

*Significance of President Truman's Messages . . .**See Page 3*

Interpretive and informative analysis of President Truman's three messages appears in this issue of the NAM News. Product of the combined efforts of your Association's staff members, the significant features of each of the three reports to Congress are analyzed vertically by general subject, with emphasis on such major classifications as labor, budget and monopoly.

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Truman Now Bounces to Left of Center Though He Still Attempts to Carry Water on Both Shoulders

Washington

JANUARY 11 — Taken together, President Truman's three messages to Congress this week form a carefully thought out campaign document for 1948.

On labor, on taxes and on spending—the three big problems facing the 80th Congress—Mr. Truman put himself in a position to do some Sunday morning quarterbacking.

He also dashed predictions of hopeful Democratic conservatives who expected him to deliver a good swift kick at leftist groups. Instead, Mr. Truman moved back left of center. In one way or another, he repeated just about all the CIO-approved proposals which he sent to Congress in 1945 or early in 1946.

Doesn't Amount to Much

On labor, he spoke out boldly against secondary boycotts and jurisdictional strikes. But there followed qualifications which, in the opinion of many Congressmen, made his proposals meaningless. He also urged broadening social security legislation, strengthening collective bargaining and a new study of labor-management relations.

During the recent years of labor strife, union leaders have never come forward with a single major proposal for changes in the status quo. The President's program, however, was so weak that President Green of the AFL openly praised it. Backstage, CIO leaders said it was all right. However, almost every Congressman who commented said it didn't amount to much.

Heads or Tails, I Win

If Congress sends a weak bill to the White House, Mr. Truman can sign it and share credit for trying to straighten out the labor mess. If it's a strong bill, he can veto it and pose as labor's friend.

Mr. Truman told Congress he opposed a tax cut. In his budget message, he proposed expenditures of \$37.5 billion for the year beginning July 1, 1947, and appropriations of \$31.2 billion. Another \$6.3 billion in money appropriated, but not yet spent, accounts for the difference between the two figures.

If Congress succeeds this time in cutting down expenditures, the President will be in a position to sign the tax bill and share taxpayer gratitude. If Congress cuts taxes without reducing expenditures accordingly, Mr. Truman can veto the tax bill and pose as the champion of a sound fiscal policy.

And if times get hard, Mr. Truman can say they were good until the Republican Con-

gress came in. If the country remains prosperous—well, it became prosperous under the Democrats.

The President's message differed with the CIO in only one important respect. Mr. Truman's economic report urged price reductions, hit at wage increases which would require price increases.

This is the position taken by NAM in opposing the CIO-Nathan report which said that wages could be raised 25% without, in turn, hoisting prices.

Bills already introduced in Congress on labor and taxes show clearly enough what the majority thinks of Mr. Truman's program.

The Pot is Boiling

Yet the scope of these bills, and their very number in the case of labor, showed how much confusion and uncertainty exists in Congress on what to do and how to do it.

A bill by Senator Ball (R., Minn.), attracted much attention because it had been prepared for submission by a subcommittee which included Senator Taft, chairman of the Senate Labor Committee, and Senator Smith (R., N. J.) This measure called for a separate Federal Mediation Board, restrictions on labor welfare funds, withdrawal of Wagner Act benefits from foremen's unions, a ban on jurisdictional disputes and secondary boycotts, provision for suits against unions in Federal district courts and provision for Federal registration of labor organizations.

This bill, admittedly, did not touch some vital issues connected with the labor situation. Its authors said so and afterwards Senator Ball introduced a bill which would outlaw the closed shop. There was no certainty, however, that the Republican leadership would back this bill or others being drafted which would aim at mass picketing and violence in connection with picketing, and industrywide bargaining. Nor had Senate leadership made up its mind it would handle the labor situations in one bill or two or three.

One Bill Alone on Labor

On both sides, the belief increased that Congress would pass only one major labor bill this session. The House leadership inclined toward one bill.

Representative Case (R., S. D.) reintroduced a bill much stronger than his measure which was vetoed last session by President Truman. The new bill authorized the use of Federal injunctions in strikes in industries like coal and steel and hit at industrywide bargaining. The word went out from the House leadership, however, that this was not the bill which would be given preference in the House Labor Committee.

The time for hearings in both labor committees remained indefinite. The only word was "soon."

In looking forward to only one major labor bill, members excluded legislation to relieve employers under the so-called portal-to-portal cases. Representative Gwynne (R., Ia.) reintroduced his measure which would sharply limit the scope of these suits. The chances of passage for some such bill seemed bright, although organized labor will fight it strongly and probably will try to tack on an amendment increasing the minimum wage.

Taxes Depend on Budget

Meanwhile, House Republicans planned to press a tax cut despite Mr. Truman's stand on taxes and despite rising opposition to any cut which might interfere with a balanced budget or a substantial reduction in the debt.

Chairman Taber, of the House Appropriations Committee, insisted that Congress could hold appropriations down to a little over \$29 billion in the next fiscal year. Congressional skeptics wanted to get a pretty good idea about the size of appropriations before they agreed to the 20% tax cut proposed by Representative Knutson of Minnesota, chairman of the House Ways and Means Committee.

The belief grew in Congress that the final tax cut would be less than 20% and that the lower income groups would be favored more than is proposed in the tax bill already introduced by Mr. Knutson. Senator Taft put himself on record as favoring a 20% cut in personal income taxes, but he said, in effect, that the amount of the tax reduction depended upon the budget.

Notable Omissions and Some Significant Trends All Serve to Plainly Emphasize CIO-Leftist Swing

ON THREE broad fronts, President Truman gave to the people and to Congress this week the Executive's plan and recommendations for this nation's progress and development for this year and for future years. Many of the points made are of major importance; some are irrelevant. While each message in itself is important, there are significant signposts pointing to future White House trends and policy under present leadership which are brought to brighter light when all three messages are viewed in the perspective of an over-all appraisal.

To this end, the entire NAM staff of labor, tax and economic experts, together with the Washington office, have prepared for your consideration a comprehensive analysis of the major points of the Presidential messages of the week, treating the subject matter in the light of the three messages rather than dealing with each separate message on an individual basis.

In the following presentation, the product of the staff analysis and interpretation is labeled "Industry View" and, where it was possible to obtain a political appraisal of the President's views, this is labeled "Washington View." Both "Industry View" and "Washington View" are segregated by major classifications, such as "Labor," "Budget," "Monopoly" and the like. First is the following introduction to the more detailed analyses:

In Broad Perspective . . .

IN his three messages to Congress last week, President Truman revealed not only the policies and plans of the executive branch of our Government but as well gave clear indication of what is to be expected from the minority party in the next two years.

The first of the three messages was "The State of the Union," which the President himself read to Congress on Monday. In this Mr. Truman revealed himself to be generally optimistic as to the outlook, said many nice things about our system of individual enterprise and emphasized the necessity of cooperation between all groups in the nation. All told, it was a pleasant, friendly message. Nonetheless, a careful reading of the document shows that basically there has been little change in the economic thinking of the President. Interlining the pleasant-sounding generalizations is to be found a large portion of last year's Truman-CIO economic program.

Labor in Detail

From the point of view of immediate significance, perhaps the most noteworthy part of this message was the President's discussion of the labor problem. Mr. Truman obviously was fully conscious of this because it is the only issue on which the Chief Executive went into detail.

From a longer-range point of view, perhaps the most important point made by the President was his statement on "concentration of economic power." Little

space was devoted to this by Mr. Truman, but from the treatment of the subject there can be no doubt that the New Dealers plan to make this a major element in their drive for a return to power. It may be expected, therefore, that in the coming months this subject will become increasingly important and business will find itself faced with the charge of being monopolistic, engaged in price-fixing, working against the public interest, preventing the development of competition, destroying small business, and all of the rest of it.

The second message was the so-called "Economic Report."

This report, it will be recalled, is re-

quired of the President under the terms of the Employment Act of 1946. Under that act, a Council of Economic Advisors was set up which is charged with keeping the President informed on developments and thereby enabling the Chief Executive to provide better over-all leadership to Congress.

In view of this requirement, it had been assumed in some quarters that the Council of Economic Advisors would draft a report for the President which the President would incorporate to a considerable degree in his own report.

