

CONFIDENTIAL

Press Conference #447,

While the President was seated in his automobile
in front of Georgia Hall, Warm Springs, Georgia,
April 1, 1938, 1.00 P.M.

(The President and the Press spoke very briefly about the reporters who were routed out of their beds the previous night by a very late story.)

Q Have you decided when and where and by whom the railroad report will be issued?

THE PRESIDENT: It won't be issued until I get back. I am seeing on Monday, on that Monday morning, seeing Mr. Tulley, of the railroad executives, and probably also some of the labor people. They asked for a chance to submit various things to me before I sent anything up, so that is the reason for holding it off.

Q Can you tell us about your discussion this morning with Congressman Patrick, of Alabama.

MR. McINTYRE: The boys have had one or two queries from Birmingham and I could not get hold of him so thought maybe you could tell them.

THE PRESIDENT: That is a very difficult thing to tell them. What could you tell them? (Laughter)

MR. McINTYRE: What Congressman Patrick told me was that last year you kind of half promised to go over to Alabama on this trip.

THE PRESIDENT: That is a good story.

MR. McINTYRE: How near true is it? (Laughter)

Q Did you discuss anything about the building of a munitions plant in Alabama?

THE PRESIDENT: No.

Q My query asked whether you discussed the Reorganization Bill?

THE PRESIDENT: No.

Q With him?

THE PRESIDENT: No.

Q Do you have any comment on the Senate passage of the new R. F. C. bill, which permits wider powers of lending to new business?

MR. McINTYRE: That went through this morning, Mr. President.

Q By a voice vote.

THE PRESIDENT: No, I cannot say anything on the record on that. Of course there are lots of things that amuse me, off the record, on it. Did you see the headlines that Glass had "forced this bill on the Administration" and the lead in quite a lot of stories that it was Glass's bill? It is a perfect scream. Actually, of course, we worked it up in the Treasury Department with Jesse Jones and then Jesse Jones saw Carter (Senator Glass) and said, "I think this is a pretty good bill" and Carter said, "All right, I will put it through."

Q Is this off the record?

THE PRESIDENT: All off the record. It just shows how things go.

Q What has been the reaction to the letter you sent up the other night? Have you any comment?

THE PRESIDENT: I have not seen the papers that carried it. You see, yesterday morning's New York papers were not first editions and did not carry the story. The only one I saw was the Washington Herald. The Post (Washington Post) only had a bulletin.

MRS. ROOSEVELT: The Washington Star has it.

THE PRESIDENT: Yes, the Star. The Post only had a flash.

MR. McINTYRE: Rudolph (Mr. Forster) wired down this morning that you only had a very few telegrams and just about equally divided, pro and con.

Q Anything you can tell us in regard to the developments in Mexico?

THE PRESIDENT: No, except that somebody -- that the discussion seemed to be coming along in a very satisfactory way.

Q I think that either off the record or for background what we need is a seminar course in American history on the obligations of this country under the construction of the Monroe Doctrine, I mean as far as foreign investments there are concerned.

THE PRESIDENT: That does not involve the Monroe Doctrine in any shape, manner or form. Just for background, the primary question in Mexico is this: There have been two things that have happened over the last -- a good many years, which do affect American citizens. The first is the small fellow, the small American, who has gone down there to ranch and farm, etc., and has put everything he has had into his ranch or farm. Under the Mexican policy of distribution of land ownership, quite a number of those poor Americans have been stripped, and their property has been taken, or a part of their property has been taken, and so far, they have not been able to realize on a settlement. Those people, the Mexican Government assures us, are going to be taken care of. They are the real hardship cases.

Then you come to another type of American investment, the Americans who went to Mexico, like William Randolph Hearst, and bought a state legislature, bribed officials and acquired title -- this is all background -- acquired title to hundreds of thousands

of acres of land for practically nothing except the cost of the bribe, or they paid three cents on the acre for it, things like that, and then claimed all kinds of damages in a sum far in excess of the amount of money that he had actually put in. We have not got much sympathy with trying to collect that excessive sum for him.

The same thing in a different way, without any bribery -- leave out that element -- in the case of oil companies. It comes down to the same proposition of the holding company in this country. Oil companies have gone down there and they have invested money. Now, the Mexican Government would expropriate their property; they are condemning it. We feel that these oil companies should get payment from the Mexican Government for the actual sum invested in the oil lands and in the drilling operations and the pumping and the refining, and so forth and so on, less depreciation, so that they would come out with a whole skin.

That is the policy of the Government, we have always wanted to do that, and the Mexican Government has sent a note from President Cardenas, which got to Washington this morning, and which they will give out in Washington, which seems to be a very satisfactory thing. That is why I say that the situation is, on the whole, developing all right.

Those companies ought not to have prospective profits given to them. If I have a piece of land at Warm Springs that is worth \$5,000., and the Government, or the State of Georgia wants to take it over, I ought to get \$5,000. out of it. I ought not to be able to say, "In a few years this is going to be worth \$20,000., so you have got to pay

me \$20,000."

Q Have you received a report from the Federal Trade Commission on the cost of living?

THE PRESIDENT: No.

Q Do you expect it soon?

THE PRESIDENT: I do not know; I have not heard anything about it one way or the other. Did I ask for one?

Q Yes, about three months ago.

THE PRESIDENT: Will you check on it? It has not come down here; I have not heard a word about it; I had forgotten that I had asked for it.

Q Can you tell us anything about your conversation with Governor Rivers?

THE PRESIDENT: Just had a general discussion.

Q What do you think of his proposal that the United States, as a gesture towards international peace, allow foreign debtors of ours to take the money they owe us and set up funds in their own individual countries for educational purposes?

THE PRESIDENT: It is a new one on me.

Q It is Herbert Hoover's speech this morning. (Laughter)

Q May I ask you again about the bank holding company data?

THE PRESIDENT: It has not come yet.

MR. STORM: Thank you, Mr. President.

THE PRESIDENT: I don't think there is any other news. I hope you have a good time tonight.

Q That Mexican situation is not attributable to you?

THE PRESIDENT: No.

CONFIDENTIAL

Press Conference #448,
Executive Offices of the White House,
April 5, 1938, 4.00 P.M.

THE PRESIDENT: They only had one bad time. We were awakened in the middle of the night. They were fast asleep.

Q Who had the nightshirt on?

THE PRESIDENT: He (referring to Harold Oliver) did not go over to Manchester for certain personal reasons. He was the only one.

Q (Mr. Oliver) They are plenty wide awake, I will tell you that.

THE PRESIDENT: No, I think you were snoring. Mac (Mr. McIntyre) told me you were snoring when he went in.

Q What we want to know is where McIntyre was for two hours.

THE PRESIDENT: Yes, I would, too. You know, some of them were still on Washington time. They were not quite sure where they were. There is an hour's difference.

Q You had better stop rubbing it in. It is a sore subject.

THE PRESIDENT: I got great fun out of it, Russ. It is my turn.

Q They are not having any fun out of it.

THE PRESIDENT: No, not having any fun at all.

MR. DONALDSON: All in.

Q What is that, Mr. President?

THE PRESIDENT: That is very interesting. That is from the Sultan of Muscat. We are all looking at a very beautiful present from the Sultan of Muscat, who was a visitor recently. (Laughter)

Q What are you going to use it for?

(The gift from the Sultan of Muscat was a throwing weapon.)

THE PRESIDENT: I have been practising. I can put it in the wall

there (indicating) at thirty paces.

Q Make sure it is the wall. (Laughter)

Q What is it?

THE PRESIDENT: Isn't it called a yataghan?

Q How do you spell it? (Laughter)

THE PRESIDENT: I don't think I have any particular news.

