industrial, housing and monetary programs have been and will be directed toward this end."

This statement was prepared at the President's request by:

Henry Morgenthau, Jr.,  
Secretary of the Treasury

Henry A. Wallace,  
Secretary of Agriculture

Frances Perkins,  
Secretary of Labor

Marriner Eccles,  
Chairman of the Board of Governors  
of the Federal Reserve System

and economists of various executive departments.

Well, that is what they all agreed on. Then they had some charts and I threw out all the charts I could not understand and I kept the ones I could understand and they are here behind me.

This chart (indicating chart "Wholesale Prices and Employment") shows that wide disparities between rigid and sensitive prices, between finished goods and raw materials, are closely related to low levels of employment shown on the lower curve, and that high levels of employment accompany balanced prices. The last two years are shown in more detail at the right of the chart. These (indicating) on the left are from 1929 through 1937. These will be taken out to the Press Room and you can look at them and memorize them.

This chart (indicating chart headed "Per Capita Farm and Nonagricultural Income available for Living and Living Costs, 1924-38") shows incomes of farm and city workers compared with the living costs from 1924 through 1937. It shows first that living costs are relatively stable as compared with farm and city workers' incomes. The top dotted line is living costs. The dash line is per capita nonfarm income, and the black line at the bottom is the per capita farm income. It shows also

that a rise in prices and incomes can be achieved without a corresponding increase in the cost of living. You see, things were going along pretty well at that stage of employment through 1929, but here (indicating a point midway through 1929) this discrepancy between the dotted line and the black line is beginning to widen.

This chart (indicating chart entitled "Wholesale Prices of Selected Agricultural Products, 1929-38") shows index numbers of selected farm products from 1929 through 1937. Taking the 1929 prices as 100, this chart shows the movement of the four major farm commodities since that time. The first is cotton, 10 spot markets. The next one is wheat. The dotted line on the chart on the bottom shows hogs and the other, the black line, shows corn. As you know, corn and hogs go together.

The 1929 prices, which are taken as a base, were themselves not very high in several cases, due to falling off in export demands, which had already begun to occur. Those averages were wheat 117, corn 93, hogs and cotton 18.25.

The chart also shows that, even with Triple A operations, the prices of farm commodities continuously varied up and down and have not shown the rigidity shown by administratively determined prices. Here (indicating) there is a sharp fall.

This chart (indicating chart entitled "Wholesale Prices of Selected Building Materials") is, I think, one of the most significant ones. It shows the price trends of certain building materials. The top dotted line is cement. It shows that it started at about 105 in 1929, went down to nearly 80, came back

in 1934 to just where it was before and has continued on the same level of around 105. On the other hand, structural steel, starting at 100, went down to 80, and in 1934 came back to 98, and since then has gone to nearly 120.

Then you come to two other building materials, wall board and house paint, that today are both below the 1929 level. They took a big drop, of course, in 1932, but they have come back and have leveled out pretty well and are running along lower than what they were in 1929.

Now, the next line is plaster. In 1929 it was 90. It has gone up by a series of leaps and bounds until it is now nearly 180.

Prepared strip shingles did somewhat the same thing. They started below 90, went down to 80, and went clear up to 150, and are now back to 120, which is still 30 points above what it was in 1929.

Q You said that was a significant chart. What is the particular significance?

THE PRESIDENT: It is the breaking down of raw materials in one industry, building, and it shows that you cannot make one general rule. You see, plaster is way up, prepared shingles are way up, and wall board and paint are still a little down.

Q The point is in the divergence?

THE PRESIDENT: Yes, and also the fact that, taking it by and large, there are some pretty important materials there that are way up above the 1929 level. Now, this is going to save time and then if you have any more questions it is all to the good. I worked out some questions I thought you might ask. This is not to

preclude you from asking others. Somebody will say, with a mind full of generalities, "What is to be done?" The problem is being talked on a good many fronts. There are many elements in the recovery program that have already been directed toward a better balance of prices. For example, the new farm bill will help, and we hope also that the new housing program, when it gets under way, will help.

Q Will you give us a copy of that?

THE PRESIDENT: On the question of what is to be done: The problem is being talked on a good many fronts. There are many elements in the recovery program which have already been directed toward a better balance of prices. That phrase, "better balance of prices," is the key to the whole thing. For example, the new farm bill will help, we hope the new housing program will help, and the expanding relief program will help.

Somebody else with a mind full of generalities will ask the second question: "Does this mean inflation?" No, the policy is to help restore balance in the price structure.

Somebody will say, "Are we going to have a further deflation of the dollar?" The answer is, "No."

Then, along the same line, is the gold action that was taken on Monday in regard to the sterilization of gold. Is it a part of the plan to increase prices? Yes, that was one of the considerations for doing it but not the only one; there were a lot of others.

Then somebody will say, "How do you reconcile this with what you said last April, nearly a year ago?" I jotted down this note,

"A question like that is a good deal like saying that a man who warns you to go slow on the curve is responsible if you run off the road."

Q Will you read that over again, Mr. President?

THE PRESIDENT: It is like saying that a man who warns you to go slow on the curve is responsible if you run off the road.

We all agree that price dislocations was one of the major causes of the recession. They included price maladjustments and speculative buying, which had been developing through the end of 1936 and the first four months in 1937, before I issued the warning that some prices were going too high. And the only question in my mind, from the point of view of hind sight, is, "Ought I not to have issued that warning before I did?"

Q The warning in this case, Mr. President, was your observation in April?

THE PRESIDENT: Yes.

Then, more on finance is the credit policy of the Government: We expect to continue to maintain easy credit conditions. The Treasury and the Federal Reserve Board are both cooperating towards that end.

We talked in the past a good deal about the 1926 price level. Are we aiming at the 1926 price level? Yes and no. In other words, it is not a question of restoring the level definitely to a given year. We are seeking to balance the relationship among different groups of prices that will promote full employment.

Q Will you repeat that?

THE PRESIDENT: We are seeking to balance the relationship among different groups of prices that will promote full employment. In other words, suppose I put it this way: Away back in 1933, as you remember, we did a lot of talking in 1933 and 1934 about bringing the price level up from around 68 or 69 to somewhere around 90 or 100. We took 1926 as a criterion. Why? Because that year represented what might be called the average of the loaned dollar; it was the average of the dollar which was owed by people. Now, since 1933 or 1934, there has been a great deal of new loaning and new borrowing in terms of the dollar of 1935, 1936 and 1937. That has to be taken into consideration as a modifying factor on the 1926 dollar. Do you understand that?

Q Which way does the modification go, up or down?

THE PRESIDENT: Down, in that case. In other words, I cannot say that we are going to try to get the price level back to 90 or 95, as compared with 1926. It is a varying thing by which you take, originally, a norm, a figure. Now, subsequent happenings have some relationship on that original figure you take and the effect in the last few years has been downward from that figure of 100.

