

● PSF

Commerce: Daniel C. Roper



PSF: Commerce
Roper folder

THE SECRETARY OF COMMERCE
WASHINGTON

July 15, 1935

*file
personal.*

Memorandum

For: The President
From: Secretary of Commerce

Referring to your attached memorandum, if the position is to be filled by a person from the present ranks of the Department, I would state that probably no better equipped man could be found than Mr. Slattery. My thought, however, is that such positions should be used to bring new blood into the service and I feel that at this time we need persons who have the outside viewpoint and who will be able to bring to the aid of the Secretary business knowledge and experience unhampered by a crystallized departmental viewpoint and attitude.

I therefore would not wish to say anything against Mr. Slattery, for whom I have the highest regard, but am bringing to your attention the consideration of the line of policy to which I have referred.

[Signature]
E.C.R.

103 77 782
INVESTIGATION
U.S. DEPARTMENT OF COMMERCE
1-6
Prescribed by Provisions
of Executive
Order
13526



THE WHITE HOUSE
WASHINGTON

CONFIDENTIAL

June 12, 1935.

MEMORANDUM FOR
THE SECRETARY OF COMMERCE

What do you know about
HARRY A. SLATTERY? Strictly between
ourselves, one of the Departments
would like to have him as Assistant
Secretary.



F. D. R.

U. S. S. INDIANAPOLIS
U. S. NAVAL COMMUNICATION SERVICE

U.S.S. Indianapolis—11-15-36—1000.

DATE: 2 December 1936

INCOMING

THE PRESIDENT

GREATLY PLEASED WITH ADDRESS ENTHUSIASTICALLY
RECEIVED HERE DEEPLY GRIEVED AT LOSS OF GUS.

ROPER.

PRESIDENT'S FILE



P.F.

THE SECRETARY OF COMMERCE
WASHINGTON

December 24, 1936

Dear Mr. President:

My heartiest Christmas greetings!

As I dictate this message I am prompted by the season to reflect on the history of events since March 4, 1933. It is miraculous that so general and so complete a reconstruction could have been brought about so quickly in the hopes and in the plans for meeting the needs of the people socially and industrially. When I contemplate the strain upon you during these four years, it is equally miraculous that you could have guided the Ship of State safely through the great storm of an uncharted sea and maintained your health and composure. That the people understand and appreciate your accomplishments was fully verified by the November election returns.

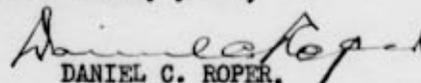
No president has had to deal in a four-year period with so wretched and so comprehensive a state of affairs as that which you took over in 1933. Certainly no president has had to give consideration to so many details affecting governmental procedure. You have given our country a setting nationally and internationally unequalled even by President Wilson. I say this because in my opinion the approach through your good-neighbor policy at home and abroad is calculated to contribute more toward permanent peace and good will than even the League of Nations as planned by President Wilson. What better confirmation of this opinion could we have than the far-reaching favorable reception of your trip to Argentina, Brazil and Uruguay and of the message then given by you personally to the world?

I am confident that the New Year will bring added evidence of the wisdom of your domestic and international policies and show a consolidation of economic gains, enlarged social security and happiness for all.

I am most grateful to you for your patient and ever-present cooperation with me in handling the problems of the Department of Commerce. The association with you is a source of continuous pleasure.

As a very small token of my affectionate esteem please accept the pen herewith and which I trust may be helpful in executing your next peace message.

Affectionately yours,


DANIEL C. ROPER.

Honorable Franklin D. Roosevelt
The White House
Washington, D. C.



file

THE SECRETARY OF COMMERCE
WASHINGTON

①
Roper

March 10, 1937

Memorandum

For: The President
From: Secretary of Commerce

I am attaching hereto the following which I believe will be of interest to you when you have time to look them over:

1. Letter from Ambassador Claude G. Bowers dated March 1, 1937;
2. Memorandum of statistical data regarding the increases in costs of steel as related to raise in wages and the effects of the Re-Armament program on the United States.
3. Letter from W. H. Manss, dated March 8, 1937, a representative of The Union Stock Yard & Transit Company of Chicago, with memorandum of percentage of cumulative labor cost in wholesale prices.
4. Memorandum regarding The Chemical Foundation.
5. Correspondence with Dr. Karl T. Compton relating to S. 475, introduced by Senator McAdoo, providing for the establishment of a Court of Patent Appeals; and a memorandum from the Commissioner of Patents on the same subject.

ACK
D.C.R.



EMBASSY OF THE
UNITED STATES OF AMERICA

President

San Juan de Luz , March 1, 1937

Dear Mr Roper:-

Thank you very much for sending Nufer here. Aside from the fact that I think he belongs here ,I have been concerned because of the presence here constantly of the British and French Commercial Attaches who have found plenty to do in preparation for the future when this war ends. I sometimes feel that we may be putting a rather extreme interpretation on our policy of staying out. Certainly we do not wish to do anything that will in any possible way effect our neutrality, but I cannot be feel that we should maintain friendly relations whenever possible without abandoning our neutrality, because of the aftermath. Spain is being drained economically. The shelves of all the stores in all regions are about empty. Immediately after the war is over, Spain will have to buy on a scale never known before here ,and we ought to have some one on the ground ,trained in these matters as Nufer is, to study the situation and be in position instantly to do something to get our share.

Just what our position will be after the war is ^{over is over} on the lap of the gods. If the rebels win I am very much afraid that we shall find that Hitler and Mussolini have forced Franco to agree to giving Germany and Italy as much of a monopoly on the Spanish market ^{as} they h can handle. The insurgents are bitter against France, for no good reason other than Germanys hate of France, and they are rather cocky in their attitude toward England whose failure to recognize Franco is resented without sane cause. But thus far both sides respect us for an honest neutrality and I



EMBASSY OF THE
UNITED STATES OF AMERICA

have a feeling that both sides wish to cultivate good relations with us.

If the Government should win I think we shall be in a good position. It is most appreciative of the fact that our Embassy almost alone among the embassies and legations, have played a fair and honest game with it. With all the others, except England, packing their embassies with avowed supporters of Franco, giving them a hide-out, taking from two to five extra houses to do it, we have refused admission to any but Americans, and that counts heavily with the Government. And then we are the one Democracy in the world that has not played on the sneak with the facists in their fight to destroy democracy in Spain.

In the past, the Government has been partial to France and we have suffered to some extent on that account. This has been due to the fact that so much of the agricultural produce of Spain has been taken by France, but also to some extent to the partiality for France of some of the leaders. But France deserted the Government six weeks after the war began on the theory that the war was over and won by the rebels, and for that she is hated by the Government people. Because of her open support of the Government during the first six weeks, she is hated by the rebels. She will emerge without a friend. And which ever side wins there is every indication that she will not have again the inside track as in the past.

I have had most friendly relations with the leaders on both sides for almost four years. I got along with the Right Government as well as with the Left because of the general recognition



EMBASSY OF THE
UNITED STATES OF AMERICA

of my admiration and affection for Spain and more than any other diplomat in many years I have visited every section of the country many times and this has made a fine impression on all Spaniards. My observation and experience has convinced me of one thing--a genuine desire for the closest possible relations with the United States which is admired by the average Spaniard more than any other country in the world.

I see the President is engaged in a regular Jefferson-Jackson fight with the Supreme Court and that the attacks on him are in precisely the same language as that used against the other two champions of popular government. If ever in human history a man had a clear mandate from the people Roosevelt got it. Every one must know that these old men are determined to hang on if they have to be carried to court and attended by nurses until a Republican President comes in to appoint a corporation lawyer as their successors. The court has been notoriously packed since the War of the States. Nothing that is proposed by Roosevelt violates the Constitution in any way. I think that my last book is filled with ammunition for our people but if any Democratic leaders have read it I have not heard from them. In fact my personal requests, agreed to, have failed to elicit from any of them a simple line--"This is a good book". Hull, Wagner and half a dozen others had agreed to send me a twenty word comment and advance copies were sent them all, but I have not so much as had a "thank you" for the book. Dodd, good old Josephus Daniels and Governor Horner are the shining exceptions. Happily the book



EMBASSY OF THE
UNITED STATES OF AMERICA

was a best seller for five solid months in every nook and corner of the country without these comments and I have learned enough from my experience never again to ask for such a thing or to waste the books on people who do not even acknowledge their receipt. This is just between us.

My wife is well and we are living in a huge Basque house a mile from town and I find the country the best place to live.

With regards and best wishes,

Sincerely,

Claude G. Rowles

Hon. Daniel C. Roper
Washington, D.C.

President

v

March 6, 1937

Memorandum to Mr. Draper

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Re.: Raises in Steel Prices

While the major necessity for the current boost in prices is provided by the wage increase and hour adjustment, a strong contributing factor is the rapidly increasing cost of raw materials, particularly scrap.

Considering wages alone, the announced increases amount to about 10¢ an hour--rather more than less when the overtime factor is taken into account.

Our best estimates of the average man hours involved in producing the various steel products range from 28 for billets to about 70 for wire rope. As examples, consider three items: (1) billets, (2) merchant bars, (3) hot rolled sheets:

(1)	28 hrs. at 10¢ increase.....	\$2.80	per ton
(2)	38 hrs. at 10¢ "	3.80	" "
(3)	57 hrs. at 10¢ "	5.70	" "

The actual increases announced for these items have been \$5.00, \$5.00 and \$6.00 to \$7.00. *Respectively.*

The entire wage increase granted at this time will amount, if adopted by the entire industry, to about 108 million dollars a year. Our output of finished steel last year was about 85 million tons. Thus, the overall average increase justifiable by higher wages is a little more than \$3.00 per ton.

If we take into account the increasing costs of raw materials, the picture is more striking. Since October 1, 1936, the price of scrap iron and steel has increased from \$3.50 to \$4.00 per ton and the price of zinc has risen 2¢ per pound. To cite two examples including these added costs:

(1) Billets:

Increase due to wages	\$2.80
" " " scrap	
(\$3.50 x 4)	1.40
Direct increased costs since 10/1/36.....	\$4.20

(2) Galvanized iron sheets 24 gauge:

Increase due to wages	\$5.70
" " " scrap	1.40
" " " zinc rise.....	2.50
Direct increased costs since 10/1/36	\$9.60

These are, of course, only roughly correct, but they serve to illustrate and clarify the problem which involves more than just the current wage increases.

rlh/efh

R. L. Harding,
Chief, Metals and Minerals Division

Effects of the Re-Armament Program on the
United States

Today in the major countries of Europe, normal economic life is being subordinated to re-armament programs. These programs have not yet reached their heights and may be expected to accelerate. The United Kingdom has announced a re-armament program for the next five years with an expenditure of from \$7,500,000,000 to \$15,000,000,000. In other countries expenditures are also large but the amounts are not made public.

Effects of the re-armament program on the United States are as follows:

Europe is not a natural market for iron and steel from the United States; nevertheless, exports of these commodities, including scrap iron, from the United States to Europe increased in 1935 and in 1936, while exports of these commodities to the rest of the world declined during the same period. Our exports of equipment for re-armament, such as machines, tools, etc., using ferrous and nonferrous metals also increased very sharply.

Countries that are not in the armament race, such as those of South America, and China, are looking to the United States for manufactures of iron and steel and other industrial commodities which normally they obtain from Europe, while Europe is drawing more heavily on those countries for raw materials and food-stuffs.

The recent large increase in wages in the iron and steel industry was doubtlessly greatly facilitated by the demand for iron and steel for war purposes. Consequently, even labor is interested in and finds its welfare based on re-armament demands and our American manufacturers and exporters are already reaping "war profits" even though no war has been declared.

Furthermore, if this increased demand for war material accelerates in the future as it has in the past year, we shall find our entire nation, including labor, even before the outbreak of war, geared to a condition of belligerency in the world which would seriously affect our neutrality in spite of all legislation, and intense and careful study of the effect of neutrality legislation on our economic life is therefore desirable prior to passing such legislation. This study should take into consideration our import necessities as well as our export trade. Some imports are vital to our economic life and even to our national defense. For instance, our entire automotive and aeronautics industry is dependent upon the importation of rubber. The United States now has about four months' supply on hand. Great Britain controls the source of supply and this rubber is imported almost entirely in British and Japanese ships.