Q I would like to have a real story of the midnight story. I have had eleven versions.

THE PRESIDENT: Get it from the president of the White House Correspondents' Association. He was not there; that is why he will be able to tell you a good story.

Q Mr. President, can you tell us anything about your conference yesterday with the representatives of railroad management and labor?

THE PRESIDENT: Just general; we talked about all phases of it.

Q Anything on subsidies?

THE PRESIDENT: Oh, yes, that was one of them.

Q Will there be a message?

THE PRESIDENT: Yes.

Q Soon?

THE PRESIDENT: Very soon.

Q Tomorrow?

THE PRESIDENT: No; I do not think this week. If I get all these papers put together, I should think around Tuesday, if it does not interfere with some very important vote that is coming up that day.

Q Do you think there will be legislation at this session?

THE PRESIDENT: You will have to wait until you see the message.

Q Before you went to Warm Springs, McCormack (Representative John W. McCormack, of Massachusetts) told us that you would fix up a new flood control program involving one hundred per cent federal treatment. Can you tell us about that?

THE PRESIDENT: It is one of the things still under discussion. We are not ready to shoot because it involves not just flood control but public works in general. They all tie in together and I am not ready.

Q Would you care to tell us what you told the crowd (railroad group) yesterday on the subject of subsidy?

THE PRESIDENT: Oh, I think it is all right. In general -- of course this is not specific at all -- I raised the question in this way: We don't know yet what kind of final solution we are going to adopt for the general transportation problem. Nobody knows. If we knew definitely what plan we were going to adopt, that would be a little bit different thing but, in the absence of such a national policy approved by the Congress, I do not think we can afford to pay subsidies to railroads. Once you start paying subsidies, it is pretty hard to stop. I cited certain examples. Some of us are old enough to remember trolley cars, and the trolley car industry way back around 1895 or 1900. That was a very going concern, employing I don't know how many but certainly tens of thousands of men for the maintenance of track, not only in cities but interurban trolleys, motormen and conductors and everything, buying a lot of equipment. They started to go downhill and we started to begin to get a

lot of bankruptcies among them. Well, that is a pretty serious thing from the point of view of labor and industry. The Federal Government, fortunately, did not go into the business of guaranteeing their earnings. If we had, we might still have interurban trolleys all over the United States.

Then I suggested the other simple political fact that we have to face these days that if you had to start subsidizing the railroads, I know of a good many other industries that are going to come in and say to Congress, "You subsidized the railroads; how about us?" There would be the cotton mills, the steel companies, the automobile companies, and so forth and so on. In other words, it is private capital. They are not Government owned, we hope they won't be, but should the Government go in and start a series of subsidizing ventures -- it will probably end up that way -- on property owned by private capital? That is about all there was that we discussed in that line.

Q Mr. President, there seem to be two opposing points of view; many people who are well up in the study question whether Government operation under the wartime conditions was a fair test of that theory. Do you subscribe to the fact that it was a fair test, or otherwise?

THE PRESIDENT: I don't think you can say yes or no, for the very simple reason that operation under wartime conditions was absolutely different from what it could possibly be under normal peacetime conditions. There were some things done, done solely because of the necessity of getting freight through in time of war. They added a lot of trackage that we knew was not necessary,

just to move war stuff. We had troop trains from the South, things of that kind.

At the same time, under the Railroad Administration in war time, they did effectuate certain things which were afterwards abandoned but which a great many of the railroad executives today think we ought to go back to. For instance, in the big cities they had consolidated ticket offices. That saved a lot of overhead. They had a pool, I think that was the word they used, for freight cars so that if I shipped a car out of Washington for Atlanta, Georgia, on the Southern and there was no return freight from Atlanta bound this way over the Southern, instead of bringing the car back empty, if the Seaboard Airline was looking for a car to go back to Washington, under the wartime procedure they would have used this car, even if it were a Southern Railway car, if they had the goods to send back. Of course, the pooling of freight cars has, I think, been pretty well abandoned. I do not know enough about the technicalities but during the war there were fine savings made in the actual processes of running railroads.

Q Do you think that in your message you will have an emergency program and a long range program?

THE PRESIDENT: I have no idea; I have not written it.

Q Will you make public the report of the three commissioners?

THE PRESIDENT: Yes.

Q When you send the message up?

THE PRESIDENT: Yes.

Q Are you familiar with the report that Commissioner Walker (Federal

Communications Commission) sent to Congress on the subject of the A. T. & T. Company?

THE PRESIDENT: No, only what I have read in the papers.

Q Anything new on the Coal Commission? Any new members?

THE PRESIDENT: I have not heard the name of the Coal Commission since I left.

Q We have. (Laughter)

Q Mr. Secretary. (Laughter)

THE PRESIDENT: Get up, Mac (Mr. McIntyre), and take a bow.

Q Mr. President, what is the status of the helium shipment to Germany that was held up by Secretary Ickes?

THE PRESIDENT: That I do not know. The Secretary of State had some papers in the Cabinet meeting today. He said that he would not take the subject up until the Secretary of the Interior gets back. So I expect to hear when Secretary Ickes gets back.

Q Can you tell us about the call of the Mexican Ambassador today?

THE PRESIDENT: There was not any news in it. Just to talk over the things you know about already.

Q Would you say that the discussion was still progressing?

THE PRESIDENT: Yes, progressing very well.

Q Have you anything on this flood control situation?

THE PRESIDENT: No.

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL

Press Conference #448-A,
 With the Members of the American
 Association of Agricultural Editors,
 Executive Offices of the White House,
~~May~~ 6, 1938.

April

THE PRESIDENT: It is good to see you all again on our little annual visit.

We have a little bit more to go on this year than we did last year. We are feeling a bit better about things, aren't we, Henry (Secretary Wallace)? (Laughter) —

It has been a long hard fight to get any agricultural legislation. We should have had more time for that, as you know, and it hurts. As a matter of fact, that delay, it hurt a lot. We started to do something in January, the first week in January, 1937, and the Congress did nothing that session. We called them back for a special session but they did not pass a bill. They got into conference and it took them to the end of February --

Q (interposing) February seventeenth, or sixteenth.

THE PRESIDENT: -- before it came down here. I did not waste any time. I think it was signed within twelve hours of the time it left the Hill, but that is pretty late because it has affected some of this year's crop.

We think it is going to help things; I do not know.

I am not nearly as much worried, as I said to the Secretary (referring to Secretary Wallace) yesterday, about the general subject of farm economy as I am about the subject of industrial economy. We are going to have a falling off, of course, possibly ten per cent, in farm income this year, but

that is a whole lot better than, let us say, the railroad companies, the steel companies and the automobile manufacturers and the cotton textile people. We are not nearly in as bad shape.

Of course the whole theory we have all been going on is that if we can keep up the buying power of the forty million people who are dependent on agriculture, that we are not going to have a depression similar to the big depression of 1929 to 1933. The agricultural depression started a good many years earlier and kept right on going down until 1933.

Have you people got any questions you would like to ask, or any subjects you want to talk about? We haven't got in this country, as I say, the same agricultural problem today that we had last year. I think we are going to go along. If you have any questions or suggestions you would like to make I would be very glad to have them.

Q I think the people in the South are very optimistic about the tobacco bill. They have had a good income for four years and have plenty of money. The large cotton farmers are groaning a little about the bill but I think this amendment they have just put through will pacify them. Our people have plenty of food and feed supplies so I think they will get by.

THE PRESIDENT: Yes. And, of course, this year it is a little different from last year. We are not importing wheat and we are not importing corn. Actually, the export of agricultural products, I think, is doing pretty well, considering the times. Of course, with disturbed conditions in other parts of the

world, the general world trade is falling off. In other words, the amount of money available to send over here to buy our things is distinctly off in other countries from what it was last year. I think that is true and it is something that we have got to watch during the balance of the year.