Q What is the difference between the 1926 price and the 1935 price level? That is, how much spread is there between the two?

THE PRESIDENT: Well, if 1926 was 100, -- I do not know, I would have to ask Henry Morgenthau.

MR. EARLY: We can give them that afterwards.

THE PRESIDENT: Don't use this: We got it up somewhere between 90 and 92 in the beginning of 1936 and 1937.

Q Then the price to be aimed at would be somewhere between 92 and 100?

THE PRESIDENT: But what you write today would not be followed six months from now.

Q It is somewhere below 1926, but somewhat above what it is today?

THE PRESIDENT: Yes.

Q It is easy to see how the new farm bill would bring about the balance in agricultural prices but not so easy to see how the relief program and housing program would bring about a balance in the industrial prices. Can you explain that further?

THE PRESIDENT: Well, of course on both housing and relief it tends to increase production and it is very largely in industries that there is need to increase production.

Q Mr. President, do you contemplate using relief for any new activity other than it has been used for?

THE PRESIDENT: No.

Q In the case of the housing program, do you not think, sir, that the wage levels are also a factor?

THE PRESIDENT: That is the very next question. You are a mind reader. Are labor costs too high? The real answer to lower costs of production is to be found in increased volume rather than lower wages. That is in spite of the fact that earnings per hour in manufacturing were 24% higher in 1936 than in 1932.

Q The only one who can get it is Kannee. (Laughter)

Q Would you mind repeating it?

THE PRESIDENT: The real answer to lower costs of production is to be found in increased volume rather than in lower wages.

Now, here is the illustration: Despite the fact that earn-

ings per hour in the manufacturing groups were 24% higher in 1936 than in 1932, the labor costs per unit of output were only 6% higher. This was due in part to the fact that the productivity of labor increased. To put that in plain English, the efficiency of labor increased but it was primarily due to the fact that labor can be used more efficiently in mass production industries when those mass production industries operate at the high level of output. It is further demonstrated by what happened in the last five months. Despite the fact that wages have not increased in the last five months, the shrinking volume of output has forced up labor costs per unit of production as much as they had risen in the previous four years.

Q The shrinking output at what time?

THE PRESIDENT: In 1932 to 1937. The shrinking output forced up the labor costs per unit of output as much as they had risen in the last four years.

Q Six per cent?

Q Twenty-four per cent?

THE PRESIDENT: Six per cent. (Note: I believe that the President meant to say twenty-four per cent.)

Then, further on wages because I have not completely covered that yet, did the wages rise too fast last spring, that is, in the spring of 1937? There were very few wage increases between 1934 and October, 1936, very few, but in the following nine months -- that is to say, from October, 1936 through to July, 1937 -- hourly earnings in manufacturing plants rose from 57¢ to 65¢. In other words, it was a sudden rise. There had been

very little rise in the past few years.

We know that many firms were in a position to increase wage rates in the two previous years, 1935 and 1936, and therefore it was probably not healthy for business to have postponed for so long their wage increases with the result of having to absorb wage increases in a large lump in those nine months from October, 1936 to the summer of 1937.

Then, just by way of commenting further on that, I notice that during the downswings, recessions, people speak of the need of flexible wages and feel that wages should fall. Then, during recovery, as the figures prove, they seem to forget that wages should also be flexible and should rise. They delay wage increases until the last possible moment and then, at the peak of a boom, grant wage increases that are small when measured against current profits of industry.

Q Take that last sentence slower.

THE PRESIDENT: They delay wage increases until the last possible moment and then, at the peak of a boom, grant wage increases that are small in comparison with their profits, but which, at the same time, are difficult to maintain when their volume falls off. The automobile industry is the prize example of that.

Q Mr. President, then, in the case of the automobile industry, do you say that if they increase production to full capacity and prices were reduced, there would be a material increase in sales?

THE PRESIDENT: No, no. There is such a thing as increasing production to the point where the country cannot swallow it -- get

indigestion. If the wage increases were not so long delayed but were made as business improved, managers of business would have a longer period of activity in which to adjust themselves to changes. It means, if the AP would give you a few small raises, twice a year, it would be better for the AP than if they gave you a 50% raise all in one lump sum.

Q (Mr. Storm) I will take mine either way, Mr. President. (Laughter)

Q On that subject, have you any thought of the sliding wage scale in connection with variations in prices?

THE PRESIDENT: No.

The next question I asked myself --

Q (interposing) On that question, Mr. President, what do you think of a system of profit sharing in that connection?

THE PRESIDENT: Well, of course that is being introduced in a good many industries, I think very successfully, taking it by and large.

The next question is, "How about coal price fixing?" Well, there you get your specific industry question. The prices of bituminous coal are not high; that is, the price at the mine. I am talking about the price at the mine, not the prices you have to pay in your own houses. Cutthroat competition at the mines has always dominated this particular industry and has made it impossible for the industry to pay decent wages and give a profit. Of course we all know that. The purpose of the Guffey Act is to help establish the bituminous coal industry on a sound basis. That means that prices must not be set so high as to transfer business from efficient coal mines to

other types of fuel -- competitive types of fuel -- nor to give monopoly profits to coal producers.

Then Mark's (Mr. Sullivan's) little red hen asks about the new farm bill. The farm prices are glaring examples of prices that are now too low. The farm bill is intended to prevent extreme declines in farm prices and to maintain income of farmers in years of excessive yields caused by nature. At the same time, by carrying over excessive supplies from years of large crops to years of lean crops, the bill is intended to prevent such rapid rises in farm prices due to short crops as occurred in the winter of 1936-1937, and which added to speculation at that time. Of course we know that when a commodity starts going up it seems to be human nature that the faster it goes up the faster the speculative element enters the picture and tends to speed up the rise and drive it too high.

The effect of this agricultural, industrial and monetary policy on foreign trade ought to be good in that foreign trade always improves when business activity improves. That is a fact that we seem to have discovered nowadays. Any measure that helps to bring about recovery in the United States also helps in world recovery and serves to increase both purchases from foreign countries, in other words, imports, and sales to foreign countries, in other words, exports.

Q How about sugar prices?

THE PRESIDENT: Somebody wanted to know about sugar prices. That, of course, is a different subject and falls into a different category because the sugar act of 1937 established the sugar policy

definitely and there is no reason to expect any change.

Well, I think that is all I have got here.

Q Mr. President, how about the expanded relief program?

THE PRESIDENT: Yes, that is \$250,000,000.

Q Is that the expansion?

THE PRESIDENT: Yes.

Q No more than that?

THE PRESIDENT: No, we hope not.

Q Earlier in your statement you referred to the relation of the debt burden to the general behaviour of prices. I wondered if you considered the war debt or foreign debt burden?

THE PRESIDENT: No, exclusively the domestic debt.

Q Has the foreign debt question been considered in any other connection in the past twenty-four hours?