From a purely economic standpoint and for practical purposes, a state of war in the world now exists and legislation should leave the Chief Executive's hands free to deal with the situation on that basis.

M. S.

President

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The Union Stock Yard & Transit Company
of Chicago, Ill.

Arthur G. Leonard, President
C. T. Henkle, T. P. & Genl. Manager
J. A. McDonough, Vice President
W. J. Connor, Asst. Genl. Manager

Union Stock Yards
Chicago

acked 3/14/37
BCH

March 8th, 1937.

Mr. Daniel C. Roper, Secretary,
Department of Commerce,
Washington, D. C.

My dear Mr. Secretary:-

In our conversation regarding Mr. Alexander Legge, we discussed his statement of the general average of percentage of cumulative labor cost content in wholesale prices, and I promised you at that time to send you a copy of this if I was able to find it. I was fortunate enough to unearth this in one of my files, and I am sending you a copy herewith, which I hope may be of interest to you.

I understand that the Department of Commerce expects to appoint four members on the Planning Committee for the Seventh World's Poultry Congress, to be held in 1939. If consistent, I would appreciate it if you would have someone send me the names of these gentlemen when they have been appointed, so that I may send them a copy of our brochure, and give them such information as is necessary in their deliberations for selecting a suitable building wherein the Poultry Congress and Exposition may be held.

With regards.

Yours very truly,

THE UNION STOCK YARD & TRANSIT COMPANY
OF CHICAGO

WHM/S

By

W. H. Manss
W. H. Manss

PERCENTAGE OF CUMULATIVE LABOR COST CONTENT IN WHOLESALE PRICES

<u>BASIC MATERIALS</u>		<u>MANUFACTURED PRODUCTS</u>		<u>AGRICULTURE</u>		<u>MISCELLANEOUS</u>	
Coal	79%	Barbed wire	86%	Crops	70%	Railroad	81.8
Coke	80%	Locomotives	85	Truck	78	Building	80
Lumber	79	Railway cars	78	Fruit	70	Motor	
Steel	85	Book paper	78	Animal	76	Trucks	82
Pig Iron	86½	Radiators	84	Butter	82	Motor-	
Steel Castings	86	Hardware	82			cycles	80
Leather	78	Shoes	80				
Paint	72	Men's clothing	79				
		Elec. Machinery	80½				
		All machinery	84				
		Plate glass	85				
		Copper	84				
		Furniture	85				
		Agri. Implements	82				
		Woolen Textiles	80				
		Adding Machines	84				
		Pianos	82				

General Average

81%

82.2%

75%

81%

General Average for the Four Groups 79.9%

On the basis of cumulative labor representing 80%
Distribution for the 100% is as follows:

Labor	80%
Taxes and Insurance	6
Depreciation	0.5
Interest	1.5
Miscellaneous	4
Profit semi finished product	3
Profit	5

100%

March 10, 1937

Mr. W. H. Manss,
The Union Stock Yard & Transit Company,
Union Stock Yards,
Chicago, Illinois.

Dear Mr. Manss:

I thank you for your letter of the eighth with the attached statement of the general average of percentage of cumulative labor costs in wholesale prices. I am very glad to get this as it will help me in my studies along the lines of our conversation when you were here.

Referring to your interest in the Seventh World's Poultry Congress, I would advise that the persons designated from this Department for the Planning Committee are:

W. L. Austin, Director of the Census
Frank T. Bell, Commissioner of Fisheries
Alexander V. Dys, Director, Bureau of
Foreign & Domestic Commerce
Fletcher H. Rawls, Chief Foodstuffs Division,
Bureau of Foreign &
Domestic Commerce.

Very sincerely,

DANIEL C. ROPER
Secretary of Commerce

DGR:R

Incoming to the President

President

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M E M O R A N D U M .

The Chemical Foundation, incorporated under the laws of Delaware on February 19, 1919, and capitalized at \$500,000., is authorized by its charter, among other things, to "acquire by purchase from the Alien Property Custodian * * * patents, and applications therefor, trademarks, choses in action, and rights and claims of every character and description" seized by him under authority and direction of the "Trading with the Enemy Act" of October 6, 1917, as amended; "and also to acquire from any person, firm or corporation any and all letters patent, and applications therefor * * granted by the United States or any other country or government * * * or any inventions which may seem capable of being used for or in connection with any of the objects or purposes of said corporation, and to hold any such property and rights, * * * in a fiduciary capacity for the Americanization of such industries as may be affected thereby." The Foundation was further empowered to license persons and corporations "to make, use, and sell the inventions covered by patents owned or controlled by it", and to "purchase, or otherwise acquire, such personal property of every kind and description * * * suitable, necessary, useful or advisable in connection with any or all of the objects" recited in the charter, which provided that "The corporation is to have perpetual existence."

In the prospectus issued by the Foundation in 1919 appears the statement that it "also has power, under its charter, to purchase new patents, and it is hoped that this may become an important field of its activities." "The chief usefulness of the Foundation, however, is expected to be as a center of research", the prospectus continues, and adds that "after the redemption of the preferred stock, the free net earnings of the Corporation shall be 'used and devoted to the development and advancement of chemistry and allied sciences in the useful arts and manufactures in the United States.' "

The United States in 1924 began an action in the District Court for Delaware to set aside transactions whereby patents, copyrights, etc., which had been seized

as the property of the enemy were transferred to the Chemical Foundation, Inc., by the Alien Property Custodian under authority conferred by the "Trading with the Enemy Act." The complaint alleged that a number of American manufacturers, as a result of conditions arising from the World War, had been able to combine and monopolize certain chemical industries in this country, and fearing that at the end of the war German competition would destroy the monopoly, they conspired to bring about transfers and sales of the patents at nominal prices to themselves or to a corporation controlled by them; that the patents thus obtained would control the industries in question and perpetuate the monopoly, and that the sales were procured through the fraudulent deception of the President, the Alien Property Custodian and other officials. The answer denied the conspiracy and fraud and asserted that the transfers were made in good faith and pursuant to law and were valid. At the trial of the case much evidence was offered by both parties.

The District Court dismissed the Government's complaint, and its decree was affirmed by the Circuit Court of Appeals. Both courts found that no unlawful scheme, combination or conspiracy was shown, and that there was no deception or fraud. The Government appealed to the United States Supreme Court. The substance and effect of the decision of the Supreme Court, written by Associate Justice Butler, are contained in the following extract (U. S. v. Chemical Foundation, 272 U.S., pp. 18 and 19):

"The Trading with the Enemy Act is a war measure covering specifically, fully and exclusively the seizure and disposition of enemy properties. The authority of the President to authorize sales and to determine terms and conditions in lieu of those specified in the proviso, Section 41 of the Criminal Code, 35 Stat. 1088, 1097 declaring that "No officer or agent of any corporation ... and no person directly or indirectly interested in the pecuniary profits of such corporation shall be em-

involve any of the evils aimed at by Sec. 41. The Act will be construed and applied as not qualified

employed or shall act as an officer of the United States for the transaction of business with such corporation."7 undoubtedly included the power to cause the Chemical Foundation to be incorporated to purchase and hold the patents, as specified, and to direct the selection of the directors, officers and voting trustees. The President, and under him the Custodian, acting for the United States, the seller of the patents, caused the Foundation to be created to buy and hold them, and caused it to be controlled by officers or representatives of the United States acting exclusively in its interest. Neither Mr. Garvan nor any of the others who acted for the United States had any financial interest in the Foundation, its profits or its contracts. All the corporate shares were subscribed and paid for by others - those interested in the chemical industries. They furnished the money to carry out the plan formulated by or under the direction of Mr. Palmer while he was Custodian. Under the voting trust agreement, shareholders were divested of all voice in the control, business, or affairs of the corporation. All shares are to be held by the voting trustees for 17 years, within which all patents will expire. And, by charter provisions, dividends were limited to six per centum per annum. Transferable certificates of beneficial interest were issued by the trustees to the shareholders, but these cannot be used to control the corporation. The arrangement was intended to amount to a public trust for those whom the patents will benefit and for the promotion of American industries, and to give to them the right to have on equal and reasonable terms licenses to make, use and sell the inventions covered by the patents. The Foundation is properly to be considered an instrumentality created under the direction of the President to effect that disposition and subsequent control of the patents which he determined to be in the public interest. The transactions complained of did not involve any of the evils aimed at by Sec. 41. The Act will be construed and applied as not qualified

or affected by that provision of the Criminal Code. * * * And, as the power to dispose of the properties by sales on the terms and conditions specified was included in the grant made by the statute, it follows that the rule in respect of sales of trust properties by fiduciaries does not apply."

The Alien Property Custodian sold to the Chemical Foundation for about \$250,000. "substantially all of the German dye and chemical patents seized by him, except those which were included in the sale of the Bayer Company, Inc., which took place before the organization of the Foundation." (Prospectus of the Chemical Foundation, Inc., published in 1919.) "The patents cover a very wide field, the classification including metallurgy, fertilizers, fixation of nitrogen, hydrogenation of oils, etc." The price paid to the Alien Property Custodian for all of the German patents and trade-marks and copyrights, Mr. Garvan says in a brief which he submitted to the Committee on Reciprocity, in January 1935, was \$269,850.

Since its creation the Chemical Foundation has owned approximately 5,000 patents, virtually all of which were acquired by the original seizure. About 4900 of these patents were granted prior to February 15, 1920, and have now expired, with the result that the inventions they covered have passed into the public domain.

According to the records of the Patent Office the Chemical Foundation now owns and controls only approximately 150 unexpired patents or applications. Of these patents 60 will expire in 1937 and 48 in 1938. Since 1921 the Foundation has acquired only a few patents a year. In the fifteen years from 1922 to 1936, for example, only 27 patents and applications for patents were conveyed to the Foundation by assignments recorded in the Patent Office. The latest assignments submitted for recording were those on February 5, 1937, conveying to the Foundation the ownership of two applications.

DEPARTMENT OF COMMERCE

UNITED STATES PATENT OFFICE

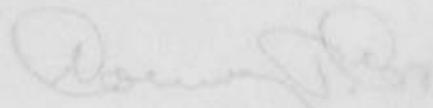
WASHINGTON

March 10, 1934

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Notwithstanding that most of the patents held by the Foundation have expired and in spite of a statement in its prospectus putatively committing the Foundation to dissolution on January 1, 1936, it nevertheless has warrant in its charter for indefinite continuance; for the acquisition and exploitation of new patents, and for the use of its funds in establishing scholarships, founding laboratories, subsidizing research, etc. Some of these activities it has been conducting for the last fifteen years. The decision of the Supreme Court, already quoted, would appear to be a vindication of the Foundation's aims and objects and also of its methods.

The remedy for this situation - one detrimental to the rights of the inventor, harmful to industry, and injurious to the patent system - is the establishment of a single court of patent appeals manned by judges having the peculiar legal and technical experience and competency to equip them for the task of administering cases of considerable import to the progress and prosperity of the American people, and whose disposition would be to broaden and improve the patent system and to realize the social, national and statutory objectives. This objective is needed by present conditions of conflict and confusion in judicial decisions throughout the country. A single court for the entire United States will provide uniformity and stability, with speed and economy, which can not now be attained by the ten circuit Courts of Appeals composed of judges lacking the special qualifications that the discharge of such vastly important duties should presuppose.


Commissioner.

President 5

DEPARTMENT OF COMMERCE

UNITED STATES PATENT OFFICE

WASHINGTON

March 10, 1937.

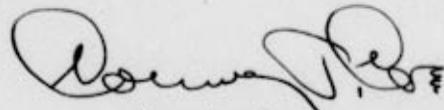
M E M O R A N D U M .

To: The Secretary of Commerce
From: The Commissioner of Patents

Subject: Single Court of Patent Appeals - McAdoo Bill S.475.

The federal courts have exclusive jurisdiction in litigation affecting patents and in the interpretation of the laws on which the patent system is founded. Many, if not indeed, the great majority of the judges of these courts lack the scientific training to enable them to understand the highly technical facts and issues involved in patent cases. In many jurisdictions patent litigation is of such infrequent occurrence that the judges in such districts and circuits have no need or opportunity to become familiar with the laws and procedure concerned. Still other judges are so unsympathetic in their attitude toward the patent system and so openly critical of it, that their decisions accordingly appear to be influenced by their prepossessions and prejudices, that they exemplify the truth of the President's statements with respect to the tendency of certain members of the judiciary to usurp legislative powers and prerogatives. The disposition of many federal judges to nullify the grants of the United States is manifest in their numerous holdings of invalidity and is a threat to the patent system.

