

WSM June 8, 1947

Good Morning Friends:

Two very important decisions have been taken by the Congress - two important issues in the next year's political campaign have been forged <sup>two</sup> and ~~the~~ <sup>a</sup> decision upon these ~~issues~~ now rests with the President.

I am referring, of course, to the tax bill and the labor bill. I do not know positively whether the President will veto these bills but I can report to you that it is the consensus in Washington that he will veto both of them. The President is certainly receiving plenty of advice on the subject. While one group advises him to sign, another asks him to veto. While a speech is being made on the floor of Congress urging him to veto or sign, a meeting <sup>are</sup> is being held in some other part of the country passing a resolution asking him to do just the opposite. As for me, I have been hoping that he would veto the tax bill and sign the labor bill. There seems to be no doubt in any one's mind in Washington <sup>but</sup> that he will veto the tax bill. There are many, many reasons why this bill is unsound. In the first place, we need and need desperately to make a payment on our huge public debt. Unless in this time of prosperity, when wages are high and prices are high and everybody can get a job who really wants to work, we can now pay something on the public debt, when can we? Then, you and I know it is necessary for the Government to have revenue <sup>private</sup> in order to <sup>private to</sup> meet ~~the~~ commitments. How can we have a farm program

without finances and unless we do have a sound farm program, the farmer will get stuck in the muck again and pretty soon everyone else will be dragged in with him. How can the Government pay pensions to disabled veterans, the old and decrepit, aid to dependent children? How can the Government bill highways and bridges, support the courts, keep an Army, Navy and Air Force for the defense of the country without money with which to do it? You and I know it <sup>just</sup> can not be done without ~~Governmental revenue~~, so tax cuts and cuts in the farm program, cuts in the Army and Navy, cuts in the school lunch program and the cuts that they plan to make in the veterans program must be taken together. Of course, there are a few irresponsible demagogues who vote ~~against all taxes~~ <sup>they</sup> against every measure to reduce taxes, while on the other hand voted for every appropriation. The country <sup>can</sup> stand a few of that kind of Congressmen, but if the whole Congress took that attitude then <sup>the govt & the country</sup> would soon be on the rocks. Of course, the Republican leadership knows that if income taxes are drastically reduced, that some other kind of tax must be found to take its place and what are they thinking about? They are thinking about a federal sales tax. Not only thinking about it but the chief Republican spokesman on ~~MAXIMUM TAXES~~ tax policy let the cat out of the bag during the week. He made a statement as Chairman of the TAX Writing Committee in which he said " it is the hope of the Committee to be able to pass much of the burden that is now being carried by the income tax group over to the excises." So

you see while putting through Congress a bill to drastically reduce income taxes, the way is already being paved to replace it with a federal sales tax. Now you and I know that the ~~only~~ fair way to levy a tax is according to ability to pay. *Sales tax* The man who makes \$10,000 a year can pay \$100 a month in taxes but the man who only makes \$100 a month can not pay \$100 in taxes. A great American who is now in the evening of his life, the Honorable Cordell Hull, is the author of the federal *law* income taxes. *Law* taxation according to ability to pay was his slogan. Of course, none of us really like taxes of any kind. It would be a great and fine thing if we didn't have to worry about taxes. In other words, if we could transplant ourselves *to* a Utopian place of abode, where there was no need for hospitals, no need for education of our children, no need for an Army and Navy, no need for a farm program - indeed no need to work. Then we could hope that in such a place there would be no need for taxes, but I know of no such place short of heaven and although you and I hope to go there someday, I am sure we have no desire to hasten our departure. So we have to have taxes in one form or the other and, as for me, I choose taxation according to ability to pay. To be more specific, I favor a federal income tax instead of a federal sales tax. The two are directly opposite. By an income tax, the heaviest burden is carried by those best able to bear it, while a sales tax falls hardest on those least able to bear it. Why do I say that? I say it because it is the truth. The father and mother

*pay doctor bills, to*  
trying to feed, and cloth, educate, ~~and pay doctor bills~~ and render in  
decency and in health a family of ~~little~~ children spend most of their  
income, and all of it if it is a small income, on food, clothing,  
shelter and books. — In other words, The simple ~~little~~ necessities of  
life. Of course, well-to-do people have to have the necessities of  
*Here is the difference*  
life also, but there is a big difference. It takes a much smaller  
*bite*  
~~part~~ out of their income. *For instance,* A person who makes \$5000 a year can spend

