

Radio Talk, August 24, 1941

Delivered in person, W.S.M.

Good Morning, Friends:

Upon returning to the Capitol from his momentous conference with Prime Minister Churchill, President Roosevelt proceeded during the week to make two shrewd political thrusts at his critics. As Assistant Secretary of the Navy during the first World War and as a keen observer of political trends following that war, President Roosevelt witnessed the political mistakes by Woodrow Wilson. While returning from his historic meeting on the high seas, with the great leader of the British Empire, he must have recalled the opposition to President Wilson and to his foreign policy following President Wilson's personal attendance at the Peace Conference. Even before President Roosevelt's return from his own world moving conference, the critics of his foreign policy were harping long and loud about "secret pledges," "behind the door obligations" "unauthorized commitments" and other such prejudicial catch phrases.

President Roosevelt struck out at this attempt to arouse suspicion and distrust in the country, by stating at his first press conference that the United States was no nearer war than before he held his conference with Prime Minister Churchill.

President Roosevelt found severe criticisms being leveled at him and his administration for the slowness of our preparedness effort. Most vociferous of this group of critics was Senator Harry Byrd of Virginia who made a speech in the Senate in which he proposed to cite facts and figures in support of his critical viewpoint. The President answered this forthrightly by citing certain facts and figures to discredit Senator Byrd's statements. This controversy between

President Roosevelt and Senator Byrd does not build more tanks or airplanes. The situation is not as bad as Senator Byrd pictured it but yet, at its best, we are woefully unprepared and our rate of preparation is highly unsatisfactory. Until strikes hampered our shipbuilding program we were making splendid progress in building bottoms. Strikes, however, have jeopardized the entire shipbuilding program.

A strike at the Kearney shipyards has been in progress since August 7. President Roosevelt last week ordered the navy to take possession of the plant and operate it. Work is ordered resumed tomorrow. Both the labor organizations and the shipbuilding company have asked the government to take over the plant. President Roosevelt has declined to do so until last night when the seizure order was issued at Hyde Park. Congress has given the President ample authority to take over plants in such circumstances. The President has been quite properly reluctant to take possession of plants. It is a somewhat disturbing sign to see both capital and labor complacently petitioning the government to take charge of this plant. Government ownership and operation of all industry is one of the goals of communism. Our lack of preparedness, however, and particularly our scarcity of ships, constitutes a more grave threat to our national interest than does a few signs of socialistic trends which may arise out of a vigorous prosecution of our national defense needs. It is absolutely necessary in time of emergency to forego some of our peace-time privileges. In fact, we may well consider ourselves lucky if we can come out of this terrible mess the world is in with our fundamentals left. There has been entirely too much cajoling, entirely too much ~~business~~ politics, and entirely too much business as usual in our whole

defense program. There must be ships to carry supplies to Great Britain else that Island will succumb for want of food and munitions. Therefore, the national interest is imperiled by the stoppage of work at the Kearney shipbuilding yards. No effort is here made to determine whether the company or the union is at fault. That decision is strictly secondary to the national interest which is imperiled by the stoppage of work. No matter which is at fault, work should be resumed and resumed immediately. And if it is necessary to use the sovereign power of this government to guarantee immediate and continued production of ships, then let the President, who is our chief executive officer, use the power which the people through their congress have delegated to him. The national interest should and must come above all other interests. President Roosevelt is right in ordering the navy to operate the Kearny shipyards. With the exception of strikes, our shipbuilding and plane production have been bright spots in our whole defense effort. This is true, largely because, due to the urgent need for ships and planes, they have been given material and equipment priority over all other industry. This means that if a shipment of steel is needed by the shipyards and also by the gun factory, the shipyard gets the steel. This has resulted in a comparatively good showing in ships and planes to the detriment of tanks, guns, and other ordnance. This question of priorities is necessary for a coordinated and planned program for defense production. It is calculated to soon play havoc with many small industries. Only a very few companies have 50 per cent of the defense contracts. It has been said that only 56 companies have 75% of the entire national defense orders and contracts. Priority for national

defense has been established over steel, copper, zinc, nickle, aluminum and many other things. It means that these few companies will receive a large majority of these strategic supplies. What then is to happen to these thousands of small concerns scattered throughout our country, who do not have national defense contracts? They will suffer. That's what will happen. If a company making stoves in Nashville can not get iron which has been routed to some company with defense orders, then what is left for the Nashville company to do but to curtail its operations, thereby adding to the unemployment and economic upset of communities which have not had a fair share of defense work? The concentration of these contracts in a few companies located in a few states is wrong. And when priorities for defense needs force almost the entire flow of metals to these few companies, which is sure to happen, then the thousands of small concerns, who have been vainlessly hoping for a few sub-contract crumbs from the table of big industry, will be seriously affected and the government will then see the error of its way. Automobile factories have already been ordered to reduce their automobile production by one half. This is just an example of what a war economy will do to a nation. It shows how awful it is for man's might and genius to be used to make instrumentalities of destruction instead of things for human betterment and enjoyment. Instead of automobiles we will build tanks or bombs or submarines or battleships. Instead of more refrigerators we will build fewer refrigerators and more machine guns. Instead of highways to link communities in bonds of mutual helpfulness, we will build access roads to munition plants and military reservations. Thus

the American standard of living will inevitably be lowered. A continuous and drastic lowering of a people's standard of living is a dangerous thing for its way of life. If Germany could subdue Great Britain, the United States, even if it escaped open warfare, would face long years of war economy with the resultant lowering of our standard of living. No democracy has yet withstood a long and drastic lowering of its standard of living within the framework of existing institutions.

Perhaps the most far-reaching event in Washington of the week was the order of the Federal Reserve Board designed to curtail installment buying. Why would the government want to make it harder for a man to buy an automobile or refrigerator electric iron, etc? It is not because the government is concerned about people incurring more debts than they can pay. It is because there are to be fewer automobiles made, and this at a time when more people have good paying jobs and therefore more people who will want automobiles. This lessening of the supply of automobiles, which is only used here as an example, and the increased demand for automobiles pushes the price of automobiles up and up. By requiring a cash payment of one-third of the purchase price and a shorter period of payment, the government hopes to make it harder for people to buy automobiles and thereby they hope to relieve the pressure on prices by bringing the demand more nearly in line with supply. This same line of reasoning is applied to other durable goods on which credit terms have been made more rigid.

The government is deeply concerned over the inflationary rise in prices. This rise in prices is caused largely by the huge national defense expenditures which places more and more spending money in the pockets of more and more people, at a time when it is necessary for National defense to manufacture fewer and fewer of the things which a worker with money in his pocket wants to buy. No matter how deeply the government becomes concerned, when people have money they will spend it.