The remedy for this situation - one detrimental to the rights of the inventor, hurtful to industry, and injurious to the patent system - is the establishment of a single court of patent appeals manned by judges having the peculiar legal and technical experience and competency to equip them for the task of adjudicating cases of incalculable import to the progress and prosperity of the American people, and whose disposition would be to preserve and improve the patent system and to realize its constitutional and statutory objectives. This desideratum is denied by present conditions of conflict and confusion in judicial decisions throughout the country. A single court for the entire United States will provide uniformity and finality, with speed and economy, which can not now be attained by the ten circuit Courts of Appeals composed of judges lacking the special qualifications that the discharge of such vastly important duties should presuppose.


Commissioner.



FILES
OFFICE OF THE CHIEF CLERK

OFFICE OF THE PRESIDENT

March 3, 1937

The Honorable Daniel C. Roper
Secretary of Commerce
Washington, D. C.

My dear Mr. Secretary:

It has come to my notice that a Bill S.475 by Mr. McAdoo is before the Senate with reference to the establishment of a Court of Patent Appeals, and I venture to hope that you may feel justified in bringing to the support of this Bill as much administrative backing as may be possible.

You will recall that a recommendation very closely along these lines was one of the three major recommendations by the late Science Advisory Board submitted to you on April 6, 1935 in response to your letters of May 11 and December 15, 1934 requesting our Board to report upon means for facilitating the development of new non-competitive industries and in which you approved the study of the relationship of the patent system to new industries. If I remember correctly, these recommendations were endorsed also by the Business Advisory Council.

I quote two paragraphs from the Science Advisory Board's report as follows:

"We recommend therefore that there be established a single court for patent appeals, in order to establish and maintain harmony and accuracy in judicial interpretation of patent questions, by confining the appellate jurisdiction in civil patent causes to one court, composed of permanent judges having the necessary scientific or technical backgrounds."

"Each judge should be learned in the law and proficient in knowledge of the industrial application of science, and should have had a reasonable experience in the trial of patent suits on the Bench or at the Bar. If in order to grasp more fully special technical questions, the court wishes to call temporarily upon experts to advise and consult on difficult points, it should be enabled to do so."

The Honorable Daniel C. Roper

-2-

March 3, 1937

Both Dean Bush, chairman of our committee on these questions, and I agree that the McAdoo Bill is wisely drawn to accomplish the important objectives as recommended by our committee. We believe that this will be an important step, which we hope may be followed by several others, looking toward the better functioning of our patent organization under modern conditions.

Respectfully yours,

Karl T. Compton
President

March 9, 1937.

Dr. Karl T. Compton,
President, Massachusetts Institute
of Technology,
Cambridge, Massachusetts.

My dear Dr. Compton:

I have your letter of March 3, with reference to S. 475, introduced by Senator McAdoo, providing for the establishment of a Court of Patent Appeals.

The bill in question is patterned along the lines of the recommendations of the Science Advisory Board and the Business Advisory Council, and has the hearty endorsement of the Commissioner of Patents. I wish to assure you that if we receive a favorable response from the Bureau of the Budget as to the attitude of the Administration towards this measure, in view of the additional expense which it will involve, we will do everything practicable to further its advancement in Congress.

With kindest regards, I am

Very sincerely,

Secretary of Commerce

HK:LGS

IN THE SENATE OF THE UNITED STATES

JANUARY 6 (calendar day, JANUARY 8), 1937

Mr. McADOO introduced the following bill; which was read twice and referred
to the Committee on the Judiciary

A BILL

To establish a Court of Patent Appeals.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. That the United States Code, title 28, shall
4 be amended by adding thereto the following sections:

5 "SECTION 1. COURT; JUDGES; SALARIES; QUORUM;
6 CIRCUIT OR DISTRICT JUDGES MAY ACT.—There shall be a
7 court of the United States to be known as the Court of Patent
8 Appeals, which shall consist of a presiding judge and four
9 associate judges, each of whom shall have demonstrated
10 special aptitude in the practice or administration of the
11 patent law before or in the United States courts, and each

1 of whom shall be appointed by the President, by and with
2 the advice and consent of the Senate. The presiding judge
3 shall receive the salary of \$13,500 per annum, and the
4 associate judges shall each receive the salary of \$13,000 per
5 annum, payable monthly from the Treasury. The presiding
6 judge shall be so designated in the commission issued to him
7 by the President; and the associate judges shall have
8 precedence according to the dates of their commissions.
9 Any three members of said court shall constitute a quorum,
10 and the concurrence of a majority of those members sitting
11 shall be necessary to any decision thereof. In case of an
12 emergency, or of the temporary inability or disqualification,
13 for any cause, of one or more of the judges of said court, the
14 Chief Justice of the United States may, upon request of the
15 presiding judge of said court, designate any qualified United
16 States circuit or district judge or judges to act as judge or
17 judges of said court during said temporary inability, dis-
18 qualification, or other emergency; and such circuit or district
19 judge or judges shall be duly empowered so to act. In case
20 the presiding judge is unable because of illness or any other
21 cause to exercise any power given or to perform any duty
22 imposed by law, such power or duty shall be exercised by
23 the associate judges of the court in the order of the seniority
24 of their respective commissions.

1 "SEC. 2. SCIENTIFIC ADVISER; SALARIES.—Three
2 scientific advisers to the court, each of whom has demon-
3 strated aptitude in scientific and technological fields, shall
4 be appointed by the court, and each scientific adviser shall
5 receive the salary of \$12,000 per annum, payable monthly
6 from the Treasury. The scientific advisers shall be ap-
7 pointed from diverse scientific and technological fields. The
8 scientific advisers shall devote their services exclusively to
9 said court, and shall not be eligible for appointment as
10 commissioners, masters, receivers, or referees, and shall
11 receive no fees other than the salary provided for the serv-
12 ices which they perform. The scientific advisers shall act
13 in an advisory capacity to said court in accordance with
14 directions or assignments from the presiding judge.

15 "SEC. 3. TENURE AND RETIREMENT OF JUDGES AND
16 SCIENTIFIC ADVISERS.—The judges of the Court of Patent
17 Appeals shall hold office during good behavior. For the
18 purpose of section 375 of this title (relating to the resigna-
19 tion and retirement of judges of the courts of the United
20 States); the judges of this court shall be considered to be
21 circuit judges. The scientific advisers of this court shall
22 hold office during good behavior, except that any scientific
23 adviser may be removed at the pleasure of the court. When
24 any scientific adviser resigns his office, or is removed by

1 the court, after holding the office at least ten years con-
2 tinuously, and having attained the age of seventy years,
3 he shall, during the residue of his natural life, receive the
4 salary which is payable at the time of his resignation or
5 removal.

6 "SEC. 4. MARSHAL; APPOINTMENT, SALARY, AND
7 DUTIES.—Said court shall have the services of a marshal,
8 with the same duties and powers, under the regulations of
9 the court, as were provided on March 3, 1911, for the
10 marshal of the Supreme Court of the United States, so far
11 as the same may be applicable. Said services within the
12 District of Columbia shall be performed by a marshal to
13 be appointed by and to hold office during the pleasure of
14 the court, who shall receive a salary of \$3,000 per annum.
15 Said services outside of the District of Columbia shall be
16 performed by the United States marshals in and for the
17 districts where sessions of said court may be held; and to
18 this end said marshals shall be marshals of said court. Any
19 marshal of said court is authorized to purchase, under the
20 direction of the presiding judge, such books, periodicals, and
21 stationery as may be necessary for the use of said court;
22 and such expenditures shall be allowed and paid by the
23 Secretary of the Treasury upon claim duly made and
24 approved by said presiding judge.

1 "SEC. 5. CLERK; APPOINTMENT, SALARY, AND
2 DUTIES.—The court shall appoint a clerk whose office shall
3 be in the city of Washington, District of Columbia, and who
4 shall perform and exercise the same duties and powers in
5 regard to all matters within the jurisdiction of said court as
6 were exercised and performed on March 3, 1911, by the
7 clerk of the Supreme Court of the United States, so far as
8 the same may be applicable. The clerk shall receive a
9 salary of \$5,000 per annum, which shall be in full payment
10 for all service rendered by such clerk, and shall be considered
11 to be a clerk of a circuit court of appeals, for the purposes
12 set forth in this title, sections 544 and 546. Said clerk
13 shall not be appointed by the court or any judge thereof as
14 a commissioner, master, receiver, or referee. The costs and
15 fees in the said court shall be fixed and established by said
16 court in a table of fees to be adopted and approved by the
17 Supreme Court of the United States. The costs and fees
18 so fixed shall not, with respect to any item, exceed the costs
19 and fees charged in the circuit court of appeal; and the
20 same shall be expended, accounted for, and paid over to
21 the Treasury of the United States.

22 "SEC. 6. ASSISTANT CLERK, STENOGRAPHIC CLERK,
23 BAILIFF, AND MESSENGER.—In addition to the clerk, the
24 court may appoint an assistant clerk, five stenographic

1 clerks, one bailiff, one messenger, and such other employees
2 as may be appropriated for by Congress, whose salaries
3 shall be payable in equal monthly installments, and all of
4 whom, including the clerk, shall hold office during the
5 pleasure of, and perform such duties as are assigned them
6 by, the court. The assistant clerk, stenographic clerks,
7 bailiff, messenger, and other employees shall be allowed the
8 same compensation for their respective services as are allowed
9 for similar services in the circuit court of appeals.

10 "SEC. 7. COURT ALWAYS OPEN; SESSIONS; EX-
11 PENSES.—The Court of Patent Appeals shall always be open
12 for the transaction of business and sessions thereof may, in
13 the discretion of the court, be held in the several judicial
14 circuits, and at such places as said court may from time to
15 time designate. Any judge or scientific adviser who, in
16 pursuance of the provisions of this chapter, shall attend a
17 session of said court at any place other than in the city of
18 Washington shall be paid, upon his written and itemized
19 certificate, by the marshal of this court, his actual and
20 necessary expenses incurred for travel and attendance, and
21 the actual and necessary expenses of one stenographic
22 clerk who may accompany him; any clerk, assistant clerk,
23 or other officer of this court who, in pursuance of pro-
24 visions of this chapter and by order of the presiding judge
25 of this court, shall attend a session of said court at any place

1 other than the city of Washington shall be paid, upon his
2 written and itemized certificate approved by the presiding
3 judge, by the marshal of this court, his actual and necessary
4 expenses incurred for travel and attendance; and such pay-
5 ments shall be allowed the marshal in the settlement of his
6 accounts with the United States.

7 "SEC. 8. ROOMS FOR HOLDING COURT.—The marshal
8 of said court for the District of Columbia and the marshals
9 of the several districts in which sessions of the Court of
10 Patent Appeals may be held shall, under the direction of
11 the Attorney General, and with his approval, provide such
12 rooms in the public buildings of the United States as may
13 be necessary for said court. In case rooms cannot be pro-
14 vided in said buildings, then the said marshals, with the
15 approval of the Attorney General, may, from time to time,
16 lease such rooms as may be necessary for said court.

17 "SEC. 9. COURT OF RECORD; SEAL; RULES; DECI-
18 SIONS.—The said Court of Patent Appeals shall be a court
19 of record, with jurisdiction as in this chapter established
20 and limited. It shall prescribe the form and style of its seal,
21 and the form of its writs and other process and procedure,
22 and exercise such powers conferred by law as may be con-
23 formable and necessary to the exercise of its jurisdiction.
24 It shall establish all rules and regulations for the conduct of
25 the business of the court, and as may be needful for the uni-

1 formity of decisions within its jurisdiction as conferred by
2 law. It shall have power to review any decision or matter
3 within its jurisdiction, and may affirm, modify, or reverse
4 the same and remand the case with such orders as may seem
5 to it proper in the premises, which shall be executed
6 accordingly.

7 "SEC. 10. RECORDS PLACED ON CALENDAR; CALL OF
8 CALENDAR.—Immediately upon receipt of any record trans-
9 mitted to the Court of Patent Appeals for determination the
10 clerk thereof shall place the same upon the calendar for
11 hearing and submission; and such calendar shall be called
12 and all cases thereupon submitted, except for good cause
13 shown, at least once every two months. Such calendar need
14 not be called during the months of July and August of any
15 year.

