

CONFIDENTIAL
Press Conference No. 645
At The White House,

May 21, 1940 - 4:02 P.M.

THE PRESIDENT: Go ahead, Earl; you have a number of notes there.

Q I have notes on a subject which you might not want to answer; and it has to do--had to do with Washington, D.C.: Has it got any defenses? I have been told up at the Capitol there has been some discussion about the details of defense.

THE PRESIDENT: I am afraid we will have to put it this way: We will have to think of Washington, D.C., as part of the United States.

Q I didn't know whether you would want to even speak about it.

THE PRESIDENT: That is why it is a good answer.

Q Mr. President, do you feel that the impact of European affairs upon the United States would make advisable a coalition control in the Cabinet?

THE PRESIDENT: I think the easiest way to answer that is that I have never heard of that until I read it in the papers.

Q Did you believe it?

THE PRESIDENT: Well, Fred, that is an awfully embarrassing question; you probably know what I would like to say, but I won't say it.

Q Mr. President, do you have any specific ideas in mind for the implementation of defense of the Western Hemisphere?

THE PRESIDENT: The whole continent?

Q Yes.

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THE PRESIDENT: We are moving along that line; that is about all you can say.

Q Mr. President, there has been some suggestion that the Stettinius report be made available to Congress; have you given that any thought?

THE PRESIDENT: No; that whole subject is under study, and I guess there will be some news on it from time to time. In other words, what you are all driving at is--what you want to ask is whether there are to be some other people coming down to Washington. Obviously, yes; they will come down, and they will fit into the picture. Also, as you know, you can draw when you are increasing an organization.

Q I am sorry, Mr. President, but we can't hear you back here.

THE PRESIDENT: I was talking about increasing the size of management to meet existing needs. If I were to tell you I was going to increase management along war lines and to draw a diagram of it, there are no two who would draw the same diagram. All you can say is there will be some new people; a good many have been here, or know they are to be summoned, and they will fit into the general picture. I am not drawing any diagrams at this time.

Q That doesn't mean, Mr. President, the creation of something similar to the War Industries Board of 1917?

THE PRESIDENT: No.

Q Without reference to any diagrams, Mr. President, is it a fair presumption that some of these people will be Republicans?

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THE PRESIDENT: Well, I should say that there are a great many Republicans in the Government now, and the course of the last seven years will be followed.

Q Do you care to identify any of those who have been asked to come to Washington?

THE PRESIDENT: No.

Q Is there another portion of the Reorganization Plan unfinished-- in other words, do you intend to send up another?

THE PRESIDENT: No, there is only one thing coming up--Oh, I suppose it is all right to mention it now, though you should all wait until the thing actually goes to Congress. I am sending up tomorrow Reorganization Plan No. V, which I held off last winter because there were very definitely two sides to the case. It is very simple. It is all on one page, transferring the Bureau of Immigration and Naturalization from Labor to Justice. You on the Hill know that that has been talked about a great deal and there was a great deal of sentiment for it last winter. Today the situation has changed, and it is necessary for us, for obvious national defense reasons, to make that change at this time; so it is going up as a Reorganization order, with the hope that it will be definitely approved without waiting for the 60 days, because Congress may not be in session at the end of 60 days.

Q Mr. President, does that fit in with the general measures to prevent espionage and sabotage?

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THE PRESIDENT: Yes.

Q Are you contemplating any other measures of a similar nature?

THE PRESIDENT: No comments on that at the present time.

Q Mr. President, is there anything you can tell us about your conference tomorrow with Governor Landon?

THE PRESIDENT: I suppose we will talk about a lot of things.

Q Mr. President, do you approve of the bill introduced by Senator Pepper to make available to the Allies first-line military planes?

THE PRESIDENT: I never heard of it until he notified Steve this morning, and no comment was requested.

Q Mr. President, the other night Colonel Lindbergh said this country was in no danger of being invaded, and he had some other things to say about our foreign policy. At the same time it seems there are quite a few jitters about this war news. Is there anything you can say to reassure us?

THE PRESIDENT: I can tell you off the record, the fact is that I have been so busy since Sunday night that I have not read Colonel Lindbergh's speech, so I don't know.

Q Can you tell us anything of the report Mr. Morgenthau made to you yesterday on airplane production?

THE PRESIDENT: No, only what he gave out.

Q He said you were going to give it.

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THE PRESIDENT: I think the only thing to point out is that we probably have twice as much floor space, taking all the floor space of the companies that would make planes, as they are turning out at the present time; that is the plane minus the engine. The bottleneck exists on the problem of the military, high-speed engines, not on the training planes, which is comparatively simple. I think most of the training-plane engines are around 200 horsepower and most of the fighting-plane engines are around 1,000 horsepower. There is the bottleneck--to get the production of engines up. Two of the companies are proceeding with production as fast as anybody could expect or wish, and they are very near up to capacity. I think they are up to capacity of their existing plants at the present time. The third company is way behind in getting into production. They should have been in production several months ago, and they are not in production at the present time.

Q Off the record, is that Allison?

THE PRESIDENT: Yes, off the record, it is Allison. I do not want to name specific companies. They have been having great trouble in getting into production. It has nothing to do with the Government. Of course also we have got to get additional facilities for increasing the output of these 1,000 horsepower engines. Increasing the 1,000 horsepower engines for the fighting type of plane--that is the principal problem at the present time.

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Q Is there any thought that the producers of the lighter engines could convert into production of the larger engines?

THE PRESIDENT: I understand that one or two of those larger engine companies--I do not know which ones--have agreed to authorize the production of their engines for other planes. Whether all three have done it I do not know. That would mean licensing.

Q John L. Lewis announced in New York the other day that the C.I.O. would go ahead organizing the airplane industry and all other industries involved in the national-defense program.

THE PRESIDENT: What do you mean by that?

Q That is what he said; that was approximately his language--that he would organize the entire airplane industry.

THE PRESIDENT: That is legal if he does it, isn't it?

Q I guess so.

Q What would your attitude be if that resulted in strikes that held up the work?

THE PRESIDENT: I don't think this country is going to have many strikes. I think you might put it this way--unless you have enough for a story?

Voices: No, go ahead.

THE PRESIDENT: I would put it in three ways; in the first place, I think the country, on the whole, is pretty well united in understanding the needs of the present situation; and the faster the news comes in from the other side, the more united they are. I won't tell you, but you are probably getting the story from

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others, of those three to five million women and children and a few old men who are fleeing southward on any available road on a front of about 250 miles, with roads blocked, nearly everybody either on foot or in a bullock-cart; and at the same time enemy planes are swooping down those roads with their machine guns wide open, and the toll of death of those women and children and old men is something probably the world has never seen before. I think the country realizes some of the implications of that disaster and of that method of warfare.

Now, the three things, with that preface, that I would like to point out are that on the question of the work that is being undertaken and will be undertaken ^{and} will probably continue for some time to come there are two pretty good rules: The first rule is, I don't want to see a single war millionaire created in the United States as a result of this world disaster. I think everybody is entitled to make a reasonable profit.

No. 2: I do not think that Labor will seek to take advantage of the situation by getting into a position where by striking, where they hold the key to some important production, that they will take advantage of that power to seek special increases in wages or special privileges that the rest of labor does not get--the whole objective being to prevent anybody, either capital or labor, from getting rich out of world disaster.