THE PRESIDENT: No, not any more than in the last forty-eight days or the last four hundred and eighty days.

Q You said that the Treasury Department and the Federal Reserve are going to adopt a policy designed to furnish freer credit. Can you be more specific on that?

THE PRESIDENT: Not policies, measures.

Q What measures?

THE PRESIDENT: Whatever measures are needed to carry out a policy.

I did not say they were going to -- wait a minute until I get this: We expect to continue to maintain easy credit conditions and the policies of the Treasury and the Federal Reserve Board are definitely along that line.

Q Most of the things you said have related to stiffening up the

fluid prices. Have you said anything about methods to give fluidity or flexibility to the rigid prices?

THE PRESIDENT: Now you are asking about the industries that are more monopolistic. We hope so but are not ready to shoot on it and it is a big problem.

Q What about the excessive prices of the shipbuilders? It seems more or less to apply to both Merchant Marine and Naval.

THE PRESIDENT: We are very much concerned. I have been talking to Joe Kennedy for the last two weeks, ever since the bids came in. They are far and away above the cost of building ships during the war period when the materials that entered into ships were a great deal lower -- no, they were higher than they are today. Today they are lower but the price of the ship has gone up and, frankly, the whole problem of shipbuilding in this country is a headache under present conditions.

Q On that point, again, Mr. Kennedy went before the Committee on the labor provisions of the Merchant Marine Act and, I think --

THE PRESIDENT: (interposing) Not on that. I am going to talk to him about it in ten minutes, when he is sworn in.

Q He suggested, as an alternative, that they might build a few Merchant Marine ships in the Navy Yards. Is there any civil or legal inhibition against it?

THE PRESIDENT: The chief problem is that the Government Navy Yards are about as full of construction work as they ought to be.

Q If you are going to have a continuing program, is it possible to have Navy Yards --

THE PRESIDENT: (interposing) If the Government is going to build

them, there are three ways: One is to finance a new Yard, put in new equipment, new ways, supervise it and have the work done under what might be called private management. If you remember, during the war we built a good deal and bought a good deal on the fixed fee basis.

Q "Cost plus"?

THE PRESIDENT: No, not "cost plus" but "fixed fee," which is all the difference in the world.

Another method would be to build our own yards and build them ourselves. The third would be to put new equipment and new ways in Navy Yards and have the Navy build them. All of those are very, very slow methods of getting a Merchant Marine.

Q How about building them abroad?

THE PRESIDENT: That is one of the suggestions made by Mr. Kennedy and the interesting thing is that almost every Congressman and Senator says, "That is the practical way of doing it but I could not vote for it." (Laughter)

Q How do you explain why they are able to build them cheaper in foreign ports?

THE PRESIDENT: I don't know. I don't think anybody knows.

Q Was your remark on war debts meant to imply that the subject was mentioned?

THE PRESIDENT: Oh, no. It was mentioned but it is mentioned about once a week and we don't seem to be any further than we were two years ago.

Q There was a story published this morning that one of the Latin American countries has or is about to present a proposal for a

military and naval alliance of all the Americas to guard against aggression by Europe or Asia?

THE PRESIDENT: Yes, I read the story and I never heard of it until I read the story. You will have to ask the Secretary of State.

— Maybe he has heard something about it. I doubt it.

Q Would such alliance, if it came up, be contrary to our policy?

THE PRESIDENT: That is a very "iffy" question.

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL

Press Conference #436,  
In the President's Study at Hyde Park,  
February 22, 1938, 2.05 P.M.

(Ambassador Kennedy was present.)

THE PRESIDENT: Well, I haven't got a thing that you don't know about.

Q Anything you can tell us about the European developments?

THE PRESIDENT: Nothing that the Secretary of State has not talked about.

Q Can you tell us anything off the record, Mr. President?

THE PRESIDENT: No.

Q Has there been any development on the Japanese penetration into Mexico?

THE PRESIDENT: I have not heard a word about that, only what I read in the papers. I haven't heard a thing.

Q I had a query on the Hungarian debt settlement. I do not know what it is about. I have not seen anything in the papers about it.

THE PRESIDENT: I think something is coming out in Washington. You will have to check there. I do not know.

MR. McINTYRE: I think the State Department has some data on that.

THE PRESIDENT: I do not think so. I think it is the Hungarian Minister.

Q That is coming out?

THE PRESIDENT: I think so but do not say I said so. Just tap down. It may be there is something down there; I do not know.

Q They gave out something the other day, that they had made a proposition.

Q I believe they did.

THE PRESIDENT: Don't any of us know anything about it so that we can discuss it intelligently?

Q Do these developments abroad change our foreign policy in any way?

THE PRESIDENT: Same answer I just made. That wasn't even subtle, George (Mr. Durno).

Q (Mr. Durno) I did not mean it to be.

THE PRESIDENT: I have not got a thing on it, George.

Q The Court of St. James here is saying good-bye for the third time now.

AMBASSADOR KENNEDY: The second time. (Laughter)

Q Is there anything you can tell us concerning his visit?

THE PRESIDENT: Just that I hope he won't have a rough trip.

AMBASSADOR KENNEDY: That is all inclusive. (Laughter)

THE PRESIDENT: Joe, I think that is a good line.

Q Very good.

AMBASSADOR KENNEDY: I can go up and down a lot.

Q Hull talked yesterday about continental solidarity in the whole Western Hemisphere to keep off political ideals repugnant to our institutions. Will you explain that?

THE PRESIDENT: I haven't got that. Nothing came through from the State Department about what he said so I cannot comment on it.

Q Anything to be said on the business situation?

THE PRESIDENT: No.

Q Do you still contemplate a monopoly message this session?

THE PRESIDENT: I think we talked about that last time. There will be something in time. I have not got any date yet.

Are you sticking pretty close to the Nelson House?

Q Very close, sir.

Q To the bar. (Laughter)

THE PRESIDENT: We are getting out all over the place. There isn't too much snow and we are going all kinds of places, through the woods' roads.

Q When are we going back?

THE PRESIDENT: Tomorrow afternoon, I think about three o'clock.

Q Anything on the railroad conference yet?

THE PRESIDENT: No. I am sorry you got out on a limb on that. There isn't any conference planned this week.

Q I thought you were saying, "No comment" to all questions here today.

THE PRESIDENT: This is only a comment on the things that have been written.

Q George (Mr. Durno) has a page of ditto marks there. (Laughter)

THE PRESIDENT: I do not know when that (meaning the railroad conference) will be held. I have no idea; no date has been set. It will be held, as far as that goes.

Q They are waiting until they hand down that decision.

Q Did you talk to Secretary Hull this morning, Mr. President?

THE PRESIDENT: No.

Q Has anybody interceded with you as yet on behalf of Lieutenant Colonel Johnson, who flew Commissioner McNutt from California to Denver?

THE PRESIDENT: No; that is purely an Army matter.