16 "SEC. 11. OPINIONS OF COURT; WRITING; FILING;
17 RECORDING COPY IN PATENT OFFICE.—The opinion of the
18 Court of Patent Appeals in every case shall be rendered in
19 writing, and shall be filed in such case as part of the record
20 thereof, and a certified copy of said opinion shall be sent
21 forthwith to the Commissioner of Patents and shall be
22 entered of record in the Patent Office.

23 "SEC. 12. APPELLATE JURISDICTION.—The Court of
24 Patent Appeals shall have exclusive appellate jurisdiction
25 to review by appeal final decisions of the district courts, the

1 Supreme Court of the District of Columbia, the United
2 States District Courts for Hawaii and for Puerto Rico, and
3 for Alaska, or any division thereof, and for the Virgin Is-
4 lands and for the Canal Zone, in all cases which include (a)
5 issues arising under the patent laws, (b) proceedings to
6 obtain a patent under title 35, section 63, (c) proceedings
7 as to patents under title 35, section 66, and (d) proceed-
8 ings under title 28, section 400, wherein the jurisdiction of
9 the district courts has been invoked upon an issue arising
10 under the patent laws: *Provided*, That this court shall have
11 no jurisdiction over cases originating in the Court of Claims,
12 nor in cases where a direct review may be had in the Su-
13 preme Court of the United States under title 28, section 345.

14 "SEC. 13. APPEALS IN PROCEEDINGS FOR INJUNC-
15 TIONS.—Where, upon a hearing in a district court, or the
16 Supreme Court of the District of Columbia, or the United
17 States District Courts for Hawaii and for Puerto Rico, or
18 for Alaska, or any division thereof, or for the Virgin Islands,
19 or for the Canal Zone, or by a judge thereof in vacation upon
20 any of the causes specified in section of this title (section
21 12 hereof), an injunction is granted, continued, modified,
22 refused, or dissolved by an interlocutory order or decree, or
23 an application to dissolve or modify an injunction is re-
24 fused, an appeal may be taken from such interlocutory order
25 or decree to the Court of Patent Appeals; and sections 346

1 and 347 of title 28 shall apply to such cases in the Court
 2 of Patent Appeals as to other cases therein. The appeal to
 3 the Court of Patent Appeals must be applied for within
 4 thirty days from the entry of such order or decree, and shall
 5 take precedence in the appellate court; and the proceedings
 6 in other respects in the court below shall not be stayed dur-
 7 ing the pendency of such appeal unless otherwise ordered
 8 by the court below, or the appellate court, or a judge thereof.
 9 The court below may, in its discretion, require an additional
 10 bond as a condition of the appeal.

11 "SEC. 14. APPEALS IN SUITS IN EQUITY FOR IN-
 12 FRINGEMENT OF LETTERS PATENT FOR INVENTIONS; STAY
 13 OF PROCEEDINGS FOR ACCOUNTING.—When in any suit in
 14 equity for infringement of letters patent for inventions, a
 15 decree is rendered which is final except for the ordering
 16 of an accounting, an appeal may be taken from such decree
 17 to the Court of Patent Appeals: *Provided*, That such appeal
 18 be taken within thirty days from the entry of such decree;
 19 and the proceedings upon the accounting in the court below
 20 shall not be stayed unless so ordered by that court during
 21 the pendency of such appeal.

22 "SEC. 15. REVIEW OF JUDGMENTS OF LOWER COURTS
 23 EXERCISING CONCURRENT JURISDICTION WITH COURT OF
 24 CLAIMS OR ADJUDICATING CLAIMS AGAINST THE UNITED
 25 STATES.—In cases in the lower courts specified in section

1 of this title (section 12 hereof) wherein they exercise
2 concurrent jurisdiction with the Court of Claims or adjudi-
3 cate claims against the United States, involving one of the
4 causes of action set forth in section of this title (section 12
5 hereof), the judgment shall be subject to review in the
6 Court of Patent Appeals like other judgments of the district
7 courts; and title 28, sections 346 and 347, shall apply to
8 such cases in the Court of Patent Appeals as to other cases
9 therein.

10 "SEC. 16. ALLOWANCE OF APPEALS.—Any judge of
11 the Court of Patent Appeals, in respect of cases brought or
12 to be brought before that court within the provisions of this
13 Act, shall have the same powers and duties as to allowances
14 of appeals and the conditions of such allowances as by law
15 belong to judges of the circuit courts of appeal.

16 "SEC. 17. TIME FOR MAKING APPLICATION FOR AP-
17 PEAL.—No appeal intended to bring any final judgment or
18 final decree before the Court of Patent Appeals for review
19 shall be allowed unless application therefor be duly made
20 within three months after the entry of such judgment or
21 decree.

22 "SEC. 18. COURT EQUIVALENT TO A CIRCUIT COURT
23 OF APPEALS, FOR CERTAIN PURPOSES.—The Court of Pat-
24 ent Appeals shall be considered to be a circuit court of ap-
25 peals, and the judges and officers thereof shall be considered

1 to be judges and officers of a circuit court of appeals, for
2 the purposes set forth in title 28, sections 218 (relating
3 to conferences of circuit judges, and so forth, and as to said
4 section the presiding judge of this court shall be considered
5 to be the senior judge), 222a (relating to law clerks for
6 circuit judges), 346 (relating to certification of questions
7 to the Supreme Court), 347 (relating to writs of certiorari
8 issued by the Supreme Court, and appeals to the Supreme
9 Court), 350 (relating to the obtaining of writs of certiorari),
10 372 (relating to the oaths of judges), 377 (relating to the
11 power to issue writs), 395 (relating to rights of officers
12 of the court), 865 (relating to the provision of printed
13 transcripts), 870 (relating to bonds and costs on appeal),
14 872 (relating to writs of error), 877 (relating to the re-
15 manding of cases), 878 (relating to damages and costs on
16 affirmance), and 879 (relating to limited rights of
17 reversals)."

18 SEC. 2. That the United States Code, title 28, shall be
19 amended in the existing sections thereof in the following
20 particulars:

21 "SEC. 1. Section 225 shall be amended by inserting,
22 at the ends of each of parts (a) and (b) thereof, the follow-
23 ing: *Provided, however,* That the circuit court of appeal
24 shall have no jurisdiction in such cases as are within the
25 jurisdiction of the Court of Patent Appeals, as specified in

1 sections , , , and of this title' (sections 12, 13,
2 14, and 15 hereof).

3 "SEC. 2. Section 227 shall be amended by adding at
4 the end thereof the following: 'Provided, however, That the
5 circuit courts of appeal shall have no jurisdiction in such
6 cases as are within the jurisprudence of the Court of Patent
7 Appeals, as specified in sections , , , and of this
8 title' (sections 12, 13, 14, and 15 hereof).

9 "SEC. 3. Section 227A shall be, and the same is
10 hereby, expressly repealed."

11 SEC. 3. All appeals defined in sections , , , and
12 of this title (sections 12, 13, 14, and 15 hereof) which
13 shall have been filed in the circuit courts of appeal, or in
14 the Court of Appeals of the District of Columbia, and all
15 cases for which application for appeal shall have been made,
16 at the time this Act comes into effect, shall be heard and
17 determined by the respective appellate court as though this
18 Act had not been passed; except that the Court of Patent
19 Appeals may order that any such case or cases not thereto-
20 fore heard or submitted to the appellate court be transferred
21 forthwith to the Court of Patent Appeals, together with the
22 original papers, printed records, and record entries duly
23 certified. All applications for appeals after the date this
24 Act comes into effect in causes in which the appellate juris-
25 diction is by this Act conferred upon the Court of Patent

1 Appeals shall be made for appeal to the Court of Patent
2 Appeals.

3 SEC. 4. That all laws or parts of laws inconsistent with
4 the provisions of this Act are hereby repealed.

5 SEC. 5. This Act shall take effect 90 days after its
6 enactment.

78TH CONGRESS }
1ST SESSION } S. 475

A BILL

To establish a Court of Patent Appeals.

By Mr. McADOO

JANUARY 6 (calendar day, JANUARY 8), 1937

Read twice and referred to the Committee on the Judiciary

Unindented



*File
Private*

THE SECRETARY OF COMMERCE
WASHINGTON

*PSF: Commerce
Paper folder*

June 18, 1937

Memorandum

For: Colonel Marvin H. McIntyre
Assistant Secretary to the President

From: Secretary of Commerce

It is probably better for me not to bring up at the Cabinet meeting the following matter and hence I pass it through you to the President?

Sometime ago Gerald W. Johnson, writer for the Baltimore Evening Sun advised me that he had good reason to believe that the Washington Post could be purchased to advantage. I found how it could be financed if purchased and then got a friend to cautiously approach the present owner about it.

It was discovered that it is not now for sale and I will at some future time convey to the President further information about the situation.

D.C.R.

*file
Roper*

October 11, 1937.

Memo to Sec. Roper
from Mr. Chalmers

Subject--Bearing on American Trade of Japan's Restriction
of Imports.

SEE--Japan--Drawer 2--1937

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LARGEST CIRCULATION OF ANY SOUTHERN PUBLICATION
ESTABLISHED 1886. PUBLISHED MONTHLY

Raleigh, N.C.,
Nov. 24, 1937.

Secretary Daniel C. Roper
Washington, D.C.

Dear Secretary Roper:

The enclosed copy of a letter I am
sending all members of Congress may interest
you.

Yours sincerely

Clarence Poer

Clarence Poer

President and Editor

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LARGEST CIRCULATION OF ANY SOUTHERN PUBLICATION
ESTABLISHED 1886. PUBLISHED MONTHLY

Raleigh, N. C.,
Nov. 24, 1937

SUBJECT: QUICK ACTION NEEDED BOTH BY BUSINESS AND AGRICULTURE

That something far-reaching must be done not only for American business but also for American agriculture is proved by the following U. S. D. A. statistics showing how much below "parity prices" the actual prices of our leading crops now are:

	Actual	Parity		Actual	Parity
Cotton, lb.	8.1	16.5¢	Peanuts, lb.	3.2¢	6.4¢
Corn, bu	58.9¢	85.4¢	Oats, bu.	28.8¢	53.1¢
Wheat, bu.	88.7¢	117.6¢	Hay, ton	\$8.77	\$15.79
Potatoes, bu.	48.5¢	91. ¢			

Furthermore, whatever Congress is going to do, it should do quickly. There is nothing fundamentally wrong with America, but among both individuals and nations THE CONTAGION OF FEAR often causes results as disastrous as organic disease. And stock market quotations, the radio, and the daily press have spread a contagion of fear all over America--a contagion that can yet be checked by prompt action but may go to calamitous lengths if not promptly dealt with. And in the effort to help revive both American business and American Agriculture, I now wish to remind you of four suggestions that especially deserve your consideration as follows:

1. FEDERAL RESERVE ACTION.--No. 1 is a suggestion by Dr. Irving Fisher of Yale University incorporated in a letter he is sending you.

2. REDUCE TAXES ON MONEYS SPENT FOR BUILDING.--The second suggestion to which I would ask your attention is by a well known New York banker, F. Eberstadt, in the November 18 PRINTERS' INK:-

"There can be no return to normal business so long as building and heavy industry are inactive. Let Congress (1) grant credits on the normal and undistributed profits tax to business, over a period, say, of five years, to the extent of ___% of annual

profits for amounts spent on building or other permanent improvements, extensions, and betterments. (2) Let like credits be given private individuals, whether such expenditures be for residential or business purposes."

3. USE SOCIAL SECURITY TAX FUND FOR BUILDING.--A still further suggestion for stimulating building is given by George Soule in the NEW REPUBLIC of November 24 as follows:

"If we took the \$1,000,000,000 of Social Security taxes that are being paid this year by the insured, and built low-cost housing with it, the operation would stimulate the weakest point in our present economic framework--construction...would require no additional government borrowing....no additional taxation.... would not increase the deficit."

4. INCREASE GOLD PRICE NOT FOR INFLATION BUT REFLATION.-- Even more important than all these, in my opinion, is the following suggestion from the Committee For the Nation, New York:

"The President has power to raise the U. S. price of gold from \$35 to \$41.34 an ounce which should raise basic commodity prices 18 per cent. We should really get off a fixed price of gold, and instead establish a free market for gold in New York, as the British Empire has in London."

