

Radio Talk - August 3, 1941

Good Morning Friends:

[After ~~having~~ ^{hearing} arguments on a tax bill for a solid week, an oft-quoted passage of scripture comes to mind: "Whatsoever a man ^{seeth} soeth, that shall he also reap."] We have spent and spent and spent, not only for defense but for nearly everything else imagineable, and now the pay day has come. Though "it is more blessed to give than to receive," the blessing of giving comes from voluntary giving. Perhaps all of us are much happier when receiving than when we are giving or paying to the tax collector.

Fiscal experts say that this bill, which is designed to raise $3\frac{1}{2}$ billion dollars, is inadequate. If more is required, then Congress should levy more. It is certainly not a pleasant thing to vote ^{for} taxes. It is certainly much easier to vote for appropriations. We have all heard the old gag about the successful politician who votes for all appropriations and against all taxes. That may be some people's idea of good politics, but we have too much of that kind of politics. That kind of politics is a menace to good government.

[No magic manipulation, no financial wizardry, can create something from nothing. Nations, like individuals, must pay for what they buy with something of value.] There is no hocus-pocus way of continuous spending of money without having some ^{source of} revenue. [A government such as ours can only get money from its people. It must either borrow it from them or collect ^{it} ~~taxes~~ from them. ^{in taxes.}]

There are no panaceas for ^{all} social and economic ills. There is no simple formula for running a government without taxes. We have spent the money, and we are spending much more of it, so now, it's the duty of Congress

to levy taxes.] The bill will pass tomorrow or next day.

The Senate has spent a week debating the bill to hold the draftees and National guardsmen in service for longer than one year which is the limit of their peace-time service under existing law. Supporters of the bill in the Senate have agreed to limit their total service to two and one-half years. This has not satisfied the opponents. They are still talking. Senate leaders hope to reach a final vote within the next few days. They predict a two to one vote on passage. The bill will be taken up in the house about Wednesday. It faces a hard, close fight in the House.

On Tuesday, President Roosevelt sent a message to Congress recommending and requesting authority to control prices. Previous to this message, several bills had been confidentially presented and discussed with leaders of the House and Senate for this purpose. The bill was scheduled to be introduced in both the House and the Senate on the same day in which the presidential message came to Congress but more trouble developed and more conferences were held. Finally, late Friday afternoon, the Administration bill was introduced in the Senate by Senator Carter Glass of Virginia and in the House by Congressman Henry Steagall of Alabama. *[The admin Price fixing]* It is the most far-reaching domestic legislation which has been seriously proposed in years. The bill, as introduced, would confer upon the President authority to place price ceilings on commodities above which it would be unlawful for a commodity to be bought or sold.] Under the Act a commodity is defined to be "any article, product, material, services rendered in connection with

processing, distribution, storage, installation, repair, or negotiation of purchases or sales." In fact, it includes nearly everything except wages paid by an employer to an employee or rates charged by public utilities.]

One might ask why public utilities and wages were omitted from the bill.

Public utilities are already regulated by the Interstate Commerce Commission and by the various State Railroad and Public Utilities Commissions. Obviously, public utilities were omitted for this reason. Wages were omitted in the bill either because the Administration did not want to regulate them or because they did not feel that such a bill would pass Congress.

In approaching the consideration of this bill, a fundamental decision must be made between two unwelcome alternatives: Whether, one, to risk the vicissitudes, the vagaries, and the bankruptcy of inflation and deflation, run-away prices and depression; or, two, to inaugurate and accept a regulated and controlled economy. [Americans recall the inflationary spiral during the period following the other war. Americans remember and many of them have not recovered from the terrible crash to the bottom of the depression from the synthetic peaks of false prosperity in 1929.]

Perhaps no group of people has suffered so deeply and so seriously from inflation and deflation as has the farmer. The bill provides that no ceiling shall be established for any agriculture commodity below 110 per cent of parity or the market price prevailing for such commodity on July 29, 1941.]

From a careful reading of [the bill ~~it~~ would definitely grant authority for controlling the profits of the middle man, the commissions of commission agents,] in fact, as said a few moments ago, the bill is so broad as to allow the fixing of a ceiling on prices and profits of all commodities save wages and utilities. [The cry of "economic dictatorship" immediately went up.] The cry of "managed and planned economy" was heard on every side. ["State socialism", some said.] This is a comprehensive, far-reaching bill. [Congress can not afford to be scared by name-calling and catch-phrase descriptions. Neither can it be rushed in its deliberations on so vital a measure.] The House Banking and Currency Committee will start holding hearings on the bill tomorrow. It will probably be several weeks before this legislation becomes law, if ever.

