

October 4, 1942

Good Morning, Friends:

During recent days, history has been written in the Nation's Capitol, history that will not fade ^{for a long} ~~in~~ time. Precedents have been established.

Controls have been fixed on the Nation's economy. This action came as the climax to a long struggle for economic organization for the prosecution of the war. It was culminated with the signing of the price control bill on Friday night by the President and by the issuance by him of executive orders on Saturday morning, invoking the powers conferred upon him by the bill and by the appointment of Justice Jimmie Byrnes as Director of Economic Stabilization, after his resignation from the Supreme Court.

To briefly review this development, we must go back for little over a year when the first price control bill was introduced in Congress. Hearings were held and a long fight ensued. Finally a piecemeal bill was passed after the Administration had brought about the defeat of an over-all bill which would have, by law, imposed ceilings upon prices, wages, salaries, rents and profits. By April, the Price Administrator, Mr. Leon Henderson, had found that his piecemeal program would not work, and he imposed an over-all control over practically all of the prices which he could control, under authority of the price control law. The control of wages and salaries was specifically exempt from the bill. The authorities soon discovered, though it was no remarkable discovery, that the economic structure could not be controlled while allowing to go uncontrolled such large groups of such important economic weight in the whole nation's commercial life. The President organized the War Labor

Labor Board and after many trials and errors, it evolved a formula ~~by~~ by which it attempted to stabilize the nation's wage structure. It was without any firm authority, though by sanctions it succeeded in bringing about acceptance of its orders. About $2\frac{1}{2}$ months ago, the President called the Speaker and the Majority leaders of the House and senate to the White House, and told them he was contemplating sending up a request for broad authority to control all prices and wages, in brief, to control the whole Nation's economic structure. The President had in mind that a very simple resolution could be passed and passed in a day or two. The speaker and other congressional authorities told him that he could not expect Congress to act over night on a question of such vital importance, affecting every family in the United States. The President is reported to have replied that action needed to come immediately and that he wanted to avoid a hard fight in Congress. Whereupon his advisers told him that he had best examine his authority and see if he did not already have ample authority to do what needed to be done. The Attorney General of ~~the United States~~ was said to have ruled that he ^{had sufficient} ~~did have the~~ authority. Approximately six weeks after this conference at the White House, the President sent a message to Congress requesting legislation to control all farm prices and promised that if Congress would grant this authority that he would stabilize wages, asserting that he already had authority to do that. The President set October 1 as a deadline

and said that if Congress did not act by that time that he would issue orders, which reports said were already on his desk awaiting his signature.

Congress immediately went to work. The overwhelming sentiment in both the House and the Senate was that if any bill was enacted, it should apply to wages and salaries as well as to farm prices. [✓] The bills were so drawn.

The farm organization leaders of the Nation - and I never knew there were so many - the Farm Bureau, the Grange, The Avacado Pear Growers, the Apple Producers, the Peanut Raisers, the Grapefruit growers, etc. - they all sent representatives to Washington to tell Congress what to do. They united on a rewriting of the parity formula. The President opposed this. The question of farm labor shortages was brought into the picture. ^{and confused the problem.} ~~Just why I do not know.~~

There is, of course, a shortage of labor on the farms. I fear that the government has made a serious mistake by drafting farm boys until the farm population is bled white. Other workers from the farm have been attracted to the war industries by high wages. But ~~xx~~ a rewriting of the parity formula would not repeal the draft act nor would it lessen the demand for these workers in defense industries, nor would it have caused prices to rise to a point which would offset this. Anyway, the fight ~~became~~ became quite bitter. It resulted in a distinct dis-service to the American farmer. He was put in a false light. He was pictured by the press and the radio commentator as seeking to grab the emergency for his own ^{selfish} gain. Nothing could be further from the patriotic spirit of the American farmer. Anyway a compromise was

worked out which was somewhat meaningless. The fact is that public sentiment became so strong, the leaders of the farm organizations tucked their tails and ran by accepting something which can be interpreted in any manner which the administration wants to interpret it. So, after all the fight, the bill finally passed in about the same form as it was originally reported from the Senate Committee.

The bill which the House Committee reported had a stronger provision on wages, but this, too, was compromised. As finally passed, the bill directed and authorized the President to stabilize prices, wages, and salaries as of September 15 insofar as practicable. After this direction and authority, certain standards were set up: (1) that ceilings must not be placed on farm prices below parity, or below the highest price between January 1 and September 15 of this year, whichever price was the highest. Authority was granted to make adjustments up or down in case of gross inequities.