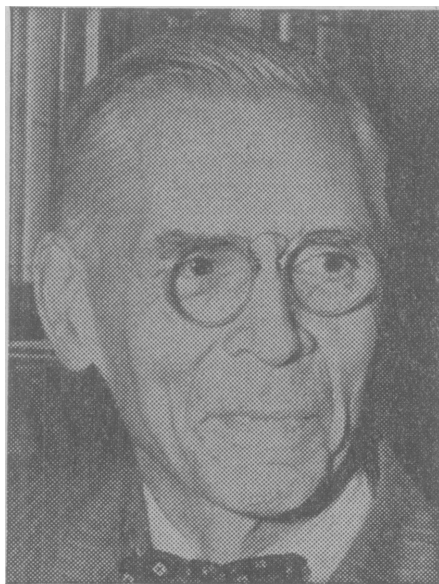
In the present case it is evident that the President has sought economic advice elsewhere, too. Just what the Council of Economic Advisors gave to the President remains an official secret, but in view of the initial report of the council in December, in which it gave its broad economic thinking, there is little doubt that the President's report differs substantially and importantly from what the Chief Executive must have received from his council. In fact, Mr. Truman indicates as much in his letter of transmittal by saying, "In preparing this report, I have had the advice and assistance of the Council of Economic Advisors, members of the Cabinet, and heads of independent agencies."

Beware the Statistics

This report now goes to a joint Congressional committee which, by law, is charged with the responsibility of analyzing and appraising it and reporting the committee's findings to the whole Congress by February 1. It is to be hoped that the joint Congressional committee will accept this responsibility with utmost seriousness.

Some of the statistical evidence cited needs careful looking into before it is accepted as a basis for the formulation of national policies.

For example, the report accepts changes
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**Dr. Nourse
His Economic Report Did Not
Keep Out Left-wing Planning**

Analysis by NAM Staff Details Guide for Sound Labor Relations

(Continued from Preceding Page)

offered in recent months by the Bureau of Labor Statistics' indexes of prices as accurate beyond question. The truth is that during the OPA, and the period of its disintegration, these indexes were not accurate, and it would be a serious mistake to base national policies on the assumption that these statistics accurately reflect what has happened to our price structure in the past 18 months.

Labor: Industry's View

UNDOUBTEDLY it was the labor section of the President's messages which was awaited with the greatest interest and examined with the greatest care. The labor section of the President's messages was notable for what it contained as well as for what it omitted. It also indicated a clear recognition that the public reaction to New Deal ideology, expressed in the recent elections, made it necessary to camouflage the remnants of the old social legislation program in general and innocuous terms.

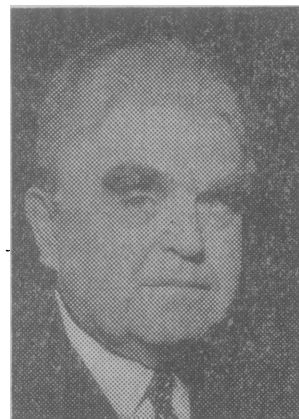
The clearest reversal of position from that taken by the President a year ago is indicated in his remarks concerning prices and wages. Whereas a year ago the Administration led the CIO attack for a pattern of unwarranted wage increases, the President now recognizes that it is much more essential to the national welfare that prices be reduced than that wages be increased. The President belatedly recognizes that "labor should refrain from demands for excessive wage increases that would require price reductions that are necessary to sell the capacity output of the product."

Opposes CIO?

More important still, the President recognizes that "there can be no universal or uniform rule to govern price reductions" and that "there can be no uniform rule relating to wages." This realization that wages as well as prices must be considered on the merits of the situation facing the individual company, if followed, is diametrically opposed to the CIO program, based in large part on the Nathan report for considerable, uniform wage increases in the various industries.

If labor were to attain the same understanding of the situation expressed by the President and would cooperate with industry in seeking to determine wages on the basis of the circumstances in each company, the outlook for labor peace in 1947 would be far more promising.

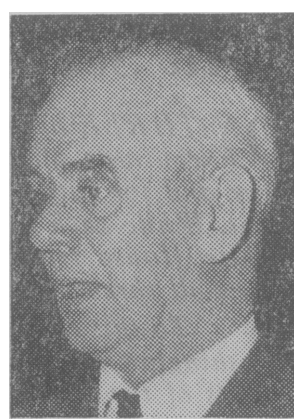
In approaching the question of necessary labor legislation with the viewpoint that it must not be "punitive," the Presi-



John Lewis



William Green



Philip Murray

Green Praised Truman's Message; Murray and Lewis Were Silent

dent seeks to put those who propose more realistic measures in the camp of the opponents of organized labor.

The basic criteria which should guide the consideration of labor legislation are:

1—Such equality of obligation and responsibility on labor and management as will encourage both to utilize the processes of free collective bargaining to the fullest.

2—Discourage monopolistic practices on the part of both labor and management.

3—Full freedom of choice to all employees in determining questions of union membership, working at an available job and the majority vote in case of strikes.

4—Elimination of recognized abuses in the collective bargaining process.

5—Exclusion of collective bargaining within the management group.

6—Elimination of Government intervention in collective bargaining except to provide competent and impartial conciliators.

Most of these criteria are not even mentioned by the President.

The President recognizes that the national labor policy in this country is based on free collective bargaining as the process of determining wages and working conditions. To further collective bargaining, he proposes legislation "to correct certain abuses and to provide Governmental assistance in bargaining."

Jurisdictional Abuse

When it comes to specifying these "certain abuses," he lists only three: the jurisdictional strike, a limited type of secondary boycott and the use of economic force to decide issues relating to interpretation of existing contracts.

In referring to jurisdictional strikes, the President says the public and the employers are innocent bystanders who are injured by a collision between rival unions. He states that this type of dispute "hurts production, industry and the public and labor itself. I consider juris-

ditional strikes indefensible." This indictment of jurisdictional strikes is not new with the President. A year ago, in addressing the Labor-Management Conference, the President assailed jurisdictional strikes even more strongly.

The President calls for legislation to prevent strikes in which a minority union strikes to compel employers to deal with the minority union despite a legal duty on the part of the employer to bargain with the majority union. He therefore urges legislation to prevent strikes called to compel an employer to violate the law. This recommendation for the elimination of two specific types of unjustifiable strikes is good as far as it goes, but certainly it does not measure up to the requirements of the present situation.

For example, the President apparently has no objection to sympathy strikes, that is, the employees of one employer going out on strike simply because the employees of a different employer are involved in a labor dispute. There is no better example of labor's disregard for its contractual obligations than the repetitious use of sympathy strikes in the face of a no-strike clause in the collective bargaining agreement.

Sympathetic Boycotts

The logical conclusion of a sympathy strike is a general strike in which all the labor activities in a given community or area are frozen and industry is paralyzed. Such general strikes have occurred within the last year in Stamford, Conn., and in Oakland, Calif. The President not only makes no reference to this gross abuse of labor's power; he clearly justifies that kind of activity when he makes it clear that he does not oppose all secondary boycotts (of which sympathy strikes are one manifestation).

In criticizing secondary boycotts "when used to further jurisdictional disputes or to compel the employer to violate the National Labor Relations Act," the President goes on to say that "the structure of industry sometimes requires unions as a matter of self-preservation to extend

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Real Productivity? Just Another Mirage in Presidential Messages

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the conflict beyond a particular employer." This is a thoroughly unjustifiable encouragement by the Administration of interruption of production in the case of an employer who is not himself involved in any labor dispute.

It is an amazing spectacle to see the President of the United States condoning and encouraging such irresponsible misuse of organized labor's power. Secondary boycotts have caused a tremendous amount of public inconvenience and have resulted in higher prices in numerous cases. For example, when the employees of a printing firm went on strike, they picketed the retail sales outlets of magazines which were produced by that printer. There is no justification for bringing that annoyance to thousands of retail news dealers and the public.

Amazing Omission

In view of the President's recent experience with John L. Lewis, it is amazing to find that nowhere in his message does the President condemn strikes against the Government. Not only may strikes against the Government paralyze the country, but they constitute a thoroughly unwarranted economic interference with a political servant of all of the people. It would indeed be a hopeless task for a democracy to function if the Government, which is the instrument of the majority, could be effectively defied and prevented from operating by a small organized minority.

In his Economic Report the President concedes that "labor . . . must recognize that high volume at low costs and low prices requires high productivity and the absence of restrictions on production." And yet the President makes no recommendation for legislation relating to labor's worst abuses in this direction: strikes to enforce featherbedding or other work-restrictive demands. Every time a labor union sets a limit on the amount of work that a man should turn out in a day, it limits the productivity of labor.

