

WSM, May 18, 1947

Good Morning, Friends:

The United States Senate has finally passed a labor bill. Only a few years ago it was, that no kind of bill which labor leaders said was unfavorable to them seemed to have any chance whatever of passage by the Senate. So, the nearly 3 to 1 vote by which the labor bill passed during the ~~past~~ week must have been a distinct surprise to those who have been considering themselves secure and invulnerable on the throne of their private satrapice.

What is it that has happened to bring about this change in the attitude of the United States Senate? It is, I think, attributable to ~~changes~~ just one thing -- the excesses of power and irresponsible use of power by the leaders of organized labor. Because of these inordinate excesses, public sentiment for correction <sup>has</sup> ~~became~~ very strong. That sentiment has long been reflected by preponderant majorities in the House of Representatives, but it has been slow to take hold in the United States Senate.

The bill which the Senate passed is not as strong as the one which passed the House but, all in all, I consider it a good bill. The House and Senate will have to go into conference now to settle the differences between ~~the~~ <sup>their</sup> two respective ~~products~~ <sup>proposals</sup>. Out of this conference committee will come a bill that will go to the President. What the President will do with it is now a subject of much speculation in Washington. Some say he will veto it, others say he will sign it and each side can give good arguments supporting his prediction of the President's action. I doubt if President Truman has told anyone what he will do about the bill which

comes to him; indeed, who can know what form of legislation will reach him. Perhaps the President ~~himself~~ <sup>our</sup> has not yet made up his mind. It is recalled, of course, that the President vetoed the Case Bill last year. But ~~lest this be taken as any cue to his action on this bill~~, he signed the portal-to-portal ~~max~~ pay bill <sup>just</sup> a few days ago, and many had predicted that he would veto that one. So, we will just have to wait and see, first what kind of bill the conferees between the House and Senate finally work out and then what the President will do with it. ~~max~~

The Senate no sooner finished with one squabble than they prepared to engage in another. That seems to be the pattern here. Problems of government are never settled. We labor over one important question and make some disposition of it, only to find that another, sometimes new and sometimes old, problem is on our door step. So the Senate will begin tomorrow a discussion of a bill to reduce taxes. A fight is in prospect immediately upon whether the Senate will consider <sup>cutting taxes</sup> ~~it~~ now or wait until we see how much money is to be appropriated.

You will recall that one of the first actions of this Congress was to pass a resolution to reduce government expenditures. The House resolved to cut the budget submitted to Congress by the President by six billion dollars, but the Senate ~~resumed~~ resolution provided for a cut of four and one-half billion dollars. But there has been no settlement of differences between the two bills. There has been a good deal written in the newspapers and spoken over the radio about a dead-lock between the House and Senate on this issue. Well, I have been a Member of that

conference committee and I can tell you now that there has been no effort to reach agreement. The only agreement that has been reached is that there will be no agreement until the tax bill is passed.

The republican leadership has found out that they cannot reduce the President's budget by six billion dollars, nor by four and one-half billion. In fact, the Congress will do very well to live within the limits of President Truman's budget. *We all oppose our mode.* So the Congressional budget resolution providing for a cut of six billion on the part of the House and four and one-half billion on the part of the Senate is now utterly futile. *Why do I say that?*

The House has already acted upon well over half of the budget and has made but small reductions. If the Congress *was* going to reduce expenditures by six billion, the place and time to do it is when bills pass the Congress actually making ~~reduction~~ appropriations. A resolution to do so is good if it is carried out, and no good unless it is carried out; and the way to carry ~~it~~ out the resolution is actually to reduce expenditures as appropriation bills are acted upon. If six billion *was* to be cut from the budget, then approximately three billion should have been cut out of the approximately one-half of the budget that the House *actually* has acted upon. What has been cut? *Considerably less than one billion.* So you see, that is why the budget resolution is lying in technical disagreement between the House and Senate. It may as well stay in the pigeon hole where it is because it has had no effect so far toward

reducing expenditures and will have none in the future.

