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Natl Assn. of Manufacturers

NAM

In Two Sections

Section One



NEWS

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New Deal Program Far from Dead and Forgotten; Effects of 14-Year Experiment Still Linger On

Washington

JANUARY 4 — The New Deal, although grievously wounded, is not dead.

As the first Republican Congress since 1928 met this week with a mandate to reverse the New Deal trend toward Governmental control of everything and everybody, the problem was how to undo so much of what had been done in the last 14 years.

The Government had thrust itself far into the affairs of business, labor and agriculture and there, for the most part, it would remain despite the overwhelming vote last November against bureaucracy and controls. The SEC, FSA, AAA, CCC, Social Security and dozens of other New Deal agencies had become a part of the national economy.

There was overwhelming agreement, however, that legislation to curb labor's dictatorship had to be enacted. Along with this went agreement that a limit had to be placed on employer liability in the so-called portal-to-portal cases.

Labor Law Agreement Lacking

Most of these suits arose out of decisions by the courts, such as the Supreme Court's decision, that a group of workers was entitled to pay under the Wage-Hour Act for the few minutes spent in walking to work after punching a time clock. They total \$3 billion and are mounting daily.

Few agreed on the scope [of the labor legislation which had to be passed. One group feared going too far, an even larger group feared not going far enough.

Income taxes were to be cut, 20% perhaps, but probably less. Appropriations would be slashed, but how much depended on a lot of factors.

As the new session began, wartime controls were another GOP target. President Truman this week declared hostilities at an end. This ended Governmental powers of plant seizure and restricted the Government's pledge to support the price of farm products. However, Mr. Truman's action did not affect priorities, allocations, rationing powers, export controls and many others.

Probes Aim at 1948

The Republicans planned a series of investigations—inquiries into the billions spent by Lend-Lease, into other billions spent by the Shipping Administration, into any phase of Democratic activity which promised to reveal irregularities or scandal.

On the results of these investigations might depend in turn the result of the 1948 elections. At least, this was in the minds of many Republicans as they planned to go around opening Democratic closets. If enough skeletons were found, it would make the task of winning the Presidency easier.

The Presidential election was almost two years away and yet it figured in the opening moves of the session and in many moves before Congress convened.

Supporters of Senator Bilbo of Mississippi, whose right to a Senate seat had been challenged, charged that his Republican opposition had in mind the Negro vote in 1948.

Charges of intimidating Negro voters in violation of Federal law and of using

his office for gain had been made by Senate investigating committees.

The Republican Senate Steering Committee recommended that Senator Bilbo be barred from taking his seat until the Senate could fully discuss the case. Southern supporters of the Mississippian objected and the battle was on—a filibuster delaying organization of the Senate.

Both Houses had comparatively little trouble with other organization problems despite the Reorganization bill, which streamlined Congressional procedure by cutting the number of House committees from 48 to 19 and Senate committees from 33 to 15.

The major Republican contest, that for House majority leadership, went to popular Charles Halleck of Indiana. Representative Joe Martin, of Massachusetts, had no opposition for speaker. House Democrats drafted former Speaker Sam Rayburn as their leader after Southerners objected to Representative John McCormack of Massachusetts, former majority leader who was Mr. Rayburn's choice to head the House Democrats.

Seekers of Fair Labor Laws Encouraged

The complexion of House and Senate committees encouraged the Congressmen wanting labor legislation which will go farther than last year's Case bill.

Representative Welch, of California, ranking Republican on the House Labor Committee, took the chairmanship of the Public Lands Committee and Representative Hartley (R., N. J.) got the Labor post. Last year, the CIO fought reelection of Mr. Hartley.

Senator Taft, chairman of the Senate Labor Committee, has been attacked by left-wing groups as too conservative.

There have been persistent reports, however, that Senator Taft, also a prospective Republican candidate for the Presidency, is dubious about some of the proposals made to curb the powers of organized labor leaders.

The Ohio Senator, with Senators Ball of Minnesota and Smith of New Jersey, had drafted a revision of last year's Case bill.

Differ on Meeting Wage Suits

The three were leaning toward one sweeping labor bill, instead of a series of labor measures which they favored at first. Advocates of strong labor legislation said the feeling over the labor situation insured a vote on every major issue raised.

There was uncertainty over the portal-to-portal suits. Some Congressmen, however, leaned toward amendment of the Wage-Hour Act to handle the situation, others toward a measure like the Gwynne bill, introduced last session, and still others to a Federal "windfall" tax levied on awards to the unions. All the proposals presented legal and other difficulties.

Soon after Congress met, Representative Knutson of Minnesota, chairman of the House Ways and Means Committee, proposed a 20% cut in 1947 personal income taxes up to "slightly in excess" of \$300,000 and a 10½% reduction in income above the \$300,000 plus maximum. He also would raise the exemption for persons 65 and over from \$500 to \$1,000.

The Ways and Means Committee, however, will not hold hearings on the bill until after the Joint Congressional Committee prepares its legislative budget.

Spenders Gird for Battles

The eventual size of this budget depends, in all likelihood, on the size of appropriations for the military. Already Senator Chan Gurney, chairman of the Senate Armed Services Committee, is warning against weakening of national defense.

The budget and tax problems are complicated by a number of other factors. The termination of hostilities means an end on June 30, 1947, of wartime excise taxes which are yielding around a billion and a half a year.

And before the tax bill is through, proposals calling for more spending are certain to be pressed by liberal groups. They include plans for expanding social security coverage, plans for Federal grants to the public schools, Federal aid for medical care, Federal funds for research and for the development of atomic energy.

No, the New Deal is not dead, but sleeping. It will arouse sufficiently to make itself heard in the 80th Congress.



WASHINGTON BRIEFS



Disintegration of the wartime U. S. Army-Navy communications network is reported by Senator McFarland (D., Ariz.) following a tour of the Orient. The network at one time was the finest in history.

Look for a renewal of the drive to establish an all-American overseas airline to be owned by privately-operated transportation interests now working independently. Senator McCarran (D., Nev.) plans to renew his drive for creation of one company because of difficulties encountered by individual airlines. The plan was rejected by the last Congress.

Continuation of the Surplus Property Investigating Committee is being planned by House Republicans. The group also may be given the job of completing an investigation started by the Merchant Marine Committee. Representative Ross Rizley (D., Okla.), a lawyer, is slated as chairman.

