

CONFIDENTIAL
Press Conference #29
Executive Offices of the White House

June 14, 1933, 3.30 o'clock P.M.

THE PRESIDENT: There will be ready for you outside, as soon as we unlock the doors, copies of three documents, the British note to us -- I am wrong, Steve says that there are two notes in the State Department and the third document is just a little explanatory statement from me. You will find them all out in the tender mercies of Steve.

I might just as well read the three of them to you because it will make different things clear, I believe, and then, when we get through talking about this, if anybody wants to leave, it is all right. There is a 4 o'clock release line on this by arrangement with England, the reason being that Sir Neville Chamberlain is making a speech at that time in Parliament and we have to synchronize with his speech.

The British note to us, dated June 13, is as follows:

The Honourable
William Phillips,
Acting Secretary of State of the United States,
Washington, D. C.

Sir:

In reply to the Note handed to me by the State Department on June 9th --

I can say, by way of explanation, that that is the formal notice from the Treasury Department via the State Department that the debt is due.

-- I am directed by my Government to make the following communication to you:-

It will be recalled that the general views of His Majesty's Government in the United Kingdom on war debts and on their relation to present world difficulties were explained in notes exchanged in November and December last. His Majesty's Government at that time decided to make payment of the amount due on December 15th but they indicated clearly that this payment "was not to be regarded as a resumption of annual payments contemplated by the existing agreement" and they announced their intention of treating this payment "as a capital payment of which account should be taken in any final settlement."

Finally they pointed out that the procedure adopted "must obviously be exceptional and abnormal" and they urged upon the United States Government "the importance of an early exchange of views with the object of concluding the proposed discussions before June 15th next in order to obviate a general breakdown of existing inter-governmental agreements."

His Majesty's Government in the United Kingdom adopted this procedure because they recognized the peculiar position in which the then United States Administration was placed, and the impossibility of their undertaking any effective discussion of the problem at that time. His Majesty's Government acted,

however, on the understanding that the discussion would take place without delay, upon the provisions of the existing agreement in all its aspects, so as to arrive at a comprehensive and final settlement and in the belief that payment on December 15th would greatly increase the prospects of a satisfactory approach to the whole question.

Negotiations were accordingly started even before the new Administration was inaugurated; and His Majesty's Government in the United Kingdom have been most anxious to pursue them as rapidly as possible. On the occasion of the Prime Minister's visit to Washington the President and his advisers made preliminary explorations as to the basis of a clearer understanding of the situation. For reasons not within the control of either Government, however, it has not yet been possible to arrive at a definite conclusion of these negotiations.

All of that might be called preliminary.

A speedy conclusion is, however, urgently needed. The treatment of inter-governmental obligations must closely affect the solution of the problems with which the World Conference has to deal, because they cannot be separated from influences which have brought the world to its present plight. For instance, it is generally agreed that one of the first and the most essential of our aims should be to increase the general level of commodity prices. It may be recalled that after the Lausanne Conference there was a marked tendency for prices to rise, but that this tendency was reversed when the prospects of a final settlement of inter-governmental obligations receded, while the December payment was accompanied by a sharp fall in prices which was felt in America at least as much as in Europe. Experience, therefore, appears to show that the effect of these payments upon prices is very direct.

In the opinion of His Majesty's Government it is essential for the success of the Conference that the delegates should not be hampered and harassed by doubts about the possibility of a satisfactory settlement of war debts. Payment of a further instalment of the debt at this juncture would inevitably be judged to

mean that no progress whatever had been made towards such a settlement and would, therefore, deal a damaging blow at the confidence of the delegates.

In the circumstances and in view of their action last December, His Majesty's Government had hoped that the United States Government would have been able to accede to the request of His Majesty's Government to postpone payment of the June instalment pending discussion of war debts as a whole. Since, however, this does not appear to have been found possible, His Majesty's Government are obliged to decide upon their course of action.

Such a decision must in any case be of an extremely difficult character and in considering it His Majesty's Government have felt their deep responsibility not only to their own people, but to the whole world which is awaiting the deliberations and recommendations of the Conference with the utmost anxiety.

The conclusion at which His Majesty's Government have arrived is that payment of the June instalment could not be made at this juncture without gravely imperilling the success of the Conference and involving widespread political consequences of a most serious character. In their view the instalment should be considered and discussed as part of the general subject of war debts upon which they are anxious to resume conversations as soon as they can be arranged.

This must have been written by a lady because the last paragraph has all the meat in it. That is off the record. (Laughter)

In the meantime, in order to make it perfectly clear that they do not regard the suspension of the June payment as in any way prejudicing an ultimate settlement, His Majesty's Government propose to make an immediate payment of Ten million dollars as an acknowledgment of the debt pending a final settlement. If, as they trust, the

Government of the United States is thereafter prepared to enter upon formal negotiations for an ultimate settlement of the whole war debt question, His Majesty's Government would gladly be informed of the time and place at which the United States Government would desire such negotiations to be begun.

I have the honour to be,
with the highest consideration,

Sir

Your most obedient,
humble servant,

R. C. LINDSAY.

To which the Acting Secretary of State replied this morning as follows:

Department of State,
Washington, June 14, 1933.