Q How about the Townsend pardon appeals? Have you been getting many of those?

THE PRESIDENT: Have we, Mac?

MR. McINTYRE: No, sir; we have a story yesterday from Washington that Wheeler had asked.

Q How about Representative Jerry O'Connell?

MR. McINTYRE: I have not seen anything on it.

THE PRESIDENT: I do not think it has come to us.

Q Mr. President, have you had a chance to check into the progress of the Poughkeepsie Post Office project while you have been up on this visit?

THE PRESIDENT: They tell me the walls are pretty well up. How do they look?

Q Pretty nice.

THE PRESIDENT: On the way to the train I will stop by and look at it.

Q What time, about?

THE PRESIDENT: About a quarter of three. Is it covered with scaffolding?

Q I guess that is all down. They have to put the slate on the roof. They have the planking all over to put the slate on the roof.

THE PRESIDENT: What does it look like, pretty good proportions?

Q Yes, very nice.

THE PRESIDENT: I will stop on the way down to the train. Is it covered over so that you cannot see the walls?

Q You can see practically all the dominating features. You will see as much now as you will after a while except for the landscaping and of course the windows aren't in.

THE PRESIDENT: Have they been working all through the winter?

Q Oh, yes.

THE PRESIDENT: They had a wonderful winter for it.

Q Yes, though I understand that the last time they poured concrete was the last time you left and they poured concrete when you came back. (Laughter)

THE PRESIDENT: They cannot pour it when the temperature is 40 or something like that.

Q It looks like Lake Crescent out of the window. (Laughter)

THE PRESIDENT: That is a good idea. I will tell them what we can do. If they do not like the Nelson House, we can set them up in one wing of the Post Office.

MR. McINTYRE: There are pretty good quarters over the garage, too.

THE PRESIDENT: And a few leaky pipes will help, too.

MR. McINTYRE: They are all there, sir. (Laughter)

THE PRESIDENT: And lights out at 11.00 P.M.

Q And you can't close the front door. (Laughter)

Q Any callers tomorrow?

THE PRESIDENT: No. I have only had one caller the whole time I have been here and he is right behind you. (Referring to Ambassador Kennedy)

Q In sending up the Farm Bill you mentioned the need of additional revenues to finance its operation. Is there anything to be said at this time in the way of processing taxes?

THE PRESIDENT: Only what I said. If they expect to work towards parity, there has to be more money.

Q That will take two millions additional, won't it?

THE PRESIDENT: I don't know what there is.

Q It won't take very much time to write this conference. (Laughter)

THE PRESIDENT: I wish I had some news for you.

MR. TROHAN: Thank you, Mr. President.

CONFIDENTIAL

Press Conference #437

Executive Offices of the White House,

February 25, 1938 - 10.40 A.M.

THE PRESIDENT: I was just remarking to the front row that I hope we are going to have a quiet week-end.

There is no news today and I hope there won't be any tomorrow or the next day.

Q Mr. President, why did you ask your Price Study Committee to continue its study?

THE PRESIDENT: Because I wanted more information.

Q There is a study, I think, connected with the cost of a possible five-day week which I understand is in Danhy Bell's office. Is there anything you want to say about that?

THE PRESIDENT: I haven't heard about it.

Q It isn't here yet?

THE PRESIDENT: No, it hasn't come here yet.

Q Did High Commissioner McNutt recommend any broad re-consideration of the independence question in the Philippines?

THE PRESIDENT: It hasn't been discussed yet.

Q Can you tell us what you talked about for ninety minutes yesterday with the Pennsylvania delegation?

THE PRESIDENT: I think they told you.

Q But they didn't cover ninety minutes. (Laughter)

Q Would you care to discuss the Hungarian debt proposal?

THE PRESIDENT: No; there isn't any news on it except what you got.

Q Will you tell us what Mr. McNutt reported on the war in China?

THE PRESIDENT: Well, we just began to discuss that yesterday; haven't finished.

Q Mr. President, did Mr. McNutt inform you about his flight in an army plane from San Francisco to Denver?

THE PRESIDENT: No, it was not mentioned.

Q Were politics mentioned?

THE PRESIDENT: No.

Q Will the Hungarian debt proposal be sent to Congress?

THE PRESIDENT: There isn't any news on it.

Q What would be the procedure?

THE PRESIDENT: There isn't any news on it.

Q Mr. President, that Hungarian proposal to the average layman, in which category I include myself, seems very rational and sensible. In view of that, can you tell us why no progress was made at the time it was discussed at the White House with you?

THE PRESIDENT: Well, I am very glad to have your opinion.

Q Mr. President, is there anything in connection with

the Unemployment Census figures? Mr. Biggers recently suggested, to a Senate Committee I believe, that it would be a good idea to have a Committee appointed to go into this entire question, the committee to include representatives of labor, industry, agriculture, and perhaps Congress, and make a report to you. It was a very interesting sort of proposition.

Have you any comment to make on that?

THE PRESIDENT: We didn't talk about that phase of it yesterday. I am trying to find something on my desk.

I think probably Mr. Biggers told you that he is expecting to give out each day from now on for about a month -- possibly every three or four days over a month -- the figures from the separate states which have not yet been given out. I think yesterday's announcement was a certain phase of a check-up on 16 states and from now on, every day, you will get a story about an individual state. That is for the better giving of information about the whole project so that it can be run for local information as well as the total of the national figure.

I was talking with Commissioner Lubin, Commissioner of Labor Statistics. He pointed out -- he said, "I know of no instance, either in the United States or

any foreign country where the results of so large a registration became available in so short a period of time. It would seem to be an example of what can be done in the field of tabulating a mass of figures and facts and for that reason it seems that this census was well worth while and has given us a method of getting quick results at comparatively low cost that may be followed in the future."

That does not mean that we are going to give up the decennial census, of course.

Q For what purpose would those figures be used? I notice there is a breakdown for ages, et cetera.

THE PRESIDENT: That is something we all wanted to know about.

Q For what purpose can it be used? For relief?

THE PRESIDENT: For the relief program and for the general program of the Government. For instance, we have to recognize that there is a great deal of group pressure. The national youth movement thinks the principal problem of unemployment relates to boys and girls under 24 or 25. There is another group that is equally insistent that the problem of unemployment relates to men and women out of a job who are over forty-five. This gives us something to go

on. It will be valuable to both of those groups.

Q Any suggestion of implementing it by legislation?

THE PRESIDENT: No.

Q Can you tell us about your conference with Mr. Cyrus Eaton yesterday?

THE PRESIDENT: We talked about a lot of matters relating to business -- problems of business, problems of the railroads, problems of steel.

Q Did you discuss his ideas for decentralization?

THE PRESIDENT: In general, yes. That was part of the discussion.

Q Mr. President, have you any new thoughts on the Far Eastern situation or the Philippine question as a result of whatever conversation you did have with Commissioner McNutt?