There is no shortage of oil in the United States. There is, however, a shortage of transportation facilities. The Eastern seaboard of the United States is, in general, supplied with oil from the Gulf of Mexico oil fields which is transported by ocean-going tankers. The British Isles produce no oil. All of her supplies must be transported by tankers. Germany's submarine warfare and Great Britain's tremendous demands for oil made it imperative that we transfer some of our tankers for British use. This has caused a shortage of tankers for transportation of oil to ~~the~~ our Eastern Seaboard. Therefore, the oil companies are cooperating with the Government in closing filling stations at night throughout the Eastern seaboard.

The immense oil reserve and the highly developed oil industry of the United States has become increasingly important in the terrible world struggle now under way. The Western Hemisphere produces more than three-fourths of the world's supply of crude oil; Europe about one-eighth; Asia about one-tenth. In Asia, the bulk of the production is to be found in the Dutch Indies and in Asia Minor. The Netherland Indies produce 60 to 70 million barrels annually. > Japan is the biggest oil user of the far East. An immense amount of oil and its derivatives are needed for Japan's military machine. The Japanese have followed Germany's lead toward the use and production of synthetic fuel ^{gasoline for planes,} But lubricants and fuel oil for diesel motors are badly needed. Her largest imports come from the United States and the Dutch Indies. The United States sold Japan 4,736,000 barrels of oil during the first three months of 1941. The Dutch Indies and Japan made an agreement in May of this year by which the Indies were to supply ^{approximately} 16,000,000 barrels of oil per annum to Japan. > Many people have criticized President Roosevelt and the State Department for allowing shipments of oil to continue to Japan. ~~It would perhaps be of some interest to examine that for just a moment.~~

The war lords are now and for several years have been in power in Japan. The war lords can only stay in power by maintaining a military machine. The military machine can not function without oil and gasoline. Therefore, as a practical political proposition in Japan, the war lords must have oil to stay in power. The President and Secretary Hull in their relations with Japan have tried to do two things: 1. To prevent Japan

from moving upon the British and Dutch possessions in the Pacific; and, 2.2 to avoid war with Japan. This government has tried to see to it that Japan received enough oil and gasoline to prevent her from attacking the Dutch East Indies through the bare necessity of ^{sieging} ~~having~~ the Indies oil resources, but at the same time to limit the amount which Japan received to her actual consumptive needs and not allow her to get enough to store ^{up large} ~~in~~ quantities ^{for future} ~~use~~ or to trans-ship to Germany. Some people have called this appeasement of Japan. ~~Perhaps appeasement is the right name for it.~~

(Several months ago, President Roosevelt, by authority of a law passed by Congress, embargoed shipments of aviation gasoline to Japan. Aviation gasoline is a highly refined fuel with a much higher octane content than the usual automobile gasoline. The shipment of this aviation gasoline to Japan was stopped, but Japan bought ordinary gasoline and then, by chemical process ^{was} through mixing tetra^{thyl} of lead and other ingredients with it after it reached Japan, turned it into ~~aviation~~ gasoline. ~~This fuel was not~~ nearly as good as we use in our planes, but, nevertheless, ~~it was~~ of sufficiently high octane content to allow them to bomb the helpless Chinese whom we are pledged to aid. A bomb ~~was~~ ^{damaged} even ~~dropped~~ on one of our ^{gun} ~~gun~~ boats, for which the Japanese ran to us with an apology.)

On Friday night, President Roosevelt again tightened our economic squeeze upon Japan by embargoing the types of gasoline and ingredients which could be converted into plane gasoline and also greatly reduced the amount of oil used for lubricants, deisel motors, etc. which could be shipped to Japan.

Cooperating with us,

The Dutch East Indies renounced their oil agreement with Japan. This does not mean that Japan can not continue to get a reasonable supply of oil from both the United States and the Dutch Indies provided she ceases to threaten the British and Dutch possessions in the Pacific. The Japanese are in a dither and there are definite signs that they are taking back water.

(If Japan makes any move against either the British or the Dutch possessions in the Pacific, the United States is then prepared to embargo all shipments of oil of any kind or grade to Japan and the Dutch are prepared to ~~sabotage~~ ^{destroy} their oil resources in the East Indies. Obviously, Japan can get no oil from Russia. ^{and, outside of Russia, Germany controls} ~~She can get none from Asia Minor because Great Britain is the oil of Europe which, in itself, is insufficient in possession of those resources. There is very little oil produced in for German demands. Great Britain controls~~ Japan. The pressure is being applied to the bad boy of the East. He is squirming. He is stewing in his own grease of which he has but little.

the oil of Asia Minor, Iraq & Iran, and, therefore, Japan can get no oil from that source. Very little oil is produced in Japan. Therefore, Japan must look to the Dutch Indies and the United States, both of whom have moved toward a closing of the supply. Thus the pressure is being applied to the bad boy of the East. He is squirming. If he doesn't behave better he will soon be stewing in his "own" grease, of which he has but little.