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And then the third point, which ties in with the other two, is very definitely Government policy in no way to weaken the social gains that have been made in the last few years. That is very, very important. That covers a lot of suggestions that have been made that would weaken the gains that have been made. I think it covers it pretty well.

Q Does that cover the suggestion that the hours provision of the wages and hours law be relaxed?

THE PRESIDENT: Yes; in other words, what I would like to say about it in the easiest way, so that the public can understand, a 40 to 42 hour-a-week basis.

Q That would do away with the 32-hour week that was suggested.

THE PRESIDENT: Maintain the standard with just as little overtime as possible, because I would like to put just as many of the unemployed back into employment as possible.

Q Mr. President, is the excess-profits tax implied in what you said?

THE PRESIDENT: I have not got to that.

Q Mr. President, a very good story, and we thank you!

Q Mr. President, just one question: It has been said that Mayor LaGuardia is to be appointed as Assistant Secretary of the Navy.

THE PRESIDENT: Oh, that is just one of the hundred names that have been suggested in the public press!

Thank you!

The conference adjourned at 4:20.

CONFIDENTIAL

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Conference with Members of the Business Advisory Council,
Executive Offices of the White House,
May 23, 1940, 4:40 P. M.

MR. BATT: The Council has been meeting this morning and has authorized me to present to you a resolution which I will read to you:

(Reading) "Whereas, developments abroad and the President's program for the preparation of the defense of the United States confront the industrial and commercial interests of the country with a task of unprecedented gravity and responsibility, in which our very lives and liberties may be involved, and

"Whereas, to an extent never before equalled, the operations of the military and naval forces of the United States must be based on an industrial and economic foundation; now, therefore, be it

"Resolved: That the Business Advisory Council of the Department of Commerce recognizes the need for complete unity in the cooperation of all of our country's vital forces, and unanimously pledges its full aid to this end."

The Council has been down here for seven years, Mr. President, at call, and recognizes that the call is greater today than ever before and it pledges its help wherever it can be of service.

THE PRESIDENT: I am very grateful. It is a fine resolution and expresses the present situation pretty well. I thought that what I would do would be, possibly, to say a few words to you in regard to some of the problems and some of what I might call "basic policies" and then, if you want to ask me any questions, go ahead and shoot.

The present situation has been coming on for some time, as we know, and we have accomplished a good deal in the past year or two in the way of increasing the defenses of the country. It has been going along normal lines and, just for example, we have been spending, through what might be called the normal channels, between a billion and a half and two billion dollars on the Army and Navy during the past few years.

This present program is, in a sense, a stepping up of that by another billion dollars.

A good many people -- I wish you could see it; it is one of the things we have to face -- after last Thursday's message I got about five hundred telegrams, of which about four hundred were entirely favorable to increasing the national defenses and about a hundred of them were very bitterly opposed. They said it was excessive, that it would bust the country, that it was a process of getting us into the war of our own volition. Then there was the usual percentage of telegrams: "I want my boys to get jobs here rather than graves in France" -- that sort of thing. But there is, of course, in the country a very large element that is opposed to improving the defenses. We have to recognize that.

Then, of course, the other extreme: There were a lot of people that said that the amount asked for was altogether too small. Well, between these different schools of thought, I took the line which I considered to be the maximum that we could profitably spend or contract for in the next four or five months, for the very good reason that I cannot look very much -- any more than any of us can -- beyond four or five months. If the situation should get worse, as we all know, I would ask Congress to come back; I would ask for more money. Or, if we waited until the third of January, when Congress comes back, I have to send up a budget on the third of January and I don't know yet the kind of budget it would be, whether this program could, by that time, be slowed down or kept the way it is or speeded up, increased. The reason for it all is that no human being can guess about the future.

I was a sort of -- who was the fellow? John the Baptist -- "voice crying in the wilderness" all last Summer. I was perfectly sure that

there would be a war and I had told -- well over a year ago I had told the Senate Committee on Foreign Affairs and the Military Affairs Committee, in here, in a famous session, not that "our frontier was on the Rhine" but that the continued existence of, for example, Finland, or the Baltic States, or the Balkan states, or the Scandinavian nations -- their continued existence as independent nations did have a pretty definite relationship to the defense of the United States. And there was a most awful howl of protest all over the country, as you know, at that time. I was accused of being an alarmist, accused of wanting to send troops to the other side and things of that sort -- I am quite accustomed to that sort of thing -- and, after all, today we are faced with the complete fulfillment of that because practically the whole of Europe is falling into the hands of a combination headed by the Nazi school of thought and school of government with a pretty close association and affiliation with the Communist school of thought and school of government, and a third school which is balancing very carefully on the edge of a knife at the present time, the Fascist school of thought and school of government. We don't know which side they are going in on -- all that we know is that it is not a question of staying on one side, it is a question of remaining neutral a little longer or going in on the side of Germany.

We have to look ahead to certain possibilities. If I had said this out loud in a fireside talk, again people would have said that I was perfectly crazy: The domination of Europe, as we all know, by Nazism -- including also the domination of France and England -- takes what might be called the buffer out that has existed all these years between those new schools of government and the United States. The buffer has been the British Fleet and the French Army. If those two

are removed, there is nothing between the Americas and those new forces in Europe. And so we have to think in terms of the Americas more and more and infinitely faster.

When we come down to this defense problem, you come to another problem we are up against and it is very difficult to know quite how to handle it except all of us work together with the idea of eliminating the problems, and that is what I am going to talk about these coming days. We have had lately, for example, a number of columnists on a chain of papers in this country with a very large circulation which has been advocating certain things. One of the things they are advocating is a separate air force. Well, of course anybody who knows anything about it knows that the one essential in time of war is unity of command.

This is a thing I cannot say out loud: Germany has complete unity of command. France has unity of command. Both of their air forces -- one a very great one, Germany; one a very small one, France -- they have conducted their operations magnificently because of unity of command. The British have not had unity of command. They have a Navy, an Army and an entirely separate Air Force, with the result that there has been constant friction, constant trouble. In these Norwegian operations, the Navy was calling, screaming, yelling for planes up in Norway to effect their landings, to cover their operations when they got on shore. They didn't go to the Army; there was no unity of command and the Air Force did not send them the planes. And, in the same way, in France, the Air Force was very much divided in its opinion -- this you can't, any of you, talk out loud about because, frankly, it would hurt the morale of England and France -- a divided thought between the different branches of service: The Air Force wanted to maintain, to retain the air forces in England. The Army wanted them

to be sent over to France on the theory that the defense of England would be decided on the fields of France and that, if the British Army in France and the French Army in France were completely overwhelmed by the Germans, there wouldn't be very much use in an air force which remained in England because that would be, in turn, overwhelmed after the armies on the continent were completely smashed up. So there; I am just using that as an example.

And then there is in some papers, the columnists and so forth, they talk about this one great crying need in this country and that is a reserve of certain important raw materials. These are self-constituted experts who, as usual, don't know one damn thing about it but have the ability or the profession of being able to get in print. We have, for instance, the problem of certain things that we do need in industry. Well, the thing has been under study for a long time and I suppose the easiest way to explain that this matter was turned over to Harry two or three weeks ago to get unity of command on it. The Army needed certain things, the medical profession needed certain things, the steel companies and the tire companies needed certain things, the Navy needed certain things. But, when it came to be boiled down to one page -- and you know one of the things I always insist on is a one-page report -- there were about twelve of these principal items and about nine of them were purchasable by the Government without a very great outlay of cash. Quinine, three million dollars worth. Chromium, three or four million dollars worth. What were the others?