Fear that consideration of military legislation will take up too much time by the 80th Congress is being expressed on Capitol Hill. The sources feel that such legislation will reduce the time Congress can spend on economic and business problems. Congress expects to act on consolidation of the Army and Navy, extension of the draft, and other military problems.

Death of the House Committee on Postwar Economic Policy and Planning virtually is a foregone conclusion. A similar Senate committee, while technically in existence, practically folded up months ago. Both committees recommended important legislation on policy and planning.

Refutation of charges that only large business prospered during the war is intimated in the latest Federal Reserve bulletin. The bulletin contends that general improvement in the financial position of business has

been relatively greater in small and medium-sized concerns than in large corporations.

Prospects of increased private trade with Germany appear darker as a result of the economic merger of the U. S. and British zones. For the time being, all trade with the two zones will be handled by a joint American-British committee. Eventually, it will be transferred to a German government agency instead of German businessmen.

No immediate change is contemplated in top personnel of the White House group investigating America's scientific resources. Donald Kingsley, former deputy chief of reconversion, heads the group.

Management and labor may be interested in a handbook just published by the Labor Department's Division of Labor Statistics on arbitration of grievances. The pamphlet describes types of grievance systems, functions of temporary and permanent arbitrators and methods of processing grievance cases.

American industry has absorbed virtually all veterans demobilized since the end of hostilities. Of the 13,030,000 demobilized, about 12,000,000 are at work, in training or in school. Only 700,000 are listed as unemployed and 550,000 on vacation, unable to work or retired.

More than 54 million tons of coal were lost to the nation as the result of two strikes by John L. Lewis and his United Mine Workers. Figures through December 21 show a total production of more than 514 million tons this year compared to about 568 million tons for a similar period last year.

Patent men in private industry might be interested in knowing that James A. Brearley, chief clerk in the Patent Office, is retiring after 40 years of Government service. With his retirement, the job of chief clerk is abolished.

Latest estimates are that the distribution pipelines in the lumber industry now are about one-fourth full. Producers' and distributors' stocks have grown to one billion board feet, but another three billion are said to be needed before lumber becomes easily available.

One reason most veterans have been able to find jobs is that about four million war workers quit the labor market. Another is that an estimated four million new jobs have been created.

Some Congressmen are reported ready to unleash verbal blasts against the British, Dutch and French governments for alleged monopolistic practices in handling raw materials under their control. In some cases, it is said, the wartime Allies have kept American buyers completely out of foreign markets.

Confiscatory Taxes Block Business Rise

Tax Law Revision Eyed For Inequity Removal

Congressional Republican proponents of an across-the-board cut in individual income taxes are urging it now on two grounds:

1—That it would increase the amount of venture capital for industry.

2—That it would restore some measure of equity among taxpayers.

Neither of these objectives, it is argued, can be accomplished by legislation short of an across-the-board cut—a reduction which will provide tax relief alike to low- as well as high-income groups.

Taxes Okay for War

The NAM is on record favoring an early 20% across-the-board cut and for a subsequent 50% top in individual income tax rates, in addition to reduced expenditures and a balanced budget. The present maximum rate on individual incomes is 85.5%.

Current levies graduated to this high peak under a combination of the Roosevelt program, taxes to finance the defense program and, subsequently, the war effort.

Equity of the defense and war levies is not questioned. However, it is now felt that, with the war over, the time has come to grant relief to those upon whose income the high taxes fall and continue to fall the heaviest.

The present high rates, it has been contended, dry up the source of venture capital for industry. For example, the high-level brackets are in partnerships and their incomes now are subject to the maximum rate.

This assessment prevents some partnerships from expanding through siphoning of their earnings into taxes, and makes them dependent upon either private or Government loans for any expansion which they desire to undertake.

Action This Month

Those Republicans who want to get the Government out of the banking business as soon as possible argue that the Government take of business earnings should be curtailed to make borrowing unnecessary or reduce it to a minimum.

Chairman Knutson, of the House Ways and Means Committee, contends that the Republicans made a campaign pledge of an across-the-board 20% cut, and he insists that this promise should be fulfilled at least for all incomes up to \$300,000 a year or more.

No public hearings will be held on the measure, but Secretary of the Treasury Snyder will be asked for his views.

WAGE GAMBIT?

One of the nation's "larger steel companies" may make an offer of a moderate wage rise to the United Steel Workers of America (CIO) so as to start off coming negotiations on a "good plane", according to Iron Age Magazine this week.

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Red Infiltration Disclosures Explain Collapse of Bargaining

IN the light of official and unofficial investigations into activities of the Communist party in the U. S., light is being shed on some of the perplexities surrounding labor-management relations which have confounded both business management and some union management, to say nothing of the public at large.

Most significant of recent findings was the release this week by the House Un-American Activities Committee, which has found that Communists are entrenched in Government, labor and education, including a number of unions affiliated with the CIO. The report stated that "a careful examination of the facts justified the assertion that the Communist party in the U. S. is a foreign-inspired conspiracy masked as a political movement whose aim is to overthrow the present Government by any means at its disposal.

Strong as these charges are, they pale beside the original report which was watered down with Congressional conservatism. During the preceding week, the original draft of the report "leaked" out before its approval. Its author, Ernie Adamson, chief counsel for the committee who since has resigned, had stated in more blunt and detailed terms that, among other things, 17 vital labor unions were controlled by Reds and the Library of Congress was infested with foreign-minded citizens.

Cross-purposes Explained

If the committee report is correct, the exposure is highly significant not only in the recommendations for legislative and procedural action to stem the influence of subversive elements, but even more so in explaining the apparent cross-purposes of organized labor. Such cross-purposes come to light almost daily.

For instance, it is not at all uncommon for union management to say from one side of its mouth that we need fullest production under the capitalistic, competitive system, while from the other side of its mouth to utter strike-inciting propaganda.

According to the NAM Industrial Relations Division, the report, if true, puts its finger on one of the biggest reasons for the failure of collective bargaining and the difficulty of controlling widespread industrial strife.

Objective: Disunity

In this connection, the NAM department said, the following points should be understood and emphasized:

1—Communist-dominated unions don't want successful collective bargaining. There is ample evidence to show that their real objective is to promote disunity, discord, conflict and the breakdown of the productive system. There is even reason to believe that they plot the destruction of responsible trade unionism in America.

2—This report explains why American employers have encountered so much difficulty in establishing and maintaining friendly, cooperative relations with their employees. Communist-dominated unions don't want good management-employee relationships. Communist objectives are the expansion of class conflict and the spreading of hate and distrust be-

tween management and employees. Hatred of the boss is all too often the theme song of union officers addressing union meetings.