Stretching Work

Featherbedding rules are notorious in many industries, particularly in those relating to transportation and building construction. In some communities, a painter is not permitted to use a brush wider than four inches. In some cases, a bricklayer must lay no more than a given number of bricks per day. These rules were established not because of any danger to the health of the employee, but for the simple purpose of "stretching the work." Therefore, they unduly restrict production at a time, as the President noted, when productivity is essential.

The President also urges action to correct "the use of economic force, by either labor or management, to decide issues arising out of the interpretation of existing contracts." To implement this goal, the President urges legislation to provide compulsory arbitration of unsettled disputes concerning the interpretation of an existing agreement.

The use of arbitration in disputes relating to interpretation of collective bar-

STRIKES—Before and After Wagner Act

The record of strikes for the past twenty years is compiled here from the figures of the Bureau of Labor Statistics of the United States Department of Labor. In the column "Workers Affected" are numbered only those who actually walked out of their jobs, and no attempt has been made to estimate how many workers were made idle thereby in plants which were not struck. Likewise the figures for "Man Days Lost" includes only the time lost by the strikers themselves and does not cover the man days of idleness caused by resultant slow-downs and shut-downs in non-struck plants.

Before the Wagner Act

Year	Number of Strikes	Workers Affected	Man Days Lost
1927	707	329,939	26,218,628
1928	604	314,210	12,631,863
1929	921	288,572	5,351,540
1930	637	182,975	3,316,808
1931	810	341,817	6,893,244
1932	841	324,210	10,502,033
1933	1,695	1,168,272	16,872,128
1934	1,856	1,466,695	19,591,949

After the Wagner Act

1935	2,014	1,117,213	15,456,337
1936	2,172	788,648	13,901,956
1937	4,740	1,860,621	28,424,857
1938	2,772	688,376	9,148,273
1939	2,613	1,170,962	17,812,219
1940	2,508	576,988	6,700,872
1941	4,288	2,362,620	23,047,556
1942	2,968	839,961	4,182,557
1943	3,752	1,981,279	13,500,529
1944	4,956	2,115,637	8,721,079
1945	4,750	3,467,000	38,025,000
1946*	4,645	4,995,000	112,225,000

Total before the Wagner Act	8,071	4,416,690	101,378,193
Average before Wagner Act	1,009	552,086	12,672,274
Total after Wagner Act	42,178	21,964,305	291,146,235
Average after Wagner Act	3,515	1,830,359	24,262,186
Pctge. inc. under Wagner Act	248%	232%	91%

Summary

The Period	Aver. n'mb'r of strikes each year	Aver. n'mb'r of workers affected	Aver. n'mb'r of man days lost
I: Pre-Wagner Act (1927 through 1934)	1,009	552,086	12,672,274
II: Post-Wagner Act; pre-war (1935 through 1941)	3,015	1,224,000	16,356,000
III: War (Under no-strike pledge) (Dec., '41, through July, '45)	4,017	1,839,000	9,900,240
IV: Postwar (Aug., '45, through Dec., '46*)	4,535	4,708,920	99,287,292
Percentage increase, Stage IV over Stage I	349%	753%	684%

(*) Figures for Dec., 1946, are estimated.

—From The New York Sun

gaining agreements has been widely accepted. A large number of collective bargaining agreements contain provisions that disputes concerning interpretation should be resolved by arbitration. This is voluntary arbitration. To provide for the resolution of such disputes by compulsory arbitration would seriously retard the growth of voluntary arbitration and would inevitably result in the use of Government-appointed arbitrators to resolve these disputes.

In other words, there would be a

tendency to substitute a political solution in place of free collective bargaining between the parties. In view of the President's desire to encourage free collective bargaining, it is doubtful whether his recommendation for compulsory arbitration would further the goal.

Moreover, the use of compulsory arbitration in a limited type of case might encourage the extension of compulsory arbitration to other disputes. Compulsory arbitration is a contradiction in terms.

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✓ But Try and Sue to make a Union Abide by Arbitration Decisions!

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The essence of arbitration is a voluntary submission of a dispute to a third party for a decision. When it is made compulsory, it ceases to be arbitration and becomes an imposed adjudication.

Compulsory arbitration of wages, hours and working conditions would be the death knell of free collective bargaining. It would eventually result in rigid Government regulation not only of labor relations, but of prices and all other elements of our economy. Compulsory arbitration should be recognized as a one-way road leading from a free economy to complete Government regimentation.

No Collective Bargaining

A further objection to the President's arbitration proposal is to be found in the fact that an arbitration decision, while presumably binding on the parties, cannot necessarily be enforced against a union. Under the existing inequality between labor and management under the law, while the employer can be sued to enforce an arbitration award, in many states the union cannot be sued at all, and in other states the degree of relief is wholly inadequate. Accordingly, arbitration in labor disputes can be of only limited value until such time as the union as well as the employer is obligated by law to adhere to the terms of collective bargaining agreements, as urged in NAM's labor program.

To assist the parties in collective bargaining, the President recommends that the available facilities within the Department of Labor be expanded to provide machinery for mediation, voluntary arbitration and fact-finding.

Mediation is now being conducted with a considerable degree of success by the Conciliation Service within the Labor Department, operating with the advice of a Labor-Management Advisory Board. The chief criticism of the Conciliation Service has been its lack of men of sufficient calibre to act as impartial conciliators, and there have been charges that the conciliators are not in all cases impartial.

President Not Clear

In some circles, it is believed that complete impartiality is impossible so long as the Conciliation Service remains within the Labor Department, which is committed to promoting the interests of organized labor. Others believe that progress has been made in the direction of impartiality within the Conciliation Service and that the continuous liaison with the Labor-Management Advisory Committee may bring greater impartiality in the operations of the service.

The President's recommendation for machinery for voluntary arbitration is not clear. It is believed by those directly concerned with labor relations that voluntary arbitration can operate most effectively if it is removed from any suggestion of political control. The farthest that the Department of Labor should go in the direction of encouraging voluntary arbitration is to assist in the establishment of panels of arbitrators, acceptable to labor



Chairman Hartley Centers Fire
On One Effective Labor Bill

and management, who can be called upon in specific cases when labor and management agree on voluntary arbitration.

When it comes to the President's recommendation for "ascertainment of the facts of the dispute and the reporting of them to the public" in appropriate cases, there is a considerable diversity of views as to the effectiveness of such fact-finding boards. There is considerable reason to believe that fact-finding boards can be most effective if they operate as close as possible to the local level and if they are removed from political control.

Fact-finding Misuse

The country still remembers the misuse of fact-finding boards by the Administration for imposing a preconceived wage pattern throughout industry. This experience has largely discredited what might otherwise have been a useful tool. There is strong opposition to the use of permanent fact-finding boards, or fact-finding boards which have the power of subpoena or the power to make recommendations for the solution of disputes submitted to them. Where the fact-finding board has the power to make recommendations, fact-finding comes close to compulsory arbitration, with the evils attendant on it.

The third major point made by the President with reference to labor deals with social legislation. It is interesting that, while the President does not specifically urge the social legislation which he urged on the previous Congress, he reaffirms the position he took in vetoing the Case bill last year.

Regardless of the merits of the President's social legislation recommendations, it must be noted that Mr. Truman presents these recommendations under cover of "solution of labor-management difficulties." No one has yet demonstra-

ted that the New Deal-CIO social legislation program has any real bearing on labor-management disputes. The raising of standards of living and increased social gains are certainly desirable goals. However, they must be considered with full weight being given to the goals to be achieved and the cost involved.

The logical connection between the President's recommended social legislation and industrial disputes appears to be very slender.

No Study Required

In view of the obvious inadequacies of the President's recommended solutions on industrial strife, Mr. Truman urges that a commission be established to investigate and recommend action to be taken on problems of nationwide strikes, methods and procedures for carrying out the collective bargaining process and the underlying causes of labor-management disputes. The entire subject of labor-management relations has received such extensive and intensive study in the last several years that there are certain lines of action which are clearly apparent and do not require further study. The recommendation for further study may well be used as a pretext for failure to take action now.

It is clear that nationwide strikes are merely one manifestation of the monopolistic practices of organized labor. Joint strike or wage action by unions representing the employees of more than one employer are just as monopolistic in their effect on the public as is joint price action by two or more companies. Monopolistic action is inherently contrary to the public welfare and should be prohibited in every element of our economy. The immunity that unions enjoy from anti-trust laws makes it possible for unions to engage in monopolistic practices which are far more serious in their impact on the public than the most flagrant business monopolies.

No extensive investigation is needed to enable Congress to take immediate action. Under the present law, the employer is obligated to bargain collectively. But the union is not obligated to bargain collectively. Therefore the union is free to strike without bargaining, and sometimes unions have struck even before making any demands.