We have been very definitely affected in the export of cotton to Japan by the Japanese financial situation. They are only taking such cotton as they absolutely have to have and that is very unfortunate on top of an 18,000,000 bale crop.

We are having one very amusing thing: They put through an appropriation for these agricultural products laboratories, and I think every Senator is asking for one of them. How many are there of them? There are four. And of these four laboratories, all of them, the Senators, want one to be put in a state. Of course we cannot put four in forty-eight states very well, and the pressure on me is perfectly terrific, and the pressure on Henry (Secretary Wallace) is pretty bad. So we worked out a formula. We are going to auction them off. (Laughter) In other words, we are going to give the four of them to the four states that offer the highest bid and put in the most money themselves. It is the only way we know of doing it except, of course, we do have to spread them more or less geographically, but that is one of the problems we face.

Q You might put them on rollers, Mr. President. (Laughter)

THE PRESIDENT: Yes, put them on rollers and move them around.

Q I think that is a happy solution on the use of agricultural products.

THE PRESIDENT: I think it is a very important thing. Of course, when you come down to it, other nations are rather definitely ahead of us on research along those lines. I rather imagine Germany is ahead of us on the use of agricultural products. It is going to help us to diversify in the South, for example, and God knows we need it.

Q How is your Georgia farm getting along?

THE PRESIDENT: The Georgia farm is not getting along so well. I think I told you last year that in the year 1936 I actually made a profit of \$180. after paying taxes and everything else. Well, that is pretty good.

Q Does it allow for interest on your investment?

THE PRESIDENT: That was the interest on the investment. (Laughter)

Q You came out about even. I think that is what they call labor income, or something like that.

THE PRESIDENT: Yes, but considering the fact that it is a complete absentee landlord management, I don't think it is so bad. And this past year, as a matter of fact, I would have done pretty well but my farmer did persuade me to go back into cotton last year. I had the right, under the allotment, to plant forty-five acres of cotton. Well, I did. I do not know what happened but I was one of the few farmers in Georgia that did not make a crop. It was my fault. It just did not work out.

Q Your quota won't be so high this year under the program?

THE PRESIDENT: No, I am not planting any this year. I am giving it up entirely. It is amusing because I get down there only once a year and I cannot do very much about it. It is the usual

thing; my farmer down there is much like everybody else. He gets ideas into his head. Starting over in Woodbury, another one of the crops they have is pimento. They have a factory so my farmer thought that perhaps if I would put in forty acres of pimento it would pay. So I inquired around and found that everybody else is putting it in and these two comparatively small plants have their entire supply contracted for. There you are; this fellow never thought of where he would sell it. I told him I would experiment, that he could put in one acre.

Q What are you going to grow on the other forty-four?

THE PRESIDENT: Grass. (Laughter) Grass and plow it under. (Laughter)

Q Here is a chap that raises pimento in Texas and allows that his market is Georgia. (Laughter)

Q In the Rio Grande Valley we experiment with almost everything.

It does not amount to much in total. Our problem is the cotton problem and we do not know hardly which way to turn on that. Our people will work it out. They are not at all depressed. It is a matter of adjustment and they are going to stay with it. They are doing more diversifying than they ever did before, taking better care of their land, and the soil improvement program has been of the very greatest moment in Texas.

THE PRESIDENT: All the way down through Georgia and through that area there is a great deal more of terracing than there was before.

Q Seven million acres of terracing in Texas.

THE PRESIDENT: Yes, and you do not need it in Texas as much as we do in Georgia, quite frankly.

Q I don't know about that.

THE PRESIDENT: You still have some top soil left and we haven't got any.

Q Our prairies are in pretty bad shape.

THE PRESIDENT: Another thing I discovered down there -- and I do not know if it is true in other parts -- it is true in Arkansas -- I found in grocery stores for the first time this year they were selling Georgia apples. Prior to that it was impossible to get anything but western apples in Georgia. Now they are handling North Georgia apples and I think the Arkansas people are trying to sell apples in New Orleans and that section. Of course, it is largely a question of selection and grading and packing, but they are perfectly good apples. That is not very encouraging news for the people of the State of Washington, but it is a wholly correct development.

Q A lot of that is the result of developing local markets.

THE PRESIDENT: Yes, because there were any number of local places in Georgia where you just could not buy apples. It will increase the use.

On my Dutchess County farm I did very well. I sold quite a lot of my second crop of Christmas trees. I will soon be in production up there. I will have approximately ten acres of Christmas trees a year. I am doing better on that than I am with cows; I am doing awfully well. It is on these old pastures that have run out.

Q You do not happen to need a good Guernsey bull, do you? (Laughter)

THE PRESIDENT: I will have to ask my mother. Well, you know about

my famous herd, 98% registered Guernsey, 1 $\frac{1}{2}$ % registered Jersey, and one-half of 1% registered China and, believe me, they are the best cows that are anywhere around. (Laughter) I am going to start a new breed. Will you let me start a new herd book?

SECRETARY WALLACE: You can register those in the new American Cattle Book that Rockefeller Prentice is starting. All you need for that is production. If you have a volume of production, you can register that. If you can prove the cow is a good one, it does not make any difference.

THE PRESIDENT: This is a milch cow proposition. I did pretty well crossing Black Angus with whitefaced Herefords down there at Warm Springs. They were good; it is all right. (Laughter)

Well, I think -- well, I wish all the rest of the problems of the Nation were coming along as well as agriculture.

SECRETARY WALLACE: These men are discouraged about their advertising because the industrial situation has seriously affected them.

THE PRESIDENT: Yes, of course it has. Well, I would rather advertise things in most of the farm papers than I would in the metropolitan papers.

Q We still have enough to get here. (Laughter)

Q Are you going to get our parity payments started this year?

THE PRESIDENT: I do not believe so. We are going to come to it.

Q In this session of Congress?

THE PRESIDENT: No, I do not think so. It is a question entirely of where you are going to bust the budget the worst. (Laughter)
We think there are other things that are more necessary.

Q Well, I will tell you, give the money to the farmers and they will spend it.

THE PRESIDENT: You bet. Well, we are working towards it.

SECRETARY WALLACE: It is good to see you, Mr. President, good-by.

THE PRESIDENT: Good-by.

CONFIDENTIAL

Press Conference #449,
Executive Offices of the White House,
April 8, 1938, 10.35 A.M.

THE PRESIDENT: How is everybody this morning?

Q Very fine.

(Discussion about the White House Correspondents' Dinner.)

MR. DONALDSON: All in.

THE PRESIDENT: I was just suggesting to the front row a theme for the next White House Correspondents' Dinner. Every member should appear in pajamas or nightgowns. Outside of that there is no news.

Q Mr. President, could you tell us something about this new Public Works Program that is being talked about?

THE PRESIDENT: No, I do not think so, Harold (Mr. Oliver). There are a lot of things being studied. Absolutely no decision has been made.

Q Mr. President, would you comment on Mr. LaGuardia's idea that if you turn over \$150,000,000. to him everything would be all right?

THE PRESIDENT: Whose idea?

Q LaGuardia's.

THE PRESIDENT: What is that idea? It is a new one.

Q If you would give New York \$150,000,000. and abolish the red tape and let him handle it, he would do great things.

THE PRESIDENT: I have not heard of it.

Q Are you going to see him today?

THE PRESIDENT: I think he is down at 11.45.

Q He has suggested the establishment of a five-man board, Mr. Pres-

ident, to handle public works.

THE PRESIDENT: Why a five-man board?

Q I do not know any reason for it.