\$1000 of it for clothing and food, candy and chewing gum for their  
children and still have \$4000 left, But the fellow who <sup>only</sup> makes \$1000  
a year and spends it all for these simple necessities of life will

have nothing left, and yet will have to pay <sup>the same</sup> ~~same~~ amount of sales  
*I have heard some people say that a federal  
sales tax would be fair. Well, the just isn't anything  
fair about it.*  
tax on the items he buys. ~~as~~ as between taxation according to ability

to pay and taxing the poor and the rich alike, there is no doubt

about which side one must take if he stands for justice, fairness

*equality* *lets get back to the tax bill from the president.*  
and equitability of treatment. *In the third place, this Knutson*

*If* *tax bill* discriminates against the many in favor of the few. Even if

tax reduction was sound at this time, the President should certainly  
*because it is the wrong way to do it.*

veto this bill. Honestly, I think it is one of the most, if not the most,  
unfair, inequitable and unjust proposals I have ever seen go through  
the Congress. Only 4% of the income tax payers have incomes of  
more than \$5000 per year and yet under the tax bill passed by Congress

that 4% would get 36% of the tax cut. The remaining cut is divided between the 96%. Under this bill a widow with an income of \$600 a year will have tax relief of 10 cents a week - about enough to buy one loaf of bread per week - but then they are talking about putting a sales tax on, not only the widow's bread but her meat too and everything else she buys to eat, wear or work in. Yes, I hope the President vetoes this bill. It is not time to start cutting taxes until we pay something on the public debt and until we know what our expenses are going to be. Even if it were the time to cut taxes this kind of thing is monstrously unjust and unfair.

Now, I feel just as strongly that the President should sign the labor bill. The original Hartley bill which passed the House was generally regarded as too drastic but the bill that was finally worked out in agreement with the House and Senate seems to me to meet the requirements of fairness to both labor and capital, but most important of all, ~~the requirements that the public welfare comes~~ <sup>is placed</sup> first. I frequently have disagreed with Senator Taft and on a few occasions have engaged in platform debates with him. On the labor bill, however, I think it is fair to say that he did an outstandingly capable and fair job. The bill does not go as far as many wanted it to go. It goes further than labor leaders of the Congress want it to go, but then they do not want Congress to do anything. The moderate and fair provisions of this

of this bill makes it all the more difficult for the President to veto.

However, it is rather generally believed in Washington that he will veto it. Observers point out that throughout the President's career in the Senate he was an outstanding friend of labor. They point out further that he vetoed the Case bill, and some of his advisers say that there is <sup>now</sup> no wave of strikes, no wave of industrial unrest and therefore, no real need for labor legislation <sup>at this time</sup> now. - And then comes the question of politics ~~in~~ <sup>politics</sup> 1948. I have heard a good many say that if the President vetoes the labor bill, he might ~~not~~ as well not run. I have heard a good many others say that if he would just veto <sup>the labor bill</sup> ~~the tax bill~~, his <sup>next year</sup> ~~would be~~ election ~~was~~ was assured because it would mean that labor in the North and East would ~~will~~ flock to the polls and vote for him, therefore, assuring him of a majority in the pivotable states. One fellow said but what about the South. Another said "shucks" - the South will go Democratic anyway. I regret that the question of the labor bill and the tax bill must be considered as political issues, but they are political issues now and it is plain that they will be political issues next year, and that fact will not be wiped out merely by blinking at it.

So what will the President do? Your guess is as good as mine - but my guess is that he will veto both bills.

# Tax Cut Bill

Senate Republican leaders last night weighed the possible political effects of passing a tenth-inning tax reduction bill following a series of inconclusive conferences.

Senate GOP Steersman Robert A. Taft (R., Ohio) told newsmen frankly that political considerations were among the many factors delaying a definite decision.

"Strangely, Democrats are doing all the urging now," Taft smiled. "We're the ones being coy. We're perfectly willing to wait until next year."