3—The prevalence of Communist-dominated labor unions furthermore explains the frequency with which the expression "joint strike funds," "unity committees" and so-called "union strike strategy committees" are used. The widening of the collective bargaining front from company-wide to industry-wide groups of industries, national and international, for the accomplishment of political objectives is a well-known pattern.

4—Communist domination explains the opposition of many unions to increasing employee productivity, plant efficiency and measures for the promotion of economic operation. Communist-dominated unions don't want American industry to be too efficient and productive.

5—Communist-dominated unions, in accomplishing their objectives, exploit immunities of labor union laws, particularly with respect to bargaining and the breaking of collective bargaining contracts.

This underlines and emphasizes the necessity of a new national labor policy featuring equality under the law for both labor and management. Responsible labor leaders have a stake in joining with management and the public in bringing about legislative reforms needed to make collective bargaining work.

Weisenburger Says Debate Proves NAM Democracy

THE full and candid discussion which greeted submission of a minority report before the adoption of a new and liberalized labor policy at the 51st Congress of American Industry epitomized the essential democracy of NAM, Walter B. Weisenburger, your Association's executive vice president, said this week.

The minority report urged outright repeal of the Wagner, Wage-Hour and Norris-LaGuardia acts.

Mr. Weisenburger was answering a query from Fiorello H. LaGuardia, long-time Mayor of New York and before that a co-sponsor of the anti-injunction act as a member of Congress, who had written Mr. Weisenburger expressing regret at the minority report as described in that day's newspapers. Mr. LaGuardia is a nationwide radio network commentator.

Majority Prevails

Mr. Weisenburger pointed out that the majority decision prevails.

Mr. LaGuardia wrote Mr. Weisenburger:

"I was sincerely sorry to read this morning of the minority report of the NAM on the labor situation. I had felt that the NAM had made real progress and had taken a conciliatory stand which

Wason on Radio

Robert R. Wason, NAM board chairman, is scheduled to speak January 11 on "Cross Section—USA," the coast-to-coast radio program in which NAM participates each Saturday (CBS, 3:00-3:30 P.M., EST.)

Second in the current 13-week series of "It's YOUR Business," NAM's own network program, will be heard the same day (ABC, 7:00-7:15 P.M., EST.)

That's Easy: Lop Half Off Government Payroll

Government employees who figure out ways for Uncle Sam to save money can win themselves up to \$1,000 under a plan announced this week by President Truman. The President set up regulations under which Federal employees can be paid cash awards or given decorations for economy suggestions.

The awards will be based on the amount of the annual estimated savings resulting from the suggestion.

Wisecracked one cynical steno: "Award, or severance pay?"

Florida Sessions to Discuss Portal-to-Portal Issue

Two hundred front-rank industrialists from 33 states will begin studies Monday at Boca Raton, Fla., in which, among other critical industrial questions, the multi-billion dollar problem of back-pay suits for walking and other varieties of workless time will be assessed.

I know could have been very helpful.

"If it is not incompatible with your position in the organization, I would greatly appreciate a background of this minority report. Also, just what the attitude of the NAM will be in presenting its views to the Congress."

Mr. Weisenburger answered:

"Appreciate your inquiry about the minority report on labor, but it is nothing to be sorry about. Minority reports, as you know from your experience in Congress, are an important part of our free form of society.

"The minority report was reproduced in full in The Times in a story by Russell Porter. This is all background showing how democratically NAM arrived at its position, but doesn't affect the final official position as adopted at the Congress of American Industry.

"Appreciated your radio comments on the program when it was originally announced."

In Press and on Radio, Dr. Robey Demolishes CIO-Nathan Study

THE first round in your Association's exposure of the economic mischief inherent in demands for a general pay rise for no more production—as currently being voiced by the CIO—ended this week in Washington where Ralph Robey, NAM's chief economist, before an audience of the nation's top journalists and radio men, drove home point after point in a devastating analysis which was described as "complete refutation" of the CIO claims.

Hardly had the nation's papers gone to press with that story when it was revealed that the battle was to be joined again—this time Sunday, January 5, when Dr. Robey was scheduled to debate over a CBS national radio hookup with Robert Nathan, CIO proponent, who wrote the economic study supporting a demand for a 25% wage rise.

Meanwhile, in addition to Dr. Robey's refutation, which was entitled "The Facts versus the Nathan Report," another NAM document slashing at the false economic doctrines of inflationary pay was released by the Association. This was "Industry's View on the Nathan Report," prepared by the Economic Division. The two documents, totaling 86 pages, present a combination of logic and fact so complete as to force the real issues into the open because the pretense of statistical and economic respectability with which the CIO and its economist, Mr. Nathan, had attempted to cloak demands had been completely penetrated.

Ruin versus Prosperity

The Washington press meeting was the mate to the one held earlier by the CIO when it introduced the substantiating Nathan report which was submitted as proof to the public by Philip Murray that his earlier position had been based on "facts." Mr. Murray later, in the words of the New York Daily News, rolled out a challenge to anybody to step up and disprove the Nathan report that industry could pay a wage rise of 25% without raising prices. It was this challenge that the NAM met.

So important did the Daily News, with its more than 2,275,000 circulation, and



Dr. Ralph Robey

other papers, too, view the NAM exposure this week that the Robey presentation was featured in top editorial position. The Daily News described Mr. Nathan as "the allegedly independent economist whom Murray hired to make this report" and then continued: "The outcome of this argument may well determine whether we're to have another round of crippling, money-burning strikes or a period of energetic production."

It was in this atmosphere of tension that Dr. Robey spoke. Addressing himself squarely to the CIO and its "allegedly independent economist," Dr. Robey wasted no time with abstract theory. The NAM chief economist first off showed that Robert Nathan, in his own book, had demonstrated that he knew prices could not be held down while wages were increased and, in fact, had said that to do so "can disrupt competitive forces, with unfortunate consequences." It was made plain, however, that the quotation was from a book written by Mr. Nathan prior to acceptance of his \$12,000 chore of backing up CIO claims.

Ignoring Facts

Turning to another "example of how Mr. Nathan ignores those facts which do not fit into what he wants to prove," Dr. Robey said that "on page 14 of his report Mr. Nathan says: 'There is no evidence to date to indicate that business will cut prices prior to a depression.'" Dr. Robey asked, what does Mr. Nathan consider "evidence" and led off (see table) with a list showing prices of many, many items already tumbling 10% to 64%.