Lewis Example

For example, John L. Lewis, instead of bargaining with the coal operators last Spring, laid down an ultimatum telling them that the first thing he wanted was a royalty to be paid into the union treasury, and only after receiving their agreement to this would Mr. Lewis transmit the remainder of his demands. This certainly does not come under the head of bargaining in good faith. Nevertheless, Mr. Lewis was perfectly within his legal rights in the action he took, since there is at present no legal obligation on the union to bargain in good faith.

There can be little doubt that the collective bargaining process would be en-

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WASHINGTON BRIEFS



A thorough inquiry into all phases of the State Department is the aim of Representative Merrow (R., N. H.) His idea is to find out, if possible, whether it is in the best possible shape to advance peace and the nation's interests from the standpoint of personnel, salaries, etc.

Problems vital to farmers will be dealt with in the near future by Congress. These include extension of the Sugar Quota Act and surplus potatoes. The latter are costing the Government many millions under the price support provisions of the present law.

More than half of the 18 House committee chairmanships will go to Representatives from New Jersey and Michigan. From New Jersey, Wolverton gets Interstate and Foreign Commerce; Eaton, Foreign Affairs; Hartley, Labor; Thomas, Un-American Activities, and Sundstrom is a leading contender for House Administration. From Michigan, Hoffman gets Expenditures; Wolcott, Banking and Currency; Michener, Judiciary; Bradley, Merchant Marine and Fisheries, and Dondero is in the top spot for Public Works.

It is likely that Congress will submit to the states this year a resolution for a Constitutional amendment limiting the tenure of the Presidency to two four-year terms. A two-thirds vote in the Senate and House is required for submission, but sponsors believe they can obtain the required number.

A strong campaign is being conducted among the Senate Republicans for continuation of the Special Silver Committee, which has existed for several years. Silver mining interests expect efforts to be made to lower the price of industrial silver.

The 40% increase in budget estimates for the Federal Trade Commission appears to be a personal vic-

tory for Commissioner Lowell Mason. The newest FTC commissioner inaugurated the new trade practice conference plan of the FTC, for which most of the additional funds will go.

Proponents of universal military training are worried about the appointment of General Marshall as Secretary of State. They were banking on him to convince Congress it was needed, and they fear he will be too busy to testify when the proposed legislation comes up.

There is no hint that President Truman plans to retreat from his program to lower tariffs despite the fact that Congress now is controlled by the opposition party.

Indications are that Russia will go along on the economic and political unification of Germany. But State Department officials insist they have no inkling of what the Soviet Union will demand in return for such cooperation.

Rumors persist that British Foreign Minister Bevin will be shifted to another cabinet post and that the office will go to Sir Hartley Shawcross or Hector McNeil.

A fight has been launched by Representative Pace (D., Ga.) for legislation which would increase the permanent support price of six basic farm commodities: cotton, wheat, corn, rice, tobacco and peanuts. The support price would be 90% of parity, provided farmers agreed to marketing quotas.

Obsolete and surplus vessels now are yielding about 36,000 tons of scrap monthly under the Government scrapping program. This is in contrast to an average of 15,000 tons monthly six months ago.

Industry now is being offered a \$58 million inventory of surplus cutting tools on a competitive bid basis by the War Assets Administration. Previously, they were offered for sale through industry agreements. Included are twist drills and milling cutters of most types used by industry.

Small business still has a priority to purchase surplus property despite expiration on December 31 of the act which created the Smaller War Plants Corp. This ruling has just been made by U. S. Attorney General Tom Clark.

John H. Merchant, the new head of the Patent Office's trade-mark section, is not new to that branch of the Government. He has been in the Patent Office on various jobs for two decades. He succeeds Frank Richmond, who retired.

Sudden halting of the program for importation of Mexican cattle was blamed on an outbreak of hoof and mouth disease in that country.

NAM Ads Present Liberal Program

Labor Plan is Offered 'For the Good of All'

Believing there is no more vital issue confronting the American public today than the abatement of labor strife, NAM this week took full-page space in 56 newspapers in 14 major industrial markets of over 500,000 population each to give the widest possible circulation in these areas to the NAM program for industrial harmony in an advertisement entitled "For the Good of All . . ."

This program, originally formulated by the NAM Industrial Relations Program Committee, headed by Clarence B. Randall, vice president, Inland Steel Co., with the cooperation of representatives of the National Industrial Council, was formally adopted by the board of directors at the NAM's Congress of American Industry, December 3, 1946.

Pro-public Policy

Hailed by the nation's press and radio as a constructive platform for attaining industrial unity, this program is presented through paid advertising so the public may be better informed of NAM's efforts in helping to establish, in the public interest, an impartial national labor policy.

Approximately 20,000,000 people will read this program in these industrial markets. However, because of the urgency and timeliness of this program, NAM members interested in participating in underwriting insertions in newspapers in cities of less than 500,000 population are urged to work with their local or state manufacturers associations affiliated with NIC and with the NAM regional offices. Only thus can your Association secure the complete coverage necessary to achieve understanding and acceptance by the American reading public.

Mats for local advertising are available on request to the NAM Advertising Department. Also available are reprints of the ad for mailing and display purposes.

Missouri Wins Again, It's a 'Compromise'

A new Missouri Compromise has been settled, and on the state's terms.

Following recent conferences, the Federal Labor Department agreed to release funds to end a disagreement with Missouri which had threatened to close the state's employment service.

When the employment service was returned from Federal to state operation, Missouri's Governor Donnelly protested he couldn't maintain previous Federal salaries while other Missouri employees worked for lower pay. And the Federal Secretary of Labor shut off funds. No employee of the Missouri service has been paid since November 15.

But now the employees will be paid—at salary levels prescribed by President Truman's home state.

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Refuse Portal-to-Portal Settlements, Gwynne Advises Employers

REPRESENTATIVE John W. Gwynne (R., Iowa) warns employers against settling portal-to-portal suits in advance of Congressional legislation or further determination of issues by the courts. They now total billions. He says:

"Employers cannot make binding settlements in the great majority of cases under present decisions of the Supreme Court."

Thus he raises the possibility that employers who yield to demands of CIO and other unions and make agreements settling claims under the portal-to-portal theory might find themselves sued a second time by the employees.

With Congress agitated over the threatened chaos caused by the Supreme Court's interpretation of the Wage-Hour Law, Mr. Gwynne introduced a new bill.

First of all, the bill attempts to curb one of the long-standing abuses in the Wage-Hour Law by imposing a one-year statute of limitations.

Establishes Limits

Although the Wage-Hour Law was passed eight years ago, there is no statute of limitations. Meaning of the act has been repeatedly changed by Supreme Court decisions. The effect of this is to subject employers to suits for overtime and portal-to-portal pay dating back eight years.

The Gwynne bill applies to the Wage-Hour Law and the acts regulating hours and wages on Government contracts. Originally, the bill provided a general statute of limitations.

Revision of the bill grows out of Representative Gwynne's experience. The House last year passed the Gwynne bill with a two-year statute of limitations applying to all private suits brought under color of Federal law. The Senate restricted it to the wage-hour and public contracts act. It was in this form, with a three-year statute of limitations, when final enactment was blocked on the last day of the session.

A further provision says that causes of action which accrued prior to the effective date of the act, and which were not barred by any applicable statute of limitations, may be commenced within 90 days after such effective date. Recovery under any cause of action which has already accrued would be limited to one year.

Recognizes Compliance

No recovery would be permitted for any period during which the employer was complying with the law as then interpreted and enforced.

This provision would protect the employer against the effect of court interpretations which expand the law.

Another provision says that, in absence of fraud or duress, a settlement or release of a claim or cause of action would be a defense to the suit. The Supreme Court, in one instance, overturned a compromise for overtime which was entirely satisfactory to employees. It held that the claim could not be compromised.

Still another provision along this line is one which says that the burden of proof shall rest on the party maintaining the action under the Wage-Hour Law

and that failure of the defendant to produce records not required by published regulations authorized by statute shall give rise to no prejudicial inference affecting liability or the measure or extent of damages.

Under present law and regulations, employers keep records for but four years. However, a suit for overtime can go back eight years in the absence of a statute of limitations. Employers are almost helpless, in some instances, in providing a defense against an overtime suit going back for more than four years because they must produce records to justify their stand.

A provision in the bill says the court may include as part of a judgment an attorney's fee of not more than five percent of the amount recovered, and in no event in excess of \$5,000,000.