Q He was to be chairman, Mr. President. (Laughter)

Q Mr. President, have you any comment on President Quezon's statement yesterday, in which he said that your agreement on the independence preference period in no way interferes with proposals for political re-exemption?

THE PRESIDENT: Was there a comment from him?

Q Yes.

THE PRESIDENT: I have not seen it.

Q Does that coincide with your views?

THE PRESIDENT: I cannot comment on it if I have not seen it.

Q When may we expect the Public Works program?

THE PRESIDENT: I do not know; pretty soon.

Q The railroad message still scheduled for Tuesday?

THE PRESIDENT: I should think so.

Q Any developments on that?

THE PRESIDENT: No; there is still information coming in from various people. Pelley is bringing me some more information today at some time -- 12.45.

Q Is Harrison (Mr. George Harrison) seeing you today, too?

THE PRESIDENT: No.

Q Does the Public Works program under study include federal as well as non-federal projects?

THE PRESIDENT: No; it includes everything.

Q Mr. President, will the message on public works also include the

message on appropriations for relief?

THE PRESIDENT: I do not know; I have not put it together. I do not know whether it will be in the same message or a separate message.

Q If you adopt the Public Works program, would you reduce the sum for relief?

THE PRESIDENT: No; Oh, no.

Q Would the Public Works sum, if you ask for one, change in any wise requirements for R. F. C. money?

THE PRESIDENT: No.

Q Mr. President, have you given any thought to the Government guaranteed bonds of railroads coming out of reorganization?

THE PRESIDENT: Oh, that, of course, has been discussed a great deal. I suppose the simplest thing to say is, "Why?"

Q Why?

THE PRESIDENT: Why? Why should one? How about a cotton mill coming out of reorganization? Or a telegraph company? Or an electric light company? Or a steel company? Or an automobile company? Why?

Q Particularly insurance companies and the banks?

THE PRESIDENT: Oh, yes; there is an awful lot of loose talk about that but, as you probably know, the insurance companies and banks in their balance sheets, right along, they write down securities that go down in value.

Q Not always. They put them in at cost many times. Many times I see them put in at cost, and it does not give a true picture.

THE PRESIDENT: The insurance commissioners in 1929, I guess in 1930, the insurance commissioners of the various states, because

obviously the market value of insurance companies at that time was below the actual value, not what they had paid for them but below the actual value, the insurance commissioners of the different states agreed that they would allow a valuation on the basis of, as I remember it, the actual value rather than the market value.

Q You mean it was not market value?

THE PRESIDENT: Yes, it was not market value and that was carried through, as I remember it, in 1931 and 1932, and then they went back to market value in 1933, I think. You might check on that. But, speaking by and large, trustees or people in a fiduciary capacity, as a general proposition do value their assets, except in a great emergency like 1931 and 1932 at actual value rather than at par, if the par is not there.

Q Some of the railroad bonds are down to the 1932 lows.

THE PRESIDENT: Yes.

Q So I mean the analogy might be that they would do that again.

THE PRESIDENT: Depending on whether the value is there. As a matter of fact, the Federal Government does not handle it. The insurance commissioners of the different states handle it.

Q Have you taken up the helium question since you came back?

THE PRESIDENT: Not yet.

Q Mr. President, wholly apart from any particular Public Works program, have you reached a decision that more money will have to be spent?

THE PRESIDENT: We need more money for relief; that is all I can see to it. Of course that is not news.

Q How much more?

THE PRESIDENT: I am going to tell the Congress that.

Q For this current fiscal year?

THE PRESIDENT: No, the coming fiscal year.

Q More than you have estimated?

THE PRESIDENT: More than the billion dollars which was last fall's estimate.

Q What do you think of the three billion dollars over three years, proposed by Governor Earle?

THE PRESIDENT: Oh, there have been a great many proposals made.

Q Is that too much?

THE PRESIDENT: No; there have been a great many proposals made.

Q In your recommendation for more than a billion, would you also ask for a repeal of the amendment which would prevent you from spending more than one-twelfth each month?

THE PRESIDENT: The Woodrum amendment, I do not think, did call for spending one-twelfth a month, it was an amount based on the total sum.

Q You will ask for the repeal of that?

THE PRESIDENT: Yes, because, obviously, you cannot tell before the fiscal year begins what the needs for the five months will be. You can tell the next month or the first two months, but you cannot tell much beyond that.

Q How about offering money without interest?

THE PRESIDENT: That is one of the things under study.

Q The Senate debate on the Army bill for more money for anti-aircraft defense said that the guns would be all mobile. Does that mean

more roads?

THE PRESIDENT: You had better ask Senator McKellar and Senator Cope-
land. (Laughter)

Q I could not get a decision there.

Q Would you care to state your opinion on the agitation for Govern-
ment ownership and operation of the railroads?

THE PRESIDENT: There is nothing new on that. I have always opposed
it; if it is at all possible, it should be averted.

Q Have you replied to Governor Quinn, of Rhode Island, on his request
for fortifications for Narragansett Bay?

THE PRESIDENT: I think it was referred either to the War Department
or War and Navy Department for preparation of a reply.

Q Have you heard from Marvin McIntyre today.

THE PRESIDENT: He was feeling extremely cheerful this morning and
wanted to go to the Gridiron Club Dinner, but his two doctors
said, "No." Dr. McIntire and Dr. Roosevelt.

Q How many battleships do you expect the United States will have
under construction by the end of the calendar year, 1938?

THE PRESIDENT: I do not know; I would have to check.

Q Mr. President, is there any particular significance in your plan
to appear before the governing board of the Pan American Union?

THE PRESIDENT: I do it every year.

Q Have you made a decision on the invitation to address the Chamber
of Commerce annual banquet here next month?

THE PRESIDENT: No. I doubt if I can go but the thing is left open
because at the last minute I might be able to. The difficulty,
as you know, in banquets like the Chamber of Commerce or the

D. A. R., it is not the actual time that is spent in going to the banquet -- it is a delightful occasion -- but it is in preparing the speech.

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL

Press Conference #449-A, (held with
Editors and Publishers of Trade Papers,
headed by Paul Wooten),
Executive Offices of the White House,
April 8, 1938, 11.00 A.M.

MR. WOOTEN: Mr. President, for two and a half years now, a committee from this group of editors has been cooperating with you and with the Administration. In their contacts with members of the Executive establishment, they have tried to point out to them a cross section of what business has been thinking about and the various problems and, in turn, they have carried back and expressed in their editorials the point of view of the officials. In that they have contributed a good deal to the general enlightenment on the situation and Mr. Bills, who is the president of the Editors' Conference, would like to say just a word.

MR. RAY BILLS: First, in this same connection with the meetings we have been holding down here, we find now that we can afford subcommittees of two or three editors to work with different Cabinet leaders and Administration leaders. I think that will be constructive both ways.

Second, I think at this particular time we are interested in the same thing you are, to expedite business recovery and increase employment. Therefore, any ideas that you have that we can make use of to contribute to that end, I am sure you will find the business editors ready to cooperate.

All along the line, we are trying to distinguish between the business editors and the daily newspapermen. We are not looking for spot news; we are looking for background material

that will be of real guidance to make more prosperous times.

The first thing that we would like to ask you is, while it has been deemed necessary to do a lot of direct pump priming, we would like to know, nevertheless, what other methods there are and in what ways we can help that would tend to increase private employment.

THE PRESIDENT: That is a pretty large order.

Q If you have any specific suggestions on that phase, we would like to know them.

THE PRESIDENT: How do you want this, Steve, off the record or for guidance?

MR. EARLY: For off the record guidance.

MR. WOOTEN: They have all been told that this is absolutely off the record. They just want a text for their editorials.