For immediate monetary action, however, it might be best to advocate just these two things:

(1) Let the President or Congress increase the price of gold in whatever degree will restore the average commodity price level to that of 1926.

(2) Announce definitely and positively, however, (a) that the whole aim and purpose of such increase in the price of gold is NOT INFLATION BUT REFLATION, and (b) if and when average commodity prices reach and pass the 1926 level, the price of gold will then be lowered from time to time in whatever degree is necessary to maintain this stable level.

Who can deny that it was MONETARY ACTION--a readjustment of the price of gold aimed not at inflation but reflation--that saved America in 1933? And why can we not again use the same remedy to halt deflation, while at the same time providing automatic checks against inflation?

Yours sincerely,

President and Editor

Clarence Poe/W

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*MEMBER OF THE EXECUTIVE COMMITTEE
November 24, 1937

MEMORANDUM:

TO: Secretary Roper

FROM: Mr. Walter White

Mr. Harriman has asked that I call your attention to the attached letter which was received by him from one of the guests invited to be present at the dinner in Chicago.


WALTER WHITE,
Assistant to the Chairman.

Letter, dated November 10, 1937,
to Mr. W. A. Harriman,
from Mr. J. C. Nichols,
attached

Colman

J. C. NICHOLS INVESTMENT COMPANY
Country Club District

KANSAS CITY
MISSOURI

*How see Paper
Harriman W*

OFFICE OF THE PRESIDENT
J. C. NICHOLS

310 WARD PARKWAY
COUNTRY CLUB PLAZA

November 10, 1937

*Hotel Special for
Mr. Harriman*

Mr. W. A. Harriman,
Business Advisory Council,
Room 7527 Department of Commerce Building,
Washington, D. C.

Dear Mr. Harriman:

I appreciate very much your letter of the 1st inviting me to be the guest of the Business Advisory Council at a dinner in Chicago December 1st.

I regret immensely that labor troubles in Kansas City make it impossible for me to be away. The free right of men and women to work has been severely attacked; peaceful workers have been beaten and driven from the jobs, and property destroyed; all to the extent that those of us who have been trying to carry on the building industry to help promote recovery have no assurance that we can even remain in business.

All of this is being done with the very bold statement that they have the President of the United States and Washington behind them and now is the time that they propose to see that organized labor comes into its own. In my judgment, the present recession in business can be attributed more to labor uncertainty than to any other one factor. In daily contact with men of affairs, I find all of them jittery about what may happen tomorrow in their own plants. I have seen organizations here where as much as 95% of the employees were satisfied and pleased with their work and yet they were driven from their jobs. To my mind there is no other cause to which your Council could give its consideration with better national results than the question of maintaining the American right of men and women to work, and the upholding of the law as to intimidation of workers.

Yours sincerely,

J. C. Nichols

JCN ET



*File
Personnel*

*F&F Commerce - Roper
2 folders*

THE SECRETARY OF COMMERCE
WASHINGTON

November 26, 1937

MEMORANDUM

FOR: Colonel Marvin H. McIntyre,
Secretary to the President

FROM: Secretary Roper

I believe the President will be interested to read now, or on his trip, the attached letter from Claude Bowers with regard to conditions in Spain. To me it is very interesting.

Also find attached the present status of our whale oil contest which I believe will be interesting to the President. All kinds of influences have been brought to bear upon me to weaken in the handling of this matter, - even the delicate approach of international relations. I may say, however, that the Minister of Norway supports us in our position and says that there will be no infraction of international relations.

A.C.R.

Attachments



*Please return
to me
AER.*

EMBASSY OF THE
UNITED STATES OF AMERICA

San Jean de Luz, November 15, '37

Dear Dan:-

I have a few minutes before the pouch goes out to write you a belated letter. I was enormously pleased, strange as it may sound, with the result of the municipal election in New York. The candidacy of Copeland, backed by Smith, was outrageous but also fortunate in that it gave the enemies of the Administration their true status in New York. The two nominees both were New Deal and Roosevelts triumph in the primaries was spectacular. After that one might lean back and be satisfied either way the election went. But when our people hit upon the moron idea of denouncing La Guardia as a "red" wishing to "turn the city over to communism"., my sympathy went to him. I am sick and tired of that form of denunciation. We are living in an age when any decent liberal is a "red" and I am ready to accept that word as a tribute, just as Jefferson was ready to take on the word "democrat" which the Liberty Leaguers of his day thought as vicious as "communist". And besides, LaGuardia is an honest man.

The war goes on in Spain; the Democracy of Spain fighting alone the battle for Democracy throughout the world; opposed by the Fascist International, and hamstrung by the Democracies of Europe under the Tory leadership of the British Government. The European Democracies are timidly retreating, hands up in the fascist salute, with Chamberlain writing love letters to Mussolini, and Mussolini and his press responding with the assurance that he may consider the kiss but with the understanding, publicly avowed, that he rather finds a democratic kiss repulsive. History will ultimately write a shameful story, a story of unprecedented heroism on the part of the Democracy of Spain, along with unthinkable treachery to democracy on the part of the other Democracies of Europe.

This Fascist International resembles a combination of the Gun Men and Gangsters, moving to their lawless acquisitions by methods of violence, treating all laws, all treaties, all pacts as dirt under their feet --and getting away with it with occasional tributes to their



EMBASSY OF THE
UNITED STATES OF AMERICA

"good faith" by a Chamberlain or an Eden.

Noting what is happening here, observing what has recently happened in Poland and Brazil, watching the quite open fascist movement for the crushing of the democracy of Masarkys and Benes in Czecko-Slovakia, and mindful of the more than acquiescent mood of the Tory Government of England, it seems to me that Democracy is crumbling like a house of cards before the blowing and bluffing of the bankrupt fascist states. I am very certain that History will record that the cowardice of the Democracies over here in the Spanish affair has convinced the Fascist leaders that they may safely contonune to treat them with contempt, to steal with abandon, and murder women and children with impunity-- even with the blessings of the Church. I have no doubt that the easy collapse of the Democracies here is responsible for Japans present defiant attitude.

I can understand of course that a horror of war has been responsible in a measure for the precipitated retreat or flight of the Democracies, but unhappily the Fascists have no horror of war. With each triumph they proceed to others. On each prostrate form they rise to great heights of insolence. Soon the alliances of fascist Powers will be so powerful that it will sweep everything before it in Europe. Seldom have I had occasion to agree with Nicholas Murray Butler but when in his speech opening Columbus this year he said that the danger to libery and democracy comes from facism and not communism he ~~said~~ told the truth.

Just what are business conditions at home? Was that market slump an organized plan of the plutocracy to intimidatexth Congress into abandoning reforms? You remember that the National Bank plutocraey resorted to this very method against Jackson.

We are busy enough here, and a pleasant villa with a magnificent view from huge studio windows over many miles of river, lake, measow, woods, and the Pyrannees, and with a great wood fire makes the stay here tolerable. In fact we are all well. The atmosphere here is poisonous --just as in Southampton and Palm Beach, but a sense of humor and



EMBASSY OF THE
UNITED STATES OF AMERICA

a capacity for silence serves me well. Occasional luncheons are about all we have. Have given a few recently.

Madame ~~du~~ Gruitch, American by birth, widow of the Jugo-Slavian diplomat, has been here and I have had her out twice because she was very nice to my daughter in London. She is going to America to tell us what is what about Spain. She had the most grotesque ideas as to facts. Thus she supposed that when the military rebellion began the Government was communistic --when there was not even a bromidic socialist in it. When Schoellkopf tried to set her right she resented the correction. She went into Franco territory to hob-nob with the Franco officers so she could tell Americans just what is what; but when I asked her if she was then going into loyalist territory she seemed amazed at the idea. She will talk to parlor gatherings of the type that thinks the Roosevelt Administration communistic, and the press will probably publish what she says. You probably have met her. I am positive the President knows her. I am wondering if she has not been employed for propoganda work in the States.

But this letter has run on and r on.

Regards and best wishes,

Sincerely,

Claude G. Bowler

Hon. Daniel C. Roper
Washington, D.C.

DEPARTMENT OF COMMERCE

OFFICE OF THE SOLICITOR

WASHINGTON

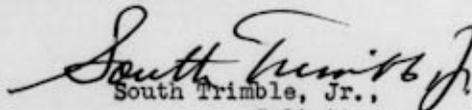
November 27, 1937.

Memorandum to the Secretary:

The application of the Western Operating Corporation for licenses for six additional foreign flag killer boats is still under consideration by the Bureau of Fisheries, the Bureau of Marine Inspection and Navigation and this office. The Bureau of Fisheries has received information that the Corporation has engaged Norwegian ships to kill whales of 30' length, when the law provides a limitation of 35'. They are also looking into the discrepancy in the amount of oil supposedly shipped from the ULYSSES on the foreign flag ship RACINE, the report from the ULYSSES indicating that approximately 70,000 barrels of whale oil was reduced on that ship, while the manifest of the ship carrying the oil from the ULYSSES to Norfolk shows 75,000 odd barrels. The Bureau is trying to ascertain the actual facts in connection with both of these matters.

The Bureau of Marine Inspection and Navigation is concerned over the various structural changes of a major nature which were made in a foreign country after the ship was registered and inspected in this country; also whether her registry for the whale fisheries has not been violated by engaging foreign flag vessels in connection with that operation. Further, if she is not engaged in the American whale fisheries, whether she should not be compelled to meet the requirement of all American vessels engaged in trade or commerce.

The Company has secured a release of the oil seized at Norfolk by posting a bond of \$250,000. A libel has been filed on behalf of the United States and the question of whether the shipment of the oil from the ULYSSES to Norfolk by a foreign flag vessel was in violation of Section 27 of the Merchant Marine Act of 1920 will be determined by the U. S. District Court at Norfolk.


South Trimble, Jr.,
Solicitor.



THE SECRETARY OF COMMERCE
WASHINGTON

December 8, 1937

*PSF: Commerce
Roper folder
G
File
Personal*

Memorandum

To: The President

From: Secretary Roper

Your telegram, read at the meeting in Chicago of the Business Advisory Council, was greatly appreciated. There was evident among the more than 100 well known business men at the dinner a keen desire for constructive cooperation in solving our present economic difficulties without criticism of broad social objectives. I sense that the time has arrived for a definite forward movement in cooperation.

The Business Advisory Council has definite plans for bringing important business and industrial leaders into line. I suggest that in the near future you give W. A. Harriman, Assistant Secretary Draper and myself thirty minutes for a discussion of this phase of the situation with you.

S.R.



THE SECRETARY OF COMMERCE
WASHINGTON

December 28, 1937

*File
Personal*

Memorandum

For: Colonel Marvin H. McIntyre
Secretary to the President

From: Secretary Roper

I am transmitting herewith a letter to the President expressing my appreciation of the volume containing his South American addresses, which I will thank you to hand to him.

D. E. R.



THE SECRETARY OF COMMERCE
WASHINGTON

December 28, 1937

Dear Mr. President:

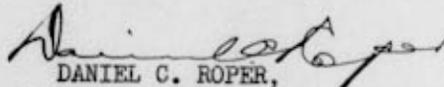
You made me very happy by sending to me at Christmas an autographed volume of the addresses you delivered in South America in November and December of 1936.

These historic utterances prompted the good neighbor policy necessary to bring our country into understanding with the South American nations. Moreover, the physical arrangement of the handsome brochure is a triumph of the graphic arts and enhances its value as an ornamental addition to the libraries which are so fortunate as to have received a copy.

To me the value of the book to posterity is in the inspiration imparted by the genuineness and depth of sentiment expressed. The addresses are consistent with your career during the last five years in that they appeal to the best human instincts. They will in my opinion contribute to the future safety of civilization.

I shall treasure most highly my copy of these history-making addresses.

Very sincerely,


DANIEL C. ROPER,
Secretary of Commerce.

Honorable Franklin D. Roosevelt,
The President of the United States,
The White House,
Washington, D. C.

THE WHITE HOUSE
WASHINGTON

Roper

February 12, 1938.

MEMORANDUM FOR

D. B. O'G.

This was handed to me by
Secretary Roper. I think there
may be something in the thought
of publishing the salaries.