MR. HOPKINS: Industrial diamonds.

THE PRESIDENT: Industrial diamonds, two and one-half million dollars worth. Things of that kind.

Well, we had an authorization of a hundred million dollars and we

had had an appropriation last year of twelve and a half (millions) for these surplus stock piles and, in this year's bill, another twelve and a half, and I asked thirty-five millions more for these nine, I think it was, of what I call minor items, to purchase them so that the Government would own them and we would have them right here.

There were three items that were a good deal bigger. I am talking as a layman, but, to put it in very simple language, it looked a little like this picture: In the case of rubber we only carry in this country about a normal six months' supply. Most of the rubber comes from the Dutch East Indies. There is a little of it that comes from Central America and a little of it from Brazil. There is also the possibility of making synthetic rubber in this country at a higher cost than importing natural rubber. So the objective was to get the tire companies to lay in a whole year's supply. Well, naturally, the tire companies were not going out into the market to store another six months' or a year's supply at the present prices because they are away up high. I would do the same thing if I were making tires myself. I would hesitate to lay in too big a stock. You all remember what happened in 1929 to companies which had laid in, for example, a very excessive supply of copper at 15 or 16 or 17 cents a pound. They were stuck with a great copper pile at very high prices, and copper dropped to six or seven cents. Of course they were stuck. Naturally. No industrial company wants to lay up reserves at very, very high prices.

We are working out this plan -- it is going on as an amendment to one of these bills: Jesse Jones is handling it. We will set up a corporation -- the Government would buy stock in it -- and, working with the rubber companies, we would buy this rubber at the high prices and hope to God that they could be worked off to industry at the same price

we paid for it. But, if the price went down for these excess stocks in the open market, the Government -- in other words, the people of this country -- would have to bear the loss between the high prices of today and what might be the lower prices of tomorrow.

At the same time, we are working with the rubber people along the other line, that if we cannot get this rubber -- it is still in the trees, mind you; there aren't any great stock piles of rubber in the Dutch East Indies; it has got to be taken out of the trees and if we can get it out of the trees it is much the best thing we can do -- if we cannot because of a blockade or because Germany, for example, cuts off communication between us and the Dutch Indies, we will still be able to have six-months' or eight months' of stock on hand and, during those six or eight months, it will be up to industry to create the necessary machinery for making a synthetic rubber. Now, I am told that that is a practical thing. Of course that would be run by industry itself. That synthetic rubber, as we know, does cost more, but the damn thing works.

Now, the same way with manganese. We haven't got a big enough stock pile of that. It is infinitely cheaper to buy manganese, as long as we can get it, from Singapore and the Straits Settlements than it is to start our own manganese mines going, because our mines are high cost mines. We will set up a corporation to buy manganese as cheaply as we can in the world's markets, at the same time making plans by which, if we are cut off, we will be able to put the American manganese mines into production at a higher price so that they will be giving us an output before the present stock of manganese is exhausted.

Now, the third item of these three major items that will cost a lot of money because of the very big volume is the matter of tin. Of

course tin is selling at -- I don't know what -- twelve hundred dollars, I think it is, at the present time. It is awfully high. Most of the tin at the present time again comes from the Straits Settlements area. We may be cut off from there. If so, we will still have something to fall back on and that is the Bolivian mines in the hope that if we can't get to and from the East Indies we still can get down to Bolivia. If we are cut off from that by water, we have got to do two things: We have got to do what the Germans did, which is go around the country and collect all the old tin we can find. There is probably a good deal of scrap tin that will help in the supply. Furthermore, with the help of the metallurgists, we have got to try to use "ersatz" stuff as the Germans are doing; in other words, other metals as substitutes for tin.

Now, those things are pretty well in hand. That is just an illustration of the fact that we haven't been asleep at the switch.

I use that as an illustration of the point that these self-appointed omniscient people are telling the country that the great problems of national defense are these items that I have just mentioned. Of course they don't know a damn thing about it. And then they talk about a lot of other things, types of planes and things like that. Well, of course none of us here really knows about types of planes. I suppose I am in as close touch with it as anybody but I have to take the word of Army and Navy as to what type of planes they want because they are the fellows that have got to fight (fly?) them. I don't know and I have to take their word for it. They are working extremely well with the airplane industry and, as you probably know, we have got, taking it by and large, of all the airplane plants in this country we are probably only using about half the floor space that is available, counting them all, for the fuselage of the plane. We can increase that, without setting

up a very large number of new plants, probably doubling the output of planes, although we may need more in carrying out this very large program. But we are faced with a bottleneck on certain types of engines. We have got plenty of companies that can make the training plane type of engines of two hundred or three hundred horsepower engines. But there are only three companies at the present time which can turn out the fighting plane engine, which is a thousand horsepower or more. Two of them are in full production, the Wright Company and the Pratt & Whitney Company and they are going strong. They have got -- probably in order to increase output, they have got to start more plants. Some of them would be licensed by them to make these big engines. Some of them the companies themselves would start, preferably west of the Allegheny Mountains and east of the Rockies.

The third company, General Motors, have been having one hell of a time in turning out the Allison engine. They were to have been and expected to be in full production last January and two or three days ago they had only turned out six engines. That is a very serious thing. I am not saying anything; I am not cussing out General Motors. They have had some industrial production problems but it so happens that the most highly organized company for production in the whole United States has fallen down and "taint" the fault of the Government and all we are doing is patting them on the back and saying "Go ahead, old man; go on. Hurry up! Hurry up! We got to have those engines. We will help you all we can." They say, "Oh, my God; it is the most awful headache." What they are doing -- I think they are doing the best they can but it has been a very, very great disappointment to us that General Motors on the Allison Engine is about five or six months behind. They promise now that they will be in full production by July

and I hope they are right.

So, you see, it isn't all a Government problem. A part of the problem is industry which, I assume, is doing the best it can.

Now, we come down to two or three things I mentioned a couple of days ago at a press conference which, I think, might be called general policy matters. We have got to realize that defense is not merely commercial or industrial but we have got to have a contented people as far as we can get them here, a happy people who are with us in this effort at national unity.

One of the problems we have got is the problem of unemployment and I believe that it may be possible during this period to get rid of a large portion of our unemployment and that involves trying to maintain certain standards. In other words, instead of trying to go up to the time-and-a-half, the overtime method of increasing production, to take on more people and try to limit, as a Nation, the total hours of work to what is the normal amount today, 40 or 42 hours for the week. It may be necessary, if we lack manpower later on, or immediately in certain very highly specialized individual trades, it may be necessary to use overtime in order to get a balanced factory production. But I think it ought to be the general rule, carried out as far as possible, that we will try to avoid overtime, run a standard work week and take up some of this unemployment which is costing all of us money out of pocket all the time for relief.

Well, that is the first point.