THE PRESIDENT: No, we had only begun to scratch the surface. The Governor is coming in tomorrow.

Q Has it been brought to your attention of late that the Army and Navy have been studying the vulnerability of battleships under so-called aircraft fire?

THE PRESIDENT: Oh, yes.

Q Would you care to comment on it?

THE PRESIDENT: No, except to tell you a story which is historical. When I was a small boy somebody invented

-- this was back about 1885 -- invented a torpedo boat and nations began to build very, very fast little boats -- torpedo boats. If you want to see one, there is one that runs today between Indian Head and Washington. It was built back in that year. She is about 100 feet long and, for those days, was very fast. I think she could do 24 or 25 miles an hour. There was a school of thought at that time that said, "The battleship is finished; the torpedo boats will wipe every battleship off the ocean." The next thing that happened is what happens in time of war. You find an antidote. The torpedo boat destroyer came along. It was built to keep off torpedo boats and protect the battleship, which it did. Yet the torpedo boat was regarded by a great many people at the time as the one thing that was going to change the course of warfare.

Then came the submarine and the exponents of the submarine said that that would put every battleship and every surface ship out of commission. You remember that. When we got in the World War, the submarine for the first three years had a very distinct edge over surface ships but, as the war went on, anti-

dotes for the submarine were developed and before the war was over the balance, between offense and defense was restored. You can go even further back, at the time/ of the Civil War. The Monitor was supposed to put every other type of ship out of business. The Monitor defeated the Merrimac type of ship and lots of navies all over the world began building monitors. The only trouble was that it couldn't go to sea when it blew. And so you can go through the whole history of warfare; always when a new weapon is invented an antidote immediately appears.

The same thing is true of aircraft today. They are a component part -- both on land and sea, but there are antidotes to the offensive airplane. The antidotes are the anti-aircraft guns and the defensive airplanes.

The whole thing balances and if you read and study the history of war through the ages you will find that no one weapon has ever become supreme.

Q Is it your opinion that since the War nothing has happened to decrease the efficiency of the battleship?

THE PRESIDENT: To decrease it?

Q Yes, sir.

THE PRESIDENT: That is a pretty general question. Some

things have happened to decrease its efficiency and other things have happened to increase its efficiency.

Q There has been considerable comment in the House Naval Affairs Committee about the difficulty of getting a whole picture of national defense. What is your position toward a single department of defense, with air, land and water coordinated?

THE PRESIDENT: At one time, a great many years ago, I was in favor of it but gave it up because I think the present system of working pretty well. Before the World War broke out there was a suggestion, back in 1913, 1914 or 1915, for a unified department of defense. There are some reasons for it today, unified purchasing and things of that kind, but the point is that during the World War the Army and the Navy and the Marine Corps worked wonderfully well together. The system works and that is the best answer to it.

Q One more question on this battleship versus the aircraft. It has been stated in Congress that there has been a series of Army and Navy tests -- that they have had Army and Navy maneuvers. May we assume that you have seen the results of these tests and that you are satisfied, as a result of what you have seen, that

the battleship is still the backbone of the fleet?

THE PRESIDENT: I began seeing those tests in 1913 and have been seeing them ever since. You are aware of my recommendations in regard to the Navy and that is my answer.

Q Do you know anything about the Barlow aerial bomb -- aerial mine?

THE PRESIDENT: No.

Q Have you any comments on Mr. Ordway's position -- his opposition to the one-man administrator plan in Civil Service?

THE PRESIDENT: No. I have a lot of papers I haven't read yet. I am going to over the weekend.

Q Mr. President, as Commander-in-Chief of the Army and Navy, have you seen any signs of friction between the Army and the Navy as charged in Congressional circles?

THE PRESIDENT: The two Services are working better, hand in hand, today than at any previous time.

Q There are charges on the Hill that the Navy finds it easy to get funds but the Army has a difficult time getting any money. (Laughter)

Q There is something nearer home I would like to ask about. You are interested in that memorial road to Gettysburg.

You talked about it a while back when Arno <sup>[Cammerer]</sup> Camalier was here. I understand there has been some movement on that in the way of a report. Do you know anything about it?

THE PRESIDENT: I haven't heard anything, not for a month. I don't know. I wish you would check up on that. I am very much interested in it.

Q A couple of weeks ago you said you were looking into the question of super-highways to determine whether they would return the money put into them to the Treasury?

THE PRESIDENT: We are still working on it quite hard.

Q Have you received Secretary Roper's report on little business?

THE PRESIDENT: Not yet.

Q Mr. President, is there any news as yet on the railroad conference?

THE PRESIDENT: No, not yet.

Q Mr. President, can you tell us when you expect to allocate funds for slum clearance?

THE PRESIDENT: For where?

Q Under the Wagner-Steagall Act?

THE PRESIDENT: I think Straus will be ready very soon to bring in the first allocation. He hasn't brought it yet.

Q Have you any intentions of furthering the work on the Pan American Highway by new appropriations?

THE PRESIDENT: There have been various recommendations on that but no final agreement on it.

Q Mr. President, is there anything new on the cost of building merchant ships?

THE PRESIDENT: No. Was Joe Kennedy's letter to me made public?

MR. McINTYRE: Yes, sir.

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL  
Press Conference #438,  
Executive Offices of the White House,  
March 1, 1938, 4.10 P.M.

Q (Miss Craig) Mr. President, ask him if he has specially good seats for the White House Correspondents' Dinner.

THE PRESIDENT: You want to come?

Q We would be charmed.

Q They (referring to the ladies) would have to be asked.

Q Do you know the real reason why we are not invited?

THE PRESIDENT: What is yours?

Q If we went they would have to take their wives.

THE PRESIDENT: Yes, there is something to that.

Q That is the real reason.

Q It is a good one.

MR. DONALDSON: All in.

THE PRESIDENT: I am requested to pass along a complaint -- not mine -- but I have had, Oh, I suppose fifteen or twenty letters in the past three or four weeks from manufacturers and employees, all along the same line, that they never read in the newspapers about cases that have been settled by the National Labor Relations Board. All they read is about the cases that are not settled, and that either the papers do not print any news about the cases that are settled, or they put them on the umpty umph page.

I am simply passing that on. I am not interested. It is for the benefit of the Press.

I dug up the January report just in case you do want to

try to get it or make up your mind to put it somewhere.

During January there were 116 strike situations before the National Labor Relations Board, involving 9526 workers.

Q How many?

THE PRESIDENT: 9526 workers. During that month 103, covering 8030 workers, were settled by agreements in conformity with the National Labor Relations Act. Of the other 13 strike cases -- 13 out of 116 -- two were settled by State Labor Relations Boards, one was settled direct by an agreement between the company and the union, three were dismissed, two were withdrawn and five cases remained pending at the end of the month.

Next, there were 393 cases -- not strike cases -- involving 42,000 workers, where agreements were reached and the records closed.