His Excellency

The Honorable Sir Ronald Lindsay,
P.C., G.C.M.G., K.C.B., C.V.O.,
Ambassador of Great Britain.

Excellency:

In reply to the note handed to me by Your Excellency on the 13th instant, I am directed by the President to make the following reply:

The President understands that His Majesty's Government have concluded that payment of the June fifteenth installment "could not be made at this juncture without gravely imperilling the success of the Conference and involving widespread political consequences of a most serious character." He notes also that accompanying this communication is a payment of ten million dollars "as an acknowledgment of the debt pending a final settlement," and notes the characterization of the circumstances with which the British Government accompanies this payment,

although he, by no means, concedes some of the statements concerning the world wide economic cause and effect contained in His Majesty's Government's communication, especially in so far as they affect the Economic Conference.

The President points out to His Majesty's Government the well known fact that it is not within his discretion to reduce or cancel the existing debt owed to the United States, nor is it within his power as President to alter the schedule of debt payments contained in the existing settlement. Such power rests with the Congress.

He notes likewise the suggestion of His Majesty's Government that they desire to make further representations concerning the entire question of the debt, and that His Majesty's Government requests that a time and place be indicated where such representations can be made to the President or the appropriate representative of the Executive. The President suggests that His Majesty's Government provide for such representations to be made in Washington as soon as convenient.

Any results of such a discussion of the debt question can be submitted for the information or the consideration of the Congress when it next meets.

Accept, Excellency, the renewed assurances of my highest consideration.

WILLIAM PHILLIPS

Acting Secretary of State.

And then we come down to [?] which I think might help you, and then, if we can get through with this in time, anybody who wants to ask questions may do so but remember that 4 o'clock line on this.

"The British Government has today announced a payment to the United States of ten million dollars with a note indicating that this payment is to be considered 'as an acknowledgment of the debt pending a final settlement.' It has in its accompanying note pointed out circumstances that have induced it to take this action.

"Such payment does not of course in any sense prejudice the freedom of either Government in any subsequent discussion of the entire debt question which will take account of this and other debt payments. I announced in November, 1932 --

Remember, that is when I came to Washington on that trip.

-- a policy to the effect that a debtor may at any time approach a creditor with representations concerning the debt and to ask for readjustment of the debt or its terms of payment. Under such circumstances the debtor government makes such representations as it deems of importance with respect to the desirability of any readjustment in the terms already agreed upon. The British Government availed itself of this principle following the payment of the December fifteenth payment and I had informal discussions concerning the debt with the British Ambassador even before my inauguration --

That was when Sir Ronald Lindsay came down to Warm Springs at the end of January, the 31st of January.

-- On the occasion of the visit of the Prime Minister of Great Britain in April further exploration of the subject was made by us and additional discussions were held by the experts of the two Governments. Time and circumstances would not permit any definitive conclusions in these discussions because at the moment both Governments were vitally concerned in making preparation for the World Monetary and Economic Conference in London. It seems the part of fairness and wisdom to postpone formal representations on the debt subject until later.

Meanwhile the World Economic Conference is beginning under favorable auspices and it is vitally necessary that during the opening days of the Conference difficult and possibly protracted discussion of the debt be avoided.

"In a spirit of cooperation I have as Executive noted the representations of the British Government with respect to the payment of the June fifteen installment inasmuch as the payment made is accompanied by a clear acknowledgment of the debt itself. In view of those representations and of the payment I have no personal hesitation in saying that I do not characterize the resultant situation as a default.

"Beyond this the law and the Constitution do not permit me to go. The American public understands clearly that the settlement under which these debts are now being paid was made under the authority of Congress and that Congress alone has the right to alter the amount and method of payment of this debt. Further than this, the Congress in December, 1931, in approving the moratorium in June of that year, specifically set forth that the debt should not be cancelled or reduced.

"Under my constitutional power, and in accordance with the terms of the policy which I have set forth, I can entertain representations of the British Government concerning the entire debt settlement and the British Government has requested that such opportunity be afforded. I have, therefore, suggested to them that such representations be made in Washington as soon as convenient. As a matter of information to the American public, I want to make it clear that the Economic Conference now being held in London does not include in its program any consideration of the debts owed by various governments to the United States. The American delegates have been instructed not to discuss debts with the representatives of any of the debtor governments. This is in accordance with the further principle that I have felt important, that the debts be considered on their merits and separate from other international economic questions.

"I have further informed the British Government that such representations and suggestions as may be made to me by the British representatives when they discuss the problem in Washington will be submitted to the Congress for information and consideration when the Congress next meets."

And so there we are.

Q Have you invited other nations -- will other nations have to make the same offer or will they be invited?

THE PRESIDENT: It depends on the individual nation.

Q What about the case of Italy?

THE PRESIDENT: I cannot tell you because as I understand it -- I will have to tell you this off the record because you cannot use it yet. As I understand it, the Italian Ambassador saw the Acting Secretary of State yesterday and told him that in all probability something will come. I don't think anything has come. I don't think any other formal note has come except the British note.

Q Will you deal with Italy in the same terms that you have with England?

THE PRESIDENT: Same principle for everybody.

Q What about others that have not paid the default of that December payment?

