

Sunday, January 21, 1951

Good morning friends:

Washington has had a busy, hectic week, what with the President's Budget message, plans for wage and price controls, revision of the draft law, foreign policy debate, together with many other uncertainties and war uneasiness.

The size of the President's budget, 71 and $\frac{1}{2}$ billion dollars, is literally staggering. Had you stopped to think that this is about 5 hundred dollars for every person in America, man, woman and child? That it represents between 15 hundred and 2 thousand dollars per family, ~~in America~~. Of course, it will not work out that way, because we have a system by which taxation is levied according to ability to pay, that is, in most cases. Of course, our whole system of taxation, whether excise, income, corporate or ad valorem, rests upon the productive forces, human and industrial, of the entire country. So, in a very real sense, the burden of taxation, and hence the burden of these huge governmental expenditures, rests like a heavy hand on each and every one of us.

As I see it, ~~71 billion dollars is too much for the government to spend next year.~~ Congress needs to trim the non-defense expenditures to the bone, and I mean ^{to} the bare bone. Of course, we can not quarrel ~~too much~~ about appropriations for war production, not when our very survival as a free people is at stake. But this makes it even more imperative for Congress to do a real job of budget cutting on the non-defense items.

President Truman largely avoided controversial subjects in his State of the Union message, and I thought this was admirable. But he drug a lot of his old ^{unpopular} pet schemes right back into the lime light by way of his budget message; such as the FEPC, compulsory health insurance, and the Brannon Plan. Now, I do not think either of these ^{proposals} ~~provisions~~ should be passed in peace time; they shouldn't even be considered now.

At the best we can do, more taxes have got to be levied ~~on the~~ ~~people~~. President Truman has said that we ought to levy taxes until it hurts. Well, most people I talk to say it already hurts. Even so, taxes have got to be laid on heavier in order to make the defense of this country safe and sure. This has all the earmarks of a long, drawnout, balance of power struggle between the free world and the Communist world. We must base our plans upon a calculation that we ^{will} ~~must~~ be in a period of stress, strain and danger for several years. This means that we must really tighten our belt and try to have a pay-as-we-go policy.

We can not afford to resort to heavy deficit financing over a period of several years. Some people would call this inflation. I guess that's a good name for it, but I would plainly say that to do this we would be undermining our own house, destroying the soundness of our money and, therefore, threatening the economic structure that we call the American way ^{of life}.

Unless people feel that United States government bonds will be good, and by good I mean having a reasonably consistent ^{as well as} ~~and~~ lasting value, they ~~American~~ ~~people~~ are not going to be prone to buy them. In fact, a very large number

of people are now cashing bonds which they bought during World War II.

I am sorry to say that these bonds are not now actually worth any

more, if as much, as they were 8 and 10 years ago when purchased.

Despite the interest increment
In other words, ^{if as much} a bond bought 10 years ago will not buy any more ^{land} ~~other useful things~~ or clothes or automobiles - the things we buy most - than we could have bought

with the money we put into the bond 8 or 10 years ago. If this continued

and got worse, confidence in our whole monetary system would be severely

shaken. So you see, it is absolutely necessary that we undertake to have

a sound fiscal policy. That's one reason why I say the Appropriation Bill

should be cut to the bone on non-defense expenditures. Even after this is

as I have said
done, it will be necessary ^A for us to levy higher taxes. ~~But~~ Regardless

of how good a job we might do in cutting appropriations and in levying

taxes, something else must be done, ~~and that is just what~~ Mr. Charles E. Wilson,

head of the government's economic mobilization program, said last Wednesday.

~~He said~~ that the voluntary price control program had flopped, that mandatory

ceilings had to be placed by law upon wages and prices. These price and

wage ceilings will not be long in coming. Already it is illegal to construct

many types of recreational and commercial buildings without a permit.

One of my neighbors in Carthage, Tennessee, called me a couple of days ago

and wanted to get a permit to construct a ^{small} retail building and supply store.

This sounds like world war II regulation

So you see, the harbingers of economic controls are already apparent.

This country's economy will be severely jolted by the magnitude of war

production that is now planned. Perhaps in the long run it would be

shocked less if ~~large~~ the government exercised more rigid controls now.

I am one who, during this emergency, has tried to be temperate, forbearing, and patient. In other words, I have refrained from bitter public criticism of officials of our government, even though, at times, I have had difficulty with such restraint. I had particular difficulty in restraining myself from an outburst a few days ago when I saw the last cease fire United Nations proposal to China, which our State Department had approved. I immediately picked up the telephone and called a certain high official of the State Department and let him have a piece of my mind, so to speak, about our approval of what seemed to me the worst piece of appeasement to which this nation had ever yielded. I do not mean to leave the impression that I used ugly language, but I do mean to say that I felt strongly about it and so expressed myself. I was then informed about a number of the details of the hard fight our government is waging to hold our allies together - that, indeed, a prime goal during these last several weeks has been to prevent the Western allies from flying apart in all directions, which would represent a notable Communist victory, and that our reluctant agreement to this latest cease fire proposal was a concession on our part to the insistence of our allies *that before* ~~that have been~~ voting for a condemnation of China as an aggressor. We go further, far further, than we desire to go to demonstrate to our allies and to the world that we want peace and that we are willing to make all honorable concessions for peace.

I replied that I did not think this last proposal could be described as too honorable. Well, that, of course, was and is a matter

of opinion. Apparently the State Department did not expect the Chinese to accept the proposal. Had the Chinese accepted it, we would have found ourselves obliged to sit down with these war mongers in a discussion that might have been an exceedingly embarrassing dilemma. China has now rejected the proposal. That rejection presents an entirely different matter for decision. The next move is clearly up to the United Nations. The official with whom I talked in the State Department felt sure that, by going this last mile with the British and our Asiatic allies, approval of the aggressor resolution by the United Nations would be assured. Well, the next move clearly is up to the United Nations. I have been a firm believer in the United Nations, which was fathered by Cordell Hull, whose public service and career I have idolized. Not once in my public life have I been more enthusiastic in my support of a proposal. I must admit that, during these wavering months, my faith has been shaken but not yet destroyed. The principle of collective security, the principle of free nations standing together, one for all and all for one in defense of the freedoms that we all cherish, is something in which I will always believe. Something that, sometime, somehow, it will come to fruition. I still believe in the United Nations but I think it's test has now come. If the United Nations will not now brand the Chinese Communists who have entered the fray against our men an aggressor, if it lacks the moral integrity to denounce big aggression as well as little aggression, I fear it's usefulness as an agency for the maintenance of peace will be at an end.