

May 9, 1939

Present:

Mr. Doughton
Mr. Cooper
Mr. Hanes
Mrs. Klotz

HM, Jr: (to Mr. Hanes) I asked ~~about~~ these people to help me dictate a memorandum of what happened. I just don't know.

Mr. Doughton: Before we start, I want to get this situation clarified. You and I have had several brief conversations -- you and I. I got the impression, or I would say I was very hopeful and somewhat under the impression, that when it came down it had been an understanding, an accord, reached among you three: the President and you two, about this matter. I don't see it exactly in that light now.

HM, Jr: Hanes and I are right together. You don't have to line us up. We are lined up. We are talking here. I thought I knew where the President was when I saw him, Thursday or Friday, when I asked him could I see you. Then, when I saw him yesterday and had this session of an hour and a half -- it was after he had seen the leaders -- he practically put me in the position -- when you boil it all down, I said, "Well, Mr. President, why don't you say what you want? You don't want a tax bill."

Mr. Doughton: When he called me yesterday afternoon, then I recognized the fact that he had not approved what you had in mind.

HM, Jr: He did on Thursday or Friday, because I have got the stuff. I have got the book. I have got it in his own handwriting. I took that book over and he made corrections and I have page after page in his own

-2-

handwriting. And then he said, "Prepare the stuff giving the pros and cons," and we did it and then we wrote it just the way he wanted it and took it back yesterday. I am not going to pull my punches a bit! And then when I went back with the thing prepared the way he wanted it, he said no. So that's where I am.

Mr. Doughton: Well, we will start from scratch now; from this morning.

HM, Jr.: And I certainly had every reason to believe after, I don't know how many hours he went over this thing, and we re-wrote it just the way he wanted it and then when I gave it to him yesterday he wouldn't even look at it.

Mr. Doughton: That conference yesterday morning upset things.

HM, Jr.: He claims at this conference yesterday they said it is more important to adjourn Congress than it is to have a tax bill and all they want to do is just extend these things.

Mr. Cooper: I don't know what all these intervening conferences have been about, but my impression is, as I have understood it from the conferences I did attend, the very clear impression I got then is exactly in accord with this morning's conference.

HM, Jr.: I agree with you that was the way he was when we were last there together. But Hanes and I have felt -- the way I told you two gentlemen: we were sitting in the parlor and I think I said to the President that we feel that business is getting worse and that one of the ways to improve business is to shift some of the taxes.

Now, the President uses the word "repressive". I say change some of the worst taxes from the standpoint of deterrents and put on some which are the least repressive -- using his own word. Now, we started with the five and when I went there with him, Thursday or Friday, and had the list, he did not cross one of them

out. Not a one! And evidently I did not make any headway. I thought I was and I was led to believe it. I have not changed and I can say that for Hanes and myself, and I want to make it perfectly plain. I said to the President, yesterday, it's much better that I don't go up on the Hill at all.

Mr. Cooper: Why, certainly!

HM, Jr: Because I have got convictions. I have got my responsibility to my country, which comes first. I am charged with certain duties. I am not going to stultify myself for anybody.

And it isn't as though this thing is something I arrived at as the wind. I go back to the report Magill and Shoup wrote, which took them six months to prepare. Then Hanes comes here and he makes a whole study. We presented practically the same identical thing to the President in December 1937 and he agreed to most of them then.

Now, gentlemen, we have tried spending money. We are spending more than we have ever spent before and it does not work. And I have just one interest, and if I am wrong, as far as I am concerned, somebody else can have my job. I want to see this country prosperous. I want to see people get a job. I want to see people get enough to eat. We have never made good on our promises. We have never taken care of them. We have said we would give everybody a job that wanted it. We have never taken care of the people through your mountains and your mountains who get a \$30.00 or \$40.00 a year income. There are 4,000,000 that don't have that much income. We have never done anything for them. I want to see those people taken care of.