THE PRESIDENT: That is a different question.

Q How will those 10 million dollars be paid?

THE PRESIDENT: I have no information except very unofficially that it will be paid -- I don't know, in pounds or dollars

or something like that; not silver.

Q There was an understanding that while debts were not part of the Agenda of the Conference, they should be discussed simultaneously with individual debtors in London?

THE PRESIDENT: No.

Q That understanding was never corrected, or is this to the contrary?

THE PRESIDENT: Fred, where was that understanding made, do you know?

Q It was understood here; certainly the State Department officials at one time gave us that impression.

THE PRESIDENT

Q Didn't Messrs. Day and Williams, when they went over there, definitely tell them we couldn't, not long before I came in. I think they did.

Q The last word I had on that subject was from the present Secretary of State when he gave it as his opinion at a press conference that the debts might be discussed with individual nations simultaneously with other matters in London.

THE PRESIDENT: No, I think that Day and Williams were definitely told by Secretary Stimson that they could not agree in any way to the inclusion of debts in the Agenda and actually it does not appear in the Agenda.

Q Mr. President, the date of the meeting of Congress has been changed. Ordinarily this debt question would come up again in December, when Congress meets?

THE PRESIDENT: Yes?

Q But the Congress meets in January, although the debt payments are due during December, are they not?

THE PRESIDENT: Yes.

Q What would you do?

THE PRESIDENT: Oh, my Lord; I haven't got as far as December. (Laughter) That is literally true.

Q Congress may still be here? (Laughter)

Q Have you it in mind at all that any other nation is going to follow the same line of seeking consultation. The reason I ask is that there is a bulletin in the last afternoon paper saying that the French Government had word that a new proposition for debt conference in London was about to be made. I assume they may have some information as to the British plan.

THE PRESIDENT: Something may have come in this afternoon. Off the record, Bill Phillips told me late last night, about midnight, that he had unofficial word that the Belgians were not going to pay anything and he had word from Ambassador Rosso that a note was coming from Italy and that is all he had heard from. Oh, yes,

in addition to that the Finns and Rumanians are discussing methods of payment. They are still discussing it.

Q Mr. President, does that throw the budget out of balance for that amount?

THE PRESIDENT: Gosh, I don't know. I would have to ask the Director of the Budget. I don't know but I don't think it does.

Q Isn't it a fact that in preparing the tentative budgets, you excluded the debt payments from some of them?

THE PRESIDENT: I don't think so. I am inclined to think that if you will ask the Director of the Budget you will find that a portion was included; how much, I don't know.

Q Mr. President, is it your attitude that any debt discussion would have to take place right here?

THE PRESIDENT: Yes.

Q On all debts? Is that your reaction to the MacDonald speech?

THE PRESIDENT: No, that has been the rule from the very beginning -- before the rule was ever made. That was my instruction to the delegates before they left Washington.

Q Do you think it comes with good grace from MacDonald and Simon?

THE PRESIDENT: That is an "if" question.

Q I will withdraw it.

Q Have you in mind how soon these discussions will begin?

You said, "as soon as possible." How soon will that be?

THE PRESIDENT: I think you had better not use this as anything except off the record because we don't know yet. It will probably be quite a long time -- possibly a month or two.

Q They will be taking place about the time the Economic Conference -- (interrupted)

THE PRESIDENT: Is getting over, I think so.

Q Mr. President, would you prefer that it not take place until after the Economic Conference?

THE PRESIDENT: We say any time that is convenient. In fact, this is off the record, we consider that there is mighty little relationship between the two, one way or the other.

Q What is the situation on the Veterans' Bill?

THE PRESIDENT: They are about to take a vote on the Steiwer-Cutting Amendment. You have all been correct on your stories. I will tell you this as background that, as a betting proposition you can bet about ten to one that I won't go through with the Steiwer

Amendment.

Q That means you will veto it? (Laughter)

THE PRESIDENT: I don't believe in pocket vetoes. I believe in good, worded vetoes.

Q Does that, perhaps, carry with it a radio talk?

THE PRESIDENT: No.

Q Will you postpone your trip while Congress is in session?

THE PRESIDENT: I will sit right here; I have got the whole summer.

Q Is the Administration going to act on the Bone Resolution calling for the conversion of Government bonds and the lower interest rate. As you know, the Senate passed that?

THE PRESIDENT: Did they pass it?

Q Sixty-nine to one.

THE PRESIDENT: Did they? That is a request or authorization or something like that. I think I spoke about that the other day. I don't think anybody can tell yet. If things go along and the market is right, of course if we can refund a little later on at a lower interest rate that would be fine. I don't think we will decide yet.

Q Do you care to say anything about the stabilization of the dollar?

THE PRESIDENT: Do you mean what the bankers are talking about in London?

Q Not only the bankers in London but many Americans. The dollar has been jumping up and down and I wonder if you are planning to do anything about it.

THE PRESIDENT: What did it do today?

Q I think it went up 5 cents on the pound.

Q It closed at 4.09.

THE PRESIDENT: No action in sight.

Q Will you tell us when you will officially appoint the Administrator for the Industrial Recovery?

THE PRESIDENT: After Congress goes home.