F. D. R.

D. C. R.

MEMO
HOUSE
WASHINGTON
C O P Y

THE SECRETARY OF COMMERCE
WASHINGTON

February 11, 1938.

MEMORANDUM

I understand it is being reported in some quarters that the management of the Warm Springs equipment and endowment is paying too high salaries and the expenses are excessive. I know nothing about this but it seems to me that it might be a good idea to have the management meet this with proper report.

D. C. R.



B. R. HOWE, MGR.

File personal Roper folder
PSF: Commerce
**FLORIDA EAST COAST
HOTEL COMPANY.**
— FLAGLER SYSTEM —

HOTEL PONCE DE LEON,
B. R. HOWE, MGR.
HOTEL ORMOND,
A. N. CHASE, MGR.
THE BREAKERS,
J. W. GREENE, MGR.
CASA MARINA,
PETER SCHUTT, MGR.

NEW YORK OFFICE
2 WEST 45TH ST.

St. Augustine Fla. Written at: St. Augustine, Fla.
March 11, 1938

My dear Marvin:

I am advised by Draper over the telephone this afternoon that the President has nominated him for membership on the Federal Reserve Board. I recommended him to the President for this some weeks ago, and I am gratified that he has attained the position. He is exceptionally well fitted for the work of the Board, and will fully justify the President's confidence.

Now I would like to fill his place as Assistant Secretary of Commerce as early as practicable. As I review the list of persons in my mind available, I think first of Henry H. Heimann, Manager of the Association of Credit Men, and for the following reasons:--

- (1) Not connected with any objectionable business and yet a very wide student of business operations, Credit needs and general problems.
- (2) He has been a member of the Business Advisory Council for four years, and has always been sympathetic with the objectives of the Administration.
- (3) He is a life-long Democrat, serving for some years as Chairman of the Michigan Democratic State Committee.
- (4) The fact that he is a student of business Credit conditions, and also that he is a midwestern man, should help with business and politically.

Will you kindly bring this matter to the attention of the President so that I may have his reaction by next Thursday (17th) when we expect to reach Washington? I will not mention it to Heimann until I hear from you.

Mrs. Roper and I are having a nice rest at this very quiet and restful place..

With kindest regards, I am,

Very sincerely yours,

Samuel Roper
Secretary of Commerce

Colonel Marvin H. McIntyre
White House
Washington, D.C.



*file
personal*

THE SECRETARY OF COMMERCE
WASHINGTON

April 6, 1938

Memorandum

For: Colonel Marvin H. McIntyre
Secretary to the President

From: Secretary of Commerce

Several days ago the President asked me to make some inquiries among the South Carolina Congressmen as to their attitude on legislation and the attached memorandum is a result, though I made the inquiries a little more extensive than just South Carolina. Congressman Mahon of South Carolina has been very useful to me in making this canvass.

I hope that you can put this in the hands of the President at the earliest possible moment.

pac
B.C.R.



THE SECRETARY OF COMMERCE
WASHINGTON

April 6, 1938

Memorandum

For: The President
From: Secretary of Commerce

I find the following to be the legislative situation among our friends of the House of Representatives:

The legislative program should be reduced to the minimum, preferably the passage of the Reorganization Bill as now amended, and the Tax Bill.

There is much concern over the results of the Congressional Elections this Fall and it is the decided opinion that you should make a statement over the radio, or to the Congress, indicating your approval of this reduced legislative program. It is thought, however, that you should go on record in this talk as favoring the Wage and Hour legislation as you have heretofore indicated, but stating that you now feel that it would be better to delay action on this Bill until next Session. We are under the necessity of promoting recovery from the social and economic emergency that confronts us. We must get the man a job through improved industrial conditions before wage and hour legislation will be of any benefit to him.

It is thought that you should in this radio talk, or statement to the Congress if you wish to have it take that form, emphasize that pending the revival of business you will make no further effort with regard to reform measures, but of course stating that this does not mean that we are to return to old and discarded social conditions from which we have emerged.

The feeling in Congress is that the present recession is basically psychological, but that to the average man it is just as real as if it were otherwise. This means, therefore, that what is needed is to remove the fear and misconceptions by a vigorous statement from you along the lines we have indicated, which it is thought will greatly encourage business and industry to go ahead and thereby create recovery.

Not to do this is to run the great danger which is now imminent as brought out in the increasing number of communications received by Congressmen that the dissatisfaction among the business and executive groups is passing down into the masses. This can be arrested by the program above referred to, and the next Congress can be saved.

S.E.L.
D.C.A.



THE SECRETARY OF COMMERCE
WASHINGTON

*file
personal*

April 14, 1938

THE WHITE HOUSE

APR 14 11 24 AM '38

RECEIVED

Memorandum

For: The President
From: Secretary of Commerce

I believe that a favorable reaction would follow a statement by you tonight with regard to the very comprehensive efforts being made to help the small business men. The statement might be something like the following:

In our plans for business recovery, we are not unmindful of the economic importance of small business in the United States. Nearly two million business units have a net worth of seventy-five thousand dollars and less. The activities of these units constitute a major share of our business turnover, and they employ more than half of all our workers. The Nation's strength is built largely on the strength of the many thousands of local communities scattered throughout the land, and no building can be sound unless the bricks which make up the structure are sound.

Small business has always operated on short capital. The growth of our financial system has placed small business at a disadvantage in the capital market. As an emergency measure we have undertaken to meet this situation temporarily by expanding the lending powers of the R.F.C. and we are devoting study to a comprehensive plan to equalize the availability of credit to business units, however small.

If it is too late for you to get some such statement into your talk tonight, I hope that you can find occasion in an early press conference to voice the substance of the statement above referred to. I believe that it is important economically and politically.

DCR
D.C.R.



*file
personal*

THE SECRETARY OF COMMERCE
WASHINGTON

J. M. L. 746

June 16, 1938

Memorandum

For: The President

From: The Secretary of Commerce

I believe you will be interested in examining the attached material touching the national income in 1937, in comparison with previous years. It will be noted that the national income for 1937 was the largest since 1929, being 69.8 billion dollars, compared with 40 billion dollars at the low depression point of 1932, and within 11 billion dollars of the 1929 peak of 81 billion dollars.

It will be noted that the aggregate compensation of employees increased nearly 5 billion dollars, or 12 per cent in 1937 over 1936.

Attention is called to the comparisons by years of income produced by industrial divisions, shown on page 2 of the printed pamphlet attached.

Based upon information for the first three months of this calendar year, it would appear that the income for 1938 is likely to be about equal to that of 1936, when the total was about 63.5 billions, or about 6 billions less than that of 1937.

A. C. L.



THE SECRETARY OF COMMERCE
WASHINGTON

September 1, 1938

Memorandum

For: The President

From: The Secretary of Commerce

All our major business indices show that business conditions are gradually improving despite some lack of uniformity. The main cross-current is the talk of and fear of war. This is disturbing to business in making plans for the future and is also psychologically depressing on business leaders. My study of conditions to the extent that I had an opportunity to do so on a brief trip abroad in July and August encouraged me to believe that a general war is not likely, although of course we must keep close watch on developments abroad. In this connection, I quote from a letter just received from Mr. J. W. Shipman, vice president of the Automatic Electric Co., Chicago, Ill., who has just returned from Europe: "Generally speaking, I didn't find the average man as perturbed over the European situation as our newspapers on this side would seem to imply. . . ." It is my conviction that the longer the actual outbreak of general warfare can be deferred the more promising the opportunity to reach compromises and adjustments. I, therefore, feel that we are probably moving away from, rather than into, conflict. Thus convinced, I am taking advantage on all occasions to say that the attitude which the President and the Secretary of State are daily expressing in the interest of sanity and cooperation in international dealings has contributed effectively to forestalling conflict and stabilizing conditions. I believe this attitude will prompt sympathetic endeavors on the part of business leadership and be instrumental in controlling the "jittery" tendency.

The attached memorandum, carrying excerpts from some of our communications, might be of interest to you. These data are being used in answer to inquiries from friends of the Administration throughout the country who wish to be fortified with facts in refuting unfair statements and charges.

We are now preparing information from a survey of current business conditions which we will have for transmission to you and others by the middle of next week.

September 1, 1938

Two important proposals in the interest of business will be submitted for the consideration of the Business Advisory Council at their October meeting. One concerns the organization of small groups of business men for economic missions to the Latin American countries in the near future. As you know, a Business Congress, under the auspices of the Pan American Union, is being planned in connection with the Golden Gate Exposition in San Francisco. Latin American business leaders will confer with the business leadership of this country with the objective of promoting more equitable trade relations. I am anxious that this Congress be successful and that it be followed by reciprocal missions, particularly in view of the fact that such procedure is being followed by Japan and Germany. The fact that foreign trade is becoming more highly competitive prompts the necessity for us to be more aggressively alert in obtaining our righteous share. The other important subject for the consideration of the Council will be the matter of better development of our domestic trade through removal of the artificial obstructions in the channels of distribution. It is significant that foreign visitors to my office comment on the fact that they seem to have a better appreciation of the trade opportunities in this country than we do. Thus it is that our fundamental problem is broader and more economical distribution of our products at home at less cost to the consumer. This not only involves the removal of artificial barriers from the channels of distribution, but requires better understanding and adjustment of industrial relations. I am more impressed with the necessity for improving our distribution technique by reason of the remarkable reaction to the address on this subject, which I delivered August 22, on the National Radio Forum, copy of which is attached.

One of the most retarding influences on business at this time is fear of a continuity of troubles among labor leaders, creating uncertainty as to what may be expected in the future. The problem is not so much a question of hours and wages as one of jurisdictional authority of union leaders.

I am examining with great care and interest the splendid report prepared by your Commission, headed by Mr. W. Ellison Chalmers on industrial relations in Great Britain.

My first reaction is that employer-employee problems can only be worked out satisfactorily through gradual evolution. I believe we may find British procedure worthy of emulation, yet trial and error must be recognized here and constant endeavors employed to encourage cooperative thinking and action on the part of all concerned.

September 1, 1938

Great Britain has advanced to its encouraging status in industrial relations after one hundred years of study and negotiations, which leads us to believe that we should not become discouraged in the pursuit of our objectives. This report should be extensively analyzed and it will be our endeavor to assist in the dissemination of its interesting disclosures. As pointed out in the report, the fact should be impressed that "the employers associations and unions have long since become an integral part of a collective bargaining system in which they respect one another and mutually attribute real value to the agreements and to the relations that have been built up between them." American business now recognizes that properly conducted and responsible unions afford the necessary mechanics through which negotiations should be conducted. Under this procedure, employers should not contend against their employees but defend them in their union relationship.

L. C. R.

Attachments

Excerpts from letter of Secretary Roper to Representative James I. Farley

"An analysis of the figures and the conditions affecting them clearly refutes statements that have been made to the effect that the trade agreements program is detrimental to American agriculture. These tables show the total value of agricultural imports in 1937 to be \$1,579,324,000 and exports for the same period, \$797,500,000. The country has always imported vast quantities of products classified as "agricultural," for the reason that certain important commodities are either not produced at all in this country or are produced in insufficient quantities for our domestic needs. Under normal conditions we also export considerable quantities of agricultural products of a type for which our resources are best adapted. That imports should exceed exports is of no significant consequence. What is important to the American farmers is the existence of profitable market outlets at home and abroad for their products.

* * * * *

"It is interesting to observe what the agricultural imports in 1937 were that are supposed to have been harmful to our farmers. As a matter of fact, nearly half of these imports consisted of agricultural products of a kind not produced in the United States. The remainder were competitive only in a limited degree. Yet, in that same year we exported more than \$790 million worth of farm products, in spite of adverse effects of the 1936 drought upon shipments during all but the latter months of 1937. These exports were things actually produced by American farmers and not rubber, coffee, tea, et cetera. Thus, when comparisons are made, care should be taken to consider all the factors in fairness to the farmer.

"Under the trade agreements program, the excesses of the Hawley-Smoot Act which so effectively throttled our import, and hence also our export, trade are gradually being rectified and at the same time we are gaining valuable trade concessions abroad for both our farm and factory products. It seems to me that these are the things that really matter for our producers and for our people generally and not whether our total exports of manufactured products happen to be larger than our total imports of manufactured products. The slogan, "The American Market for the American Farmer," is therefore both meaningless and dangerous from the standpoint of the real interest of the farmers of this country. The reason of this is that the domestic market is, in any event, not large enough to absorb all of our agricultural production, no matter what we do about imports.