Turning to another phase of the CIO-Nathan report, Dr. Robey said that Mr. Nathan had deliberately avoided giving a breakdown of profits by industries because "such a breakdown would show an enormous disparity in the rate of profits as between different lines of business (see table)."

Of the profits by industries, Dr. Robey said they only tell half the story because within each of these industries, the profits of individual companies also

vary by wide margins.

"For example," he said, "in the chemical and drug industry, which shows an over-all increase of 49% for the first nine months of this year, the profits of individual companies vary from an increase of 257% to a decline of 22%. In the electrical equipment industry, changes range from an increase of over 300% to a decline of more than 90%. Of 30 machinery companies, 18 show an increase, 12 a decrease; of 46 auto and parts companies, 29 are down, 17 up."

No "Pool" of Profits

These figures were cited to show the absurdity of attempting to "prove" that you could pool national industrial profits and grant an across-the-board rise. Mr. Nathan's avoidance of detailed industry figures contrasted strangely with the painstaking detail with which he broke down wage statistics, Dr. Robey remarked.

Dr. Robey then presented industry's view of the alternatives which today face the American public. "They are," he said:

"1—Hold wages steady and thereby keep the way open for competition and buyer resistance to hold prices to proper levels, or

"2—Give another round of wage increases and thereby force prices still higher—higher, as shown by the experience of earlier this year, by just about the amount of the wage increase."

The Nathan report, Dr. Robey said, "is an attempt to fool the public into choosing the alternative of higher wages, which means higher prices. That, obviously, cannot be in the public interest. Only the first alternative—keeping the way open for lower prices—can serve the public. That, we believe, is the proper

(Continued on Page 9)

Nathan Ignored Price Reductions

Recent declines in prices for a wide variety of items*:

Item	% Decline
Men's Wool Robes	35
Ladies handbags	65
Boys' suits	35
Studio couches	38
Gas heaters	32
Lamps	20 to 50
Glassware	10 to 40
Fur coats	15 to 48
Furniture	20 to 50
Mahogany tables	10 to 40
Toys	10 to 64
Tricycles	28 to 47
Houseware	20 to 50
Cigarette cases	10 to 40
Rugs	20 to 50

*From Wall Street Journal, December 19, 1946.

Profit-Pool Theory Exploded

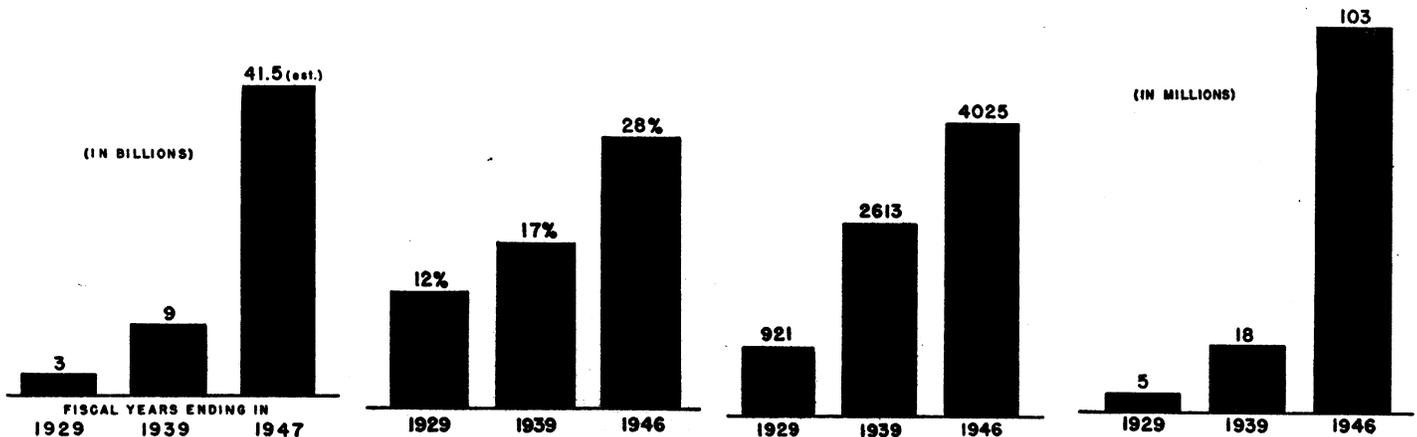
Wide variance between industries is shown by actual profits for first nine months of 1946 as compared with like 1945 period*:

Industrial group	% Rise
Trade	156
Pulp and paper	134
Miscellaneous Mfg.	125
Cement, glass, stone	52
Chemicals, drugs, etc.	49
Service	46
Food products	44
Iron and steel	43
Other metal products	16
Mining, quarrying	14
Machinery	12
Petroleum products	4
Electrical equipment	†70
Autos and equipment	†86

*National City Bank, "Economic Conditions," November, 1946.

†Decline.

Congress Gets Graphic Picture of Taxes and Strikes



BURDENSOME TAXES: Though the war has been over for more than 16 months, the Government still is spending fantastic amounts, as shown in left-hand chart, based on U. S. Treasury Department figures. The chart on the right, based on data from the Tax Foundation and the U. S. Department of Commerce, shows that taxes are taking 28% of national income.

THE EPIDEMIC OF STRIKES: Actual number of strikes, as shown in left-hand chart, totaled 4,025 in 1946, an appalling amount. But the story is still worse when measured in man-days lost (right-hand chart) which measures the duration of the strikes, as well. Both charts are based on information from the U. S. Bureau of Labor Statistics.

10-Point Summation of Industry Experience Submitted to Congress

INDUSTRY, through the National Association of Manufacturers, next week will offer to the 80th Congress the benefit of its experience in coping with problems which are plaguing the nation, according to Robert R. Wason, chairman of the Association's board.

Mr. Wason explained that industry's experience is crystallized in NAM's ten-point "Now, Let's Build America" program. It visualizes Congressional action on the following:

- 1—Withholding special privileges now granted to strikers by our labor laws when strikes are called or conducted improperly.
- 2—Prohibiting Federal Government intervention in strikes beyond the point of providing conciliators.
- 3—Forbidding compulsory union membership.
- 4—Outlawing monopolistic wage conspiracies.
- 5—Balancing the Federal budget and starting debt retirement.
- 6—Cutting Federal expenditures drastically.
- 7—Reducing personal income taxes 20% for 1947.
- 8—Lowering and revising business taxes for 1948.
- 9—Rescinding remaining three declarations having to do with U. S. participation in World War II.
- 10—Terminating remaining war-time controls and emergency powers as rapidly as possible.