And with that goes the general question of trying to maintain prices. That is terribly important. Most of us went through the World War period and we saw a very vicious upward spiral. Well, it was caused by a lack of knowledge of how to do things on a big scale. We, none

of us, knew. We were completely inexperienced during 1917 and 1918. We did the best we could and, on the whole, it was a pretty good job. We were rather handicapped by the fact that before we got into the War, orders from the Allies, at that time, were lopsided, and they threw us out of balance. If you remember, before we got into the War, Allied purchasing had pushed wheat up to two dollars a bushel -- two fifty a bushel. Well, what was the result? The cost of living went up in every community in the United States. Bread. The price of cotton, about the time we entered the war, was up over thirty cents a pound. The price of copper was up around 26 or 28 cents a pound. And the result was that we entered the war on a scale, a level of prices for raw materials that had thrown all of our natural economy out of the window and every working man was saying, "Hey! Look! My costs have gone up -- the cost of living has gone up a hundred per cent. And look at my damn wages! They are not any higher than they were a year ago." Well, it was a pretty good plea. I'd have done the same thing.

I had a man in this morning, before I saw you (indicating Mr. Kirstein). We were talking about this subject. I said, "You remember how everything went up. For instance, the suit of clothes you have got on. What were you paying for that suit of clothes at the beginning of the World War?" "Oh," he said, "around forty dollars." "And what were you paying for that kind of a suit of clothes in 1918? Sixty?" He said, "No. Eighty." Lou Kirstein knows that stuff.

Therefore I have got what might be called a policy or a principle: Let us take agricultural products that enter into everybody's life. I think that if the wheat farmer gets ninety cents or a dollar as a floor for his wheat, it is plenty. He is not going to starve and you are going to have pretty good agricultural purchasing power. That does

not mean, of course, that the price is around that because the farmer that raises wheat gets an average of 19 cents out of soil conservation benefits. If he gets a net of somewhere between ninety cents and a dollar he isn't going to starve and he is going to have buying power for the things that Sears Roebuck puts out.

But, at the same time, we have got to put a ceiling on it and the ceiling ought to be somewhere around what we call "parity," a dollar fifteen or a dollar twenty. That would prevent any serious fluctuation in the cost of bread. The same thing with similar crops. In the case of cotton -- I raise it some times-- if I could get an assured price for my cotton, including the soil conservation benefits, of around ten cents a pound, I am all right. And almost everybody who raises cotton is. And there ought to be a top on it of somewhere around thirteen or fourteen cents. Remember in the World War it went to thirty-five? It threw out the entire economy of everything connected with cotton. All the cotton mills and everything else were all thrown out of line.

The same way with copper. Everybody here knows -- you heard me say this before -- we can turn out all the copper we need in the United States, at a profit, at around ten and a half, eleven cents. They would all make money. They are all making money today with copper selling at ten and a half, eleven cents. They are all making money. I don't think copper ought to go below that. It is a good, reasonable profit. I don't think, on the other hand, that copper ought to go above thirteen or fourteen cents.

So that we can say to the country that the cost of living -- if we can do it -- has not gone up. And, if you do that, you are not going to have strikes and demands for higher wages. Because, after all,

if the average workingman gets about what he is getting now, and the cost of living remains the same, we can call on his patriotism not to profiteer by the war by going on strike and demanding higher wages. And I think most of them will accede to that.

Then it comes down to the second point which relates to capital and labor. We want a profit for capital but I would like to see no new war millionaires created out of this program. We saw a great many before. We saw a great many in England, we saw a great many in France who made very large fortunes out of the death of men, women and children.

It is a fact. I think we ought to work so there won't be any more war millionaires.

At the same time I don't want any labor profiteers. We don't want to see any little key trade in a factory that employs not more than three or four per cent of the employees in that factory who, in a key place, like the pattern makers or the drafting force, hold up and stop the works for the other 97 or 96 per cent of the employees by going on strike just because of the power they have got, being in a key place. There again you have got to appeal to their patriotism. And it is a damn sight simpler for all of us to appeal to their patriotism if we say we are using exactly the same principle for the owners of industry as we are with respect to the workers in industry.

I think that covers the general situation.

When it comes down to the management here, I am going to call on a whole lot of you people, first and last, and fit you into the picture. It is a case of fitting you into the picture. If one of you were to start a new factory or new shop or an extension or an addition to a plant, you wouldn't go out and put that new factory or that new building completely in the charge or under the control of people you had

never seen before, that did not know anything about your company. You would pick out of your own main company two or three people, and to them you would add two or three other people that you got from somewhere else and you would dovetail the whole thing in. Now, that is the way this Government is going to manage the thing.

We are not going -- in the first place it would be unconstitutional -- I am not going to set up a War Industries Board and turn a billion dollar or two billion dollar program over to five complete outsiders who don't know anything about running government. It would be unconstitutional; the final responsibility is mine and I can't delegate it. We are going to bring down maybe five people, or ten, or fifty, and get your help on it. I am going to fit them in into an existing organization. It is a difficult thing to run because it has all kinds of restrictions and checks to it that private industry does not have. We have to make a voucher for everything; it is a headache. We have to get by the Comptroller; that's a headache. We get held up by the Congress; it's a headache. We do the best we can under a system of checks and cross-checks that private industry hasn't got and does not have to have. That is why, in bringing in people from the outside -- I went all through this in the World War -- in bringing people in from the outside, I am going to bring in people who dovetail, who will fit into a system that is a little bit different -- necessarily so -- a little bit different system of management than anything that happens in private management -- and under the law, under the law that has evolved over -- I don't know what, -- 150 years.

You people, you have been of great help in the past. Let me illustrate -- and this is a thing I would rather didn't come out at the present time. This was way back last July -- just to show the process

of this thing. The problem of transportation: You know, I have a lot of good friends in the railroad business. My family was in it, more or less, a great many years; I was brought up in a private car when I was a boy.

I sent for Dan Willard -- Uncle Dan -- about last July or August. I said "Uncle Dan, what are we going to do in case of war? What are we going to do about the railroads?" "Well," he said, "I thought for a long time we would have to go to Government operation and ownership, but I think not." He is a very wise old gentleman and here is what his proposition was: I would rather you didn't talk about this because this is a thing that is not ripe for announcement. It is all ready, but it is not ripe for announcement.

He said, "What I'd do is this:" He said, "I was the manager of the railroads of the United States during the World War. And," he said, "every railroad in the United States and, of course, every railroad president is scared of Government ownership. So am I, and so are you." I said, "Yes, I am. I don't want it; never have."

He said, "I'd take a room and I'd have a double desk in the middle of the room. And I'd take the best railroad operator that you can find and put him on one side of that desk and he will act as the clearing house for the movement of Government needs. Now, that means a whole lot of things. It means the raw material to the factory that is turning out government material. It means the moving of the completed product out to the ship or the Army or the assembly plant and it means, at the same time, moving certain other things, like fuel, to keep the plants running, food to keep the people alive. And this man has got to be the clearing house for the movement of traffic for the defense program, at the same time taking care of the civilian needs of the country. He

will be the Government man.

"On the other side of the desk will be the representative of the railroads. And the Government man will pass the slip across to the representative of the railroads, who will pick up the telephone and clear a jam in the Port of Philadelphia, or wherever it may be."

At the same time, I say to the railroads, "Remember! This is the last chance. If you people don't come through under this, with your own manager sitting there, you know what will happen, whether you like it or I like it or not." And that is one thing we all want to avoid.

"Well," said Uncle Dan Willard, "They'll know that; you won't have to tell them. They know if they fall down on transportation in time of need there will never be any private railroads after that. And that will be enough, in my judgment, to make the damn thing work," says Dan Willard.