Q What period was that?

THE PRESIDENT: One month.

Q The same month of January?

THE PRESIDENT: The same month of January.

There were 28 other cases, involving 10,000 workers, that were settled and closed by what they call "certification." There were 139 other cases, involving 17,000 workers, that were dismissed by the Regional Directors. In other words, they were cases to which they thought there was no merit.

There were 282 still other cases, involving 70,000 workers, where the petitions or charges were withdrawn by the people making them.

As to the total of the case-load basis, there were pending

on the first day of the month 3,429 cases, and on the last day of the month 3,247 cases.

Those reports of the National Labor Relations Board are given out every month and, well, I think comment is superfluous.

Q In that connection, Mr. President, your Business Advisory Council submitted some recommendations a few weeks ago on what they called "equalizing" this Wagner Act. Do you agree with them or object to them?

THE PRESIDENT: Frankly, I am not familiar enough with them to comment.

Q Didn't you discuss them, sir, with some of the members of that board?

THE PRESIDENT: Yes, I think we did. We discussed so many things that I have forgotten what the particular recommendations were. I would have to look them up.

Q Some weeks ago, Mr. President, you had a group of automobile manufacturers to see you. I think that you explained to them, in a sensible way, with the request that they bring you recommendations. Have you received recommendations from them yet?

THE PRESIDENT: I have got two groups. I got one from the acceptance companies, the credit companies, and what they said they proposed to do from now on was, on the whole, a very great step in advance, as I thought. I so wrote to Senator Brown.

And the other letter was -- well, I will be quite frank. It sounded to me as if it had been drawn by a lawyer and not by the company heads, and I am still trying to analyze it to find out what it means.

Q Did it have to do, sir, with the used-car market?

THE PRESIDENT: Yes, there was one clause in the letter, about the only

specific one, in which they said they were going to have a used-car-week drive early in March, and please not say anything about it beforehand.

Q Mr. President, do you think the antimonopoly drive will achieve a breakdown into small operating companies?

THE PRESIDENT: Oh, my Lord, I do not know. That is too big a question.

Q Have you heard from the Department of Commerce on the small business men?

THE PRESIDENT: Yes, I got a long report on that.

Q Sorry, we did not hear back here.

THE PRESIDENT: It was on the small business report. I just got it yesterday. They have analyzed 1900 and they still have got 2,000 to analyze and it is quite long. The Secretary of Commerce says, in sending it over:

"I am impressed, as I believe you will be, by the fact that these business men require more definite study of methods coordinating their views into national visions of the importance of conditions and also a more definite knowledge of operations and responsibilities of Government as related to them. It is an interesting thing that self help seems to be well nigh lacking from the analysis thus far made of their suggestions and to my mind a most important, yes vital, responsibility rests upon the Government and our educational facilities to more definitely impress the importance of this upon our business citizenship."

Q Can we have that?

THE PRESIDENT: You better get it from Dan (Secretary Roper).

Q Any comment to make on Mr. Baruch's statement before --

THE PRESIDENT: (interposing) I am sorry; I told Steve -- I suppose none of you will believe it -- but I have only read the headlines.

Q The House Naval Affairs Committee voted to build a dirigible the size of the Los Angeles. Do you think that the three million of the fifteen million requested for small craft --

THE PRESIDENT: (interposing) It means eliminating three million on small craft.

Q Yes. In the light of past experience, do you believe that Navy money can be used for that purpose?

THE PRESIDENT: Of course, if the Naval Affairs Committee wants to go in and build a dirigible, it is all right but it should not be taken from other funds.

Q You gave us an impression at the time of the last dirigible disaster that you were pretty nearly through with it. You thought that the Navy Department had spent enough money on the thing. That was two or three years ago.

THE PRESIDENT: That is right; at the time of the Macon. I suppose the easiest way to put it is this: The Navy Department felt that given X number of dollars, keeping it down as small as possible, we had rather not do it but if Congress wants to appropriate additional dollars, that is up to the judgment of the Congress.

Q Have you seen Secretary Perkins in regard to the maritime labor legislation?

THE PRESIDENT: No, I have not.

Q Representative Wearin, of Iowa, has suggested that the Administration is supporting him for the Senate in Iowa, yet Senator Gillette says that is not true. What are the facts?

THE PRESIDENT: The same old facts. Get Steve to turn on the record

for you. It is all right.

Q Can you tell us anything about your conference this afternoon with the Attorney General and Mr. Jackson and also Mr. Douglas of the S. E. C.?

THE PRESIDENT: Continuing study of antimonopoly, that is all.

Q Mr. President, there has been a large volume of complaint in Hawaii about the transfer to the Army of the WPA administration. I understand you saw some people today?

THE PRESIDENT: I did not see them except to have them come in and tell me that the whole thing was straightened out, the delegate from Hawaii and Aubrey Williams and somebody else.

Q When is your message on monopoly going up?

THE PRESIDENT: I don't know when. Do not assume it will be up this week or next.

Q Are you planning to see Baruch? He is here.

THE PRESIDENT: I do not know. Have I an appointment?

Q Senator Adams came out with \$600,000,000. more of naval construction?

THE PRESIDENT: \$600,000,000. now, and appropriation?

Q An authorization, authorizing an increase.

THE PRESIDENT: I don't know. I cannot comment on that.

Q The fact that other countries are building makes it advisable to have the \$600,000,000. just recommended?

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

Q Can you tell us about your talk with Senator Glass on bank holding company legislation?

THE PRESIDENT: Did he tell you he was going to introduce the bill?

Q Yes.

THE PRESIDENT: That is all right; it is good. He told me the same thing and he gave me the synopsis of the bill. The Senator, I think, is going away for a little trip for his health and in the meantime it will be studied by the committee.

Q Is that bill satisfactory to you, Mr. President?

THE PRESIDENT: I have not read it yet.

Q They are seriously concerned over the shortage of phosphate in this country and it is said that an Executive Order may be pending in that regard.

THE PRESIDENT: I will tell you what probably will happen and I am working on it now: An informative message will be sent to Congress in regard to the general phosphate situation in the world. It is of tremendous interest but I won't break the story now because it would spoil it. It will be solely a message of information to the Congress, showing the relationship of phosphates to human civilization, to the food stuffs of the world. It is a tremendously important thing.

Q Will that deal at all with the operation of the big dams up in the Northwest?

THE PRESIDENT: No, it won't deal with anything specific or concrete about what we are going to do about it. It is going to take up the problem. It is a brand new thing. If everybody will read what I send up, they will be quite thrilled. It is something nobody has given serious thought to up to the present time.

Q Can we get the names of the manufacturers and labor people who brought to your attention the National Labor Relations Board

matter?

THE PRESIDENT: They were the ones in here that day. I will try to dig them out of the files, they are scattered all around.

Q Mr. President, can you give us at this time some syhopsis or idea of the report that Mr. McNutt made to you about the Far Eastern situation?