In the printed memorial to members of Congress, the NAM will declare that affirmative action must be taken by Congress to eliminate these four hurdles: (a) The epidemic of strikes; (b) labor monopolies; (c) burdensome taxes; and, (d) needless controls.

Strikes Plague Nation

"We all know that we have been having more strikes than ever before," the NAM said. "Many more millions of workers have been involved, and the millions

of man-days of lost production is staggering. One-sided labor laws and biased administration of them underly this tremendous increase in the number of production-disrupting strikes, with labor having little incentive to exercise restraint when all the cards are stacked in its favor."

The NAM document points out that special privileges and immunities in our labor laws should be withheld: (a) When the strike is in violation of an existing contract; (b) when the strike involves issues which do not relate to wages, hours, or working conditions—or involves demands which the employer is powerless to grant; (c) when the strike has not been chosen in preference to accepting the latest offer of the employer; (d) when the union has failed to bargain in good faith; and, (e) when the strike has been accompanied by mass picketing or other forms of violence or coercion.

Compulsion No Answer

Many strikes, according to the presentation, are called for the sole purpose of encouraging the Government to intervene—the union leaders hoping to get more from the Government as a political favor than they could get from management around the bargaining table. This is a familiar strategy. John L. Lewis, UMW's chief, popularized it while the coal mines still were in the hands of private owners.

In discussing compulsory arbitration, the NAM said it "has never prevented labor disputes; it has served only to bring orderly legal procedures into disrepute. It shackles free labor and free enterprise; it constitutes a death-warrant for all collective bargaining; it forces

Government ultimately to determine all wages and prices; it leads inevitably to a totalitarian state."

While considering labor monopolies, NAM pointed out that "labor, through industrywide demands and industrywide strikes, has exercised a monopolistic power to force wages (and hence consumers' prices) to any level it wants—under the threat of depriving the nation or the community of its entire supply of the commodity or service involved."

Cut Government Payroll

In recommending that the closed shop and every other form of compulsory union membership be outlawed, the NAM explained that "the Government, in permitting compulsory union membership, is giving a private group the power to limit personal freedom of individual citizens. This is a power which the Government is not free to delegate, for it belongs to the people themselves."

In asking that burdensome taxes be eliminated, the NAM said that "although the war has been over for more than 16 months, the Federal Government is spending a fantastic amount. This increase cannot be explained away by the argument of 'military necessity' or 'increased interest in the public debt.'"

The NAM declared that the number of Federal employees in the established Government departments and agencies, exclusive of the War and Navy departments and other war emergency agencies, has increased sharply—not only since prewar days, but since V-J Day itself.

"As a result, Federal, state and local taxes are taking a back-breaking percentage of the national income and present taxation can destroy America's prospects for prosperity.

"The challenge is evident; the answer is clear. Now, let's build America."

Liberals Split Ranks With Far Left Group Eyeing Third Party

CONGRESSMEN, who follow political developments closely, say the Progressive Citizens of America, organized in New York this week, is dominated by elements which have great sympathy for Soviet Russia.

There is, they say, an already deep and growing cleavage in liberal ranks over Communism. One recent indication of this, they add, was another meeting in Washington this week of a second group of progressives, this one under the auspices of the Union for Democratic Action.

The Washington group claims to be strongly anti-Communist. Its leaders, including Mrs. Eleanor Roosevelt, are reported to feel that the new PCA, one of whose leaders is Henry Wallace, is altogether too close to the Communist line. Other delegates to the Washington conference included CIO officials James B. Carey, Allan Haywood and George Baldanzi and Boris Shishkin of the AFL.

Third Party Forming

The new PCA, formed by 10 liberal groups, among them the National Citizens Political Action Committee, may well mean a third party in 1948, officials say. They point to a resolution adopted by the organization clearly indicating such a possibility and reports from the meeting in New York were to the effect that Henry Wallace, former Vice President and cabinet official, had about given up hope that leftist forces would again get control of the Democratic party within the next few years.

But if the PCA does attempt to form a new party, there is a question as to whether it will get much help from the anti-Communist liberals. The latter

groups are said to feel that a third party would be doomed to failure and plan to stay within the framework of existing parties. In any case, the feeling over Communism probably would prevent effective amalgamation behind any third party candidate who might be named.

Reds Flock Together

Information in Washington is that the CIO Political Action Committee, which adopted many of the tactics of the ordinary political machine, is to continue. However, the National Citizens Political Action Committee, which used similar tactics, has been merged with the new PCA. The citizens PAC has been accused of acting as a front for the CIO-PAC and for groups sympathetic with Communism. Now, opponents of the citizens PAC are saying that the new PCA will act as a front for the same forces as the Citizens Political Action Committee.

Reports in New York were that Lee Pressman, CIO general counsel frequently accused of being friendly to Communist policies, helped direct the strategy which resulted in the formation of the PCA. Also active was C. B. Baldwin, who directed activities of the citizens PAC. Both Mr. Pressman and Mr. Baldwin formerly served under Mr. Wallace, when the latter was Secretary of Agriculture, and both have remained close to him since.

Probe Urged For Foreign Business

Congressional Committee Sees Security Endangered

The possibility that American manufacturers engaged in foreign trade may be made the scapegoats in international political controversies is raised in the final report of the House Special Committee on Postwar Economic Policy and Planning.

The committee charges that material and information purchased from private companies puts at the disposal of Russia all the basic know-how involving many questions of armaments and national security.

The committee recommends a Congressional investigation of current business transactions between American firms and the Soviet Union and its affiliates, with the objective of setting up a Governmental "screening" process through which all such transactions would be passed.

Storm of Criticism

Most Capital observers do not believe that anything will come of these recommendations. The committee passes into history this week unless it is revived by the new Congress, in which event its make-up would be drastically changed.

Nevertheless, many firms probably will interpret this phase of the report as the mild beginning of a storm of criticism, with themselves as the victims, if our relations with Russia should deteriorate further.

The report itself indicates how rapidly foreign relationships can shift. It minces no words in its criticism of Russia and her satellites and, to a lesser extent, France and Britain. It recommends clamping down on relief, loans and economic aid to all former allies, save Greece, concentrating our assistance on the ex-enemy powers. And it strongly urges U. S. assistance in the economic revival of Germany.