Now, the set-up: On one side of the desk, representing the Government, is going to be Ralph Budd, President of the C. B. & Q. I picked him because I know a great deal about him in the old days and I think he is about as competent a railroad operating president as I can get for that job. And, on the other side of the desk, representing the railroads, I have picked John Pelley, to sit as their representative.

I think that is a practical, working, operating scheme, with the knowledge on the part of the railroads that if it doesn't work -- God help them.

I use that as an illustration of how I am going to try to do this thing and, well, a lot of other individual problems, similar to transportation, can be and will be handled that way.

I don't know that there is anything else I can think of at this moment. I will probably think of a lot of things later. Harry, have

I got everything?

MR. HOPKINS: No, I think you have covered it pretty well, Mr. President.

THE PRESIDENT: Anybody want to ask any questions?

MR. BATT: We are awfully grateful to you, Mr. President, because we know the load that is on your shoulders. I have often told you how glad we are that Harry is coming along in such fine manner. We went out on the limb for him and then he got sick and we weren't able to find out how good he is.

THE PRESIDENT: That is right. The only way he is working is that I have got him over in the White House and I put him to bed every night at a reasonable hour and I see that he gets proper food and he is coming along strong. Doctor Roosevelt! There is nothing like it.

MR. BATT: One other thing I would like to say to you is that last September, when the war broke out, American industry did keep the price level.

THE PRESIDENT: Absolutely; it was perfectly grand.

MR. BATT: Well, industry can do that.

THE PRESIDENT: I think you all understand that if we get like what happened in the World War, with the price level going up, with the raw material, the copper in the mine or the cotton in the fields, you almost inevitably get labor trouble. I can hold labor to the present level if I can say to them, "You (industry?) won't profiteer. The cost of living hasn't gone up." I think we can avoid the most dangerous spiral and, of course, the trouble with getting into that spiral is that all of labor is discontented except the last trade that got the last raise.

MR. BATT: You give us the command and we will march behind you.

CONFIDENTIAL
Press Conference #646
Executive Offices of the White House,
May 24, 1940, 10.41 A. M.

THE PRESIDENT: Hello, big boy; how are you?

Q (Mr. Tom Reynolds) Fine, thank you.

Q (Mr. Earl Godwin) I had a fine sleep; good morning.

THE PRESIDENT: There he (Mr. Godwin) is, with a cigarette behind his ear.

Don't try to write with it. Like me, sometimes, I get my cigarette out, put it in my holder and light it and then I search my pocket for the holder and cannot find it. Isn't it terrible?

Q (Mr. Godwin) Yes.

THE PRESIDENT: It is a sign of age.

MR. DONALDSON: All in.

THE PRESIDENT: I think the only thing I got today relates to what might be called the base course for pilot training and this part of the program is now essentially complete. It goes back to 1939 (when) I asked Congress for funds for training of air pilots in the base course. Congress appropriated \$4,000,000 and the Civil Aeronautics Authority carried this training out -- "Primary Pilot Training" and has already given that training to 10,000 people, which is at the rate of about 175 a day. So that, by the thirtieth of June this year, which is the end of the college year, there will be approximately 10,000 new civilian aviation pilots who have taken the base course.

The new program calls for expanding this production of civilian pilot training during the coming year from 10,000 to 50,000 and will be carried out by the Civil Aeronautics Authority by an expansion of their present system of training in base courses. When it is completely

mobilized, there will be about 550 of these Primary Training Centers throughout the country. In addition to those 10,000 students who will have finished their course next month, the CAA gave advance training to 1,925 pilot instructors.

In other words, we not only expanded the training facilities but increased the efficiency and the numbers of civilian pilots who already held primary licenses. These pilots, it should be made clear, are not, of course, finished military material but, having taken their base course, they are of much greater value to the Army and Navy than if they were totally untrained.

The course runs about three months; so you save about three months through this preliminary training.

This has been approved by the Army and Navy and the money for it will come out of a special supplementary appropriation and not out of the bills that are in the process of going through at the present time. Those bills take care of the advanced training for the Army and Navy.

Q Sir, may I ask what you said about coming out of a special -- authorization?

THE PRESIDENT: Supplemental.

Q A supplemental?

THE PRESIDENT: Yes.

Q Mr. President, now that the schools are closing in June, will the training be continued during the summer?

THE PRESIDENT: Oh, yes.

Q The schools close in June?

THE PRESIDENT: Oh, yes; there won't be any closing down.

Now, the people who will go into this will come from three sources: 435 colleges and schools that are now cooperating in the original program

and from other schools that desire to participate.

Secondly, from a large group of citizens who already have pilot licenses, or have had them but for some reason or other have ceased to fly -- have gone into other occupations.

And, third, from the proper age group of citizens who are not in college but who desire training for the purpose of making themselves available for military training in aviation if called on.

And I want to call attention to the fact that a group of able and, well-known citizens have already sensed the necessity and value of this expanded program and are eager to promote its expansion, and we are very glad to have their support.

Q Mr. President, does that include ground work in aviation?

THE PRESIDENT: No -- you mean the mechanics?

Q Yes.

THE PRESIDENT: That is a different subject; we haven't got to it yet.

Q May I ask about the third group, the unorganized group of boys not in college? Should they head for the CAA?

THE PRESIDENT: That is to give a chance to boys who are not in college.

Q The boys ask me where they should go. Should they head for the CAA?

THE PRESIDENT: Yes, this is all under the CAA.

Q The boy who has that ambition should apply to the CAA?

THE PRESIDENT: Yes.

Q How much money is involved in this program?

THE PRESIDENT: I cannot tell you that because I cannot until the thing goes to Congress.

Q There will be another Message to Congress on this?

THE PRESIDENT: No.

Q Does that base training, you speak of entitle the trainee to a commercial

license when he is through, or an ordinary civilian aviator's license.

THE PRESIDENT: That I could not tell you; I do not know. And, of course, not all of them will pass well enough to be taken into the Army or Navy finishing school.

Q Mr. President, does this contemplate sending 50,000 men through this basic course next year?

THE PRESIDENT: Yes.

Q Mr. President, does this mean that a man who is not a college man can become a pilot?

THE PRESIDENT: Well, that is the whole point of it. That is the third group. The first group is the boys in schools and colleges; the second group of people, those who have had their licenses and have ceased to fly, and the third is the proper age group of citizens who are not in college.

Q When you speak of next year, you are speaking of the calendar year?

THE PRESIDENT: The fiscal year.

Q Then that is right on us?

THE PRESIDENT: Yes.

Q Will provision be made to put these people in reserve or anything of that kind?

THE PRESIDENT: Yes.

Q Would you consider making the young men in the Government here a group, as you do with those in colleges?

THE PRESIDENT: What?

Q There are numerous young men in the Government service here who would like to do this as a group.

THE PRESIDENT: What do you mean, "as a group"?

Q Just as you take a group out of college?

THE PRESIDENT: It is not a group; they are individuals. I do not quite understand.

Q I understood it was arranged through the college, for that college group, and non-college groups come in --

THE PRESIDENT (interposing): I cannot tell where they go. They go to one of these college training courses.

Q But here, in Washington, is concentrated a large group of young men in the Government who might like to arrange to do that.

THE PRESIDENT: They can do it as individuals.

Q What is the "proper age group" you refer to?