The Senate majority policy committee, headed by Taft, meanwhile, directed Senate Finance Chairman Eugene D. Millikin (R., Colo.) to make a thorough canvass of the possibility of overriding another veto, if Congress votes to cut taxes starting January 1.

## Other Developments

There were these other developments:

1. Ways and Means Chairman Harold Knutson (R., Minn.), following a strategy huddle with Republican Ways and Means committeemen, predicted the House would pass his second bill if assured in advance of 63 "pledged" Senate votes.

2. A tally privately made by Senator Harry Flood Byrd (D., Va.) was reported to show 61 "sure" Senate votes for a January 1 tax cut, and some half a dozen more who might support such a cut.

Millikin told reporters only that he thought there is a "fighting chance."

The possibility of another GOP try at tax reduction before Congress adjourns was projected last week when Knutson reintroduced his vetoed bill, cutting income taxes  $10\frac{1}{2}$  to 30 per cent. He merely changed the effective date from July 1, 1947, to January 1, 1948.

## Byrd Backs Bill

Byrd subsequently announced he would support the bill with the date change providing Republicans make good their pledge to set an over-all spending ceiling.

An independent canvass turned up about four other Democratic Senators who may vote for a next January cut, even over a veto. Besides Byrd, these were said to include Senators Walter F. George (Ga.), Edwin C. Johnson (Colo.), Millard E. Tydings (Md.) and A. Willis Robertson (Va.).

Normally they would constitute more than enough switches to override a veto. If the full Senate membership votes, however (which is rarely the case), the two thirds overriding quota would be 63.

The suggested shift in tax strategy was fully aired at a luncheon in the Senate secretary's office, attended by Senate GOP steersmen. Taft said no final conclusions will be reached until Republican leaders of both houses meet jointly next week to program bills for the remainder of the session.

## Time Is Short

He noted, however, that Congress is to adjourn July 26, and the revised tax cut would have to clear Congress by the weekend of July 12. Otherwise the President might kill the bill by a pocket veto.

In the quarter it was said, the two parties were at odds over

# Senate Passes Succession Bill By 50 to 35

Measure Would Make Martin Next in Line For White House

By Robert C. Albright

Post Reporter

The Senate yesterday approved a new line of succession to the Presidency, in effect making Speaker Joseph W. Martin, Jr. (R., Mass.), next in line to the White House if anything happens to President Truman.

The final vote was 50 to 35, with Democrats opposing it, almost as a party. Ironically it was virtually the same bill recommended by the President when Democrats were in control of Congress. That would have made the then Democratic Speaker of the House, Sam Rayburn, heir-apparent.

House passage of a companion measure within a week was predicted by House Judiciary Chairman Earl C. Michener (R., Mich.). The House had passed the President's original succession bill last session, but it stalled in the Senate. The Senate at that time proposed a joint committee study of the whole dilemma. The House let that proposal die.

## Order of Succession

Designed to meet a situation without parallel in American history—a vacancy caused by the death or removal both of the regularly elected President and the Vice President who succeeds him—the bill gives first the Speaker of the House and next the President pro Tempore of the Senate precedence over the present Cabinet line of succession. (at present)

The Secretary of State, who is now first in line, would act as President only if the Speaker or Senate President failed to qualify, and so down through the Cabinet line. If a Speaker later qualified, however, he would step into the White House until the end of the current presidential term.

Senate Democratic Leader Alben W. Barkley (Ky.) led the fight on the change. Barkley challenged whether either the Speaker or Senate President were Federal "officers" in the constitutional sense. He said he fought it even when his friend Sam Rayburn would have been the beneficiary.

## Hatch Move Fails

Senator Carl A. Hatch (D., N. Mex.) unsuccessfully sought to recommit the bill. Hatch said there could be no "emergency" so long as Secretary of State George C. Marshall is designated by present law to fill any White House vacancy. Hatch said the proposed shift would bring "complete chaos."

Senate Republican Whip Kenneth S. Wherry (Nebr.) author of the measure, turned the Presi-

# Navy Warns Congress on Oil Shortage

Supply for Fleet Dangerously Low, Spokesman Declares

By Mary Spargo

Post Reporter

The Navy put Congress on notice yesterday that United States oil reserves for the fleet are dangerously low from the standpoint of national security.

A three-pronged attack on the oil shortage problem was immediately launched.