Convention's Pro-public Attitude Wins Press Acclaim

NAM's 51st Congress of American Industry—December 4, 5, 6, 1946—created news which received a superlative "play" in the nation's press.

That news treatment was analyzed in a report by James C. Twohey Associates, Washington, D. C., analysts, which estimated that your Association's "pro-public" stand on a liberal labor policy and its equally "pro-public" position in condemnation of strikes took 36.79% of the space allotted by the country's newspapers to the convention.

Choice of Earl Bunting as 1947 NAM president and his prompt enunciation of a liberal labor policy accounted for another 7.40% of the total space, the analysis showed.

Labor Policy Foremost

NAM's forthright positions on tax cuts, a balanced budget and other matters grouped as "general convention news" in the Twohey analysis added up to 15.84% of the space.

A convention address and a press conference, in which NAM's 1946 President Robert R. Wason urged President Truman to act vigorously in the strike crisis, found the nation's newspapers giving Mr. Wason 7.27% of the convention space,

the analysis said, continuing:

"Labor policy was the single point receiving greatest coverage in stories on the NAM convention and was highlighted by practically the whole press.

"The liberal labor policy of the organization was felt to be a departure from past conservatism and therefore highly praiseworthy. In addition, most press opinion (editorials) had in previous weeks been urging restraint in any labor legislation and the temper of the NAM pronouncements accorded with press views.

"This latter conclusion, based on news column treatment, is buttressed by the fact that practically all comment on the NAM meeting was focused on the labor policy and lauded the liberal, pro-public stand."

The analysis concluded:

"The convention received comprehensive over-all news coverage. The liberal or pro-public labor policy was the news highlight of the meeting and aided materially in stimulating a news treatment that could be considered highly favorable from the NAM viewpoint."

Controls Indexed

The Superintendent of Documents, Government Printing Office, Washington, has a limited number of copies of the 1945 report to the President by the Attorney General concerning the limitation, suspension or termination of emergency, national defense and war legislation.

The report covered the principal statutes conferring war powers and the circumstances of their termination. Copies of the report, the last compilation available, may be had from the Printing Office at 20 cents each.

End of Hostilities Leaves This Control Picture

PRESIDENT TRUMAN declared hostilities at an end on December 31, 1946. Of major significance to industry are the following controls affected by the declaration:

These Are Ended:

1—End of Governmental authority to seize strike-bound plants. Power to hold plants and industries previously seized continues for six months. (Example: The coal mines.)

2—End of corporation deductions for income and excess profits tax purposes of contributions to certain types of charitable trusts. This affects USO contributions principally.

3—Revocation of permission to step up percentage depletions in reporting income from certain types of mineral deposits.

4—Restrictions are lifted on river and harbor projects, set originally because of the shortage of men and materials during the war.

5—The War and Navy departments are now subjected to the same Bureau of the Budget authority over personnel ceilings as other agencies of Government.

6—Immigration restrictions against the importation of foreign labor are reimposed.

7—Wartime excise taxes on liquor, beer, wine, amusements, furs, cosmetics

and other so-called luxury excises end in six months.

8—The Government's responsibility for supporting farm prices at 90% of parity expires at the end of 1948.

These Remain:

1—Priorities over deliveries, material allocations and rationing powers are not affected. They rest on the 2nd War Powers Act, carrying a termination date of March 31, 1947. Authority to allocate building materials runs even longer, until June 30, 1947.

2—Export controls continue until June 30, 1947.

3—Inventory controls continue until March 31, 1947.

4—Authority to reorganize the Government: Under these powers, the National Housing Agency, the War Assets Administration were created, the Army and Navy reorganized.

5—Permission for procurement agencies of Government to continue negotiated contracts.

6—Authority for control of consumer credit.

7—Priority controls over freight deliveries and shipments.

More Long-Term Bank Loans Seen

U. S. Experts Predict Reversal of Tendency

The recent tendency for bankers to resist increasing their long-term loans to manufacturers probably will be only temporary, according to some Government experts.

The reason given for discouraging increases in long-term loans has been the possibility of price declines in 1947, but the experts point out that as Government securities now widely held by banks are retired, the banks will wish to find new investment outlets. Furthermore, manufacturers, at least through the first few months of reconversion, had managed to keep a fairly liquid position.

Therefore, as other outlets for funds diminish, it is felt the banks will probably return to the policy started before the war of increasing long-term loans. That the present resistance to the long-term loans is only temporary is indicated by Federal Reserve figures now available for 1945 which measure the

Statistical Picture

Here are the Federal Reserve figures on holdings of cash and marketable securities expressed as a percentage of manufacturers' sales in 1940 and in 1945: Durable Goods Mfgs.' Assets

	Cash and Mktble. Securities as a % of Sales	
	1940	1945
Under 1/4 million dollars	5	8
1/4 million to \$1 million	5	10
\$1 million to \$5 million	8	14
\$5 million to \$10 million	9	21
Over \$10 million	22	22
Non-Durable Goods Mfgs.' Assets		
Under 1/4 million	3	7
1/4 million to \$1 million	4	9
\$1 million to \$5 million	5	12
\$5 million to \$10 million	7	13
Over \$10 million	14	17

Keen Interest In NAM Reply to Nathan - CIO Study

WELL over 100 top-ranking Washington newspaper correspondents and radio commentators turned out for the luncheon at the Carlton Hotel this week in the Capital to hear NAM debunk the Nathan-CIO wage-price report. Interest shown by the press and radio corps was indicated by the fact they kept Dr. Ralph Robey, NAM chief economist, on his feet for more than an hour answering questions about the NAM version of the wage-price picture.

The unusually long question period prolonged the combination luncheon and press conference to more than two and one-half hours, which is considered unusual in the nation's capital, where correspondents are kept on a news-gathering merry-go-round.

Housewife Sets Prices

Walter B. Weisenburger, NAM executive vice president, introduced Dr. Robey following the luncheon. He drew applause when he said that NAM had accepted the challenge by CIO President Philip Murray, who dared anyone to discount the Nathan report, which contended that wages could be increased 25% without increasing prices.

In response to several questions, Dr. Robey pointed out that the American housewife, in the final analysis, was the person who decided what price she would pay for an item. He explained that prices of many foodstuffs dropped sharply after the death of OPA when housewives refused to buy certain items. Dr. Robey added:

"NAM has always been in favor of the American public not paying more than it wants to for any item."

The NAM economist also said during

the question period that the best way to improve the lot of workers in the lower brackets is to make his dollar worth more through lower prices and lower taxes.