(2) Wages were to be fixed at their present levels with power to make adjustments.

Upon the President's return on Thursday from his nation-wide trip which was kept from the public, though it was known to all Washington officials, and thousands of people who saw him at his visits to camps, hospitals, and war plants, he praised the country for its war spirit, lashed out at his critics, at Congress, and at officials of his own administration who have been making pessimistic talks. There was a great deal of resentment in Congress over the President's criticism of Congress. Men were working day and night trying

to meet the deadline which the President had set. Many men were sacrificing some of their own convictions in order to cooperate with the President.

The bill was nearing passage when the President criticized the Congress.

The bill ~~xxxx~~ did pass on Friday and was signed by the President on the same day, only one day after the deadline, which he himself had set.

Evidently the President thought that he had been somewhat severe with the Congress, because on Saturday morning, simultaneously with the signing of his executive order, he said that Congress had done its part. No doubt members who have worked hard in trying to cooperate with the President, even to the extent of going against the wishes of some ~~of the~~ strong friends and interests in their constituency, will appreciate this word of praise from the Commander-in-Chief.

~~Good Morning, Friends:~~

~~President Roosevelt returned to the Capitol on Friday after a two-weeks' coast-to-coast inspection trip. He immediately lashed out at Critics, at members of his own administration who have been making pessimistic speeches, and at Congress. His criticism of Congress came only one day before the Price Control Bill, directing him to stabilize wages, salaries, and prices, and giving him broad authority to enforce the Act, was ready for his signature.~~

~~The President signed the bill on Friday, and on Saturday morning, he appointed Chief Justice Byrns as Director of Economic Stabilization. The~~

appointment of Justice Byrns was immediately hailed and applauded. Justice Byrns comes from the State of South Carolina and served in the United States Senate with honor and credit for a number of years. He is broadminded and able. I personally think that the farmers of the Nation, whose prices are now firmly within the control of Justice Byrns, can be glad that a man from an agricultural state, who understands farm problems, was appointed to administer the program. Justice Byrnes has a record of fairness to all segments of our population. *It was a great appointment*

~~The regulations of the President provided:~~

The regulations gave Justice Burns complete control over our economy. He will be Director-General of the various agencies administering economic controls-- the Office of Price Administration, the War Labor Board, and other agencies. Advising him will be a Board represented by agriculture, labor, industry, the Agriculture Department, the Price Administrator, the Treasury Department, and perhaps some other agencies.

~~The~~ Orders were quite comprehensive. It ordered the fixing of all rent ceiling throughout the country. It ordered the fixing of ceilings on agriculture commodities subject, of course, to the ~~regulation~~ limiting provisions in the bill which I have already referred to.

This will not mean the lowering of any agriculture prices unless it is an extreme situation which can be interpreted as a gross inequity. In fact, it will mean that some prices will go up. The bill contained a floor for agriculture prices of 85 to 90 per cent of parity during the war and for two years after the war. This is the most beneficial phase of the entire bill for the farmers. It gives him something that he can stand on.

The President ordered that wages and salaries be stabilized. Many people have doubted that he would give rigid enforcement to this policy.

His regulations would indicate that he has his sleeves rolled up and his mind made up to be tough on everybody. Perhaps this is a very beneficial result

from his cross country trip contacting the people - the people who want to win this war and who are of the overwhelming opinion that restraints should long ago have been applied to our whole economy to the end that too much profit will not be made out of the war.

Wage control has been direly heeded. It comes late, but much better to have it now than not at all.

Large salary increases should long ago have been prohibited. The bill which Congress passed and the order of the President set out the machinery for controlling this also. It has as its goal the limiting of any salary, which a man may have remaining to him after payment of taxes, at a ceiling of \$25,000 per annum.

Under the terms of the regulations, no employer, whether it be by collective bargaining with labor unions, voluntary offers of higher wages and otherwise, can raise wages until he gives notice to the War Labor Board and has the approval of the War Labor Board.

All in all, this appears to be a step toward victory. It means that our economic stability will be safeguarded. We can not afford to run the risk of losing the war because of internal economic chaos. One of Hitler's greatest benefactors has been the economic collapse of his enemies within. Indeed, this is one of the weapons of total war. Let us hope, yes, let us pray to Almighty God, that this final move will put an end to hurtful, destructive, unfortunate fighting among ourselves which saps our strength at a time when our full strength is needed to win this deadly war against enemies who have

vowed our destruction. After victory, there will be ample time to fight
our internal battles.

And that is the news of the week from Washington, as I see it.

ARTESIAN BOND

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