

Good Morning, Friends:

We have had a week of success on the battlefield and of contention on the home front.

Looking at our bold and successful offensive action in the Pacific, not as a trained military strategist but as a layman, it appears that the most significant thing about the whole development and operation ^{there} is that our forces in the Pacific are ~~making~~ now strong enough to hit the Japs anywhere they chose. This was thoroughly demonstrated by the navy's thrilling assault on Japan's supposedly unassailable base at Truk. Navy men say that Truk is to Japan what Pearl Harbor is to our navy. In other words, it is the central Japanese naval base for the entire South Pacific.

~~The~~ Truk Island is surrounded by a coral reef which makes it easily defended against surface attack. This reef encloses a lagoon some forty miles in diameter, which is big enough to afford ample anchorage for the entire Japanese fleet. Our navy has known for many years that the Japanese were heavily fortifying Truk and that they had built dry docks, repair facilities, refueling concentrations, and otherwise ^{de} making it their major naval base outside of the Japanese islands proper. From this central Southwest Pacific position, the enemy fleet has been able to sally out and return for refueling and repairs. Likewise, the Japanese transport and supply ships ^{how} use this as a core for their operations. Also it has been a center for submarine and airplane operation. In this immense lagoon, protected not only by the coral reef but by many outlying islands, fortified not only with long range guns but with airfield and submarines,

The Japanese ships felt safe from attack. But not any more. The American fleet has struck once and it can strike again.

Secretary Knox emphasized that this was an air assault of planes operating from airplane carriers. While this assault by air was being made on the strong Japanese naval bastion, our forces were landing upon other Pacific islands nearer to Truk - islands from which our ever-growing airforce can operate. The importance of this movement can better be evaluated when we realize that a major naval base for major repair and refueling can be of little value unless it is reasonably secure from enemy attack. Truk has been assaulted by hundreds of planes from our carriers and not only this can be done again, but our forces are moving closer and closer with our land-based planes by taking one island outpost after another, both from the East and from the South. So, as an ~~xx~~ inevitable result of this American offensive, the Japanese must face the fact that their great Central Pacific naval base is being neutralized and that they must find new havens for their warships and their merchant fleet, unless they are willing to risk their battle fleet in decisive combat now.

From Italy came official reports which left our War Department officials here still confident of our ultimate success in the battle for Rome now being waged with intensified ferocity.

Secretary of War Henry L. Stimson announced a drastic reduction in the army Specialized Training Program and the transfer ~~of~~ to active duty with troops of the major part of the students now in the program. This decision is fraught with great meaning, not only to the members of this educational training program, but to the schools and colleges as well. Soon after the beginning of the war, both the War and Navy Departments began using out colleges for the training of selected young men in special fields, such as chemistry, radio, engineering, medicine, dentistry, etc. The War and Navy officials felt that this was necessary to insure an adequate supply of technically trained young men. They made contracts with schools and colleges throughout the country to give instruction to these young men who had been selected for specialized training. The army now has 145,000 of these selected young men taking specialized training in various subjects at the colleges of our land. By this order of Secretary Stimson, 110,000 of these young men will be taken out of specialized training and assigned to active duty with troops - mostly with the army ground forces. Secretary Stimson says this is made necessary because the Selective Service System has failed to deliver men according to schedule. He says, for instance, that the army is short two hundred thousand men who should have been in uniform before the end of 1943. Aside from the shortage of men, there is an additional reason why these men are being transferred to service with troops, particularly with the ground forces. It is this:

The experience of our troops has shown conclusively that losses are considerably lower in the combat units which have intelligent and trained leaders among the non-commissioned officers. Now the Air Corps and the Navy and other units have received a large proportion of the better trained young men than has the infantry. A great many more young men with capacity for leadership are needed in the ground forces. Also, our losses in leadership of ground forces require replacements. Actual combat leadership of ground forces is one of the most expendible positions in warfare.

The soldier vote bill is still deadlocked in the House-Senate Conference Committee.

The House of Representatives passed two appropriation bills during the week.

On Friday, only one day after he had received it, the President vetoed the bill to extend the life of the Commodity Credit Corporation, which had attached to it an amendment prohibiting the payment of subsidies on food products. The House sustained the veto, which means that subsidies will continue for awhile, at least, and that the Commodity Credit Corporation is temporarily dead. But a bill to extend the life of the Commodity Credit Corporation has already been prepared and, of course, will have no difficulty in swift passage as long as no controversial amendment, such as the subsidy prohibition, is attached to it. The fight on subsidies will be renewed, however, on other bills. It is certain to flare again when the Price Control Bill comes

up for reconsideration which will not be very long now.

Reports were circulating in the Capitol and over the country by newspapers and radio that the President would veto the tax bill. The President has said he would send a message to Congress on the tax bill on tomorrow or the next day. But he did not say what his message would be. If he vetoes the bill, his veto will likely be sustained. There are several good reasons the President could give for vetoing the bill. For one thing, it is far short of the amount he and the Treasury Department requested. For another thing, it opens up loopholes in the Renegotiation law which might prevent war profiteering; and still among other things, it prohibits the schedule of increase in Social Security Taxes. The whole Social Security program is based upon the theory that payroll taxes paid by both employee and employer will finance the payment of benefits, such as old age, retirement, unemployment compensation, etc. There was a definite schedule for increasing the payroll deductions in order to foot the bill. Unless these increases can be placed in effect now, when we have not only the highest rate of employment but also the highest wage rates in our history, then when can they be increased? This and other features of the tax bill will probably be a matter for further discussion next Sunday morning.

Mr. B. M. Baruch who had been requested by President Roosevelt to prepare a report on war and post-war adjustment policies, finished his report and handed it to the President during the week. He recommended that the War

Production Board and the armed services begin immediately working on a plan for reconversion from war to peace. He said that it is an easier task to convert from peace to war than from war to peace. He went on to say that there is no need for a post-war depression if we will handle our problems of adjustment with competence. Handled properly, he said the post-war period should be an adventure in prosperity. He had high praise for the American system. The war, he said, has been a crucible for all the world's economic systems -- for communism, fascism, Nazism, socialism, as well as for our own. And the American system has out-produced the world. With his usual thoroughness, Mr. Baruch has rendered a thoughtful treatise ~~on~~ on an important subject, and the report deserves the nation's careful attention. After the war, the greatest danger our nation faces not only in the transition period but also from the long range point of view is unemployment and inflation and the danger that our people become broken up into organized blocks and segments, each seeking and contending for special gain. There is some criticism, of course, of any post-war planning now. Even Secretary of Commerce Jesse Jones, in appearing before a Congressional Committee within the last few days, said there was entirely too much talk about post-war problems. Well there can certainly be too much talk and consideration of post-war problems, but there can just as assuredly be too little. Surely we will not be as ill prepared for peace as we were for war. Mr. Baruch answers this with two short questions and two short answers: "Shall we," he asked, "plan for peace?" "Yes." "Let up on the war?" "No."