1. The Senate voted to continue until July 15 control authorization over exports and imports pending a final determination of the issue. Otherwise controls would expire June 30.

2. Chairman Alvin F. Weichel (R., Ohio) of the House Merchant Marine Committee introduced a bill to clamp rigid controls on all exports of petroleum products to foreign countries.

3. Chairman Owen Brewster (R., Me.) introduced a resolution to investigate the entire oil shortage situation, including exports, domestic transportation difficulties, and the Navy's purchase of Arabian American oil.

## Export Data Asked

Weichel called upon Secretary of Commerce Harriman to identify all American oil companies which have sold petroleum products to foreign countries during the last 18 months.

In a letter to Brewster, Acting Secretary of the Navy John L. Sullivan reported that "the reserves on the East Coast are inadequate to meet an emergency."

Earlier, Capt. Ralph E. Wilson, Deputy Navy representative on the Joint Army-Navy Petroleum Board, warned the House committee that the U. S. fleet "might be largely immobilized" if oil imports were shut off during a war.

## Russian Exports Cleared

Wilson and Col. G. H. Vogel, joint board executive officer, testified that present oil shipments to Russia were not major factors in difficulties of the Army and Navy getting enough oil.

In the letter to Brewster, Sullivan said that the fleet could not assume "a position compatible with the Navy's obligations for national security" until late this year despite efforts to build up petroleum stocks.

Weichel, who has been strongly critical of oil shipments to Russia, told the House:

"There must be positive bans and restrictions by the Congress to stop the flow of gasoline and petroleum to foreign nations. The President should not have the continued discretion to export gasoline and petroleum."

Weichel's bill would ban ex-

See LINE, Page 7, Column 5.

See OIL, Page 2, Column 1.

## The President and the Law

The President has acted wisely in issuing a special statement backing up the pledge of the National Labor Relations Board to give the new Taft-Hartley Act "the fairest and most efficient administration that lies within its power." The act, ~~it says~~, is now the law of the land, and it demands the respect of every citizen and complete good faith and earnestness on the part of those charged with the responsibility of making it effective. To adopt a contrary attitude would be to do violence to the will of the American people—resoundingly expressed through Congress.

*pal*

This point should be self-evident, of course. The NLRB's pledge and Mr. Truman's statement ought not to have been necessary. The public at large should have been able to take for granted—without special assurances—that the new law would be "well and faithfully administered." The truth is, however, the President himself made such assurances a necessity. He did so because of the unfortunate language he used in his veto message and in his ~~little~~ last-minute appeal to the Senate not to override him. Reading things into it that simply were not there, he described the legislation as "unfair," "dangerous," and "unworkable." In effect, he said that even if it became operable it would fail a wholly defeatist line suggesting that it would be administered in the same spirit and inviting labor leaders to resist it from the start.

As the coal miners under John L. Lewis are demonstrating, such resistance is already in the making. A measure of it would have been forthcoming under any circumstances, but now we may expect it to be the greater because of the extreme nature of the President's criticism. Had his words been more balanced the union bosses would have had less encouragement to follow a defiant course. The mischief has been done in that sense, and the top members of the NLRB have not undone it by promising to discharge their new responsibilities as fairly and efficiently as possible. Nevertheless the promise, together with Mr. Truman's appeal for compliance and his announced determination to enforce the law fully, is to the point. Presumably like Mr. Van Arkel, the general counsel other officials of the board will resign if they are hostile to the act. The President makes clear, too, that the new members to be appointed will have a sincere and firm desire to make it work.

Admittedly, the Taft-Hartley labor law is not perfect, but what law is? In this case, its shortcomings have been grossly exaggerated and its purposes recklessly misrepresented. Actually, if it is administered honestly and well, it can do much to correct abuses long in need of correction, and wherever it proves weak in the light of experience it can be strengthened by later congressional action. In any event, what the American people have a right to demand now is that the NLRB carry out its own and the President's pledge to the letter by sparing no effort to have the act do the job it was written for.

## China Loses Its Credit

Secretary of State Marshall's announcement that the Chinese Nationalist government headed by Generalissimo Chiang Kai-shek would not get the \$500,000,000 credit earmarked for it eighteen months ago

Bank brings into

the Chinese

plight of

its own

own