* * * * *

"In my opinion, the trade agreements program offers the only practicable means of lessening or removing the discrimination against farmers, resulting from excessive tariffs, while at the same time expanding foreign and domestic demand for our farm products. Although agriculture has already benefitted substantially from these agreements the significance of export figures, until quite recently, has been obscured by the effect of droughts which eliminated exportable surpluses and, in some cases, such as corn and wheat, created shortages in the amount available for domestic consumption. However, detailed analysis of our foreign trade figures shows that substantial increases in exports of many agricultural products have been taking place and that is particularly true of the first half of this year. As additional agreements are concluded, notably that with the United Kingdom, the beneficial effects of the program will be progressively enhanced."

National Income Produced:

(Billions of Dollars)

1929	\$31.1	
1930	68.3	
1931	55.8	
1932	40.0	
1933	42.3	
1934	50.1	
1935	55.2	
1936	65.5	
1937	69.8	
1938	60.0 (Estimated)	

Private Employees:

(Exclusive of Employer Personnel)

1929	31,600,000	
1932	22,800,000	
1933	22,700,000	
1937	28,800,000	
1938	Estimated at approximately same as 1937	

Stock Values:

(Market value of all stocks listed on N. Y. Stock Exchange
at end of year)

*1929	\$64,708,000,000
1930	49,020,000,000
1931	26,694,000,000
1933	33,095,000,000
1937	38,869,000,000
1938	44,784,000,000 (End of July)

*End of August, \$89,000,000,000

Foreign Trade of the United States

<u>Year</u>	<u>Exports</u>	<u>General Imports</u>
1928	\$5,123,556,000	\$4,091,444,000
1929	5,240,995,000	4,399,361,000
1930	3,845,181,000	3,060,908,000
1931	2,424,289,000	2,090,635,000
1932	1,611,016,000	1,322,774,000
1933	1,674,994,000	1,449,559,000
1934	2,132,800,000	1,655,055,000
1935	2,232,874,000	2,047,485,000
1936	2,455,978,000	2,422,592,000
1937	3,345,550,000	3,085,668,000
1938	1,818,368,000	(7 mos) 1,101,346,000

"Distribution—Key Log of the
Economic Jam"



Speech

of

Daniel C. Roper

The Secretary of Commerce



Arranged by

THE WASHINGTON STAR



Daniel C. Roper



*Broadcast Over a
Nation-Wide Network of*

THE NATIONAL BROADCASTING
COMPANY

Monday Night, August 22, 1938

Compliments of

The Evening Star

The Sunday Star

WASHINGTON, D. C.

I thank The Washington Star and the National Broadcasting Co. for the privilege of again participating in their constructive educational program. I am grateful to this audience for past courtesies and I appreciate the opportunity afforded me tonight to speak on a topic of vital concern to every American—namely, the distribution of the necessities of life to the millions of men and women needing them. It seems paradoxical that in this great country, with its abundance of diversified resources, that human need could be so serious a problem. Yet, the condition of many of our underprivileged people recalls the plight of the ancient mariner, who cried, "Water, water everywhere and not a drop to drink."

In our modern political economy, distribution to the broadest interpretation, is the apportionment of the products of industry through multiple processes, and of income among the greatest number of people. The scope of the definition thus involves a vast number of direct and indirect functions associated with the handling and merchandising of a given commodity from the time it originates as a raw material to the point where it leaves the end of the production line and passes to the ultimate consumer.

The domestic market of the United States is measured by the potential needs and desires of 130,000,000 people. Encouraged by the social and economic opportunities of their country, they have developed the highest standard of living of any people in the world.

Maladjustments Cited.

It is thus an obvious conclusion that reasonable purchasing power in their hands would contribute more than any other factor to maintaining maximum production in field and factory, to the relief of the problem of unemployment and to the stimulation of prosperity among all units of society. Yet, through cumulative maladjustments in the distribution of income and purchasing power, a condition has evolved whereby an estimated one-third of these people are undernourished, ill-clad and poorly housed. They are out of touch with the market for the goods we produce because they do not have the means with which to satisfy their needs. The situation thus not only involves their economic well-being, but concerns their health, their moral and social welfare.

The Roosevelt administration recognized at the outset that the appalling toll that was being exacted by human and natural erosion through cumulative maladjustments, had reached the point of national danger.

Steps have been taken, through a

realistic agricultural program, to stop the waste of land fertility, through soil conservation. This co-operative effort called for drastic measures but progress has been made in the rehabilitation of this natural resource. The question of treating human erosion is, of course, a greater problem. In 1933, the wheels of business and industry were idle because the economic breakdown had left a large segment of our people almost wholly without purchasing power. Millions were not buying because they did not have gainful employment, thus production was stalemated. A vicious circle had been created which the Government sought to break by providing work relief for the unemployed on useful and enduring public projects, as a means of meeting a difficult social and economic problem in a way which would distribute quickly purchasing power for the products of industry.

A wider distribution of purchasing power was thus achieved and was quickly translated into demands on the retailer, the wholesaler and the manufacturer for those items necessary to the American standard of living. A corollary objective of this program was increased employment in private industry and general business improvement. Under this program, recovery progressed at an encouraging pace. Then the untimely exertion of pressure to balance the Federal budget while the situation was still delicate failed to comprehend the necessity for a tapering off of the Federal contribution. This attitude was prompted by the erroneous assumption that the economic defects had been corrected and that private business was able to maintain the recovery trend. Concurrently, too rapidly rising prices and other forces set in to nullify the efforts to expand the consumption of goods. This combination of circumstances revived the same disastrous vicious circle. The inevitable consequence was business recession.

The Fundamental Problem.

The equitable distribution of goods and of income among the people is a basically economic problem. To have lasting prosperity, the people must be able to buy goods that have been produced at the lowest possible cost.

When the price range is in balance and thus within reach, more goods are consumed and hence more men are employed to produce those goods. Rising employment prompts rising production and increased earnings for those who produce. The difficulty is that the spread between the producer and the consumer, known as the cost of distribution, frequently includes unneeded services and thus is too often out of proportion to the bona fide cost which the consumer should

be asked to pay and which he is able and willing to pay. This tendency defeats the aims for maintaining production through greater consumption.

The pyramiding of needless costs is a prime defect in the channel of distribution. This must be corrected through a proper balancing of costs if the masses of the people are to have a fair chance to improve their standard of living by supplying all their needs, rather than just a few of their needs. The objective should be efficient distribution and just payment for needed services and proper return on investment.

Without endangering a reasonable return on the real invested capital, improvements in techniques need to be passed on to the consumer in the form of lower costs and an equitable share to labor rather than to reach the stockholders and management in the form of excessive dividends and salaries. Such equitable distribution of the benefits of cost reductions would manifestly have a greater effect on the consumer, labor and ownership, and hence general prosperity, than would result from the full benefits going to a relatively small group in the form of high salaries and high dividends.

The failure of distribution to meet adequately human needs is a serious obstacle to prosperity and to world peace and happiness. We have accomplished wonders in production, but far too little in the economic distribution of what we produce.

Must Supply Necessities.

We shall have to confess the lack of economic statesmanship unless we prove ourselves capable of correcting a situation wherein people in one section of our own country are burdened with products for which people in another section are in need. The way to economic well-being is to make raw materials and goods circulate. The way to encourage peace is to supply the necessities of everyday life.

The most important responsibility is to develop human skill and character and secure for all comfort and happiness. Working together to this end will enliven social consciousness and save the soul of the Nation. Democracy must be made to work better in this respect, if it is to maintain its virility through meeting properly its service responsibilities. The people generally, as well as researchers in science, must more aggressively support this objective.

Our salvation, not our destruction, lies in the wake of the progress of science if we wisely apply its lessons and interpretations. In this field we must ever keep in mind that constructive human service is the inspiration of all endeavors and that if we collectively cannot help to solve the problem of

the economical distribution of food, clothing and shelter, all other so-called progress will eventually prove to be a delusion and a snare.

When human attitudes and actions are properly charted; when selfishness, greed and intolerance have been suppressed through a national educational program, made mandatory by an aroused public opinion; when natural tendencies are permitted to function more normally, then dislocations in the economic mechanism will be less severe and we will have social and economic progress worthy of a great civilization.

It is not consistent with our progress that millions of our people are out of work and supported by those who do work. Moreover, it is appalling that there is actually a school of defeatist thought which denies any permanent cure for this condition. In their discouragement over failure immediately to find remedies, they become deluded with the idea that the problem is impervious to treatment. Indeed, some even resist efforts of those who constructively seek and work for the means of solution. They support this attitude on the theory that unemployment derives from our technological development and is thus as inevitable and as permanent as progress itself.

Removing Pivotal Log.

I do not share that view. On the contrary, I boldly assert that when we solve—and we will solve—the problem of balanced distribution of goods and services, we shall have removed the pivotal log in the jam that retards the attainment of that degree of social and economic progress which our resources and our genius justify. I further assert that a more positive attitude on the possibility of such solution by more of our people would help to stimulate the solution. The remedy will not be found in wishful thinking. Inaction breeds inaction, and the formula inheres largely in the simple technique of business initiative, with co-operation by the Government where Government co-operation is needed.

To admit that this difficulty cannot be treated effectively is to reflect on the virility of the American people, who, in my opinion, have not as yet gone soft. Certainly, American character has not lost all of its "salt and iron." The problem will not be solved solely by the Government. Success depends on co-operation on the part of leadership in business, in labor and in all the other interdependent units which share the responsibility.

Speaking only of domestic distribution, any co-ordinated program must first analyze both the natural as well as the artificial obstacles to the free flow of commerce. If time would permit us to broaden the discussion to

include foreign trade, we could talk about the retarding effect of tariffs, quotas, exchange restrictions, etc., which prevent full economic development and thus encourage international conflicts.

But let us adjust first our internal difficulties through better organized and more widespread distribution at home. This will look to, among other things, (a) scientific analysis of production costs, including the worth of the services of intermediaries, price-fixing and waste in selling methods; (b) banking and credit facilities, and (c) transportation adequacy and costs. In all our efforts a consciousness of mutual responsibility and willingness to give and take and sacrifice when and where necessary must be our guide.

Scientific Advancement.

The progressive advancement of the United States from the simple economy of the agrarian era down through the respective development cycles incident to the advent of steam, gasoline and electricity, has prompted students of economics to bestow disproportionate attention on the more dramatic functions of production to the neglect of the cumulative problems of the equally important functions of distribution.

The impact of this consequence has been so drastic as to cause maladjustments that cannot be quickly corrected, but should prompt the devising of instruments that will effectively bridge the gap between these two fundamental functions and pave the way for greater consumption and consequent increased output and employment. An economic system functions in a satisfactory manner only when a high level of production finds its complement in a distribution system which meets the needs of the people for their proper development.

The control function in distribution, as well as in production, does not, under normal conditions, rest in government, but with private enterprise. In gauging their own operations the distributor and the producer must rely upon the buying power and attitude of the consumer. Unless a satisfactory commodity is produced and marketed through fair practices at a price the consumer can afford to pay, production inevitably slows down with adverse results throughout our economy.

Many business leaders have initiated policies which, while not generally accepted throughout their respective industries, have produced significant results. I illustrate with an actual case. An Eastern corporation, having a business amounting to \$1,000,000 per annum, was able through constant research to eliminate waste in production, keep in touch with the changing

taste and requirements of its customers and at the same time maintain quality at the lowest possible cost. Furthermore, this corporation has been continuously operating six days a week in manufacturing and distributing its product.

The public is gradually gaining a better understanding of the practical operating problems of modern business. Yet, there needs to be a greater realization of the fact that American business men, as a class, are not all selfish, grasping individuals seeking every opportunity to take advantage of labor, stockholders and consumers. Business men of such constructive ideals should be encouraged and not discouraged in the pursuit of this objective. The effort should be to extend understanding and broad, sympathetic co-operation among all groups, to the end that the interwoven problems shall be wisely and equitably adjusted for all. In this way our civilization will be preserved against all modern "isms" that would destroy industrial and political freedom. We have the tools to work out our problems. Do we have the vision to use—and not misuse—them?

