

Tuesday, May 25, 1926.

Report of the Newspaper Conference.

I have a question here in relation to what action the Federal Reserve System might take to stabilize foreign exchange. That is a question that I can't answer very well for two reasons. In the first place I haven't any definite and specific information about it, and in the second place it is due to my relation, or what I think my relation ought to be, towards the Federal Reserve System. That is a system entirely removed from the administration. It functions quite independently. It is non-political and is entirely professional and expert. So that I have always felt that it would be quite inappropriate for the President to make any suggestions to the Federal Reserve Board as to what action they should take. Of course our own Government is taking such actions - the executive and the administrative and legislative part of the Government - for the purpose of stabilizing foreign exchange, as has already been made public, chiefly undertaking the liquidation of the foreign debts. It has been expected that such action would go a long way toward stabilizing foreign exchange. We are interested of course in having that done and desirous to help in any way we can, and that, we have felt, was the first step that should be taken to bring that result about. The settlement of the British debt it is thought was very helpful in stabilizing their exchange.

I expect that the Treasury Department will be in a position to report to me within a few days or within a day or two what recommendations they want to make for the new Board of Tax Appeals. The present Board expires on the

the first or second of the coming month and it is desirable to have the new Board appointed and confirmed so that they may begin their work immediately. So that I think by that time I shall have had the nominations in and there will have been plenty of time to make the appointments.

I have several questions here in relation to the order that I issued under the Civil Service as to the appointment of those who may hold some local or state position to the position of prohibition enforcers. That came about in this way, as I think is known. In 1873 General Grant issued an order, being then President, stating that as a general rule he thought it was inadvisable for those who have positions under states to also hold positions under the United States, though he did except from that the appointment of sheriffs to be United States Marshalls. Within a few days he had to modify that order very greatly because of the difficulties that arose. He found that a great many local positions could be very well held in conjunction with Federal positions, so a supplementary order was made permitting that to be done. That ran along until the present time, when as I understand General Andrews found that he could appoint some prohibition enforcing agents in California that held local positions there,- I don't know just what. The question came as to whether that was in conflict with the Civil Service order that had been issued in 1873 and it was thought that it was. So after consulting his legal department, as I understand it, he sent over an order which I think we submitted to the Civil Service Commission. I am not certain whether the submission was made from here or there, and they sent back a communication stating that they saw no objection to the

order. So the order was issued and the matter stood in that shape until it attracted some notice and some question was raised as to its legality, as to whether it was in conflict with any Federal statute or in conflict with the Constitution. I submitted that question to the Attorney General, and you have, or had yesterday, the memorandum he made in relation to it. Now here is an inquiry as to whether it is an invasion of state sovereignty. I hadn't thought that that question could arise in a matter of the enforcement of the prohibition law, and for this reason - that the states have not only invited but have commanded the National Government to have concurrent jurisdiction with the states themselves in the enforcement of the prohibition law, and I think it is a well understood rule of law that when you have been invited or commanded to come on to premises that the owner can not thereafter assert that you come in as a trespasser. Then there is another point there, perhaps not of much importance. I fail to see how the National Government could be more considerate of the rights of a state in the administration of the prohibition law than to choose in that state as the representative of the National Government for that particular purpose the person that the state has chosen for the same or a similar purpose. I suppose that is what President Grant had in mind when he excepted from the first order the appointment of sheriffs for duty as United States Marshalls. Their work was of such a similar character that he saw no incongruity in it and no chance of a conflict with authority, so he said that that could be done. Now, I think the Treasury has already announced what it proposes to do on this order, which as I understand it is to legalize and authorize and confirm some

appointments that it had made or was contemplating making in California. I doubt very much if any one needs to be discouraged by the order, or that any one will find it oppressive in any way. If it should become so, why then there will be an opportunity at that time to modify it in accordance with the experience that may arise from the administration of the order. I think perhaps there was a false impression. Here is a question that raises that suggestion as to the proposed scope or use that was to be made of that order. Perhaps I have already explained that, or the explanation has been made by the Treasury Department.

Here is a further question as to whether any plan has been ~~of~~ worked out of the line between state responsibility and Federal responsibility in concurrent jurisdiction provided in the 13th Amendment. The only line that could be worked out about that would be in the first instance the statutes enacted by the Federal Government and the statutes enacted by the several states, and then such working agreement as might be entered into between the Federal officials and the local officials in the several states. Sometimes, as I understand it, there are working agreements of that kind and sometimes there are not. I don't know that there has been established any standard or plan that would be considered something that was to be put into operation in each of the states. I suppose that each of the officers will work out that situation in accordance with the local conditions. Where they could cooperate they do, and where the situation is such that that isn't feasible they do not cooperate. I understand from the Treasury that under the Civil Service order I signed there was no

contemplation of taking large numbers from one state, or any number, and trying to put them into another state. I should think the whole theory of that order would be directly contrary to that because a person that is appointed under that order is already located in his own state. He has his business and his duties there and draws his compensation from performing the functions that he has assumed there under any appointment that he may have, so that it wouldn't be feasible at all for him to go off into some other state and leave his state duties. I don't know whether I have made that situation plain. I shall be glad to answer any questions that might occur to any one in relation to it.

Press ; Mr. President, I wrote that question. I had in mind also the question of whether the Federal Government might look upon itself as not intrusted with the whole duty of enforcement in a city or interior of a state; the strictly local part of it, for example, the part that has to do with what might be in a city and interior of a state and has nothing to do with the traffic between states.

President: Well, there are certain things in relation to the administration of the law like the issuing of permits and manufacture and smuggling and interstate commerce that come altogether under the jurisdiction of the National Government. Of course in those instances the National Government is solely responsible and the states are not in a position to give any assistance, even though they had a desire to do it. Now the question of local enforcement as I say is a question of the statutes of the local states, supple-

mented by the statutes of the United States, and I conceive it as the duty of the Federal Government to do the best it can to carry out the provisions of the Federal law. It gives more attention to those things over which it has exclusive jurisdiction than it does to those things over which there is a concurrent jurisdiction probably, but the statute of the United States is the statute and the Government of the United States, the administrative officers, District Attorneys, the Marshalls and the prohibition enforcement agents undertake to enforce that the best they can against all offenders of it.