THE PRESIDENT: I do not know. Do you know what it is? Anybody know?

MR. EARLY: I should think it would be about eighteen to twenty-two years -- in there.

THE PRESIDENT: Steve thinks eighteen to twenty-two, but you had better check. (Laughter)

MR. EARLY: You asked me -- I will guess.

Q That would be very interesting, to get that age.

Q Mr. President, how far have your plans progressed to bring in the outsiders in the national defense program.

THE PRESIDENT: Very well; coming along all right.

Q Any announcement? When do you expect them?

THE PRESIDENT: Oh, from time to time. No general announcement to cover the whole works. For instance, this (indicating a memorandum on civil aviation) will take a whole lot of people coming from the outside.

Q Mr. President, we have not had a chat with you since you saw Governor Landon. I think -- is there anything you would like to add to what has already been guessed?

THE PRESIDENT: Oh, I do not think so. I think Steve's (Mr. Early) statement covered it very nicely. (Laughter)

Q General Jackson yesterday indicated there may have to be some anti-trust

leeway in the production programs. Will you elaborate on that at all?

THE PRESIDENT: No, I do not know anything about it except, of course, as I said before, we are -- this is just the opposite, the converse -- we are arranging for cross licensing which, of course, is getting away from trusts. It is just the opposite.

Q Mr. President, General Jackson also said that you have been aware for quite a while of "fifth column" activity and we tried to get more specific details and were not very successful. I wonder if you could explain to us just what form that activity has taken?

THE PRESIDENT: I do not know. I haven't got time to explain statements that are made by columnists that, just plain, are based on imagination.

Q Still, General Jackson said that you had been aware of it all the time.
(Laughter)

THE PRESIDENT: Did he, really? You see, if I once started to answer questions of that kind there is no end to it.-- you see columns of that type are about 60 per cent based on imagination. (Laughter)

Q I referred to Attorney General Robert Jackson in his statement at a press conference yesterday. (Laughter)

Q He is getting Johnson and Jackson -- (Laughter in which the President joined)

THE PRESIDENT: I get it, you mean Bob Jackson? (Laughter) That is a very different thing. (Laughter) That is a very, very different thing. What did Bob say? (Laughter)

Q Mr. President, does he rate 60 per cent? (Laughter)

Q He said that you had been aware for a long time of "fifth column" activities and that you had taken steps to meet them, and I wondered just what form the fifth column activity takes?

THE PRESIDENT: Well, I suppose the easiest way to answer it is to give you

one of the sources of information, some of it good, some of it not so good. Go back and read all about the Dies Committee hearings.

Q Mr. President, in your conference yesterday with Mr. Louis Kirstein, did you discuss the possibility of his additional service to the Government?

THE PRESIDENT: No. Of course all those stories about people coming in here and they are individuals, they are all cockeyed. Only the Press won't admit it. Having gone out on a limb on the Coalition Cabinet, and finding they are out on a limb, they are now trying to brazen it through. Now, that is not the fault of most of you boys; it is mostly the fault of the desks. You have known for some time that this coalition thing is made out of whole cloth but it is continued to be used in editorial columns and columnists, et cetera and so on, and that is all there is to be said about it. They keep on using it. I think the American people know pretty well. It is not a case of barking up the wrong tree; it is a case of having gone out on a limb and then having sawed the limb off.

Q What did you discuss with Governor Stark of Missouri? He came in late yesterday.

THE PRESIDENT: Oh, the Governors' Conference. They are having the Governors' Conference up in Duluth, I think somewhere around the second of June.

Q Is it planned to ask the governors to cooperate with the national defense program?

THE PRESIDENT: Well, I do not think the governors will be asked to, because I think this meeting is for them to tell the Federal Government how fine they think it is and how they intend to cooperate and, of course, we will get complete cooperation, without any doubt, from all the governors.

Q Did you, by any chance, discuss a Cabinet post with Governor Stark?

THE PRESIDENT: No.

Q Mr. President, does the Administration favor extension of the current sugar quota law at this session of Congress?

THE PRESIDENT: I do not know. I guess you will have to ask the State Department because I have not heard about it for a whole month.

Q Did Governor Stark indicate what lines that state cooperation might take?

THE PRESIDENT: No.

Q Mr. President, can you tell us anything about reports that the housing program will be tied more closely in with the national defense program?

THE PRESIDENT: Well, only this, that I told three of the members of the House who came down the other day that I hope very much that there would be authorization and appropriation to carry on the housing program, not only in the urban slum clearance end of it but also that there be wide enough authority so that if a new plant is started, for example, in a small community of four or five thousand people, and that plant employs four or five thousand people, including their families, obviously there is not enough housing to take care of those people, and that I feel that the additional money for the Housing Administration ought to be big enough to take care of that particular problem.

Q Can you tell us what was the apparent reaction to that?

THE PRESIDENT: They rather liked it. They thought it would help them to overcome opposition to housing.

Q Have you learned from Mr. Early the age limits of those -- (Laughter as the President held up a sheet on which Mr. Early had written "18 to 25 years")

Q Eighteen to twenty-five years.

MR. GODWIN: Thank you, sir.

Q Mr. President, do you favor Senator Pittman's Bill to authorize this Government to build war materials for the Latin-American Governments?

THE PRESIDENT: No, you will have to ask the State Department.

CONFIDENTIAL
Press Conference #647
Executive Offices of the White House,
May 28, 1940, 4.12 P. M.

(Assistant Secretary of State Breckinridge Long, Mr. Frank C. Walker and the three Administrative Assistants, Mr. William H. McReynolds, Mr. James H. Rowe and Mr. Lauchlin Currie, were present at this Conference.)

Q Big house today, Mr. President.

THE PRESIDENT: I guess it is going to be a big Conference today.

Q It is running very big.

Q The biggest. You have stolen the spotlight from Congress.

MR. DONALDSON: All in.

THE PRESIDENT: Since Sunday night I think I can call your attention to the flood of mail and telegrams that has been coming in -- we have not finished opening and examining yet -- from people offering help, almost every known way. About half of them -- for instance, Steve (Mr. Early) says they have examined 2,000 letters already and that is by no means all that have come in -- of course there are an awful lot of telegrams, too -- about half of them offering personal services, retired officers of the last war, men, dollar-a-year men, other experts, engineers, physicians, pilots, chemists, et cetera, and a very large number from local labor unions, Chambers of Commerce, and various business associations, offering the services of their groups. A great many offers of sites for manufacturing purposes, coming from public officials or Chambers of Commerce. A great many factories in toto are being offered for various purposes. Shipbuilding plants, furniture companies, manganese mines, airplane parts, bedding companies, aviation mechanics training schools, canning company, machine tool company, another airplane company, a shirt factory, another bedding company, a general contracting

company, an aviation ground school, a cigar company, a publishing company a motion picture company, a yacht, tool and die makers, financial experts in aviation, et cetera and so on. In other words, they are coming in from all over the country.

In addition to that, prior to what I said about the Red Cross the other day, I had a great many checks actually mailed in that had been received. Of course they go straight over to the Red Cross. One gentleman sat down Sunday night and sent me a check for \$15,000 for the Red Cross. That happens to be the biggest but there are a lot of others, very sizeable ones. In other words, the answer has been fine all over the country. I am very, very appreciative of it and I think people understand the seriousness of the situation.