Edwin Lahey, of the Chicago Daily News, asked if it were true that industry could increase wages by increasing productivity.

Dr. Robey replied that was true, but that productivity could be increased only 2 to 4% yearly, whereas the CIO wants an immediate wage increase of 25% with no increase in prices.

Lower Living Cost

Columnist Fred Perkins, of the Scripps-Howard Alliance, described himself at the conference as a curbstone economist and asked Dr. Robey when the nation could expect a substantial decrease in the cost of living.

Dr. Robey said he was no prophet and that no one could tell definitely when the big break in prices would come. He added, however, that there has been a softening of prices, especially in luxury items, during recent weeks, and that his guess was that a further easing should come in about six months.

Presidential Veto Power Remains Powerful Labor Change Factor

THE Republicans regard revision of the labor laws as their major task during the 80th Congress.

There is, of course, wide disagreement as to the kind of legislation that should be enacted and the union-dominated members felt little or nothing should be done.

Also, some politically-minded Republicans are thinking of labor legislation in terms of its effect on the 1948 Presidential election.

Several major labor bills were quickly introduced and these matters of procedure appeared to be nearing settlement:

First, the Senate Labor Committee will get to work very early and legislation will be considered first in that chamber.

Second, whereas there had been talk of piece-meal legislation with more important legislation to come later, the trend as the session opened was for enactment of one comprehensive bill.

Case Bill Hub

Senator Taft (R., Ohio), new chairman of the Labor Committee, and Senators Ball (R., Minn.) and Smith (R., N. J.) worked out a proposed revision and extension of the Case bill, with Representative Case (R., S. D.) prepared to sponsor similar revisions in the House.

Major points in their program included: Enforcement of contract responsibility upon unions, penalizing secondary boycotts, establishment of a Federal mediation system independent of the Department of Labor, a ban upon unionization of supervisory employees, amendment of the Wagner Act to assure right of free speech for employers, a definition of unfair labor practices by unions and additional regulation of union conduct.

Many Senators regard the Case bill, even with suggested amendments, as wholly inadequate. Major fights loomed for these three proposals: (1) banning the closed shop, (2) making labor unions subject to anti-trust laws, (3) compulsory arbitration of disputes in the industries labelled as "public interest" industries.

Senate Holds Key

The major issues will be fought out on the floor of the Senate.

This means that the ultimate labor bill will be a coalition bill, despite the fact that Republicans control both Senate and House. But Senate Republicans have a majority of but two, and Republican views on labor differ widely.

Leading proposals which will figure in the final settlement include:

Smith bill—by Representative Howard Smith (D., Va.), a recognized expert on labor laws. This bill contains amendments to the Wagner Act which were adopted by the House in 1940 but which, with additions, failed in the Senate.

It separates the prosecution of complaints from the judicial functions of the National Labor Relations Board, imposes responsibilities upon labor unions commensurate with the powers and privileges granted by the Wagner Act.

The bill also prohibits the closed shop and industrywide bargaining, bans strikes in public utilities and related industries, bans unionization of supervisory em-

ployees under Federal law, prohibits use of force and violence and secondary boycotts, as well as requiring registration of labor unions.

Ferguson bill—Senator Homer Ferguson (R., Mich.) will introduce a bill outlawing strikes in basic industries and creating a system of labor courts to settle disputes. He concedes that this means compulsory arbitration in some instances, says he does not like it but that the evil requires a drastic remedy.

Byrd bill—Senator Harry Byrd (D., Va.) plans to introduce a measure defining responsibility of labor unions for keeping their bargains and to enforce penalties for failure to do so.

Hoffman bill—Representative Clare Hoffman (R. Mich.) proposed a ban on the closed shop and extensive other proposals designed to reduce the overwhelming power given to union management.

Herter bill—Representative Herter (R., Mass.), and other colleagues, have evolved

Robey Demolishes Nathan Thesis in Press and Radio

(Continued from Page 5)

policy for America today."

Dr. Robey referred to Mr. Nathan's record of faulty predictions—such as that unemployment would reach 8,000,000 in the Spring of 1946 and that income from wages and salaries would decline this year by \$30 to \$35 billion.

The whole theory of the report to the CIO, he said, is based on Mr. Nathan's guess as to what business profits would be in the last quarter of 1946 and his assumption that business will continue to earn at least that much from here on.

The Government has issued no final compilation of profits since 1943, Dr. Robey pointed out. The last Government estimate was for 1945. Mr. Nathan's figures for 1946 are "merely his own estimate. Being purely guesswork, this is like a weather prophet predicting it is going to rain next Sunday. The only way to find out if it does rain is to wait until next Sunday. This is dangerous business when it comes to economics."

Twisted Figures

Similarly, Dr. Robey said Mr. Nathan misinterpreted the report of the Heller committee of the University of California in his argument that income from wages is below the required minimum standard.

The official figures of the Bureau of Labor Statistics for January, 1946, when adjusted for subsequent increases in cost of living, give \$44.23 as the "break even" weekly pay of a family with one wage earner, Dr. Robey pointed out. In manufacturing industries the average pay in October, 1946, was \$45.83.

The appraisal of the Nathan report, prepared by the NAM's Research Department, said:

"Mr. Nathan's case that general wage increases are justifiable on the grounds

a program in some respects different than that advocated by many Republican leaders. The bill would regulate internal affairs of unions, requiring secret election of officers and public reporting of funds, a mutual responsibility provision, a ban on secondary boycotts and violence in picketing and an extensive system of compulsory arbitration.

Regulate Unions

Responsibility for evolving programs for submission to Senate and House rest upon the labor committees. With Senator Taft as chairman of the Senate committee and Representative Hartley (R., N. J.), heading the House committee, there is, advocates of a strong bill feel, assurance of fair consideration.

Although Congress is Republican-controlled, President Truman remains a powerful factor in enactment of labor legislation. He has the power of veto, and it is difficult to enact legislation over his disapproval. Just what kind of labor legislation he would approve is not known.

that real wages have declined in recent months . . . is based on the suppression of statistics on the trend in wages and prices since 1939, and the misinterpretation of more recent trends.

"Analysis of Mr. Nathan's argument that substantial wage increases are possible out of corporate earnings has led to the following conclusions:

No Validity or Value

"His estimates of the present rates of corporate profits have no claim to validity.

"His assumption that present profits will continue cannot be accepted with confidence.

"The figure to which he proposes to reduce corporate profits cannot be accepted as a reasonable return.