It has been learned that some unions, seeking to take advantage of portal-to-portal decisions, have made agreements with employees under which the union would get 20% and the attorneys 20% of the amount recovered. Thus the employee would get but 60% and, of course, would be subject to tax on that.

Limited Liability

A general section of the Gwynne bill withdraws jurisdiction from the courts to pass on these claims, except under the conditions specified, or to nullify employment contracts already performed by giving retroactive effect to rulings such as the portal-to-portal decisions, or to award liquidating damages except where violation of law was willful.

Representative Gwynne has been as-

sured of early hearings on the measure by the House Judiciary Committee. He believes the bill, if enacted, would fully protect the country against the chaos being caused by the Supreme Court's portal-to-portal and other wage-hour decisions.

Others, including Senators Wiley (R., Wis.), Capehart (R., Ind.) and Hoffman (R., Mich.), have introduced bills designed to prevent the courts from awarding billions of dollars in portal-to-portal suits.

No Walking Pay

The Wiley bill says that hereafter no action shall be instituted or continued for the recovery of wages or penalties for time spent in other than productive work. This strikes directly at the portal-to-portal or "walking time" suits.

The bill also prohibits award of liquidated damages for errors made in good faith and validates releases signed by employees in compromise settlements.

Senator Capehart seeks to reach the situation by defining "work week" in accordance with interpretations generally understood in industry. The bill imposes a one-year statute of limitations and relieves employers from obligations due to changed interpretations of the Wage-Hour Law.

Representative Hoffman offered a bill defining "work time" and outlawing portal-to-portal suits.

Billions for New Plants

During the first half of 1946, American industry spent more than \$5,000,000,000 for new plant and equipment, and had planned to spend \$3,300,000,000 more during the third quarter of the year, according to Department of Commerce figures.

Robey Tangles With, and Rebuts, Nathan on Radio

NAM's refutation of the Nathan-CIO wage-price thesis was carried to the country Sunday in a coast-to-coast broadcast in which Robert Nathan himself engaged in rough-and-tumble debate with Dr. Ralph Robey, your Association's chief economist.

Dr. Robey drew from the CIO-paid economist the concession that the Nathan study's whole case was based on the prediction that prices are not going to decline, and that in the face of Government statistics showing prices already tumbling.

NAM's spokesman drove home the point that profits vary from company to company within an industry, meaning bankruptcy for those firms making small or no profits in any industrywide wage increases of up to 25% without price increases.

Nathan Gets Some Facts

"And it is the companies that make good profits," he added, "which provide the leeway by which to reduce prices to the public."

Mr. Nathan didn't seem to know that the food price index recently fell 16½ points, so Dr. Robey gave him, and the public, the facts.

Mr. Nathan sought to prove that re-

cessions follow periods in which management makes high profits and workers suffer from inflated wages. He thought prosperity would be continuous with a profit level of six to seven percent.

"We have never had prosperity at that low rate," Dr. Robey retorted, concluding:

"In this country today literally tens of millions of people who haven't had these wage increases—our white collar workers—are having a hard time. Yet you are asking that they be given another squeeze for the benefit of the few."

On an earlier broadcast over the ABC network, John C. Gebhart, NAM statistician, said the basic fallacy of the Nathan report was the impression that all corporate profits can be pooled to meet wage demands.

"No company can pay wages out of the profits of its competitors," he said.

NAM Enters Court Battle with New Approach to Portal Pay Suits

NAM intervened this week in the original portal-to-portal suit with a brief which asserted that all claims for back pay should be rejected.

Taking a new approach to the problem raised by the multi-billion dollar suits of labor unions, the NAM brief emphasized that courts have the power and discretion to make their decisions apply to the future only, or to make them retroactive.

Any extra wages which might be found due under a portal-to-portal interpretation of the Wage and Hour Act, the brief said, should be paid only in the future, and only after the law has been fully determined and clarified. In any case, your Association contended, retroactivity should go no farther back than June 10, 1946, the date of the Supreme Court decision in the Mt. Clemens Pottery Co. case.

The brief, filed in the District Court at Detroit, was a "friend of the court" intervention in the Mt. Clemens case. Joining NAM in filing it were the Michigan Manufacturers' Association and the Employers' Association of Detroit. The case is now back before Federal Judge Frank A. Picard in Detroit, who was instructed by the Supreme Court to determine the amount of money, if any, due the firm's employees for "walking time and preliminary activities."

Court's Choice

Commenting on NAM's arguments against retroactivity (which is the whole foundation of the unions' claims) Raymond S. Smethurst, NAM counsel, said:

"There is no question but what the courts always have had the discretion to make their decisions apply either to the future alone or to transactions already completed.

"Application of the principle of prospective rather than retroactive effect to this case and to all the portal-to-portal cases would go a long way toward clearing up the great uncertainty and public concern created by the litigation. Our remedy is one which would reduce the portal-to-portal controversy, however, it is finally decided, to dimensions which could be handled without danger of disrupting the whole national economy."

The brief argued that retroactivity is a principle which should be avoided wherever possible.

Both employers and employees, the brief argued, relied on the law as interpreted both by the courts and by the Wage and Hour Administrator.

In the Mt. Clemens case, the brief

added, the court "could justifiably conclude that no damages have accrued up to the present time and that none will accrue" until final determination has been made as to the non-productive worktime for which it may be held that wages must be paid.

In addition, the NAM brief argued that proper application of the de minimis doctrine (that is, ignoring small amounts of time) would determine that the Mt. Clemens employees have no claim to back pay.

One of the tasks of Judge Picard is to determine how much time devoted to walking and preliminary activities must be disregarded under the de minimis doctrine.

NAM Cites Proof

NAM cites numerous rulings by the Wage and Hour Administrator and by the courts in support of its contention that at least 30 minutes a day — 15 minutes at each end of a workshift — must be disregarded when computing work time.

Rulings of the Administrator over the eight years in which the law has been in effect were cited in support of the NAM's de minimis argument, which added:

"It is well settled that the practical interpretation of an ambiguous or uncertain statute by the executive department charged with its administration or enforcement is entitled to the highest respect and, though not controlling, will not be disturbed except for very cogent and persuasive reasons."

If, after applying the doctrine of de minimis the court still finds some non-productive worktime compensable, the brief asked that the amount due be calculated by a formula previously approved by the Wage and Hour Administrator and the courts. Under this formula, the payments would be considerably lower than those estimated by the unions in their suits.

Law and Custom

"What we are asking the court to do," said Mr. Smethurst, "is to apply the law in accordance with the experience and custom of industry. If we have misunderstood the law—and if the very authorities who enforce it have misunderstood the law—the final decision of the courts must be our guide for the future until Congress changes and clarifies the law."

"So far, the portal-to-portal issue has taken the form of a war of nerves against industry and against the whole economic structure. The unions have gone into court in a spirit of 'grabbing' instead of awaiting real clarification of the law."

Besides Mr. Smethurst, counsel in the case are: for the NAM, Lambert H. Miller, Harvey M. Crow and Reuben S. Haslam, all of Washington; for the Michigan Manufacturers Association and the Employers' Association of Detroit, Wayne Stettbacher and Chester M. Culver, of Detroit.

'Quick Answer' Brings Apology

Columnist Disassociates NAM and Tool Owners

NAM's longtime "quick-answer-to-detractors" technique brought equally quick apology this week from the Ralph W. Page Washington column in the widely-circulated Philadelphia Evening Bulletin.

Mr. Page's charge that the Tool Owners Union was "a front for the National Association of Manufacturers" was spotted the same day by Walter D. Fuller, former NAM president and president of the Curtis Publishing Co., Philadelphia, and by Walter B. Weisenburger, NAM executive vice president, who promptly wrote:

"... we believe it to be as absurd to call the Tool Owners Union a front for NAM simply because we have some members in common as it would be to link the Methodist Church with the Democratic Party simply because some Methodists happen to be Democrats."

A Straight Answer

The apology was prompt. Said the Page column:

"This is straight shooting, and calls for a straight answer.

"The answer is that the phrase 'a front for' was an unfortunate expression in that it is indefinite and ambiguous and lends itself to the construction put upon it by these gentlemen.

"I apologize to NAM for using a phrase that could be construed to carry that impression."

Steinkraus Sees Balance In Labor Laws

Public opinion demands changes to restore balance to the labor laws, and this Congress will enact the needed changes, the Economic Club of New York was told this week by Herman W. Steinkraus, president of the Bridgeport Brass Co. and former NAM director.