At the same time, I think people should realize that we are not going to discombobulate or upset, any more than we have to, a great many of the normal processes of life. There is one of the ladies in the room, for instance, who was going to ask that question and wanted to know whether we are not only going to have no new automobiles next year, new models, but whether it meant a lot of other things that could be put into the luxury class would have to be foregone by the population and -- I am not looking at anybody; I am looking at the ceiling -- the answer is that this delightful young lady will not have to forego cosmetics, lipsticks, ice-cream sodas and -- (Laughter)

Q (Miss Fleeson) Thank you, Mr. President. (Laughter)

THE PRESIDENT: All right, Doris. That does it. In other words --

Q (Miss Fleeson, interposing) That really wasn't what I was thinking of.

THE PRESIDENT: No. We do not want to upset the normal trend of things any more than we possibly can help.

Now, that brings me down, by logical sequence, to the size of

this present program. This is not like April, 1917 -- Fred (Mr. Essary) and I remember those days; very few other people here do -- when we were attempting to organize an army of 4,000,000 men. We have not, certainly at this time, that in mind. I suppose the easiest way to put it is this way, in terms of dollars: Roughly speaking, at the present time we are spending about \$2,000,000,000 a year on the Army and Navy and this new program superimposes only a little over a billion and a quarter to that existing program. Of course the speed of the World War was infinitely greater because of the size of the Army we were putting together. Therefore this is not complete, immediate, national mobilization. We are not talking at the present time about a draft system, either to draft men or women or money or all three. We are trying to get -- expend about a billion and a quarter dollars more than the normal process. And, in order to do that, it has seemed wisest to put into effect what has been ready and planned for, for a long, long time, under an existing statute, without having to go and propose something entirely new in the way of legislation that would take weeks and months and a great deal of pro and con discussion, partisan and otherwise, and would probably end up in practically the same thing that we have got on the statute books now. In other words, I am reviving the Commission of the Council of National Defense, which is provided for under the old law. The old law of 1916 set up the Council and I think you can come pretty close to regarding the Council itself, because the Council consists merely of six Cabinet Officers, who will meet every Friday anyway and who work and who are expected to work on the coordination of the whole picture, through this Commission, which is set up under Title -- Section II of the Act.

The Council nominates to the President and the President appoints this Commission of not more than seven persons and is supposed to be

made up of people with special knowledge in certain very wide field or fields. They are to serve without compensation, except their expenses are paid, and they would perform essentially the functions of several of the old war bodies, including the Munitions Council -- whatever it is -- the Munitions Board.

Now, of course, nearly all you young people think the Munitions Board built things. They did not. I, for instance, as Assistant Secretary of the Navy during that whole period -- and I guess I ought to know -- when we wanted some structural steel for new destroyers, we would go to the Munitions Board and say to them, "We want this and here are the different firms that can turn these out. What is the condition of those firms?" The Munitions Board would know -- and this Commission of the Council of National Defense, they would have the same information, they would act as clearinghouse -- and they would tell us that, let us say, Bethlehem was chockablock on that type of steel -- just using this as an illustration -- but that Carnegie could fill it and would we please place the order with Carnegie. And we would say, "How about price?" and they would say, "We have got that all fixed up; we have got a definite schedule of prices." So the order would go to Carnegie for all this structural steel. Then we were required to make a report to the Munitions Board, as a report would be made to this Commission of the Council of National Defense, every week, as to how the order was coming along. The Navy, of course, placed the order -- the Army placed their orders -- and if the order was not being turned out with sufficient speed, if we were dissatisfied, it would be the Munitions Board, or here the Commission of the Council of National Defense, which would find out why the order was being delayed. Then, when the order was ready for shipment, in those days we would notify the Railroad Commission -- that

was Mr. Dan Willard -- that the stuff was ready to ship and he would try to see to it that there wasn't any bottleneck in the transportation of that steel from the manufacturing plant down to the shipyard where it would go into the destroyer. This obviates a part of that old trouble of having to go to different places because these seven people who are set up here on this Commission cover, for the present, the various fields of activity that have to be coordinated.

Now, that is the way the thing works. The Commission would act as the coordinating agency for Government orders and, as always, and under the law, the Government order having been approved by the Commission as to which place it should go, and the price at which it is contracted for, it is then turned over to the manufacturing plant and from then on, if there is any question of delay, either in manufacturing or in transportation, this same Commission tries to get the kinks out of the delay and any kinks out of the transportation itself. Of course, at the present time, as we all know, on the transportation end there aren't any kinks because the railroads are fully capable of carrying all of the present volume of business speedily and quickly.

And then, of course, there are other things we have to think about and that is why, out of these seven people, we have taken in practically all of the necessary activities of civilized life in the United States at the present time, including cosmetics. (Laughter)

Q Have you the name of the director? I believe the old Council had a director in addition to the Cabinet Officers.

THE PRESIDENT: No, I do not think so. It has a secretary and the man who will act as secretary to this Commission, the Advisory Commission for the Council of National Defense, is going to be our old friend, McReynolds (William H.), for the very good reason that he knows every

statute on the statute books and knows what each Government department or agency does, which very few outsiders, when they first come down to Washington do know about and it generally takes them two or three months before they learn their way around the Capitol, or even -- what shall I say? -- the Department of Commerce Building. (Laughter)

The seven people will handle the following:

No. 1, industrial materials: that is Mr. Edward R. Stettinius, Jr. Now what -- this definition was an awfully hard one to find words for that would really describe it -- what we mean by "industrial materials" is, oh, what? Starting with -- using the illustration -- the ore in the Mesabi Range, in the ground, the getting of that out, the getting of it down through the Great Lakes to the steel plant, the making of the steel billet and then, the next step, the making of the unfinished piece of steel, the rolled steel or the tin plate or the block, the engine block, before there is any machining done on it. In other words, not the finished article. You see the difference. Everything up to but not including the finished article.

Now, to use the same analogy, that is Stettinius' job --

Q (interposing) Mr. President, of course we know who Stettinius is, but would you mind identifying these people as you go along?

THE PRESIDENT: He is Chairman of the Board of Directors of the United States Steel Corporation.

And then the next one is the man in charge of industrial production. The first (Stettinius) is the materials man up to the making of the finished article, and then the man that runs industrial production -- well, that means turning out the tank itself and the engine for the tank; the plane itself and the engine of the plane. I would even go into textiles: the uniform and the dungarees, but not the cotton cloth --

it is a different industry -- and he will be Mr. William S. Knudsen, President of the General Motors Corporation. Mr. Knudsen has accepted subject to check with his corporation. In other words, he had not taken it up with them when I talked with him and he is going to let me know tomorrow.

Q Has Mr. Stettinius accepted?

THE PRESIDENT: Mr. Stettinius -- all the others have accepted.

Q Is this a full-time occupation for these men for a while?

THE PRESIDENT: Well, I will come to that. Will you ask me that again when I am finished? Some are and some are not.

Those are the two on the industrial end. Then, of course, we have to tie in all of these other things that have to go with it: the question of employment as a general thing, well, that means employment in plants. It means employment in apprenticeship, like the NYA; teaching the CCC boys to do noncombatant work; turning out ground crews for aviation fields; turning out -- this sounds silly but it has turned out to be quite an important thing -- turning out cooks for the Army and Navy, for camps. We have a terrible shortage of cooks. Turning out radiomen, communications people, things of that kind, this general subject of employment, of a noncombatant class. And Mr. Sidney Hillman, President of the Amalgamated Clothing Workers of America, will be in charge of that.