THE PRESIDENT: Well, let us take up one thing you mentioned: priming the pump. I think that is a pretty narrow view to take because, after all, your industries and trades will be going after we are all dead -- we hope they will be going and we hope they will be going in a capitalistic system -- private capital. That is what we are working for, to avoid having happen in this country what has happened in so many other countries. That is the long range. Therefore, I do not look at this just from the point of view of priming the 1938 pump. I am thinking about it in the terms of 1948, 1958 and 1968.

Money spent by the Government during the past few years and money that will be spent in the next few years is not merely money to put people to work at that particular moment with merely the

result of adding to the national debt. It is also, in large part, money spent to do things that ought to have been done in the past and never were done.

Take our natural resources: We spent a lot of money there. Why? Of course it has put people to work but, at the same time, it has saved this country from the standpoint of the year of 1968. It had to be done. The soil was running away.

On flood control, I will give you a very simple example from the point of view of dollars and cents. Take the old Tennessee River: The Tennessee River was destroying actual physical property -- not counting the soil but talking about bridges, buildings, factories, homes, roads and highways, things of that kind -- at an average rate prior to 1933 of between twenty-five and thirty million dollars a year. That was capital being destroyed, just absolutely removed. Of course that was insured against flood, and the insurance companies paid up, but that is destruction of capital just the same. It does not make much difference whether the owner pays or the insurance companies pay. We figured at that time that at a total ultimate cost of between three and four hundred million dollars we would eliminate, in toto, that annual cost of twenty-five or thirty million dollars. Well, that of course created a debt. That particular public works has been paid for out of current appropriations, current taxes. It was not bonded.

Flood control on the Mississippi, on the Ohio, on the Connecticut, on the Susquehanna and Delaware, they all fall under the same category. In other words, by spending money for five

or six or seven years, you get rid of a loss, an annual loss, running between 20% -- 15% to 20% of the total expenditure. From the business point of view, that is pretty good financing.

Soil erosion in the same way. We have soil erosion in the Northeast; we have it all over the country. If you can stop soil erosion, you are preventing the loss of capital. We are doing it on two bases.

As I said, this is for background. What I miss in the trade papers, as I do in 85% of the daily press, is any positive approval of any of these things that are intended to save the Nation's capital. I find in what might be called "the opposition press" of all kinds the "yes, but --" attitude. They will say, "Oh, yes, we are in favor of flood control but we do not like this way of doing it." Or, "We do not like this party doing it, or this President doing it. We would rather have someone else doing it." "Soil erosion? Oh, yes, it is a fine thing to have in this country but we object to the use of money for it."

With soil erosion goes the other thing, goes the very large business, the agricultural business, in which thirty or forty million people are engaged. On that, one of the things that we have all felt -- I think everybody believes in the principle -- we want to stop the swings that we have had in the past, two dollar wheat up and thirty cent wheat down. In that particular business, the farming business, nobody can have any permanent purchasing power for the things that your industries produce, if they have two dollar wheat one time and thirty cent wheat another time. You cannot have real purchasing power in the South if you

have thirty cent cotton one time and four or five years after that you have four or five cent cotton. It just does not make any sense. It throws people out of work in the industries if the farming population cannot buy their goods. It means unemployment and the Government has to spend a hell of a lot of money for relief, and, if that sort of thing continues in this country, you are going to make for radicalism. The people affected by those swings, going out of work or going broke on the farm, will stand it just so far. But education is spreading all through the country and the farmers of the country who have been rather inarticulate on the whole in the past -- the cotton farmer in the South is beginning to understand more about it and if he should get four or five cent cotton he is not going to lay down and take it as he has in the past. It makes for radicalism. We know some of our radical people out in the Northwest. You will encourage a recurrence of that radical movement in the Northwest and it will spread through the corn belt.

That is why we have tried to get some kind of control over the big swings of crop prices. They are caused by the same sort of thing that happens in automobiles, excess production. There is too much wheat in storage and too much cotton carry over. It is a business just like any other business and when you get a carry over that is very, very large, what do you do? You close the factory, you cut prices, you have to get rid of the unwieldy surplus. It is the same old story.

But what happens when you do get a crop bill? Oh, I am not saying it is the ideal crop bill, no. But at least it is an ef-

fort. I don't get from industry active, two-fisted support for such legislation. Now, that is my complaint: I do not get two-fisted support. If they had a better idea, it would be fine, but the people who oppose a crop control bill do not propose any alternative. It is like a typical editorial in the New York Times: "Oh, yes, we are in favor of maintaining good prices for crops but this bill is terrible. It is regimentation on the farmer." Period, end of the paragraph, end of the story! (Laughter)

Now, that is just plain unintelligent. It is just plain unintelligent and it makes for radicalism. Do you get that?

Now, come to some of the other things: On wages and hours, again take any one of four or five dozen big papers. "Oh, yes, we are in favor of good wages, but the Wages and Hours Bill, that is unthinkable." All right, I had one in the other day and I said, "I just read your editorial and that is just what you said. Now, I will give you three examples, one a little factory in New England, paying girls four and a half or five dollars a week." He said, "Well, conditions compel it."

I said, "When we had NRA, those girls were getting eleven dollars a week and the industry seemed to survive and the girls had purchasing power." "Yes," he said, "that is right."

Well, was it bad when everybody was paying eleven dollars a week to those girls? No, it worked pretty well.

Well, number two: Down in the South there is a little old cotton factory that has spindles that date back to 1880, something like that. A little group of people in the South found this mill in New England which had been closed for a couple of

years during the period of 1927 and 1928, when most of the cotton mills in New England closed -- it was in the 1929 panic. This little group bought all of these New England spindles that were already fifty years old and they moved them down to Georgia. They got an old factory and started up. Well, of course it is highly, completely inefficient. That type of factory ought not to be in existence.

Well, they have managed to hang on by their eyelids since that by paying four and five dollars a week to the operators in the mill. That is not their average, taking in those who are paid at a higher rate but a great many, I think the majority of their operators, are getting less than seven dollars a week and they are going on, competing with properly equipped, modern mills that pay good wages.

Now, out west in one or two factories that we know of, they are working people sixty hours a week since the NRA went out. I call that unfair competition. Whenever you start to get a wages and hours bill, the Congressmen for that particular district get a piteous plea, "For God's sake don't do anything or you won't go back to Congress." So, he tries to get an amendment. That is pure selfishness.

Now, on wages and hours bill, we have two simple objectives and both will put more people back to work. One is a floor under wages -- I don't care what it is, so long as it is a reasonable floor, and the other is a ceiling for hours, so as to put industry on a fair basis.

But, do I get support from industry for a wages and hours

bill along that line? No. I don't want a drastic thing that says it cannot be over forty hours a week or less than forty cents an hour; of course not. That is a thing we have to work up towards gradually over a period of years. I would just as soon take the present average scale. Take the highly unintelligent editorial this morning in one of the papers and point it out in the South that the average wage of people working in lumber mills is $22\frac{1}{2}$ cents an hour and out on the Coast the same type of work in lumber mills calls for 79 cents an hour. "And," says the editorial, "wouldn't it be certainly crazy to suddenly jump these people in the South from $22\frac{1}{2}$ cents to 79 cents an hour?" Well, of course nobody ever suggested it. But we don't get any help for constructive legislation from industry itself.

Now, the bulk of industry, I honestly believe, wants a floor and a ceiling and they do not want anything drastic done that will throw everything out.