"By all means let us not destroy the advances labor has made when we try to correct the evils that have crept in," Mr. Steinkraus said, "but let us have the courage to correct the things that cry out to be corrected."

Powers Increased

Now the leftist San Francisco People's World, reminiscent of statements in Moscow's sister publications crediting NAM with the formulation of U. S. foreign policy, echoes in a glaring eight-column banner headline:

"NAM ORDERS INDUSTRY TO FREEZE '47 WAGES."

"Get Rid of Hot-Heads," Union Officials Advise

"Get rid of 'hot-head' leaders who refuse to reason during labor negotiations, and replace them with cooler ones."

This advice was contained in a recent special communication to union officials from E. W. Jimmerson, president, and Patrick E. Gorman, secretary-treasurer of the AFL Amalgamated Meat Cutters and Butcher Workmen, Chicago.

Marshall Choice Hailed, but Foreign Trade Ideas Remain Enigma

APPOINTMENT of General George C. Marshall as Secretary of State leaves unanswered several questions vital to industry. His ability as a negotiator is unquestioned. However, his military background has given no one an opportunity to learn his views on business, international economic matters and foreign trade.

Ever since the surprise announcement of Secretary Byrnes' resignation and General Marshall's appointment, newspapermen, business representatives and economic officials of the State Department and foreign governments have been scanning the files for a hint of the new secretary's views on economic matters.

But if General Marshall has any definite views at all on cartels, on tariffs, on foreign loans, trade barriers and international economic cooperation, he has kept them closely to himself.

Some State Department officials believe the new secretary will follow the policy of his two predecessors, Secretaries Byrnes and Stettinius, and leave economic matters mostly in the hands of Under Secretary Clayton and his economic staff.

Gentlemanly Diplomat

General Marshall is, however, expected to assume personal leadership of the all-important discussions of the German and Austrian peace treaties in Moscow next March. On his success in these negotiations will depend the tenor of our relations with Russia for years to come, the economic future of Germany and all Europe and, in short, the kind of a world in which foreign traders will conduct their business.

Businessmen, generally, liked and respected the general and got along well with him in their few contacts during the war.

The Russians, notoriously difficult to get along with, enjoyed excellent relations with General Marshall throughout the war, despite the fact that he sometimes opposed their suggestions when he thought they were not in harmony with the global war effort. Those who know, attribute his usually friendly relations with the Soviets to his ability to state his position clearly and forcefully, but without giving the slightest offense. And he is said to have a knack of always giving the other side an opportunity to retreat gracefully when he calls for a showdown.

He Can Be Tough

General Marshall's relations with the British have not been altogether placid. He and the British representatives on the combined chiefs of staff frequently differed on matters of strategy and the British, who in those days were accustomed to having their own way in Washington, were occasionally bitter about it.

Moreover, General Marshall clashed on at least two occasions with Prime Minister Churchill. Throughout the war, Mr. Churchill reportedly urged President Roosevelt to oust the general as chief of

staff.

According to reports, Downing Street is considerably perturbed at General Marshall's appointment, and many Western European diplomats are speculating on what effect it might have on the close U. S.-British diplomatic alliance in dealing with Russia.

Marshall Not Vengeful

General Marshall's friends, however, believe any such concern has little foundation. General Marshall, they say, is neither a vindictive nor a vengeful man. And he certainly will not permit any past, personal differences with Mr. Churchill to affect, in any way, his conduct of the U. S. foreign policy. In other words, he is a good soldier who carries out orders.

President Truman in the past has taken little personal part in forming foreign policy, but has left it principally to the responsible officers. The top officials now are: General Marshall; General MacArthur, supreme allied commander in Japan; General Clay, commander of U. S. Forces in Germany; General Hildring, Assistant Secretary of State in charge of all occupied areas; General Smith, U. S. Ambassador to Moscow, and Mr. Gardner, new U. S. Ambassador to London.

Of these, only Mr. Gardner is a civilian. Some Congressmen wonder what effect the placing of U. S. foreign policy in the hands of professional soldiers will have on proposed armament reductions and military budget slashes.

Only Fun, Your Deliveryman's Portal Pay Demands!

WHAT would you think if your department store, milkman, grocer and laundryman suddenly presented you with bills ranging from \$18 to \$120 in back delivery charges ranging over a six-year period?

This theme was used effectively by NAM last week in its Saturday "It's Your Business," broadcast, bringing home to the American public the real meaning of the portal-to-portal pay suits now sweeping the nation.

Purchasing Power Hit

The apathetic attitude of Mr. and Mrs. John Q. Public that the portal pay issue is only something between a labor union and a corporation, and no concern of theirs, was portrayed in a fantasy heard over the American Broadcasting Company network in which Mr. and Mrs. Smith were presented with bills for past delivery charges totalling more than they had in the bank.

Following the skit, Walter B. Weisenburger, NAM executive vice president, said the estimated \$6 billions in portal-to-portal pay suits is 25 percent greater than the total net manufacturing profits of the year 1945. In some cases, he pointed out, these demands for pay for no work done amount to more than the

Top Management At NAM Institute

Hears Warren Call Compulsory Arbitration Blow at Enterprise

NAM's 11th Institute on Industrial Relations concluded on Friday its sessions at the Boca Raton Club, Boca Raton, Fla., with 200 industrialists in attendance from 33 states.

Keynote of the week-long conference was the call to industry to exercise initiative and leadership in the improvement of day-by-day relationships in the plant. Participants included the top management of companies representing a cross-section of America's industry, and labor relations and personnel officers responsible for constructive employer relationships with hundreds of thousands of employees.

The schedule included two morning conferences and one afternoon session daily of intensive study of principal current labor-management problems. Major labor issues were analyzed in the light of individual companies' experiences.

At a general assembly, the institute heard Edgar L. Warren, director of the U. S. Conciliation Service, warn that if strikes are not stopped some form of compulsory arbitration may be legislated, and that such compulsion will lead to compulsory pricing and compulsory production. This would eliminate free enterprise, he indicated.

\$1,300 A FAMILY

The total tax bill in the U. S. last year—Federal, state and local—will be over \$1,300 per family or nearly one dollar out of every three of the total national income.

total assets of the company involved.

"In addition to claiming industry's past profits," Mr. Weisenburger added, "some of these same unions are advocating that a 25 percent wage increase for all businesses, totalling \$5 or \$6 billions, be paid out of estimated future profits for the next year. Not one word is said about how to get more production, which is admittedly our only way back to prosperity."

Mr. Weisenburger said the suits would postpone the advent of lower prices and any possible reduction in taxes, both of which are equivalent to wage increases.

"This back-pay grab threatens the entire industrial structure," he said.

"What are they trying to do to our economic system—sink it? No one could, or should, accuse them of Communistic ambitions. They themselves most vehemently disclaim such domination. But there is no better way to supersede capitalism with the Collectivistic society, as Lenin himself pointed out, than to soften capitalism up for the 'kill' by robbing it of its resources."

Truman Suggestions Found Devoid of Real Labor Strife Solutions

(Continued from Page 6)

hanced by providing that the union as well as the employer should be obligated by law to bargain collectively, provided that a majority of the employees in the appropriate unit wish to be represented.

Nor it is necessary to conduct a very lengthy investigation to determine how best to avoid strikes or lockouts until all possibilities of negotiation have been exhausted. Imposing a legal obligation on the union to bargain collectively would help in that direction.

Secret Preference

Another step would be to eliminate the protection of labor laws from strikers unless the majority of the employees in the bargaining unit vote for a strike, by secret ballot under impartial supervision, in preference to accepting the employer's latest offer. This would prevent the calling of strikes by an irresponsible minority group. Furthermore, the incidence of unnecessary strikes would be reduced if both employers and employees were protected in their right to express fully their respective positions.

The President's recommendations are entirely devoid of any solution to such serious abuses as mass picketing, coercion and intimidation by unions and other interferences with an employee's right to work at an available job.