I will tell you, off the record -- but for heaven's sake do not attribute it to me because somebody will call me names -- he is just half way between John Lewis and Bill Green. (Laughter)

Q (Mr. Godwin) Very well taken.

THE PRESIDENT: That is for guidance but not attribution. (Laughter)

Q (Mr. Godwin) Half way to what?

THE PRESIDENT: Then, of course the next big subject is farm products because they all fit into the general picture. Farm products for our own consumption and farm products for shipment outside of the country -- and I am asking Mr. Chester C. Davis, who is now on the Board of Governors of the Federal Reserve System, to handle the coordination of that.

Then, the next is transportation and Mr. Ralph Budd has been ready, since last September, to take over that -- all transportation.

Q Will you identify him, sir? I have forgotten where he comes from.

THE PRESIDENT: Ralph Budd is Director of the American Railway Engineering Association but I think -- isn't he Chairman of the Board of the C. B. & Q. too?

Q The Burlington, yes.

THE PRESIDENT: Then you come to two elements that we have to take care of. I suggested this in my speech the other night -- trying to stabilize prices. The first is the raw material price and the man who has had the greatest experience in it, representing the Government but also apparently getting on extremely well with a lot of industries, is Leon Henderson, who will do that in addition to his present SEC job, and at the present time, coming back -- well, I will come back to that later -- that is not a full-time job.

AOB 5/1/56

And, finally, the adviser on consumer production, which is very important, Doris (Miss Fleeson), and we have asked and she has accepted it subject to the president of her university letting her go, Miss Harriet Elliott, Dean of Women at the University of North Carolina, who has had very long experience in the problems of consumer prices.

Q Is that Elliott" with one "t" or two "t's"?

THE PRESIDENT: I think it is two "l's" and two "t's", the way I have it -- I won't guarantee it.

Now, coming back to your question, obviously the first two, Mr. Stettinius and Mr. Knudsen, are full-time jobs, right away.

On the employment angle, that will be almost a full-time job from the start, especially in setting up all this training work.

The adviser on farm products, Mr. Davis, that is, I think, from now on, for a while anyway, will be a part-time job.

Mr. Budd will definitely be a part-time job, and the first of his work will be setting up the machinery which would become necessary if we get into a transportation jam later on. The main thing for him to do now is to set up his machinery to meet a potential future jam.

Leon Henderson, as I suggested, is a part-time job. Of course, on price stabilization of raw materials there is very little that needs to be done at the present time and he would set up what might be called a statistical office to keep in touch with price trends from now on.

The same way, Miss Harriet Elliott, it is only a setting up job because she will have to get her machinery to give her, from day to day, the trends on consumer prices in different parts of the country.

Then, they are to meet here on Thursday with me, and the work will start and I am -- as I said, McReynolds will act as secretary to this body and be a clearinghouse, in a sense, himself. For example, this list of factories and sites, et cetera and so on, will go right to Mac as the secretary of this group of seven and he would give a copy of each of the things to each of the group of seven so that we could avail ourselves of the offers that have been made in case the group of seven finds we need it. In the same way, the people who have offered their personal services, all of these letters would go over to Mac. They would be listed and turned over to these people who would have to set up certain machinery with new personnel.

And, finally, I think the last part of the story is that I am adding probably two more Administrative Assistants to the President but I am not yet ready to give you the names. That will be in a few days.

Q Will Mr. McReynolds retain his status?

THE PRESIDENT: Oh, my, yes; yes. Oh, there he is. (Indicating Mr. McReynolds)

Q Where do the six Cabinet Officers -- I have lost track of them?

THE PRESIDENT: I do not think you need bother much about that. (Laughter)

Q Is that the Council --

THE PRESIDENT (interposing): The law sets them up as the Council of National Defense.

Q That is the Council and this is the Commission?

THE PRESIDENT: But the Council will never meet except on Friday, at Cabinet meetings.

Q This is the Commission?

THE PRESIDENT: This is the Commission.

Q But does it report to the Cabinet Officers?

THE PRESIDENT: I suppose theoretically; you can forget even that.

Q Will you give us the chapter, for text purposes, of that law?

THE PRESIDENT: Title 50, Chapter I --

Q Title 50 of the laws of what?

(Mr. McReynolds spoke to the President)

THE PRESIDENT: Section 2 of the Act of August 29, 1916, 39 U. S. Statutes, 649.

Q What is the title of the Act, Mr. President?

THE PRESIDENT: I do not know. What is the title of the Act, Mac (Mr. McReynolds)?

It says "War" at the top of it. Oh, "Council of National Defense."

Q Thank you, sir.

Q We could forget the Cabinet Officers if we knew who they were. You cannot

forget people --

THE PRESIDENT (interposing): Oh, well, there is War, Navy, Interior, Agriculture, Commerce and Labor.

Q Yes, sir; we will now forget them.

Q Mr. President, another phase of this program -- these new taxes, new national defense taxes that are going to be imposed: do you believe that some of them should be consuming taxes, or consumers' taxes, rather?

THE PRESIDENT: Haven't they given them out?

Q They announced they were going to raise six or seven hundred million dollars in taxes and have not said yet or given us any indication where they fall.

THE PRESIDENT: They meet at ten o'clock in the morning. I do hope -- I can give you a tip on what I want but it is almost certain to get back and they will say that it came from me. I will take my chance and give you a tip nevertheless, but it does not come from me. My general idea has been that it would be, in effect, a little of what I did in my last year as governor. I was not getting any money at all from Washington for relief and I had to raise a lot of money to take care of the State of New York's relief so we put on a flat percentage tax on all existing State taxes. Well, the easiest way of describing it down here is that any one of you lucky fellows who paid an income tax of a thousand dollars a year, you would have to pay another hundred dollars, and if you had to pay a liquor tax, you would have to pay 10 per cent more. In other words, a slight percentage additional tax, based on the percentage of what the present taxes are.

Q That percentage would be up, on the basis of your income now, would be up --

THE PRESIDENT (interposing): About six or seven hundred thousand dollars (hundred million dollars).

Q It would have to be a 25 per cent increase, wouldn't it?

THE PRESIDENT: Ten per cent. Your taxes are bringing in now around 6 billion, 6½ billion.

Q That is all taxes?

THE PRESIDENT: All taxes, yes.

Q That includes social security?

THE PRESIDENT: Oh, no; that is out. That is out.

Q All excise taxes?

(The President indicated in the affirmative.)

Q Did you say this Commission had no chairman? Did you say there is no chairman of this Commission?

THE PRESIDENT: May (Miss Craig), I do not know. Why bring up the subject? I don't know.

Q It is hard to function without a chairman.

THE PRESIDENT: Let Mac (Mr. McReynolds) be the chairman; he is the secretary. In other words, let the secretary call the meeting together. I do not know what the procedure will be. I do not think it will be formal. I think it will get on.

Q Will you have to have a special appropriation to finance this Commission, or have you the funds out of which to pay?

THE PRESIDENT: I do not know. It will be a very small amount, less than a million dollars.

Q Have you decided where this Commission is going to be housed?

THE PRESIDENT: Going to be housed? Oh, my God, I do not know. (Laughter)