As early as 1920, prompted by public indignation over prevailing malpractices and rising distribution costs, the Congress ordered an investigation into the marketing and distribution of important products of farm and factory. The report growing out of this inquiry was one of the most constructive contributions to contemporary knowledge on this subject. The revelations of excesses, needless intermediaries and high costs were astounding, and these revelations gave a severe shock to public confidence. From these studies there developed a more general recognition that the problems of distribution were manifold. In reality, it meant the entire category of activities that exert an influence on cost after the raw materials have been processed. Distribution costs not only include preparation for shipping, packaging, wrapping, labeling and advertising, but credit facilities and the various marketing methods.

Some Evils Corrected.

Many modern business and industrial leaders have taken a realistic view of their own vulnerability and have corrected some of the grosser evils, yet this attitude has not been sufficiently general.

An uninformed or unethical minority can demoralize the entire system. Imperfections and injustices still serve as a brake on the wheels of activity and deprive workers of their rightful opportunity to earn a livelihood, and the consuming public of access to needed goods. There can be no compromise with practices that operate

to this end, even on the part of a small minority, when the welfare of all is involved.

The distribution system, as well as the system of production, must be purged of uneconomic and wasteful practices and function at less cost. The modernization of policies will seek a more uniform but less spectacular rate of profit for those engaged in production and distribution to the end that people generally may enjoy more of the fruits of sustained mass production efficiency.

Since mass production falls short of its objectives without the support of mass consumption, prices must be better aligned with demands and purchasing power. The proper balancing requires constant adjustment so that shifting needs and demands may be promptly met through proper changes in the production and distribution functions.

Goods must be offered so as to meet as broad a need as possible. When the prices are so high that volume is sacrificed, the needs of the consumer go unsatisfied. Not only must the price of individual commodities be in proper relationship, but the rewards of various factors of production must be proportionate to their contributions. It is not in the interest of maximum efficiency that the prices of either goods or services be held at a level which precludes full employment, but the objective of wage, as of other policies, should embrace full and continuous employment. Thus wage rates should be in proper relationship to other costs and prices if the system is to function effectively.

It is the amount in the pay envelope and its relation to the existing price structure—not hourly rates of pay—that determines purchasing power. If rates are so high in one line that they lead to unemployment and lower total pay rolls, then the actual result is to reduce labor's purchasing power. On the other hand, if rates are so low in certain lines that employes are not enabled to enjoy their share of the flow of goods, this equally constitutes an impediment to full utilization of our resources. It is a question of balanced relationships here as elsewhere. This applies as well to other prices.

It is not the price of steel that determines the purchasing power of the steel makers, but the price multiplied by the quantity sold. When a reduction in the price of steel leads to an increase in the quantity sold, which more than offsets the unit price reduction, then the gross income of the manufacturer would increase and there would be nothing deflationary in the movement; but when prices are so low that they involve widespread losses, they do not increase purchasing power

for labor or any other unit as industry cannot function effectively under such conditions. If we are to sell the maximum volume of goods that can be produced, we must have correctly balanced prices and wages that make possible the fullest employment and the largest volume of pay rolls.

The kind of competition that must be eliminated from our economic life is not that which legitimately supports our profit system and meets its social responsibilities, but the destructive type, and monopolistic controls which harm both business and the public. Experience of leaders in business has made them familiar with those practices which are detrimental and which adversely affect the consumer and impede progress. Informed as they are, they should initiate the necessary changes through their own efforts, with the knowledge that the Government is ready to help if and when its assistance is needed.

It is admitted that many of the situations affecting the proper operation of our system of distribution are traceable to monopolistic practices. A fact-finding investigation now under way will, we hope, point the way to effective remedies in the interest of all our citizens. With the economy of the Nation complicated by the growth of great corporations into vast economic states, the power of the Congress to secure competitive selling and prevent unreasonable profits is the public's safeguard against abuses.

Under the existing laws of the United States, it is virtually impossible for private monopolies to legally prevail. Yet conditions have arisen that challenge the ability of the Government to regulate monopoly effectively. Otherwise, monopoly, with its vast integrated power might seek to regulate the Government and defeat the fundamental aims of democracy. Thus, in preserving our competitive economy and private property rights against monopolistic encroachments, democracy itself is being protected.

Asks Co-operative Endeavor.

The approach to solution must be supported by a background of correct understanding and with a broad perspective of the interwoven problems. A purely negative program for curing evils will not suffice, but the solution must come from positive and constructively co-operative endeavors, implemented by machinery within the existing framework. Concerted action should be based on the recognition of the fact that the objectives are mutual and hence their accomplishment would result in mutual good. Existing unequal terms in the economic system must be brought into equitable balance through the enforcement by industry

and government of such rules and regulations for fair play as will prevent monopoly and preserve personal liberty.

The steps that are taken now to safeguard our competitive system against those tendencies which would thwart free enterprise are steps taken in time. They will remove us further from the undesirable alternative of government ownership and operation of enterprises that are essential to the national economy.

To this end, such regulation of monopolistic organizations as are inimical to our fundamentals of government and to our competitive system should be undertaken and a program formulated which would properly conserve our national resources and maintain equal opportunity. It must be recognized that evil is not necessarily characteristic of size which we call "bigness," but that the true measure of corporate size is determined by the yardstick of service to society generally.

Economies achieved by mass production must be conserved and encouraged, but not at the expense of unfair and harmful exploitation.

Every item of cost and every policy must therefore be submitted to the X-ray analysis of experts, to the end that all items of expense that would have an adverse effect on the free flow of the product to the consumer be eliminated. Only as more goods are consumed can more goods be produced, more people employed, and fewer people charged to relief. This requires expert studies of markets, not only in the domestic field, but in our foreign trade. Sales efforts wisely planned should comprehend the need and the potential purchasing power of the market.

In this highly competitive era, satisfactory consumer relationship cannot be sustained in the absence of fair business practices. The public is not only interested in the best quality of merchandise at the lowest possible cost, but it is also concerned with the policies of those responsible for goods offered for sale. The old philosophy of keeping competition down and profits up will not build lasting trade relationships, nor will those who practice it long survive.

Attitude of Business.

The length to which the Government must go in facilitating the channels of distribution must thus be determined largely in the light of the attitude and action of business itself. In a democracy, it is the responsibility of government to maintain equity and provide for human beings the greatest possible opportunity in the pursuit of happiness. To achieve this, men must be enabled to produce or secure those

things for which they are willing to work. Of this classification of goods, there will never be an overproduction.

When work opportunities are limited by defective economic procedures, the ability to buy the things needed is proportionately limited. Under these circumstances, the surpluses resulting should not be defined as overproduction, but a limitation of the constitutional right of men to live, and the things that sustain life. Thus the failure to provide the means for carrying on the exchange of what men want is the only circumstance which deprives them from working in pursuits that bring them satisfaction. The yearning for security has been the motivating force of initiative from the beginning of time and it can become permanent only when it becomes universal. No individual or group can maintain security for self alone. New wealth, commensurate with opportunities offered by our natural resources, cannot be created under a system which permits large numbers of men to be separated from gainful pursuits, their initiative deadened and their eagerness for self-reliance thwarted through no fault of their own.

It is historically true of our country that all great and enduring achievements have resulted from some form of human sacrifice. This spirit needs to be articulated with greater force if we are to accept and adjust to new conditions through peaceful evolution and not through destructive revolution. The right to the pursuit of happiness is the prime guarantee of government and means efforts to remove the fear of poverty and the recognition of the right to economic security in old age through the proper operation of the economic system. Supported by appropriate action by the Government, our capitalistic system is fully capable of meeting every demand which justice can require. As long as there are people to feed and clothe and educate, there is work to do in sufficient volume to occupy those with the will and skill to work.

The Government owes no man a living, yet our Government was instituted to secure the rights of the governed, which implies the right to earn a living, not from the Government, but under a system that enables those who are trustees for producing and distributing to safeguard a reasonable standard of living. Under the philosophy that actuated the founding fathers that the aspiration for equality of opportunity is the highest ideal in a democracy, our Nation has conquered many difficulties and has attained an eminence in world affairs that is acknowledged everywhere.

Public opinion in America can be counted on to condemn any minority, whether in the household of capital, of labor or any other unit that would attempt through unfair practices to secure unjust gains. Thus all plans, purposes and policies must be thoroughly in tune with the spirit of the times.

There are all the implements within our capitalistic system to produce what society is demanding—security and adequacy of life to all who are willing to do their share. Democracy will not fail us if we wisely implement it and exercise in operating it the faith and action of our fathers who selected this form of government and provided checks and balances against injustices.

*file
journal*

THE WHITE HOUSE
WASHINGTON

d-1

September 28, 1938

MEMORANDUM:

Secretary Roper phoned:

"I think that statement last night was one of the most statesmanlike papers I have ever read, and I am not surprised at all that it is having such favorable effect.

"I had a call this morning from an international news man, who tells me that he has had it from a very reliable source that the Italians are giving trouble to Mussolini -- they don't want to go into this war, and therefore Mussolini is going to feel responsible to his position as Chairman of that meeting tomorrow."

K.



THE SECRETARY OF COMMERCE
WASHINGTON

October 31, 1938

MEMORANDUM

FOR: Colonel Marvin H. McIntyre
Secretary to the President

FROM: Secretary Roper

I hope you may be willing to bring to the attention of the President the following excerpt from a letter just received from Reverend Wynn C. Fairfield, Director, Church Committee for China Relief. The activity is located at 105 East 22nd Street, New York City. The excerpt is:

"Undoubtedly the President has already prepared his Thanksgiving message, although I have not seen it released. If by any chance the suggestion has still any value, would it be appropriate in the Thanksgiving message for the President to refer in general terms to the unfortunate people of other lands who are in dire distress at our Thanksgiving season and to suggest that they in particular be remembered as churches and families gather for their Thanksgiving?"

This writer has expressed the hope in his letter that the President could send a personal message to be read at a special night called "China Night" at the Metropolitan Hotel, New York City, but I am explaining to the clergyman why the President should not be asked to do this. It occurs to me, however, that the suggestion about the Thanksgiving message would be an appropriate thing for the President to do.

R. C. R.
D. C. R.



*file
personal*

THE SECRETARY OF COMMERCE
WASHINGTON

November 26, 1938

Memorandum

For: Colonel Marvin H. McIntyre
Secretary to the President
The White House.

(Warm Springs, Georgia - via White House Pouch.)

From: Secretary of Commerce

When I last talked with the President I referred to the "absolute necessity" of reinstituting in the Congress the Democratic Caucus, so that when the President and the leaders decide upon legislative program that a caucus will endorse it and bind the members of the caucus to the support of the program. This should avoid the possibility otherwise of Democrats destroying themselves and the plans of the President.

I told the President at this last conference that I would get in touch with the Vice President about this and expressed the hope to him that he would be willing to come to Warm Springs and confer with the President if and when convenient. I quote as follows from Garner's message to me:

"I have no invitation from the President to visit Warm Springs and I hope he don't take up your suggestion and call me over there, since I want to stay down here in the woods until after Christmas. I am willing to make any sacrifice, however, for the benefit of the country, especially for the Democratic Party, through which I believe the country can best be served. * * * * * As you know, I will adapt myself to what seems to be to the best interest of the Party and all concerned."

Yes
L.S.H.

Mr. Latta:

Can you give me the year on
this?

P.T. Larrabee

1938

Robert 1938

[12-1-38]

My dear Dan:

I have your letter asking to be relieved of your duties as Secretary of Commerce effective December 23rd.

Knowing the impelling personal reasons that prompt you, I accept your resignation with very sincere regret.

I am, of course, pleased to have your assurances that your retirement to private life will in no degree affect your interest in the great objectives we have all striven for together, although, knowing you, I knew that without you telling me.

I should like an opportunity to talk with you before you leave on your southern trip with reference to your first assignment for cooperation as a private citizen.

We both realize that your retirement means no *interception of* ~~break~~ in the personal ~~and party~~ associations between us that have lasted for a quarter of a century.

I can never forget the many years
you & I worked together in the
Wilson Administration in the space of
Silent Administration - The fundamental
which we strove for these have been
and always will be a mutual bond
and in those latter years you and
I have had opportunity jointly
to advance them. It is indeed
I hope that we maintain our work
together

We both realize that your retirement means no
discontinuation of the personal association between us that
have lasted for a quarter of a century.