Q When will that be?

THE PRESIDENT: No comment.

Q Have you signed the Recovery Bill?

THE PRESIDENT: Haven't got it yet.

Q When do you expect to have it?

THE PRESIDENT: You see, on all the bills that set up new officers, if I sign them before Congress goes home, I will have to send up the names for confirmation, which means a quick decision.

Q Does that apply to the Railroad Bill too?

THE PRESIDENT: I don't know whether that has to be confirmed by the Senate or not.

Q Are you going to sign any bills?

THE PRESIDENT: I signed some authorizing the building of bridges, things like that. Nothing very important.

Q Has a decision been reached as to cotton control in agriculture?

THE PRESIDENT: Not yet; we are pretty nearly ready, but not ready yet.

Q Will that include the processing tax?

THE PRESIDENT: I assume so.

Q How about wheat?

THE PRESIDENT: I think you can guess on that that there will be nothing in the way of limitation on present acreage; it is too late. Of course we will try to do something about next Fall's crop -- winter wheat.

Q What is your attitude on this divorcing of jobs over \$5,000, taking them out of civil service and making them Presidential appointments?

THE PRESIDENT: I don't know; does it take them out of civil service?

Q Requires Senate confirmation.

THE PRESIDENT: I haven't read about it. I did not know that it took them out of civil service. Of course it is wrong to take any \$5,000 job out of civil service. I could not go along with that.

Q What is the prospect of a free market for newly mined gold?

THE PRESIDENT: I don't know. All I know is what I read

in the papers about it. Just off the record, I don't see why their gold should not be treated like everybody else's.

Q Will you see anybody about the Public Works program and how soon they will get to work on that?

THE PRESIDENT: I think -- put it this way -- I think that there are probably 10,000 projects which will have to be whittled down to 1,000 projects and during the two weeks I am off on the boat the 10,000 projects will be whittled and the final list presented to me as soon as I get back. The work will probably begin around the middle of July or the last half of July.

Q You mentioned something about Muscle Shoals and the Columbia Basin?

THE PRESIDENT: I don't know; you see all things have to be considered on their relative merits.

Q Have you changed your itinerary?

THE PRESIDENT: As soon as Congress gets through, 24 hours after.

Q There was an A.P. story this morning about you asking the resignation of Otis Smith.

THE PRESIDENT: I don't know.

Q It also said that Norman Davis has resigned.

THE PRESIDENT: That is a new one on me. He sent a long

message over last night and didn't say anything about it.

Q How about Joe Eastman as Coordinator?

THE PRESIDENT: That will have to wait until I sign the bill.

(The Press Conference adjourned
at 4.00 P.M.)

CONFIDENTIAL
Press Conference #30
Executive Offices of the White House,
June 16th, 1933 - 4.15 P.M.

THE PRESIDENT: I have signed everything they put before me. What about your boat, Fred?

Q (FRED STORM) It is a seventy-two footer with five cabins in it. It is costing us four hundred a week.

THE PRESIDENT: Is it seagoing?

Q (MR. STORM) I hope so.

THE PRESIDENT: Only seventy-two feet?

Q I think it is seventy-eight feet.

THE PRESIDENT: I will have to take a look at it. Is everybody in?

Q Yes, sir.

THE PRESIDENT: Well, you know all the news.

Q We hope so.

THE PRESIDENT: No, you don't either. I have been very, very busy trying to get all this new stuff started. I have been signing bills most of the morning. I have appointed Commissioner Eastman as the Railroad Administrator. Then, on the Industrial Recovery Bill, I have appointed Hugh Johnson as Administrator

and I have created a Special Industrial Recovery Board consisting of the Secretary of Commerce, as Chairman, You will all get copies of the Executive Order that speaks for itself a little later so that you need not take down all these names. The Order has not been signed yet but it will be in a few minutes. They will be the Secretary of Commerce, the Attorney General, the Secretary of Labor, the Secretary of Agriculture, the Secretary of the Interior and the Administrator himself; also the Chairman of the Federal Trade Commission. The Administrator, with this Board, will start right in to put the industrial recovery section, Section One of the Act, into effect as quickly as possible. That is the section that relates to separate industries, codes, et cetera.

Number two, I have appointed Colonel Donald Sawyer as the Administrator, temporary Administrator of Public Works. That is under part two. I have also appointed, to work with him, a special board consisting of the Secretary of the Interior, as Chairman, and five other Cabinet Officers and the Director of the Budget. Incidentally, the Director of the Budget is on the other Board. Colonel Sawyer and

Colonel Spalding will, of course, be on that Board. They will go ahead during the next twenty days, that is until I get back, going over all of the projects which have been submitted or will be submitted and which will probably total a good many billions of dollars and then they will report to me on the list of those projects which they recommend.

They will also report to me on a proposed set-up for the establishment of the necessary machinery to carry this into effect. But, in the meantime, on the Public Works end of things, we will start actual employment because we are allotting, immediately, four hundred million dollars to the States, Territories and the District of Columbia for highways. That work will start at once. There is also an allotment of two hundred and thirty-eight million dollars to the Navy Department to start construction as quickly as possible on thirty-two new vessels under the London Treaty. I think that covers it pretty well.