THE PRESIDENT: No, we did not discuss the Far Eastern situation, just the Philippine situation. We discussed the question of the trade agreement after 1946. Nothing new on it; two committees are working on it.

Q Has any time been set for the railroad conference?

THE PRESIDENT: Not yet.

Q Has any progress been made?

THE PRESIDENT: I do not know.

Q If I may revert to the Labor Relations Board again, there has been a great deal of complaint, probably informal complaint, that the Board is one-sided, prolabor, and that sort of thing. Would you care to say anything about that?

THE PRESIDENT: And of course at the same time there has been a lot of complaint just the other way.

Q Mr. President, are you satisfied with the legislation as it stands, or do you think there should be some changes made?

THE PRESIDENT: That is as if you were to ask me whether I think the Social Security Act should last in its present form for a hundred years. All of this legislation is evolutionary, just as it is in most countries that have undertaken similar legislation. I hope it will be improved each year or every year or two or

three years, as it may be necessary.

Q But, for the immediate present you have not anything specific in mind?

THE PRESIDENT: No.

Q When you speak of the present, you speak of the Labor Relations Board and Social Security?

THE PRESIDENT: Yes, and others.

Q It was testified in the House Naval Affairs Committee that if they had \$3,000,000. to buy strategic war materials, they would only spend about a million. Are you considering the accumulation of these necessary war materials in connection with the British Treaty or war debts?

THE PRESIDENT: It is brand new to me. You had better ask the War Department. I did not even know we had spent a million.

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL

Press Conference #439  
Executive Offices of the White House,  
March 4, 1938, 11.30 A.M.

MR. DONALDSON: All in.

THE PRESIDENT: At the Services this morning at St. John's Church they read the XVth Psalm. If I were writing a story today, I would use the XVth Psalm as a lead for the story. And if I were on the desk, I would carry the XVth Psalm at the top of the story. It would be something new. Steve will give you copies if you want them. (Laughter)

Q Any release date on that Psalm? (Laughter)

Q Mr. President, would you sign that story "by Franklin D. Roosevelt"?  
(Laughter)

THE PRESIDENT: Otherwise I don't know that there is anything in particular.

Q Mr. President, I suppose some of these gentlemen will ask you about the tax bill. I was talking to Bungardner (Clerk of House Ways & Means Committee) and he told me that something had been left out of that bill which was in the former bill and that is the publication of the salaries of corporation executives. That is not in the bill. Do you approve of that?

THE PRESIDENT: I did not know that until I read it in the paper yesterday morning and I am very, very sorry that that has been left out. I think it is a question of simple morality. I think I stated, once upon a time, that in addition to public office being a public trust, private office is also a public trust.

There are two types of corporation executives. One is the executive of a company that has a large number of public shareholders. Their stock is owned by thousands and tens of thousands of people. It is traded in and new people buy it from day to day. Theoretically, a stockholder has the right to go to a meeting of the corporation in some small town in Kentucky or in Wilmington, Delaware, and say, "How much did the President and the Vice President, etc., get last year by way of salary and bonus?" Practically, they do not. Practically, the purchaser of the stock of that company does not know and has no way of finding out, unless he goes to particular pains to find out, what the corporation's salaries are.

Again, private office is a public trust. Why should not the public know what the executives of these corporations get? Let us use some examples: Did the public know for years, until it was brought out in an investigation, what Mr. Grace of Bethlehem Steel was getting by way of salary and bonus? They did not, and there was a wave of public indignation that went over the country when it was discovered that one man was getting a million dollars a year.

Why should not the public know the salaries of the executives of General Motors Corporation? There is no reason why they should not know it. It is a private office with a public trust.

Take the other type of public corporation, the closely held, family-owned corporation. There it is a slightly different matter because it is owned by one man or one family. But we know of not just a few sporadic cases but of a great many cases where the

family-owned company has, on the public record, made at the end of the year no profit at all. That is, the published record, the books show no profit, barely in the black or perhaps even a loss. At the same time, it is perfectly possible for the owners, the members of the family, to be paying themselves the profits of the company by way of very large salaries. Actually, the company may be making a large profit which, because of the hidden character of the proceedings, is not known to the general public.

A corporation of that kind is able to say, "No, we cannot afford to improve the conditions of the people who work for us because we are not making any money. See our books." Actually the family may be drawing down the kind of salary that is so large that the public as a whole, the Government and competing companies, competing businesses have a right to know about it. That is another phase of it.

In other words, private office is a public trust. And there is absolutely no valid reason why, in my judgment, that clause, the present clause for publicity with respect to corporation executives' salaries, should be repealed. It is a question of morals, public morals.

Q Mr. President, you said there was no other way. The S.E.C. does have these figures. These are for the tax bill. Is there any reason for the duplication?

THE PRESIDENT: I don't care as long as the public knows all about it. How it is done is perfectly immaterial. As long as every newspaper in the United States, in pursuance of the policy of freedom of the press, has the right to publish them.

Q Mr. President, would you make any distinction between corporations whose stock is on the market and those that are not?

THE PRESIDENT: No.

Q Mr. President, are you in favor of publicity for the income tax returns?

THE PRESIDENT: We do not publish them at the present time. I do not particularly care, one way or the other.

Q It was reported that Bankhead and Rayburn gave you a report that there was little chance of a Wage and Hour Bill being enacted this session. Is that true?

THE PRESIDENT: It is not true.

Q Did they give you any idea?

THE PRESIDENT: No, we merely discussed the current situation as of last Monday, that is all.

Q Are there any notes being exchanged with Great Britain, of conversations going on, regarding the title to islands in the Pacific?

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

Q Mr. President, what is your reaction to the McKellar amendment to the Independent Offices Appropriation Bill, which has been described as a piece of patronage pie, whereby experts, etc., of independent offices would have to be confirmed where their salaries are \$5,000 a year or more?

THE PRESIDENT: I can best describe it by telling you what happened at a White House dinner. I won't mention any names but there were a number of Senators and Members of the House present. That subject came up after dinner and I said, "If the Senate

wants to confirm everybody, I suppose they have a right to under the Constitution, but why stop at \$5,000? Why not \$4,000, or \$3,000, or \$2,000, if you really want to do a good job? Why not require confirmation for all scrub women and messenger boys in the Government service?"

Q Isn't it possible that \$5,000 jobs make better patronage plums, Mr. President?

THE PRESIDENT: Absolutely, absolutely. I am not in favor of confirming people except, when you come down to it, the policy-making officials of the Government. Those are the people who, strictly speaking, ought to be confirmed by the Senate.

Q Mr. President, do you contemplate that you will ask the present Congress to consider legislation affecting the Philippines as embodied in the pending report of the Joint Committee?

THE PRESIDENT: There is nothing on that now. You are away ahead of time.

Q Have you read Chairman Morgan's latest report on the TVA affair?