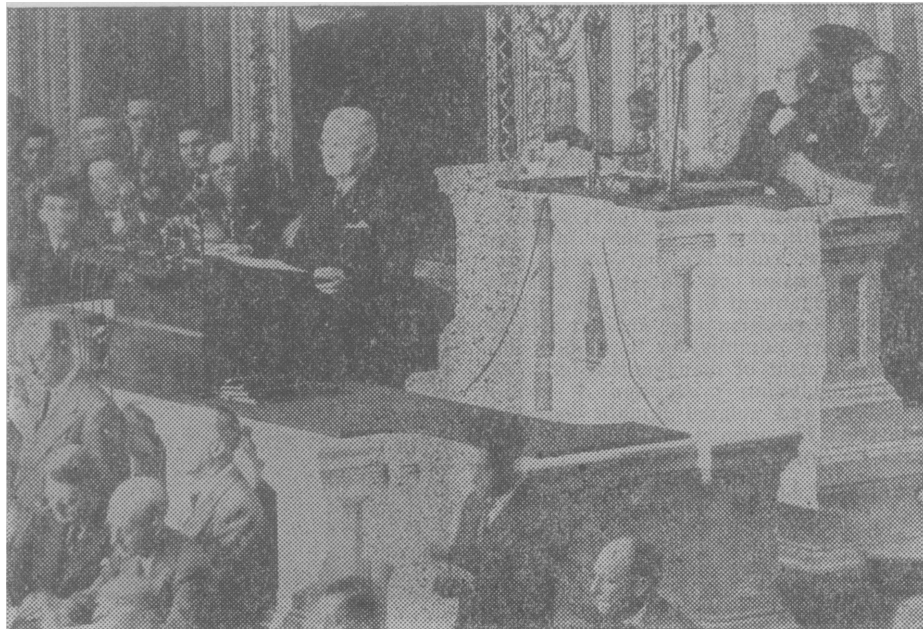
The President also was silent with reference to the problem which has recently bedeviled industrial management as a result of another reversal of policy on the part of the National Labor Relations Board—the question of the unionization of foremen. The constant division of management, encouraged by unionization of various levels of management, is a serious threat to industrial efficiency and low-cost production.

Curtailed Liberty

Another aspect of labor-management relations on which the President was silent is the closed shop and its variations. This is all the more strange in view of the fact that in his economic report the President refers to ending discrimination in employment or wages against certain classes of workers regardless of their individual abilities. The requirement that an employee must join or refrain from joining a union, or that he must maintain or withdraw his membership in a union, as a condition of employment, is certainly a discrimination in employment regardless of the individual's abilities.

The closed shop, the union shop and other forms of compulsory unionsim require that kind of discrimination. It is industry's position that that kind of discrimination should be rooted out of labor relations and that unions should be required to sell themselves to their members rather than have the power of economic life or death over them. The union should be the servant of its members rather than be permitted to exercise dictatorial power over them.

The closed shop is particularly obnoxious when combined with the closed union—that is, a union to which admission



President Truman Delivers the First of His Three Messages And Promptly Sets Off a Storm of Congressional Reaction

is denied or arbitrarily restricted. One union in New York, for example, requires that no man can become a member of the union unless he is the legitimate son of a member of that same union. Other unions have exorbitant initiation fees. There is no control over restrictions to union membership.

Free collective bargaining depends on free union membership. Compulsory union membership is just as harmful as is interference with voluntary union membership, and both should be prohibited by law.

All these recommendations for legislation, which the President might have made but didn't, are the real key to the solution of industrial disputes. Some industrial strife is inevitable in a free economy; but fair and impartial legislation can create a framework in which free collective bargaining can function with a minimum of industrial disputes.

Small, Faltering Step

As the President so well stated in his economic report, "it is important . . . to emphasize once more, in relation to our goal of a permanent high production, high employment economy, the key responsibility that both management and labor have in helping to achieve this goal." What we need is legislation which implements the responsibility that both management and labor have, so that we might achieve this goal.

The President's specific recommendations are but a small and faltering step in this direction. A more effective and a more courageous approach is required so that we may "solve the problem of making necessary adjustments in wages and working conditions without crippling and futile halts in production."

Labor: Washington View

CONGRESSIONAL discussion of labor legislation has made it clear that the 80th Congress regards President Truman's program as wholly inadequate.

At the same time, there is a division of opinion in Congress over proper legislation. The result is that the final pattern of legislation will be determined only after intense debate and skillful maneuvering.

Labor committees in the Senate and House promise to give early consideration to the bills which have and will be introduced. Labor leaders are organizing their forces to persuade Congress that it is politically dangerous to enact a "strong" bill.

Curb Labor Dictators

The position of Republican leaders, in this situation, thus becomes of paramount importance. The question being raised in discussion is whether the party leaders will be thinking more of the 1948 election than of proper legislation to curb the abuses by labor dictators.

Mr. Truman's own program, as contained in his message, represents a retreat from the firm stand he took at the time of the railroad strike.

The President this week proposed legislation to curb jurisdictional strikes, in-

(Continued on Next Page)

Messages Imply Insistence on Continued Government Extravagance

(Continued from Preceding Page)

cluding secondary boycotts if in aid of such a strike. He proposed that the National Labor Relations Board's finding of a union as a proper bargaining agent be buttressed by a prohibition against a strike by a rival union. He also proposed that disputes over types of jobs be arbitrated.

He suggested legislation providing for binding arbitration of disputes over application of collective bargaining contracts, extension of mediation facilities of the Department of Labor, broadening of social legislation and appointment of a temporary commission to inquire into the broad field of management-labor relations, including prevention of strikes in utility and related "public interest" industries. He urged that the commission make its first report by March 15, 1947.

President Lacked Fire

The message lacked the fire of his proposal at the time of the railroad strike that the President be given authority to draft strikers. He failed to renew a request for compulsory arbitration of public utility disputes.

Meanwhile the bill of Senators Ball (R., Minn.), Taft (R., Ohio) and Smith (R., N. J.) was introduced in the House and will serve as a basis for action by the Senate Labor Committee. It is a slight extension of the Case bill.

This bill does not represent the final thinking of the authors. It is a basis for discussion. Senator Ball has since introduced another bill to ban the closed shop.

The Ball-Taft-Smith bill sets up a new Federal Mediation Board in the Department of Labor, to be composed of five members who will receive salaries of \$12,000 a year each. All mediation and conciliation functions of the Secretary of Labor and the United States Conciliation Service are transferred to it.

The bill also contains provisions regulating welfare funds, limits organization of supervisory employees, makes labor unions subject to suit for violation of contracts, bans secondary boycotts and requires registration of labor organizations.

Violence Not Barred

Omission of definite provisions against violence in labor disputes is disappointing to some legislators. Last year, the House included such a section in the Case bill, but the Senate knocked it out.

Effect of the section hitting at organization of supervisory employees is questionable. The bill, after defining supervisory employees as those having authority in the interest of the employer to hire, transfer, suspend, layoff and otherwise discipline workers, contains this provision:

"Nothing herein shall prohibit any individual employed as a supervisor from becoming or remaining a member of a labor organization, but it shall be contrary to the policies of this act and of the National Labor Relations Act to compel employers to deem persons defined herein as 'supervisors' as employees



Senator Taft Heading Senate Labor Committee Defies Truman

for the purposes of any of their provisions."

Thus, even though the supervisors are representatives of the management, there is no prohibition against their organizing a union. Moreover, the phrasing of the amendment, in the opinion of some legislators, would encourage organization by supervisors.

Equal Rights Asked

While Republican leaders say that a labor bill will be reported to the Senate before Spring, the composition of the Senate Labor Committee is not reassuring to those who advocate changes in the Wagner Act which would give labor and management equal rights.

Members of the committee are: Republicans, Taft, Ohio, chairman; Aiken, Vermont; Ball, Minnesota; Smith, New Jersey; Morse, Oregon; Donnell, Missouri; Jenner, Indiana; Ives, New York; Democrats, Thomas, Utah; Murray, Montana; Pepper, Florida; Ellender, Louisiana; Hill, Alabama.

A Republican labor program has not yet been formulated in the House. Definite progress, however, has been made. The Labor Committee has a chairman who will try to bring before the House a labor bill designed to curb admitted abuses. For years this committee has been "stacked" in favor of labor unions.

The new chairman, Representative Fred Hartley of New Jersey, was bitterly fought by the CIO in his primary and election. He believes that labor legislation is needed.

House Republican leaders were quick to establish a stern line of authority along which all labor bills must pass the most critical examination before reaching the floor. The inference seemed to be that only a single emergency bill would get

to a House vote.

Meanwhile, labor bills of importance have been introduced by Representative Howard Smith (D., Va.), who has advocated amendment of the Wagner Act for years, and a group embracing Representatives Herter, Massachusetts; Case and Auchincloss of New Jersey and Hale of Maine, Republicans. Representative Case, author of the bill which passed last year only to be vetoed by the President, has submitted a revised version which broadens the earlier measure.

The Smith bill is a major measure even though Republicans now control the House. His long study of the labor situation has made him a recognized authority, and his views are respected by many members.