Q Do you mean to say that you are going away for twenty days after all that?

THE PRESIDENT: So that it will be all ready for us by the

time we get back - all set to work. At least, I hope so.

Q Will the same Cabinet Officers serve --

THE PRESIDENT: Yes, and in addition, the Secretary of War.

Q Ten thousand projects. Is that the list that these men will get up; is that the number?

THE PRESIDENT: I am sure I did not say ten thousand.

Q You said something a while back about from ten down to one.

THE PRESIDENT: Yes, I used that as an illustration. I have no idea. What I meant to say was that there probably would be ten projects submitted or suggested for every one we could possibly accept.

Q Regarding the four hundred million dollars for the benefit of States on highways, is there an allocation by States?

THE PRESIDENT: There is an allocation in the bill and it is a little bit complicated. You will have to read the bill for it. It is something like this: Seven-eighths on a population basis and the other one-eighth on some other basis.

Q Seven-eighths on the present basis of Federal Road Aid and the other eighth on the population basis?

THE PRESIDENT: Yes, that is it.

Q Will ~~Colonel~~ ^{General} Johnson have anything to do with Public Works?

THE PRESIDENT: No, nothing at all.

Q Will this Industrial Recovery Board be over him?

THE PRESIDENT: How do you mean "over"?

Q Will they have authority over him or will he be directly under you?

THE PRESIDENT: He is directly under me but during this next three weeks I have to have someone in the Administration in touch with the whole thing so he and the Board will work together. Probably he and the Board will meet every other day.

Q The Board is a temporary set-up?

THE PRESIDENT: I don't know. This is something to get us over the next three weeks, to work up and start the machinery.

Q Is that the whole Board or does he appoint some others too?

THE PRESIDENT: That is the whole Board.

Q What is Colonel Spalding's title?

THE PRESIDENT: Colonel Spalding? He is one of the members of the Board.

Q Will they have administrative offices?

THE PRESIDENT: No.

Q Is there any additional machinery set up in the matter of railroads? Any other personnel than just the Coordinator?

THE PRESIDENT: I don't think so.

Q Did you ask Commissioner Eastman to do anything about railroad wages?

THE PRESIDENT: I haven't seen him at all on railroad wages. I guess I had better wait; there may be a story later on that.

Q With regard to the stabilization of currencies, you told us a while ago that we were not sure at that time that the time was ripe for stabilization, either de facto or de jure. In view of the conflicting reports from London, is there any change in our position?

THE PRESIDENT: I think the best way to talk is absolutely off the record. In the first place, our people over there obviously could not conclude any kind of an agreement without submitting it back here to the State Department and to me first. That is perfectly

clear.

Number two is equally clear and that is that they have not communicated with us in any shape, manner or form.

Therefore, the third point is equally clear and that is that they have entered into absolutely no agreement on the other side, tentative or otherwise.

The reason I say this has to be strictly off the record is because it looks to me a little bit as if some of our friends belonging to the other nations in London are trying to spread around the idea that we have entered into some kind of an agreement and then, if it does not go through, try to put the blame for a failure to stabilize on us. Knowing the way things are run at those conferences, I don't think it would be above some people to do just that very thing. That, literally, is all that has happened. There hasn't been a thing done by our people about stabilization. Of course, they are talking about it but they cannot do anything without submitting it to the Secretary of State and me and they haven't let us know a thing about it except that Cox is the

Chairman of that section.

Q Here is a dispatch that they have agreed that the inflation measure should not be put in. I thought you were going to send Moley over there to look after it.

THE PRESIDENT: No. Moley, from the very start, has been going over. He is going over a week or the week after -- Mr. Moley, he

MR. EARLY: He expects to sail on the Manhattan.

THE PRESIDENT: He expects to sail on the Manhattan; I didn't even know that. He will take a look-see and come back. Warren Robbins is coming back next week to report so as to give me a personal touch on things. There will be somebody else probably going over and coming back a couple of weeks later.

Q Inasmuch as they are using propoganda of this sort, don't you think there should be some reaction of some sort?

THE PRESIDENT: No, I am just wising you to it.

Q Can we use this stuff, ourselves?

THE PRESIDENT: No; just keep it in the back of your heads.

Q Will you give us what you consider the elements of successful agreement on stabilization?

THE PRESIDENT: Oh, my Lord; it would take me two hours and then neither one of us would know.

Q Can the Administration enter into an agreement like that - it does not have to go to Congress?

THE PRESIDENT: (Shakes head indicating "No")

Q What form does it take, the treaty form?

THE PRESIDENT: It is too early to tell you. The thing is this, that it should take some form of gentlemen's agreement that would hold things thoroughly steady but I would not go too far about any idea of stabilization at the present time.

Q That is in line with the question I wanted to ask: Is the Administration willing to enter into some sort of a stabilization arrangement?

THE PRESIDENT: That sort of question again is too uncertain. It depends on what kind of a stabilization agreement and where it was and what it was. We have had nothing put up to us. It depends entirely on what was put up to us.

Q Couldn't we use that last point, that this Government has not entered into any agreement, tentative or otherwise?

Q That was given by Woodin?

