

## Office Correspondence

FEDERAL RESERVE  
BOARDDate March 29, 1935To Governor EcclesSubject: Status of housing subsidy inFrom J. M. Daigerconference report on relief bill

16-852

*File*

A reading of the report filed last night by the Senate and House conferees seems to me to leave in doubt the authority of the President to establish such a housing subsidy as you have proposed. Certainly it does not appear that any effort has been made to clarify the bill along the lines suggested by Mr. Vest and Mr. Watson.

Two items in the conference report may constitute a peg to tie to. First, to the Senate restriction that the funds appropriated must be used "to provide relief and work relief" there has been added "and to increase employment by providing useful projects."

Second, a new section as been inserted as follows: "Sec.4. In carrying out the provisions of this joint resolution the President is authorized to establish and prescribe the duties and functions of necessary agencies within the Government."

The point that you and I discussed a couple of nights ago, and that Mr. Vest covered in his last memorandum--namely, the doubt arising from the use of the phrase "loans and grants" only in connection with public projects--remains unchanged.

I understand that Mr. Hopkins, when he accompanied the President to Florida the other day, had with him figures tending to show that the volume of unemployment among persons ordinarily dependent on the construction industry is a much smaller part of the total volume of unemployment than is generally supposed. According to what I have heard the Hopkins figures show that by far the largest volume of unemployment is among white-collar workers. I am told that Hopkins is not disposed to put much stock in the construction argument, but feels rather that work should be created wherever the unemployed persons are located, and that the nature of the projects on which they are put to work is a subordinate consideration.