THE PRESIDENT: Yes. Steve has got a copy of a statement that was sent to me under date of January eighteenth this year from the Vice-Chairman, Dr. Harcourt Morgan and Mr. Lilienthal, and there is no particular reason why you should not have that. I have not got copies here, but they have copies at the TVA offices here in Washington and I told them that I saw no reason why you should not have them. So, if you will go around there, you can get it and when you have read it, you will know as much as I do.

Q Does that relate to the Berry incident?

THE PRESIDENT: That I don't know. It is all a question of conflicting policies.

Q Concerning the power aspects of TVA, did you ever see the letter that Mr. Ross wrote to his publisher-letter-writer friend in Knoxville, Mr. Neal, concerning the purchase of private utilities?

THE PRESIDENT: Not the letter itself. I do not know what is in it but there is no discrepancy there on policy.

Q Are you thinking of building merchant ships abroad, either in exchange for services --

THE PRESIDENT: You know what I said the other day. There is nothing new on that.

Q I don't remember what you said.

THE PRESIDENT: I said that the matter had been very well described by the Maritime Commission's report as to the four different steps that could be taken. I think that has been sent to Congress, and that is all the news there is at the present time.

Q The Japanese Foreign Minister, when requested in the Diet today, said that Japan was going to propose, if and when other nations were disposed to discuss naval limitations, that all capital ships and airplane carriers be abolished as weapons of offense. Have you any comment on that?

THE PRESIDENT: I don't think we have had anything from Japan on that; therefore it would not be proper to comment.

Q This being the anniversary season, perhaps you have an anniversary message of some sort for us?

THE PRESIDENT: That is pretty difficult. Of course it has so many ramifications.

I think possibly the significant thing is that, after five years, the old Ship of State is on the same course. It is a course which is aimed at the same things which I described, offhand, one day in a press conference when my friend from the Vancouver Star asked a question. You might get that out. It was not very long, about two paragraphs. We have the same objectives and the same ideals.

Along that line, I think again it is worth while to draw the distinction between objectives and policies towards those objectives as the broad subject on one side and what we call methods on the other side. I was talking yesterday, to illustrate, about the fiscal policy of the Government, which includes a great many things. It includes the problem of foreign exchange. It includes the problem of the price level. It includes the problem of public finance. A great many people are prone to mix methods with objectives. If you will remember a year ago, April, we were afraid that the objective of the Government towards the stabilization of the price level, or values, which is a better word, would be threatened by inflation, a boom, and therefore we put the helm of the ship hard a-starboard to prevent the ship, because of the fluctuation of the wind, from leaving her course. A year later, less than a year later, last autumn, the wind shifted and we were threatened with deflation. Therefore, we shifted the helm of the ship hard a-port, in order to keep the ship on the course. Well, that is illus-

trative of maintaining an objective and it is illustrative also of the fact that so many people, when you shift the helm in order to maintain the same course, call it a change in policy. Most of you good people are guilty of it, and a lot of other people are, too. You do not see the big thing. You see the thing of immediate moment.

This is not a complaint, because it is a perfectly natural, human thing to do. It makes a story. But on the general objective we have gone a long ways and of course we are going further.

One of the objectives is increased purchasing power for the people. I can illustrate that by a story I have told to a number of people. Some of my friends, who are in special lines of business, fine people, honest people, have come in to me and talked to me. They are people I have known by their first names for years, and I say to them, "By the way, what is your thought on the problem of the sharecropper and the tenant-farmer? I am sort of stumped by that but I think we ought to do something. What do you think we ought to do?" Well, I have tried that on a good many people and the invariable answer from these perfectly fine business men I have talked to has been this: "What do you mean, Mr. President? What do you mean by the sharecropper problem?"

Well, I have explained to them and repeated and said, "What do you think we ought to do?" The invariable answer has been, "I don't know anything about it. I have never thought of it." And then I have said to them, "We have fifteen or twenty million

Americans in this country who today have no purchasing power. There are fifteen or twenty million Americans falling into that category. They are farm tenants, sharecroppers. You fellows are making things, all kinds of things, automobiles, hardware, clothing, all the things that you see in a country store. Aren't you interested in giving those prospective, possible customers some purchasing power for the things you make?" And then they have said to me, "Why, Mr. President, I have never thought of that. I never thought of that."

Today people are beginning to think of that. And that is the most hopeful thing at the present time. The most hopeful thing at the present time is that we are getting people to think about the rounded problem of Government and of the people of the country instead of just thinking along their own special line of business.

In that way, also, I am encouraged to think that we will get away, more and more, from what we call the pressure groups in the country, small groups coming down here with great vociferation and very often putting through legislation which is beneficial only to one particular group.

Just to explain it a little bit further, on the question of the big objectives, we have accomplished an enormous amount. There are some things we have failed to accomplish. We think that through, for instance, a system of the control of crop surpluses we are going to hold up to a great extent the purchasing power of the, Oh, fifty million people who are directly or indirectly dependent on agricultural prices. Of course, that

is all to the good for the industrial side of things, not only the owners of industrial corporations but for the workers in industrial corporations. And it has only been lately that I have been able to get business men to say to me, "Why, sure we are in favor of that policy, that crop policy, Mr. President." And I have said to so many of them -- I think I told you this before -- "Will you come out and say that out loud?" And I think some of them will, as the days go by, say, "Yes, we are in favor of that sort of thing."

On the question of wages and hours, we are working still -- in fact, that was your question -- we are working still to try to put a floor under wages in the United States and a ceiling over hours. Well, maybe we won't get it at this session of the Congress -- I hope we will -- but it is one of those things which is related to national economy. People have different ideas about it. Some people say that the minimum wage phase of it is the most important. Other people say that the maximum hour part of it is the most important. But the general objective is just the same on wages and hours as it is with crops and as it is with finance. The whole thing is a rounded picture and, taking it by and large, we have gone a long ways on that.

And then the final phase is that we are not discontinuing our efforts to end -- Oh, I suppose the simplest term to be understood is "special privilege." We still believe that it is for the good of the country, the economic good of the country, the value of stocks and bonds and everything else to end special privilege, and there is still a great deal of

special privilege. The tax bill of two years ago was intended to end certain forms of special privilege. The bill of last year was intended to end other forms of special privilege, such as incorporating yachts and starting insurance companies in the Bahamas and, taking it by and large, the country sympathizes with the point of view of ending special privilege.

I do not know that there is anything more. These things occur to me out of my mind at the present moment. I have not prepared anything on this. We are going along toward the same objectives; we have gone a long ways on the road and we are going further.

Q Mr. President, I do not think we can quote the XVth Psalm but that first statement, that the old ship is still on the same course, that is something that we would like to quote.

THE PRESIDENT: You can use that.

Q Direct quote?

THE PRESIDENT: Yes.

MR. STORM: Thank you, Mr. President.