THE PRESIDENT: You can do that, that this Government has not entered into any agreement, tentative or otherwise, also that we have not heard anything in the way of suggestions or communiques from the other side. Phillips told me an hour ago that nothing had come in and that nothing would be done unless submitted here and approved by the Secretary of the Treasury, the Acting Secretary of State and myself.

Q You don't say in this case that we are not putting forward any suggestions - we are just listening?

THE PRESIDENT: Yes.

Q What is Harrison's function? He has gone over with the official party.

THE PRESIDENT: No, he went over -- Ernest (Lindley), I don't know. I think it is on an entirely separate meeting of the Central Bank. We did not know anything about it until it was announced.

Q When are you going to get back?

THE PRESIDENT: The afternoon of the 2nd or morning of the 3rd of July.

Q You are going to leave at eight-thirty?

THE PRESIDENT: Yes.

Q Besides James, who is going to be in your crew on your first trip up there?

THE PRESIDENT: To tell the honest truth, I don't know.

There will be George Briggs and John Cutter of Boston.

I think there is somebody else, some friend of James'.

Q Are they both from Boston?

THE PRESIDENT: Yes.

Q Are you going to navigate?

THE PRESIDENT: I guess so, when I am not asleep.

Q Mr. President, on the public works proposition, how long will be before no one can come in and ask you something?

THE PRESIDENT: Oh, gosh; until all the money is gone.

(Laughter)

(The Press Conference adjourned
at 4.30 P.M.)

CONFIDENTIAL
Press Conference #31
Executive Offices of the White House

July 5, 1933, 12.00 Noon.

THE PRESIDENT: There is only one bad piece of news today that I know of. It will have to be corrected and I am taking immediate steps. I found this morning that I had put on seven pounds and have to take drastic measures to get it off. However, that will not be referred to London.

Q What is the total weight?

THE PRESIDENT: About 181 pounds, I am sorry to say. That is bad; I have to get it down to 174 pounds.

Q How are you going to get it down?

THE PRESIDENT: Eat less.

Q How about swimming?

THE PRESIDENT: Oh, yes; I will take off some swimming. But, mostly, plain not eating so much.

I don't think there is any particular news. I have been trying to catch up yesterday and today. I have just been reading and listening to various things and of course on the International thing, I think Mac (Mr. McIntyre) told you last night that we have been in pretty close touch with London the past week, wiring back and forth. I talked with Secretary Hull this

morning on the phone and, of course, on those things any news has got to break from London, so there we are.

Q What about these reports that you are putting forth new proposals?

THE PRESIDENT: Anything at all has to come out of London.

Q Will it come today, do you think, Mr. President?

THE PRESIDENT: I don't know.

Q Are you sending any new instructions to London, Mr. President?

THE PRESIDENT: No, I simply cannot talk about it. Off the record, it is easy to write a story and say, "new instructions". Of course, it is not true. There have never been any instructions. We have talked the thing over by cable and telephone but there have never been any instructions.

Q It is already off the Agenda. It couldn't be anything different?

THE PRESIDENT: Not unless taken up by unanimous consent over there.

Q You said off the record last night that you hoped that the conference would continue?

THE PRESIDENT: Still hope this morning.

Q Cannot you say something that would put you on record?

THE PRESIDENT: That is all I can say; what I told them over there and what they told me from over there. That is about all there is. I don't think you can put it one way or the other. All I can say is that I hope the conference will continue.

Q The European nations don't think they can talk tariffs unless stabilization is taken care of first. What do you think about that?

THE PRESIDENT: I don't know that this is the time to go into it. It is a long, long story. It comes back to the definition of the word. Suppose we talk about this off the record so it won't be attributed in any way to official sources, but just your own information. The whole question comes down to the word "stabilization". We have a very different thought about the definition of the word than do some of the Continental -- not Europe, but a few of the Continental countries. In other words, they, in their economics, in those countries, they are, very properly, very much concerned with the current rate of exchange on their own currency in terms of other currency. To them that is important. To us it is not important. We are looking, fundamentally, for a different form of stabilization; in other words, a stabilization that will be based on a more or less equivalent price level in each country for X amount of

goods. I hope that eventually each country in the world will have a currency which will be stable within its own domestic purchasing power.

Now, if you arrive at that objective in the world, automatically almost the exchange value of those currencies in terms of other currencies will become more or less stable. Then there is the other side of the picture: As I said, some of those countries are very much concerned with a temporary exchange value of their currencies in terms of other currencies and they seek to have us enter into a thing which is not really on the Agenda at all and that is an agreement between five or six nations out of the 66 present to set up some kind of a fund, a special fund, temporarily to control the exchange fluctuation. Now, our primary objection to that method, if we are asked to participate in that fund, is that morally we would be obligated, in case that fund called for large withdrawals of gold from this country, to let down the bars on the export of gold that we have in this country. Well, we are not willing to do that at the present time. We have seen, for example, the fact that England has been, so-called, off the gold standard for a year and ten months, and they are not ready to stabilize yet. We

have seen France, a few years ago, go off the gold standard and stay off the gold standard for nearly four years. We have only been off for three months. We haven't had time to turn around. We don't know, exactly like England, what to do next. There is one little item I think that is worth calling attention to. It is in one of the papers this morning. It is an A.P. story.