Let us take your lumber people in the South: Here is the lumber trade. They spend, the Southern Pine Association, they spend thousands of dollars advertising all through the South and what does the advertisement read. It says, "Farmers to arms!" Now, that is a nice thing for industry to advertise in the paper, "Farmers to arms!" Now, you know it is not so good. "Farmers to arms!" They then say, "If this terrible Wage and Hours Bill goes through, you farmers will have to pay for your field labor a minimum of three dollars a day." Of course, there has never been any thought of including field labor in the Wage and Hours Bill.

And then, in the women's magazines and papers, they have

full-page ads, "Housewives beware! If the Wages and Hours Bill goes through, you will have to pay your negro girl eleven dollars a week." Of course, you know if you come from the South, you can employ lots of excellent domestic help in the South for board and lodging and three or four dollars a week.

No law ever suggested intended a minimum wages and hours bill to apply to domestic help.

Now, that is an industry which is doing that advertising through trade papers. That is a pretty serious indictment. I don't bring these things out in the public press; I am just talking in the family, to a family group like this.

Now, why can't industry come out as a whole and furnish positive help in getting a reasonable floor and a reasonable roof. I don't get any positive help. I can go on with a dozen different subjects. I am not getting positive help. It is always holding back. They say, "Yes, I am in favor of the principle but --". How many people really mean that, that they are in favor of the principle? I am beginning to be from Missouri.

Take the question of taxes. I will give you a couple of very simple propositions to think over: Today it is the national policy, whether we like it or not -- it is generally accepted by the people and you will never be able to change it -- to maintain a graduated tax upon personal incomes. That was established way back; we started in 1890 and it was thrown out by the Supreme Court. We got a constitutional amendment in 1913, it went through and a graduated personal income tax was levied and always will be.

Now, that being so, have I had any help from industry when I have sought to eliminate abuses of that principle? How many of your papers supported me last year when I tried to eliminate the Bahamas corporation, the incorporation of yachts, the incorporation of farms, et cetera and so on? Did any of you people come out and say, "By gosh, the President is dead right on that." These fellows are evading the law, perhaps not the letter of the law because it is awfully hard to draw a law that has not got legal loopholes, but did you give me any support in regard to evasion of the spirit of the law? I ask you that question very seriously.

A great lawyer in New York -- I don't give a rap about names, names have nothing to do with it -- a big lawyer in New York discovered what looked like a legal way, and probably was. He goes down to the Bahamas and for two hundred and fifty dollars incorporates a life insurance company in the Bahamas. He is in the upper brackets. He and four or five other people in the upper brackets go to the president of the new company, who is a law clerk in this man's office, and say, "I want to insure myself for a million dollars." The president says, "Fine, here is your policy. Please pay us a premium." Of course the amount of the premium was high, \$100,000. "Here is my check." Now, Mr. President, my managing clerk, I want to borrow a million dollars on that policy." So he is given another check and borrows a million dollars and he pays interest on that at a high rate and deducts that from his personal income tax.

Another big man, his wife happens to be extremely wealthy --

this is legal, mind you, perfectly legal, and they have a lot of children, seven or eight children. He has been Governor of his state, this man; he has been a public servant. His wife makes him trustee for, I don't know what, five or six million dollars for the children, but it is a revocable trust. She can end it tomorrow and get all the securities back. She turns these securities over to her husband and then proceeds to borrow the whole amount back on the securities and deducts the interest on that loan from her income tax, which means that instead of paying, roughly, four or five hundred thousand dollars a year net, her net is only eighty or a hundred thousand dollars.

Now, there is no moral indignation among you business men, among you people who represent them. Why don't you get some moral indignation with respect to taxes that are progressive, that are established?

There are not only those evasions. You have today the capital gains tax. I take it that most of us in this room are fixed about the same way, financially. Occasionally we can make a capital gain, through an investment or the purchase and later sale of a piece of property, we can make a capital gain of five or ten thousand dollars. A good many of you have done it; I have done it. The rate under this proposed Senate bill is 15%. I have a very good friend of mine that has a profit on 10,000 shares of a certain stock, which he has held more than a year, of \$500,000. He is pretty good. We are none of us in that class, I take it. Now, under the theory of taxation, he ought to pay more than 15%, under the Senate bill, he does not.

On undistributed profits, I know two brothers who inherited a business and ran it together, jointly, for quite a while. It is a good business and its actual value is about, by general consent and agreement, \$10,000,000. One of these brothers got to be fifty years old and, with a good deal of common sense, he said, "I am getting \$250,000. a year out of this business. I am not a high liver. I only spend about \$50,000. I guess I will get out. I want to retire, see the world and have a quiet time." So his brother, in a perfectly friendly way, buys him out and now owns the business. Of course he still owes the \$5,000,000. he borrowed to pay to the brother who got out.

The brother who got out went to Scudder, Stevens and Clark and said, "I have got \$5,000,000. in cash. Give me a recommended list of investments." They did, a good sound list, which contained some Governments and municipals and first mortgage real estate and first mortgage railroads and some preferred and common stock. It was a perfectly sound distribution of a five million dollar investment.

He, of course, had no way of escaping any of his personal income tax. They were all corporations, a hundred different corporations. His net was \$200,000. a year from these investments. On that he had to pay about -- what is \$200,000? It is up to about 50% -- he had to pay \$100,000. in income taxes.

His brother is still engaged in the business. His business made \$200,000. over and above the proper amount that should be applied to depreciation and put into surplus, and so forth and so on. He had \$200,000. as his profit. But he did not declare it.

He only wanted to use \$50,000., so he left \$150,000. in the treasury of his company and declared a dividend of \$50,000. to himself. The net result that his tax was only \$10,000.

Now, is that equitable? The money of both those fellows was working, there is no question about that. In one case it was working in one mill and in the other case it was working through one hundred different corporations.

Now, do I find, among business men, any effort to help me to equalize that sort of thing?

Taking the case of a very rich man that you all know -- we won't mention any names -- he had a corporation that was worth about \$15,000,000. He knew he was going to die. He got to be -- oh, I don't know -- sixty-five years old and he knew that his expectancy of life was to have another five or ten years. His corporation had an absolutely adequate surplus to carry on the business. Everybody knew that and he admitted it. He said to himself, "By gosh, I might die and then my estate will have to pay a pretty heavy inheritance tax." Now, an Englishman doesn't do that -- the Government does not let him, but we do. So he started in and he put, out of the earnings of his corporation, he accumulated for the next eight or nine years \$3,000,000. of additional surplus, unnecessary surplus. He died and his heirs have, let us say, ten certificates of stock representing the entire ownership of this corporation, a fifteen million dollar corporation. They have to find \$3,000,000 in cash so they take two of these certificates and sell them to the corporation for \$3,000,000, taking the \$3,000,000 to pay the in-

heritance tax. Now, the surplus is decreased by that amount but they still own eight certificates which represent 100% of the ownership of the corporation.

In other words, that accumulation for the purpose of paying an inheritance tax was accumulated not on the personal income tax rate but on the, at that time, 12 $\frac{1}{2}$ % corporation tax rate. Is that fair?

Now, that is the kind of thing that we are trying to eliminate, and that is all. But do I get any help on it? It is merely equalization. It is fair trade practice in taxation.

Well, I have said an awful lot of things and have covered an awful lot of ground. But I want to emphasize that from industry itself, this Government is getting lip service and that is about all, in trying to correct unfair trade practices. That is where you people -- if you leave out the politics entirely, it is not a question of politics, it is a question of Government -- if you get in behind us and help on the establishing of fair trade practices up and down the line, we would go some place.

Have you got any more thoughts?