We have never begun to tax the people in this country the way they should be. We took this program to the President showing how to raise another \$2,000,000,000 and how to balance the budget, and we had it in October of this year. \$2,000,000,000! We have never begun to tax the people. I don't pay

-4-

what I should. People of my class don't. People who have it should pay. We have not changed. We have been absolutely consistent for two or three years. It's never a good year to have a tax bill, but I think it's a darn good year to begin to balance the budget. This statement I made yesterday about the \$380,000,000 over and above the budget, I asked him before I made that. I said, Mr. President, I am shocked about this; I don't know how you feel about it?

"When's your next press conference?"

"Four o'clock."

"Say it then."

But what are we going to do about it? The biggest deterrent of all, I think, is that the country does not know when the end is in sight and this unbalancing of the budget, that's the biggest deterrent of all and that's what frightens people. I had a man travel up and down this country and he has come back -- an intelligent fellow; he has kept away from big cities -- and the unanimous report was that people are not afraid of paying more taxes if they are convinced that it is honestly spent, but they are against waste.

But why not let's come to grips? And as I say, all I am interested in is to really see this country prosperous and this form of Government continue, because after eight years if we can't make a success somebody else is going to claim the right to make it and he's got the right to make the trial. I say after eight years of this Administration we have just as much unemployment as when we started.

Mr. Doughton: And an enormous debt to boot!

HM, Jr: And an enormous debt to boot! We are just sitting here and fiddling and I am just wearing myself out and getting sick. Because why? I can't see any daylight. I want it for my people.

for my children, and your children. I want to see some daylight and I don't see it. And that's why Hanes and I are making the fight, and if we are successful he and I will contribute more out of our pockets than others because it will hit us the hardest. If they take our suggestion, to take our money or leave it to them after we die, it hits Hanes and me relatively more than anybody in this Administration. Nobody can be more unselfish than we are. If I wanted to, I could follow what Mr. Mellon did and as long as he was here taxes over \$700,000 never went up, but the plan we have here hits Hanes and me relatively more than anybody else who works for Mr. Roosevelt because we happen to fall into that class, so if anybody says we are interested in Wall Street, he's lying.

Mr. Cooper: To analyze your statement briefly, it's the position of you two gentlemen that there should be a tax bill to raise enough revenue to make a start towards balancing the budget?

HM, Jr: Yes!

Mr. Cooper: All right. Now then, if that is true, certainly by all the rules of the game, that recommendation should have come to us in January if it was coming at all.

Mr. Hanes: Nothing more true than what you say and we tried our best to get it there.

Mr. Cooper: That's not our fault.

HM, Jr: Check!

Mr. Cooper: It may not be your fault. Now, if it is because of the views of the President -- you can't get anywhere by not recognizing those views, because after all whatever is done must be approved by him, so if you don't have that approval in advance you never have any element of certainty to sustain

you in the position you are taking. Suppose we work ourselves sick. You gentlemen do likewise. Then wind up with a program that he won't take. What practical good have you accomplished?

HM, Jr: Well, we have accomplished this, Jere. This is not something new. Looking the world over, each country through their armament program and this rearmament race is gradually getting near financial suicide.

Mr. Cooper: No doubt about that!

HM, Jr: If we don't have war -- and I most fervently pray we won't and I will do everything I can to keep it from coming if it is possible for me -- and if there is no world war, certainly this country ought to lead the world back to financial sanity and that financial sanity would be that we live within our means. Now England, within the last two or three weeks, has been the last country to go overboard and even now when she raised the budget she's going to increase -- half of the increased budget is going to come out of taxes.

Now, talking with somebody in the office yesterday, before I made my statement about being bothered about this increased expenditure for the Agricultural bill, they said, "Why stick your neck out? It will pass. Nobody else is going to object." I said no, that's why I am going to do it. Just as long as I sit here, I am going to be that kind of person and any time the President does not like what I say it is very easy for him to say so and I have a perfectly good farm without any mortgage on it. And just as long as I am here, I am going to continue to be that kind of a fellow.

If you want to know where the trouble lies -- in the Budget message the President talked about increased taxes and getting enough money. I gave it to him this morning. Enough money from the least repressive taxes to pay for the \$212,000,000 that they voted last year. Then, when he steps on this boat, without my knowing anything about it, he said no in-