Q It is all right then.

THE PRESIDENT: (Reading) "A Government spokesman" -- this is from London -- "would not give a direct answer when asked in the House of Commons today" -- and the House of Commons is a little like a Press Conference -- "that sterling would not be advanced with gold. Mr. Hore-Belisha, Financial Secretary-Treasurer, speaking for Neville Chamberlain, Financier of the Exchequer, said that, 'although a return to the gold standard might be our ultimate objective' -- mind you, this was said yesterday in England, this is the British Government point of view -- 'although a return to the gold standard might be our ultimate objective, when proper conditions were assured, we must reserve complete liberty to choose both our own time and parity. He does not think he can usefully add anything to that statement now.'"

THE PRESIDENT: Background is all right.

Q Will you give me an explanation of how this stabilization of the dollar with reference to commodities can be brought about -- this future stabilization that you speak of?

THE PRESIDENT: I will put it this way: The easiest way is to give you an analogy. During the last Session we were all in favor, the Administration and the Congress, in favor of shorter hours of work in order to put more people back to work. Senator Black put in a bill which only had one paragraph in it and it said that nobody could work more than 30 hours a week. Now, that was doing by what might be called fiat, without knowing the effect of it or without considering the effect of it, laying down definite hard and fast terms. We took the objective of the Black Bill and Congress wrote the Industrial Control Act, which is so broad that it enables us in each industry to determine what the hours of work should be and to determine what the hours should be in the north and south and to determine the concentration in terms of a minimum wage. In other words, it is an elastic bill that gives discretion and authority to carry out the objective along all kinds of different lines as the need arises but with a perfectly definite

principle in mind. Well, it is the same way when trying to make the dollar retain the same purchasing value when we have it to the desired point. And it will probably, as in the Industrial Control Bill, have a great many different factors and methods of arriving at the result.

Q Would it be linked to the index price of commodities, for instance?

THE PRESIDENT: There again you are talking in terms of the Black Bill. Not necessarily in terms of a fixed index but the objective would be to have the dollar buy substantially, in general, the same general amount of commodities. You can't say "commodities" because I can come back at you and say, "what commodities, the 10 leading commodities or the 750 commodities?" Then you get into detail. I don't know. I have a perfectly definite objective but, as to the machinery, we will probably use half a dozen different kinds of machinery.

Q Have you the purchasing power of any particular date in mind?

THE PRESIDENT: No. Of course we are working on that and discussing it at the present time. You cannot get any one date for everything that will be absolutely fair for every other item. Some products, along certain lines,

Yet, they talk on the other side about our being vague and they have been off for nearly two years. Now, that is the easiest way of explaining it. We are not ready to export gold. We are not ready to make any kind of an agreement by which we would morally obligate ourselves to export gold at this time and we are not ready to go along on the creation of some kind of stabilization fund which might obligate us to export gold. Now that, really, is the whole thing in a nutshell.

Q It was suggested that central banks might operate in that situation independent of the Government?

THE PRESIDENT: Central banks on the other side? I haven't the slightest idea.

Q And the Federal Reserve Board on our side?

THE PRESIDENT: That brings up the question whether the Federal Reserve Bank in New York legally has the authority to speculate in exchange.

Q Do you think it has?

THE PRESIDENT: Probably not, because the money of the Federal Reserve Banks belongs to the constituent banks that make up the Federal Reserve Bank in the district.

Q How are we to use this?

MR. EARLY: You first said it was off the record and then as not coming from any official source?

are best averaged in 1928 and 1929; other products might go back ten or fifteen years ago. We would have to average the thing up.

Q We used to use 1926?

THE PRESIDENT: There again, all I can tell you on that is that there are different schools of thought.

Q On such a basis as you suggest, Mr. President, there could not be any international standards, could there?

THE PRESIDENT: What?

Q On such a basis for the dollar there could not be a uniform international standard?

THE PRESIDENT: There could not be?

Q I am asking.

THE PRESIDENT: Of course not. You cannot have a perfect, definite fixed range for all nations because economic conditions vary in a nation. For instance -- this you will have to use entirely off the record because it relates to one specific country -- Japan during the past year has undertaken a very drastic change in her economic life and they have done it because they have believed that it was worth while doing it in order to flood the markets of the world at almost any price in order to bring in the money of other nations. For instance, just to give an example, the wage scale in

Japanese factories has dropped away down. They are putting out sneakers in this country at $12\frac{1}{2}$ cents a pair. They are putting out rubber boots in this country at 25 cents a pair. It is a perfectly definite national policy of cutting their own wages so low so that they can flood the markets of the world and get in outside money at any cost. Therefore, as long as any nation can do that, and nations will continue to do it when changing their economic life, you cannot have a perfectly definite fixed ratio of exchange between nations.

Q Do you think it possible to enter into any reciprocal treaties at the present time?

THE PRESIDENT: I hope so.

Q Won't they work against your domestic policy here?

THE PRESIDENT: No.

Q Would the stability of the dollar in relation to commodities require additional shifts in the gold content of the dollar?

