

WSM - May 16, 1943

Good Morning, Friends:

On last Thursday evening ^{by a vote of 342 to 65} the House of Representatives passed and sent to the Senate a bill to extend the Reciprocal-Trade Agreements Program for two years. This, as I see it, was a marvelous victory for civilization and sanity. If the Senate will also pass the bill without crippling amendments it will do much to convince the nations of the world that the United States is willing to cooperate with other nations, economically and politically. As I tried to say last Sunday morning ~~on this program~~ our whole political appeal to the nations of the world, ~~or as some people call it political offensive~~, has been and

is being based upon the fundamental principles inherent in the Reciprocal-

Trade Agreements Program. ^{The overwhining vote by which the bill was passed does not indicate the real opposition to the program.} There was a fight on amendments. ^{It was by amendments that opponents tried to scuttle the whole program.} ~~Only~~ But, despite determined efforts, only one amendment was adopted, which made the extension ^{two} years instead

of three. The usual isolationist amendments were offered, but it is

heartening to know that they were defeated by sizable majorities. ~~Opponents~~

~~of the bill sought vainly to cripple the act by these amendments.~~ One

amendment on which there was a hard fight would have required that no

article be permitted to enter the United States at a cost lower than it

could be produced in the United States. That sounds good at first

blush, but come to think of it-- why would anyone ever buy a watch made

^{in Sweden} in Sweden if he could buy the same watch made in the United States at

the same price. In other words, there would be no basis whatsoever

for making any purchases of any articles from any country if the

articles under any circumstances, however costly to the people, could

be produced here. ^{And another thing, how could we ever know the cost of production in other countries?} This amendment illustrates the desperate length

to which the opponents of the bill went in trying to ^{cripple} ~~scuttle~~ it with

amendments, but as I said in the beginning the outcome was heartening.

It shows that a sizable majority of the Congress ~~is~~ beginning to see

the wisdom of the ^{preachments} of the ^{+ would station} great American, Secretary

of State Cordell Hull.

^{Economic Director} Jimmy Byrnes issued an order giving ^{some} leeway for the War Labor Board to grant wage increases. ^{under certain conditions.} ~~I am suspicious of this.~~ The President issued

his hold-the-line order and by now everyone knows that you can't

hold the line anywhere unless you hold it everywhere. ^{And now comes this order.} If this is a

move to give John L. Lewis what he wants, the Administration can expect

trouble and plenty of it in ~~the~~ Congress. Many Members who were willing

to sustain the President's veto of the Bankhead Bill, feeling that in

doing so they were putting the winning of the war and the sacrifice of

soldiers ahead of everything else, would feel that faith had been

broken with them. I hope there is not even a remote possibility of ^{such} ~~the~~

a development, but ~~there~~ there is in some ^{people's mind} suspicion which I entertain. ^{that efforts to appease Lewis are being made more foreshadowed by this move.}

In order to meet labor's demands for lower food prices ^{and not} ~~the~~ reduce farm prices, the Government has ^{announced} ~~launched~~ a subsidy program. By this the Government ^{to begin June 1.}

intends to pay a part of the people's grocery bills. In other words,

the subsidy will be paid to the processor in order that the retail price

of foods can be held down to the consumer. At first the Administration

wanted to pay the subsidy to the farmer, but the farmers of the country

and their Representatives in Congress said that the farmer did not want

to be subsidized--^{that} all he wanted was a fair price for his produce in the

markets and he would do his utmost to feed the nation and our Army, and

our allies too if possible. So the Administration was balked in this.

They now turn to a subsidization of the processor or the middleman.

Brown says that it is strictly experimental. He will use this means to roll back retail prices of meat cuts, butter + coffee by 10%. The subsidy will be paid to the processor so that retail prices can be cut without

Administration ought to know that a lot of the middlemen could be squeezed

out, ^{instead of subsidizing,} that many of them are unnecessary and in many cases ^{that} get more out of a ^{they}

food product than does the ^{Farmer} man who produces it. *I have discussed this situation with the chairman of the agriculture committee and he is going to conduct an investigation of it*

To finance this subsidy Program, by which, as I said, a part

of everybody's grocery bill ^{on meats, butter + coffee} will be paid through payments to the

wholesaler or processor, money will be used which Congress has allocated

to the Reconstruction Finance Corporation, familiarly known as the RFC.

The RFC has enough money to finance such a program for a

while but eventually it must come to Congress for more money if the

program is to be very far-reaching. So Congress will eventually have

its say on this question as it always does on all matters requiring

money, because Congress holds the purse strings.

There is a lot of opposition in Congress to such a subsidy program. On a later day I will discuss the merits and demerits of such subsidies.

Prime Minister Churchill is again in Washington with his staff.

This is further evidence of the close relationship between Britain and the United States. He comes after the victory in North Africa and before impending action in other areas is unloosed. There are ^{important,} immediate problems of general policy pressing upon the President and the Prime Minister. So in many ways the fifth Roosevelt-Churchill session may be the hardest. May it also be the most successful.

The President of Czechoslovakia addressed Congress during the week. ~~at~~ He certainly tells of a heart rendering story of his nation's misfortune.

The Senate has been wrestling with the tax bill or rather a bill to change the method of collecting taxes. The difference between the House & Senate will have to be settled in conference.