"Even if his figures were accepted, 40% of the wage increases he proposes would be paid out of the Federal Treasury.

"It is impossible to find any points in Mr. Nathan's discussion of this question which do have any validity or value.

"Mr. Nathan's pretense that general wage increases are essential for the maintenance of purchasing power does not bear analysis, no matter what interpretation we give to it.

"If we assume that he is protesting against business profits on this ground, he is wrong because business profits are a form of purchasing power which is used as rapidly as any other.

"If we assume that he means to protest against shifts in individual incomes from one type of recipient to another, the figures prove that his alarm is baseless; the only significant shift in individual incomes has been to increase the purchasing power of war veterans relative to the incomes of other classes."

SOMETHING FOR NOTHING . . . An Editorial

SOONER or later, the people of every nation come to realize that "The Government" does not have one red cent of its own: the wealth or poverty of a government is the wealth or poverty of its people. In many cases, notably France and Germany, this hard, cold fact was driven home to the people only when national bankruptcy made valueless the currency of the nation and with it the savings of the people.

In virtually all cases, national bankruptcy followed an era—sometimes long, sometimes short—in which the people were led to believe they could get something for nothing.

And it is true that sometimes, but for temporary periods only, some people can get some things for nothing: In the case of conquest, a defeated nation may be looted; in the case of class warfare, one class may be exploited for the benefit of another (organized labor versus farmers and white collar workers, for instance). But inevitably there comes a reckoning. There comes a time when the defeated nation may be looted no longer; there comes a time when the exploited class can be exploited no longer. And when that time comes, the exploiters find they are worse off than before because parasitical habits beget thrift and production for neither the victims nor the practitioners.

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FOR nearly one and one-half decades, a philosophy of "something for nothing" has been foisted on the people of the United States. The complexities of modern banking, as reflected in the powers acquired by the U. S. Treasury and implemented through the Federal Reserve System, have disguised the fact that the U. S. has been in effect on a printing-press money spree. But no one can deny that before the war, and during the war, we have been living beyond our income. We have been told by the Keynes-Hansen theorists (now thoroughly discredited by the Nourse U. S. economic study) that it makes no difference how much we borrow and spend—because "we owe it to ourselves." And this lotus-eating philosophy was echoed by a President and his

Treasury Secretary who set gold values in terms of "lucky numbers." None of these things, however, alter the fact that the people of this country, their sons and their sons' sons, must pay the bill. The debt and its consequences endure. The politician and his political fad do not.

The plain truth is that this wealthiest of all nations has used up a good portion of its rainy day reserve. The national debt, even at the lowest interest rates in history, is costing us \$5 billion a year—more than the cost of maintaining the entire Federal Government only 14 years ago.

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IT should be obvious that this is the debt of the people, every last one of us, not the debt of "The Government," and that any attempt to escape the consequences of this debt can mean only one thing—national bankruptcy. This fact is just as true for any American family as it is for the aggregate of all American families which is in truth "The Government." The Government debt now is equal to more than \$6,000 a family—more than the average homeowner or farmer owes on his mortgage. And this doubling of the size of the debt the homeowner himself thought he could safely afford to owe on his house was done without his knowing consent. Considering these facts, it is apparent that this owe-it-to-ourselves philosophy holds serious implications.

Therefore, it is prudence and common sense to shun more "easy money" expenditures by Government and to temper readjustment of taxation with the sheer necessity for balancing the Federal budget. That is not to say that the wartime level of taxation should be maintained, for that, indeed, would be an undesirable end. But to balance the budget simultaneously with tax readjustment requires the strictest economy in Government consistent with the welfare of the nation. Certainly by now it should be clear to all that resort to the anesthesia of deficit financing merely postpones the reckoning and in no way gives anyone, except possibly the politician, something for nothing.

For National Prosperity First Get Production Up, Says Weisenburger

LOWER prices, lower taxes and higher production, with labor abandoning industrywide attempts to obtain blanket wage increases, were listed this week by Walter B. Weisenburger, executive vice president of NAM, as the three essentials to widespread prosperity in 1947.

By seeking these three objectives, Mr. Weisenburger said, the nation will make up for the many mistakes which have been made since V-J Day—mistakes which have delayed recovery and prosperity for 16 months since the war ended, but which may not be too costly if we are wise enough to profit by them in the months ahead.

"Business must work for lower prices," he said. "Government must work for lower taxes, labor must work for more production without industrywide attempts to obtain blanket wage increases. Such a cool-headed approach by all will yield the people of this country a richer reward than that which any segment of the population could possibly attain by interfering with the machinery of our economy."

Restore Production

Mr. Weisenburger, emphasizing the common interests of all Americans, continued:

"We all want things. We all want some conditions changed. But more than anything else the American people want to get our economy back to producing a better living and better jobs for everyone.

"This is no time, therefore, to let group

or special privilege interests interfere with putting our economic machinery into the high gear of national prosperity.

"The worker, the manufacturer and the politician all should work toward the national goal of enabling business to function in their behalf.

Pound of Flesh

"Postwar adjustment puts strains on the private enterprise system just as it puts strains on the individual. We cannot sober up after the resource-consuming spree of war, unless we all buckle down to helping our form of a free society to produce the needs of the people in goods, in wages, in dividends, in the higher standards of existence.

"I am sure that saner heads in labor management will see that this is no time to demand their 'pound of flesh' from an economy struggling to adjust itself to peace. The old bird of business that has laid the golden eggs of progress for America is going to be deader than a dodo if organized labor seeks now to cut off the head of the economic goose and suck the vital blood of business in portal-to-portal billions and further inflation through wage increases and high-

er prices."

Expressing hope that the "lessons of the past year have been learned and will produce real benefits," Mr. Weisenburger reviewed some of the developments which have marred recovery since the sudden termination of the war.

"After V-J Day," he said, "the unions chose the worst possible time to rock the boat."

"There was nothing wrong," he said, "with labor possessing some of the desires which it revealed. Lots of other people desired other things, too. The trouble arose with complete lack of restraint in giving expression to those desires.

"Wage rates, for instance, had been restricted during the war by the 'Little Steel' and other formulas. Many employees felt they had been left behind in the race with the cost of living.

Man-made Tragedy

"Then, when termination of war contracts ended overtime and other ways of fattening pay envelopes, emphasis was swung from rates of pay to the take-home amount at the end of the week. And to increase the take-home, labor set out to increase the wartime rates.

"America is ripe for progress. It will be strictly a man-made tragedy if it fails to get it."