Q. You have supplied the text for a number of editorials, Mr. President.

THE PRESIDENT: You can be of perfectly tremendous help. Of course you people have not taken any part in this question of reorganization. The Reorganization Bill is absolutely nothing in my young life. We have had the problem for forty or more years. You could not run your business the way the United States Government is set up, largely because of politics. Let us call it that because it is perfectly true. As I say, it is nothing in my life. I have been

going along with a perfectly inefficient machine for five years and I can do it for the next three and one-quarter years. But people have been talking about powers. I don't care, let Congress reorganize. But when Congress starts to reorganize what happens? We have in this Government six or seven different agencies that are making maps. I don't mean field work, I mean printing maps. We have six or seven map printing establishments right here in Washington and some through the country. Do you think that Congress can ever be got to consolidate that? Oh, no, the pressure from those six or seven bureaus would be too strong. They would say, "Leave us alone, we want six or seven map making plants in the District of Columbia." Congress won't do it.

Yet they have all agreed that somebody ought to do it. Well, there isn't anybody to do it, unfortunately, except the President. A year ago they found that it was perfectly grand but today they find that it is giving him certain powers. I don't want the powers, God knows. If the thing does not go through, I will rock along all right.

As far as powers go, I figured out the other day that there is not a single power I have got that Hoover and Coolidge did not have. Can anyone name any power I have today that Hoover and Coolidge did not have?

Q (Mr. R. B. Lucars, of "Machinery") The power of speech -- Coolidge did not have that. (Laughter)

THE PRESIDENT: Of course, as you know, you spoke this morning about priming the pump again. We are going to spend more money if we can get it out quickly. It is going to help on this immediate

situation, but it is not that alone, it is the long range end of it. In spending that money, somebody has to spend it. If Congress wants to earmark every dollar of it, fine, that is all right. But again, you cannot get Congress to earmark every project. It is impossible. All right. Reductio ad absurdum: You cannot turn it over to the courts, it would be unconstitutional. You have to turn it over to the Executive Government under the Constitution. Dear old Constitution -- I am sticking up for it. But that gives me the power to spend the money. Earmark all you want, as far as you can, but somebody has to spend the money. It is not a power which I desire. It means setting up machinery overnight. I would much rather Congress earmark it, but you know what you would get if they did. You will get a "You scratch my back, I will scratch yours." You will get a pork barrel bill. That is what they all talk about. So, there you are.

I am glad you do not have to talk in your trade papers on the immediate political things of the moment. You are free agents. You are working for business, and so am I. I think you are in a very, very fortunate position. I have absolutely no sympathy for you, as I have for the daily newspaper people.

(Laughter)

You are going strong, keep it up.

MR. WOOTEN: Thank you, Mr. President.

CONFIDENTIAL

Press Conference #450,
Executive Offices of the White House,
April 12, 1938, 4.10 P.M.

MR. DONALDSON: All in.

Q Mr. President, can you tell us anything about the reported disagreement between yourself and the Vice President?

THE PRESIDENT: I know nothing about it except what I read in the papers. There isn't any, as far as his relationship and mine are concerned.

Q There is a story, sir, and there have been several versions of it in which it is reported that the Vice President gave a story to the Washington correspondent of a metropolitan daily and that you chided him for it.

THE PRESIDENT: It was made out of whole cloth. He did not do it. He told me he did not do it, and I believe him. He said he would be glad to answer any inquiries but was not going around to the newspapers to deny it. He said he is too busy to do that. You go and ask him.

Q You did discuss it?

THE PRESIDENT: I discussed it. I said, "Jack, have you seen this thing?" And he said, "Yes, damn it; of course I have."

Q Can we quote that?

THE PRESIDENT: Of course you cannot.

Q I think I see a map of Mexico on your desk. Did you discuss the Mexican oil situation?

THE PRESIDENT: No.

Q (interposing) I would like to stay on this for a while (referring

to previous question).

THE PRESIDENT: No, I did not discuss the Mexican situation. The map is here for an entirely different reason and it does not relate to a cruise or fishing.

Q Tell us some more. (Laughter)

THE PRESIDENT: You can't guess what it is and nobody is going to tell you.

Q Getting back to the map of Texas, did the Vice President differ with you on pump priming, as the newspapers stated?

THE PRESIDENT: No.

Q Did he tell you that we should give the cattle a chance to fatten?

THE PRESIDENT: No.

Q Did he tell anybody else?

THE PRESIDENT: He says he did not and I am sure he did not because I believe him a hundred per cent.

Q Where do you think the story came from?

THE PRESIDENT: You ought to know better than I do. (Laughter)

I don't think there is any particular news except the fact that I have appointed Norman Davis the Chairman of the American Red Cross. That is all.

Q Did he give up his ambassadorship?

THE PRESIDENT: He is going to accept and he will be available in that position, of course, to help the State Department and me in anything we want him to help us on in the future just as he has in the past.

Q Does that mean he will no longer be a roving Ambassador?

THE PRESIDENT: He never had that title. (Laughter)

Q Wasn't he that in fact?

THE PRESIDENT: No, he was not that in fact. (Laughter)

Q What was his title?

THE PRESIDENT: His title, as I remember it, was Special Ambassador to these particular jobs he was assigned to. While he was doing them he drew the pay of an Ambassador and I take it that, as Chairman of the Red Cross, he will not draw any pay unless, on some future date, he should go as Special Ambassador somewhere and as to that I have no plans and neither has he.

Q Will he draw pay as Chairman of the Red Cross?

THE PRESIDENT: On that question of drawing pay, you had better check on that because there is a question. The Red Cross has some kind of a special fund, I think, but I don't know enough about it to tell you. It is some kind of a special fund out of which the Chairman can be paid, but it is not a salary that attaches to the office. As I remember it in the case of Cary Grayson, from this special fund he supplemented his retirement pay as a Rear Admiral up to whatever it was -- \$10,000 a year. His pay as Rear Admiral was about \$6,500 or \$7,000 a year. It is not, strictly speaking, a salary.

MR. EARLY: That \$4,000 only took care of his traveling expenses for the Red Cross.

Q Mr. Davis will remove to Washington, will he?

THE PRESIDENT: I think not, as far as I know.

Q He will not?

THE PRESIDENT: No.

Q Where does he live?

THE PRESIDENT: New York and Stockbridge.

Q How about the Ambassador of Good Will over in the hospital? (Referring to Mr. McIntyre)

THE PRESIDENT: I think he is coming along very well, chafing at the bit.

Q Have you gauged the reaction to your railroad message of yesterday?

THE PRESIDENT: No.

Q Will Mr. Davis cease to be the Chairman of the American Delegation to the International Disarmament Conference?

THE PRESIDENT: I don't believe so. I don't know why he should not stay. The thing is completely dead for the moment. (Laughter)

Q Do you regard the present Federal Government, in its spending program, as the greatest effort you have made in your Administration to meet the depression?

THE PRESIDENT: No.

Q Have you heard from the letter you sent to the two Chairmen on the Hoover and other airports?

THE PRESIDENT: I don't think so. I will see them just as soon as I can get through with my dictation. (Referring to messages and speeches.)

Q Did you read Mayor LaGuardia's speech last night?

THE PRESIDENT: No. I saw the headline in the paper but I did not read any more than the headline. I think he wants us to lend money to subsidize exports to Central and South America. I only read that.

Q Any comment on it?

THE PRESIDENT: You had better ask the Secretary of State.

Q Have you received a report from the automobile manufacturers dealing with control of production in the industry?

THE PRESIDENT: Nothing since that one that I got -- what was it? -- two months ago. Nothing since then.

Q Have you had time to analyze that report?

THE PRESIDENT: Oh, yes; there have been lots of analyses of it.

Q Have you signed the RFC bill yet?

THE PRESIDENT: That has not come yet, unless it has come down this afternoon. It was not here yesterday.

Q Mr. President, can you give us any information about the conferences that Mr. Morgenthau and Mr. Hopkins held today?

