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Present: The President, Vice President, Messrs. Hull, Cummings, Woodring, Farley, Ickes, Roper, Miss Perkins, Mr. Magill, Admiral Leahy, Mr. Wilson.

The President said he had been talking to the newspaper men and to several Senators and Congressmen. He had told them the outlook was hopeful to realize the main objectives of his court program. The court had displayed more liberality in its spring decisions, and bills to reform procedure in the Federal courts would go through.

He said that it is up to the Congressional leaders to get busy and put through a program of legislation now; or to meet in October and do so then. The next regular session should be short, and not much more than the regular appropriation bills should be passed. The record this year is not good - only the appropriation bills, neutrality legislation and one other important bill. Congress ought not to want to go to the country on such a record.

The Vice President said that in his 34 years he had never seen such weak leadership of the majority in Congress. He mentioned the Speaker and the Rules Committee. Bills making additional appropriations above the budget were going through without adequate consideration of the consequences.

The President said that he was determined to balance the budget, and that if the appropriations exceeded the estimates, he would call Congress back in October either to cut down appropriations previously made, or to pass additional taxes to balance the outgo. He could only veto about so many bills. He spoke particularly of the vote overriding his veto of the bill as to farm interest rates; and the appropriation for vocational education being tacked on to one of the appropriation bills.

Mr. Hull said the situation in China looked somewhat better, with probabilities of a settlement by local leaders. Spain still looked hopeless. In answer to the President's question, Admiral Leahy said guns placed around the Bay of Gibraltar could bombard the British off the rock; guns across the Straits could not be effectively used for this purpose, since they would be 25 miles away.

I reported the situation in the tax loophole bill; it is probable that it can be whipped into shape and promptly passed. It will not cover much territory, but will be drastic. Cushions cannot be inserted without injuring its effectiveness. The President said younger Congressmen had criticized Messrs. Beaman and Parker for associating with wealthy lawyers and taxpayers. I said the criticism had no merit as to Beaman, who is thoroughly non-partisan. The Vice President said anyone would have a hard time to convince the House that Beaman is not

PARAPHRASE OF TELEGRAM RECEIVED

entirely honest and non-partisan; that he does not interfere on questions of policy. I said Parker was regarded as a radical by the Mellon group; I thought him an honest conservative. The Vice President said he was put in by Senator Couzens; he thought Parker was all right.

Admiral Leahy reported that the Cruiser Omaha, now stuck on a bar, might be gotten off if good weather prevailed or might be lost.

Mr. Roper read a telegram from George Palmer Putnam, asking the Navy to prosecute the Earhart search, and to invite the British and Japanese to help. It was decided to ask our own and their officers to keep a lookout, but that we could not intensively search the areas mentioned since we did not have the ships there.

The President said indications were that crops this year would be large and next year probably so. Business conditions were good with high farm prices. The large crops would probably bring prices down, unless some affirmative steps were taken by the Government.

I was asked to find out from Wayne Taylor whether there were further shipments of gold out of the United States; the President may want to make a statement next week. I was also asked to find out from Admiral Waesche what Coast Guard cutter would next be retired, to see whether it can be obtained for Mr. Roper's use for scientific purposes in Alaskan waters, to determine the migratory habits of the salmon. It is thought the salmon come from Alaskan rivers to the high seas, where they are being caught by the Japanese. The President wants us to control the catch if we can.

* * *

After the meeting I spoke to Mr. Farley about the Studebaker Company's proposals to amend the undistributed profits tax. I said it was very unlikely that any amendments to that tax would be made before fall. He said that he had no particular interest in the situation, and would advise Mr. Vance of the Studebaker Company that probably nothing could be done at this time.

Notes taken by Under Secretary Roswell Magill.

RM:ce

I also told Weber that my colleague in London had