Now how does all this relate to the fight coming up in the Senate tomorrow to postpone consideration of the tax bill? Well the democrats and some of the republicans are saying that they do not want to put the cart before the horse; that before we start cutting down on the income of the government we should first know how much we are going to cut the out-go of the government. After all, ~~they say~~, the only way to have a balanced budget is <sup>for the govt</sup> ~~its~~ <sup>to</sup> ~~you to be~~ to spend less than ~~your~~ income. It is within the power of Congress to decide how much the government is going to spend, but the sensible thing to do <sup>the demo say</sup> is to wait until we know how much we <sup>are going to</sup> reduce government <sup>on Monday</sup> ~~expenditure before reducing revenue.~~ <sup>revenue.</sup>

On the other hand, Senator Taft, Senator Millikin and other republican senators say, <sup>Tut Tut</sup> <sup>on Monday</sup> "Nonsense, now is the time to cut taxes and we are going to bring up the bill to cut taxes." The democratic senators had a caucus <sup>day before yesterday</sup> and decided unanimously to support a motion to postpone consideration of the tax reduction bill until more is known about how much money is to be appropriated. This promises to be a close vote and I am sure you will watch it with interest.

Perhaps you may wonder why it is this republican Congress has not been able to make a big cut in the President's budget. Heaven knows it is not because they have not wanted to. <sup>They have wanted to - and have tried to.</sup> One main plank in the republican campaign not only last year but for the last fourteen years has been that the ~~same~~ democrats were spending too much money. So, why is it that they

have been unable to reduce the President's budget by any ~~material figure~~ <sup>large amount?</sup>

The answer is that President Truman beat them to the draw. Now an explanation entails the revelation of some political strategy that seems to

have worked. ~~For several years~~ <sup>Usually</sup> the budgets that have come to Congress

have been ~~considerably~~ larger than was necessary. Those who prepared the budget knew that Congress would want to make some reductions, that Congressmen would want to be able to say that they had reduced appropriations and

thereby make for themselves a record for economy. So, sizable reductions ~~for economy~~ <sup>congress took credit for economy cuts</sup> could be made and were made in the President's budget and still enough

money remained for efficient operation of government services. But this

time the President was not particularly anxious for the Congress to get

very much credit for economy, so what did he do? He gave orders for

the budget to be cut to the bone before it was submitted to Congress. ~~and~~

~~The~~ President Truman not only gave orders to his agencyheads to reduce, but he personally took a hand in studying <sup>+ reducing</sup> the budget himself.

I was talking to a Senator ~~day~~ before yesterday who said that

he was down at the White House a few days before the President sent his

budget to Congress and a copy of the budget was <sup>then</sup> on the President's desk,

to which he made some humorous ~~illusion~~; whereupon the President told

him that he had personally studied every item in the budget and the

budget, mind you, is about the size of a Sears-Roebuck catalog, only a little larger.

Let me give you an example of how this procedure has operated.

When the various division heads of the Navy submitted the budgets for their

respective branches of the Navy to Secretary Forrestal, the total of the  
Navy budget was over eight billion dollars. <sup>In conformity to presidential instructions,</sup> Secretary Forrestal reduced  
this by two and one-half billion before he sent it to the President and the  
Budget Director. The President and Budget Director cut by another two and  
one-half billion dollar tune. So when the budget for the Navy came to the  
Congress it had ~~been~~ already been cut from eight and one-half billion to  
three and one-half billion. I am, of course, using round figures. So, when  
the Congress started to ~~get~~ <sup>reduce</sup> they found that it had already been cut and cut  
<sup>so much so that</sup> and cut, ~~so~~ any further reductions on the part of Congress would indeed  
be cutting deeply into the essential operation and maintenance of the  
United States Navy. Well, what did the Congress do? The House Appropriation  
Committee made its recommendation last Friday and the House will begin  
consideration of it next Tuesday and will undoubtedly sustain the  
recommendation of its Appropriation Committee.

How much is the cut which Congress is going to make, --  
only about ten percent. Now if the <sup>Navy</sup> budget had come to the Congress as  
it reached Secretary Forrestal or if President Truman had submitted ~~it~~  
to Congress the budget which was submitted to him by Secretary Forrestal  
then the Congress could have really made some deep cuts and thereby made  
a great record for reduction of government expenditures, but you see, as it  
is, the ~~way~~ <sup>reduction</sup> which the Congress can make is almost inconsequential <sup>comp</sup> to that  
which was cut out of the proposed expenditure before it left the hands of the  
President.

I am giving you this background this morning because for the next several days you will be reading and hearing a good deal about the budget, taxes and economy.