THE PRESIDENT: Oh, they are just going on, more or less in and out; it is one of many.

Q Will the Public Works program be included in the relief message?

THE PRESIDENT: Well, you will know about it Thursday morning at 10.00 o'clock and the public will at 12.00 noon.

Q Are you able to say now whether you will or will not address the country Thursday?

THE PRESIDENT: I cannot tell you yet but I think probably yes. I am coming along pretty well. I dictated most of the afternoon.

Q Are you going to address the Chamber of Commerce dinner in May?

THE PRESIDENT: That is too far off; I don't know.

Q Have you taken up the helium question since the last press conference?

THE PRESIDENT: I read it and sent it back for further discussion.

Q What does that mean, the Interior Department?

THE PRESIDENT: The Interior and State and War, for further discussion.

Q Mr. President, will you bring or send your message on relief to the Congress?

THE PRESIDENT: I will send it.

Q On the helium question, Mr. President, will you tell us why you issued a new set of regulations on exports of helium in March after the one issued in January?

THE PRESIDENT: That I could not tell you except that it is a more or less technical step and recommended by the people who are turning out the helium.

Q When the Treasury established the sterilized gold fund, it was announced that it would be for monetary or credit purposes. Do you contemplate using that to commence your Public Works program or relief activities?

THE PRESIDENT: You are a little ahead of time. I cannot tell you.

Q Mr. President, will you name a new occupant for the post of Comptroller General in the future?

THE PRESIDENT: Same answer; you are a little ahead of time; I cannot tell you.

Q Do you plan any moves with respect to reorganizing the Government?

THE PRESIDENT: Same answer.

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL

Press Conference #451

Executive Offices of the White House,
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Q How about the telephone call in the middle of your speech yesterday? (Referring to ringing of phone bells heard by listeners during the President's radio speech of the previous evening.)

THE PRESIDENT: We have not found out yet. It was somebody from the grounds. In other words, it did not come through the switchboard. It was that far (indicating about two feet) behind me -- directly behind the desk.

Q My wife thought it was our phone.

Q Somebody said it was Mark Sullivan trying to call you. (Laughter)

MR. EARLY: That phone call came through the police system, which operates independently of our switchboard.

THE PRESIDENT: Why pick on Mark? (Laughter)

MR. DONALDSON: All in.

THE PRESIDENT: I don't think we have any news today.

Q What is the telegraphic reaction, Mr. President, to your speech and the message?

THE PRESIDENT: I just asked Steve (Early). I have not seen any of them myself. Steve says there are several hundred, as usual, running about seven to one.

Q Mr. President, in your message of yesterday, you made a reference to monopolistic practices and price fixing. May we expect a further message on that subject or will that cover it?

THE PRESIDENT: No, Fred (Essary), there will be a message.

Q Is it in sight?

THE PRESIDENT: Yes, pretty soon, and also a very simple message on one of the other things I mentioned, tax-exempt bonds of all kinds, future issues, and Government salaries of all kinds.

Q That is federal and local as well as local and state?

THE PRESIDENT: Any employee of any kind of a government.

Q That will -- will it not, entail a constitutional amendment?

THE PRESIDENT: Not necessarily. There are two schools of thought on that. It depends on which lawyer you hire.

Q Which one do you hire, sir? (Laughter)

Q Do you think it can be done by statutory action?

THE PRESIDENT: There is a real belief that it can be done by statutory action.

Q What did you mean by coordination of banking supervisory authority in your message?

THE PRESIDENT: The fact that we have three agencies at the present time, under the present law, that -- keeping to simple English -- keep checking up on banks that are under Federal supervision as members of the reserve system. One is the Federal Reserve Board machinery, another the FDIC machinery and the other is the Comptroller of Currency machinery.

Q Mr. President, at your last press conference you said that you had referred the helium matter back to Secretary Ickes and Secretary Hull. Has it been returned as yet to your desk?

THE PRESIDENT: Not yet. I suppose it will come back early in the week.

Q What was the bell that rang right in the middle of your broadcast last night?

THE PRESIDENT: That did not come through the White House switch-board system, it came through the guard system. I don't know which one it was but it was one of the guards around the park.

Q We thought it was Major Bowes, sir. (Laughter)

Q They stay up all night thinking of those things. (Laughter)

THE PRESIDENT: You are a little late because one of your colleagues pinned it on Mark Sullivan a little while ago.

Q Can you tell us how far the sterilization program will expand the credit base?

THE PRESIDENT: What is that?

Q How far it will expand the credit base?

THE PRESIDENT: I don't know; you will have to ask Treasury.

Q Will you propose some kind of a check on machine production to prevent 24-hour work?

THE PRESIDENT: That has not been under consideration.

Q Would you care to go into the amount of additional taxes that might come from this exemption program, or has that been estimated?

THE PRESIDENT: I think it has only very roughly been estimated.

I cannot tell you. You might ask the Treasury about that because I would like to have them give me an estimate.

There is no reason why it should not be given out as an estimate.

Q Your Pan-American address was interpreted as a restatement of the Monroe Doctrine. Was that your intention?

THE PRESIDENT: I think the message speaks for itself.

Q In seeking to remove tax exemption from Government bonds, you

are referring to future issues, are you not?

THE PRESIDENT: That is right.

Q That is already in the Senate bill?

THE PRESIDENT: No. That in the Senate bill relates only to federal bonds.

Q And you want state bonds as well?

THE PRESIDENT: All Government bonds are put on the same basis.

Q That would affect the bonds issued for PWA projects too?

THE PRESIDENT: It would affect everything. Of course the whole point of it is the sixteenth amendment to the Constitution. The whole theory is based on English language, making subject to tax the income from whatever source derived. No, there isn't an exception in the constitutional amendment and that is part of the Constitution of the United States.

Q There have been some exceptions by the Supreme Court?

THE PRESIDENT: I say in the language itself there is not an exception -- "income from whatever source derived." That is just common or garden variety of English language and I go on the English language.

Q It seems fairly plain to some of us. Why couldn't past issues of bonds be taxed?

THE PRESIDENT: There is a school of legal thought saying that they can tax existing bonds, but I am not asking for that.

Q Mr. President, under the RFC pump priming, will there be consideration, in giving the loans, to people who do not raise their prices; that is, where they will agree to keep their prices down?

THE PRESIDENT: I don't know. It is the first time that question has been raised.

Q Under this new Recovery Program will you still put the final O.K. on projects that have been authorized or that have been selected?

THE PRESIDENT: Well, Fred (Storm), we will have to wait and see what bill passes. There is going to be a bill, without question.

Q Do you want an omnibus bill?

THE PRESIDENT: That is up to the Congress.

Q Is any new loan or underwriting machinery contemplated in your reference to SEC changes?

THE PRESIDENT: No.

Q Can you tell us what you have in mind there?

THE PRESIDENT: Only -- there have been, as you know, complaints, especially on the part of companies seeking to get out small new capital issues, of the amount of paper work that is necessary. The SEC is working on the simplification of the paper work, and also they are working very hard on expediting their decisions on new capital issues, so that people won't have to wait as long as they are waiting at the present time. It should be remembered that that machinery is comparatively new and is in the process of improvement in an administrative way.

Q Will you propose an enactment of legislation to carry out the tax-exempt program this session?

THE PRESIDENT: You will have to wait and see my message.

Q How is the billion and a half of new money figured?

THE PRESIDENT: What?

Q The billion and a half figure for new money required by next
June or July?

THE PRESIDENT: I don't know; you had better ask the Treasury. It
is a long and involved process of mathematics. I have not the
figures before me. I had them yesterday.

MR. YOUNG: Thank you, Mr. President.