THE PRESIDENT: Not of necessity. There you come down to another -- all this is perfectly terrible because it is all pure theory, when you come down to it. The situation of some of the European nations is that gold in the future should be used not as a collateral behind

currency at all but that it should be used purely as a medium of international exchange to pay debits and credits between countries in international trade. I think our situation is just the reverse of that and that is that gold should continue, and silver, to be used as collateral behind paper currencies and among the instructions to our delegates when they first went over there was a clause that brought out our point of view that gold perhaps should exist in the future only in the form of bullion and that that bullion should be Government-owned and kept within the nation and not shifted to and fro on steamships; that it should be kept within the nation as permanent collateral behind national currency. Now you see you have two absolutely opposite thoughts for the future on that and we don't go along with the idea that gold should be used for international trade.

Q Is this something like the Fisher Commodity Index Dollar?

THE PRESIDENT: I haven't the faintest idea; I don't know.

Q Well, that is the Commodity Index Dollar that seems to have been described?

THE PRESIDENT: I don't know.

Q You would settle international balances under the American plan?

THE PRESIDENT: Of course we are seeking, in so far as possible, to have trade balances within any one nation as even as possible as between exports and imports.

Q We still have a tremendous favorable balance?

THE PRESIDENT: It is very small, in fact almost equal.

For the last few years our export balance over imports has been almost negligible.

Q Mr. President, will you tell us if you propose to approve the Textile Code today or this week?

THE PRESIDENT: I haven't seen it or taken it up at all.

I am having Secretary Ickes and Secretary Roper over for lunch and we will go into industrial rehabilitation.

Q Recovery?

Q Industrial control?

THE PRESIDENT: Who said control?

Q Recovery?

THE PRESIDENT: Do they call it control, now?

Q They would like to. (Laughter)

THE PRESIDENT: Industrial rehabilitation and public works.

We will begin to talk about it at lunch today, for the first time.

Q Have you seen General Johnson?

THE PRESIDENT: Nobody at all. The only person I saw was Bill Phillipps.

Q Will you see General Johnson today?

THE PRESIDENT: I don't know.

Q There is another subject of interest to local papers.

During the last ten days or two weeks there have been some 3,000 or 4,000 people dropped and there has been some talk of restoring them in the emergency activities up under civil service.

THE PRESIDENT: I will have to get a report from the Committee of the Cabinet who are working on the thing at the present time.

Q Secretary Roper?

THE PRESIDENT: He is heading it up.

Q How about the projects under Public Works?

THE PRESIDENT: I haven't seen the list. The Secretary of the Interior brought me a stack that high (indicating) of projects on the Indianapolis and I did not have time to read them.

Q In discussing Col. Sawyer, you called him "Temporary Administrator".

THE PRESIDENT: Yes.

Q Is there likely to be an appointment to that?

THE PRESIDENT: I don't know; I haven't taken it up at all.

Q Is there any intention of cutting down the Public Works program?

THE PRESIDENT: I haven't any idea.

Q There has been a loan made to Russia and there has been a discussion that it is the first step toward recognition. Is that in your mind?

THE PRESIDENT: I haven't heard a word about it until I saw the dispatch from London.

Q The Postmaster General told us repeatedly that you were going to appoint the District Commissioners within two or three days.

THE PRESIDENT: It would be safe to say that I hope to within two or three weeks.

Q Doesn't this managed currency scheme of ours result in permanent stabilization of the dollar at any time at any fixed rate?

THE PRESIDENT: I don't know; that is a trick.

It depends again on the definition of the word "stabilization".

Q I mean fixing the dollar at a fixed price in relation to other countries.

THE PRESIDENT: I don't know.

Q Mr. President, under the American plan of no transfer of --
(interrupted)

THE PRESIDENT: That is the present stand, that is all. I don't say that possibly we will keep all the gold here. Right on that line, you will notice in my message to our delegation of July 3 that I had one sentence to the effect that we were not ready to export gold but that if and when

we had a substantial stabilization of economics and currencies within other nations, that that would be time enough to talk about any re-distribution of the world's gold. You see France and ourselves have got, roughly, 7 billions out of the total of 11 billion dollars of gold. Well, suppose some country came along and said, "we are going to have a perfectly stabilized currency from now on within our own borders with a gold reserve." Is there any way in which we can get part of the French gold or our gold to help them set up such a currency? That is a perfectly safe question to ask because it will help put that country on its feet but, on the other hand, we would have to have some sort of an agreement from them.

Q If the London conference shows definite signs of going on the rocks as a result of this stabilization, would that change the Administration's attitude?

THE PRESIDENT: Don't put it that way. We don't think it is going on the rocks.

Q Give us a reason.

THE PRESIDENT: Just personally hopeful.

Q Some southern states are going to vote on Prohibition Repeal. Are you going to say something to them?

THE PRESIDENT: We are still hoping.

Q Have you any reason to believe the Federal Reserve Bank in New York is engaged in operations to steady the dollar?

THE PRESIDENT: I am sure they are not; of course that is a guess on my part.

Q Are these appointments coming through pretty soon.

Mr. Farley said you would have some appointments soon?

THE PRESIDENT: Yes, but not until next week. I told Jim I would not have time until he gets back on Monday.

(The Press Conference adjourned at 12.20 P.M.)