

Good Morning, Friends:

On last Thursday, President Roosevelt took resolute and determined action against inflation. This came after the Senate had re-referred the Bankhead Bill to the agriculture committee. You will recall that the Bankhead Bill had been vetoed by the President and had been called up in the Senate by Senator Bankhead, its sponsor and author, in an effort to override the veto which ^{requires} takes a two-thirds majority of both houses of Congress.

At first, it was thought that the veto would be overridden in the Senate and that the question would come to the House for a decision, but, as the Senate debated the danger of inflation, it became apparent that there were not sufficient votes to override the veto. So the bill and the veto message were sent back to the committee, which means that it can be called up again.

Now the President had Congress behind the 8 ball on this proposition.

He plainly said in his veto message that if Congress passed the bill over

his veto the line could not and would not be held against ^{wide spread} wage increases, and ^{farm leaders don't want to see that. They remember that the wages of industrial labor practically doubled during the other war raising the price of things the farmer had to buy. The farmers prices tumbled down but industrial wages remained high.} So, The Senate turned the trick on the President by referring the bill back to the Committee, ^{where is} ~~so it would be~~ in readiness to be called up if the President ^{where} should allow general wage increases. ^{other words, Senators were saying, alright, Mr. President, we will cooperate, but we want to keep the gun loaded just in case you should change your mind about holding down wages.} Just whether or not this caused him

^{Took on Thursday} to take the resolute action which he did take, I do not know. It is a well known fact, though, that the President does not like to get on the spot, so to speak. And when he is put on the spot, he generally manages to get off some way or other pretty quick. Anyway, he conferred upon

Jas. F. Byrnes, the Assistant President, all authority which Congress had conferred upon the President regarding the control of wages and prices.

And in doing so, the President ordered not only that wage and price ceilings stay where they are, but that others be imposed and that workers be prohibited from changing from one job to another because of higher wages, unless it would benefit the war program. ¶ Now that is a very big order. It is an action which the President must have taken with reluctance, and I do not think that he would have done so, if the danger of inflation were not imminent.

What are the facts?

First, the United States is spending more money this year than is being spent by Great Britain, China, Italy, Germany, and Japan put together. *more than any other diligent on both sides.*
It is a ^{truly} stupendous thing which we are undertaking. The National income this year will probably be around one hundred and forty billion dollars, which is more than twice as much as it was before the war. And yet, while there is to be a great deal more money in the country than ever ~~before~~ in the history, there will be fewer things to spend the money for than there was in the worst years of the depression. It is for this reason that the President has called for higher taxes and for more investment in war bonds. Now, to get all this immense amount of money, the government has only two sources:

1. the people;
2. the banks.

As our banking system operates, the selling of a ^{gov.} bond to a bank does not take money out of circulation. Conversely, it puts more money into circulation. A bank doesn't buy a bond with cash. It just gives the government credit, or rather a checking account. No actual money changes hands, but more money in the form of credit is thereby created and goes into our economic circulation stream. On the other hand, when a war bond is sold to a person, that person pays for it with his money and his purchasing power, or spending money, is ^{thru} reduced by that amount. Therefore, the sale of government bonds to the people serves two good purposes: First, it raises the money to run the war; and second, it reduces spending money more nearly in line with ^{the amt. of goods & services} ~~the things~~ available for purchase. In pursuit of this policy, a vigorous bond selling program is to be launched this week by the Treasury Department. But experience has shown that voluntary methods of ^{selling} bond ~~sales~~ are not enough. Mr. Chester M. Davis, newly brought into ^{an} administration key post, urged that higher taxes and compulsory savings be immediately enacted by Congress. } High ^{est} officials in Washington are terribly fearful of a runaway inflation, as you must know from the President's severe action ^{last Thursday.} during the week. We may as well admit that we already have some inflation and that there will be some more. ~~But~~ the problem is how to control it and keep it from running wild. Should the government's efforts ^{fail} ~~not be~~ ~~successful~~, wide-spread misery, uneasiness and economic chaos would be the result. It has happened to many ^{other} countries ~~before~~. Records can be found of inflationary wreck and ruin for a thousand years. To realist ^{go the} ~~its have~~ which

inflation can wreck

we have but to look to China now where it has been said that one ^{man} ~~person~~ couldn't carry enough paper money to the store to buy winter clothing for an average family. Now, that's just not going to happen in this country. *It is not going to happen* because we have an enlightened government *that must permit* ~~and it is not going to be~~ *it.* ~~permitted.~~

A new drive is under way to pass the Ruml Bill, which is called "pay-as-you-go." I think that phrase, "pay-as-you-go," must be responsible for the wide-spread ~~popular~~ public support of this piece of Ruml hypocrisy and counterfeit. If they would come out plainly and say ~~that~~ they mean ~~by that~~ cancellation of taxes, then surely it would not be popular with the American people who must know that if there was ever a time in our history when taxes must be paid, it is now. *this question* ~~It~~ has become a political issue and will likely remain so for a considerable time.

On Friday, the House passed the Hobbs Bill to bring labor racketeering within the anti-racketeering law. The Supreme Court ^{has} held that Labor union practices were exempt from the ^{anti-racketeering} law. For more than a year now, there has been a struggle to pass a bill which would make extortion, robbery, and racketeering subject to Federal prosecution, no matter whether it be by labor union practices or otherwise. This bill was finally brought to the House. Organized labor put up a determined fight against it, but it passed by more than two to one. It has now gone over to the Senate where ~~it~~ ^{may} I feel it ~~will~~ die.

This question arose out of the practice of a teamster union in New York, ^{and} ~~which has happened~~ in other places, whereby the members of the teamster union stopped farm trucks at the city limits and demanded that one of their men be paid for a day's work to drive the truck from the city limits to the marketing place. After it got to the unloading place, the regular truck driver could not unload the farm produce because somebody else had to be paid to unload it. A suit was brought to prosecute this practice as extortion and racketeering. The Supreme Court through it out on the grounds that Congress had not intended to include the prosecution of such labor union practices within the purview of the anti-racketeering law. Many lawyers disagreed with the interpretation of the Supreme Court, but that made no particular difference, ^{since} ~~because~~ the opinion of the Supreme Court was the one which ^{counted,} ~~by 4/6/47/~~ ~~kicked the prosecution out of court.~~

So, this bill was drafted and introduced by Judge Sam Hobbs, a representative in Congress from the State of Alabama, and we passed it in the House of Representatives on Friday, as I have said, ^{by a 2 to 1 vote.}

On tomorrow, the House Ways and Means Committee begins hearing a bill ~~to renew and extend Secretary Hull's Reciprocal Trade Agreements Program.~~ to renew and extend Secretary Hull's Reciprocal Trade Agreements Program. This is a very important piece of legislation. Secretary Hull has, through the years, maintained that economic cooperation between nations is the foundation for world peace and friendship. The principles of his policy as set out in the Reciprocal Trade Agreements Program have been

written into the Lend-Lease agreements between the United States and the United Nations. To repudiate the program now would serve notice on the world that the United States was back on an isolationist tact and that

after the war the world could not look to ~~the United States~~ ^{us} for any far-

reaching world cooperation and leadership. ^{this would be most unfortunate, jeopardizing our vital international understandings.} Such principles as are

involved in the Reciprocal Trade Agreements Program are absolutely

essential, ~~as I see it~~, to the winning and the preservation of world peace.