Outlaw Closed Shop

The Herter bill represents a somewhat different approach. Professor Sumner Slichter, of Harvard University, assisted in drafting it. This bill involves internal regulation of unions rather than prohibition of the closed shop or banning of industrywide strikes and similar measures. It is being pushed by an energetic group of young Republicans.

Mr. Case proposes to give states the unquestioned authority to outlaw the closed shop. One of the attacks being made on state enactments banning the closed shop is that they are contrary to the spirit of the Wagner Act.

Recognizing the pressing demand for solution of industrywide and utility strike situations, Mr. Case proposed to give the Government authority to obtain injunctions in labor disputes.

Such injunctions could be asked in strikes in an "essential monopolized service or industry" which endanger the public welfare.

Budget:

Industry's View

IMEDIATELY apparent in the President's three messages was the insistence of his Administration on continued Governmental extravagance and reliance on the wartime level of taxes to finance such extravagance. No genuine attempt at economy was in evidence and no reflection of any comprehension of the part that excessive taxation can play in retarding prosperity and economic development was to be seen in the Budget message. It was plain that Congress will have to apply the knife of Governmental economy and take the lead in putting through needed tax reform.

The budget, calling for expenditures in excess of \$37 billion, is the most extravagant in history. This trend toward ex-

(Continued on Next Page)

Truman Budget, with Military Uncounted, Soars to New Altitudes

(Continued from Preceding Page)

travagance is further demonstrated by the fact that the President's estimates this January of expenditures in the current fiscal year are approximately \$7 billion higher than his estimates for the same period a year ago. Excepting military, veterans and interest, the proposed expenditures for general Government are approximately 60% higher than corresponding expenditures in 1946.

Balance the Budget

The proposed expenditures for civil public works continue to mount, showing an increase of approximately one half billion dollars for the fiscal year 1948.

To restore financial integrity in Government, to lighten tax burdens and to insure the continued growth and development of the nation's economy, NAM recommends that we should adopt the basic policy of balancing the Federal budget annually, including an appropriate provision for debt retirement. Deficit financing as a deliberate peacetime policy should be repudiated.

The eventual peacetime level for Federal expenditures should be not more than \$20 billion annually, including \$2.5 billion for debt retirement, although it is recognized that unsettled international conditions may prevent attainment of this goal in the fiscal year beginning July 1, 1947.

Industry holds that, to the greatest extent consistent with public need, public works should be restricted during prosperous periods. Such projects should not compete with private construction, and should be carried out through private contracts.

Pay off Debt

While admitting that the nation is enjoying the greatest peacetime prosperity in history, the President nevertheless failed to offer a plan for orderly retirement of the huge \$258 billion debt. Sane fiscal policy demands that in prosperous years we should make a determined effort to pay off the debt.

NAM has recommended that the tremendous debt burden should be eased by adopting a statutory plan for retiring at least \$2.5 billion of debt annually. This amount should be increased (a) in periods of exceptional prosperity; (b) in accordance with any long-term increase in national income; and (c) to the full extent that the interest burden is reduced as the principal is amortized.

To the keen disappointment of the economy-minded, the President disclosed that expenditures for general Government, social welfare, international affairs, labor and Government projects of many kinds will be sharply higher than in any peace year.

General Government costs, for example, will amount to \$10.67 billion as compared to \$6.67 billion spent during fiscal 1946, a part-war year, according to his estimate. To many, these words and figures make weary reading in the chilled atmosphere of heavy taxation. The roll-call of expenditures must inevitably mean a



Representative Knutson Holds
For a 20% Personal Tax Cut

sharper scrutiny of Government budgets by Congress than heretofore.

The spending message offered scant encouragement to investors willing to risk their savings—venture capital so necessary to the continuance of the present high level of production and jobs—and to consumers looking for relief from present prices.

NAM recommends that the Government discard all non-essential war and emergency functions of Government corporations and to hasten the elimination of as many corporations and institutions of emergency credit as is deemed feasible. Simplification of the corporate structure of those retained would appear mandatory in the interest of taxpayer savings.

For economy's sake, NAM is urging closer coordination of the budgeting, accounting and administrative practices with the executive branches of Government, thus tightening supervision until appropriations have been finally disbursed.

Lop Federal Payrolls

Feeling is growing in Congressional circles that a payroll of about 1,000,000 Federal civilian workers should be adequate to handle the Government's work. The rolls at present list nearly 2,500,000 workers.

The budget presents a gloomy picture of tax burdens—burdens more than seven times as heavy in 1948 as they were in 1939.

The President tried virtually to slam the door on hope for immediate tax relief, but his stand against rate reduction came as no surprise. Administration spokesmen recently have echoed Mr. Truman's opposition to tax reductions at this time.

Plain pointers were given that Congress should not reduce taxes in the year ahead

despite the fact that full employment has been achieved and the whole economic system has reached unprecedented levels of economic activity.

The sole hope for tax relief—as every businessman knows—lies in the drastic curtailment of Federal spending and in the enactment of remedial legislation by the 80th Congress. Some Congressional leaders insist that the Government can get along on \$29 billion, or at least \$8 billion less than what the President estimates, if Federal employment rolls are slashed and other economies made. On that basis, it is felt that taxes can be cut sharply.

President is Challenged

His declaration that "in the present economic situation it is clear that it would be unsound fiscal policy to reduce taxes" was challenged promptly by Congressional and industrial spokesmen who insist reductions now would improve the nation's economy.

Prompt rejection of the President's request for maintenance of current income tax levels came from Senator Taft, who supports the Knutson bill for a 20% rate reduction simultaneously with expenditure reduction. Mr. Taft's insistence on a tax slash provided the budget can be balanced, served notice that the Republican majority in Congress would push ahead with plans for taxpayer relief in spite of Mr. Truman's stand.

In his message, the President recognized that the tax burden is great and should be reduced as soon as possible, but his proposal for a great peacetime outlay nullified the prospect for further reduction now of this burden on individuals and on business.

New Deal Spending

The President would have taxpayers believe that the Federal Government will grow financially stronger during the next year. Yet he continues New Deal spending practices while insisting on continued taxation at crushing wartime levels. Had he been as thorough in weighing each item of proposed expenditures as in opposing tax reduction, a far different budget might have emerged, according to some observers.

In discussing taxes he is more concerned with the manner in which tax reduction is to be distributed than in the achievement of that reduction. Few will quarrel with his statement that "expert and lay opinion is in agreement on the rule of sound public finance that calls for a surplus in Government revenues over expenditures while employment is high and the total of income large." Many, however, will question his proposal to balance the budget by means of continued high expenditures and taxes.

To obtain anything approximating the \$37.7 billion of tax receipts the President envisions, the nation must maintain a volume of production and business from which such revenues can be obtained. Yet nowhere in this message is there held

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Truman Fiscal Program Received Critically by Republican Congress

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out hope for relief from stifling taxation—from a record of a dozen or more tax increases in the last 14 years.

Instead, the Chief Executive recommended that tax problems should receive careful study "so that we are adequately prepared for wise action when the time comes."

Most discouraging was his serving notice that there could be no reduction in the present wartime rates on excises or personal income taxes.

Industry feels strongly that taxpayers are entitled to have present high rates cut back by 20% on individual income and any long-term tax policy started from that new base. Congress, it is felt, will not tolerate postponing a necessary and feasible reduction in 1947 or delaying action until next year or beyond.

Lower Taxes Due

NAM has taken the position that a 20% cut in individual taxes should be made retroactive to January 1 and lowered taxes for industry should be effected beginning January 1, 1948. A somewhat similar position has been adopted by other outstanding business groups.

In addition to recommending an immediate 20% tax cut at all levels, NAM holds that Federal expenditures during the period January 1 to June 30 of this year should be reduced by an amount at least sufficient to offset any decline in receipts during this period attributable to lowering individual rates.

The second step in the Association's transition program calls for reducing Federal expenses sufficiently during fiscal 1948 to permit enacting the following tax law revisions effective January 1, 1948: provide interim over-all limit of 50% on individual income tax and an interim reduction of corporation income tax by six percentage points; eliminate double taxation of corporate earnings; repeal two percent penalty tax on consolidated returns, and substitute the six-year carry-forward of net business losses for two-year carry-back and carry-forward.

Eliminate Inequality

NAM's policy holds that in the case of corporations not organized for profit, the Federal income tax exemption privilege should be eliminated with respect to that part of their net income which is derived from the actual operation or management of business enterprise.

As for cooperatives, NAM sees no justification for taxing at the source patronage refunds paid to customers. On the other hand, it has stressed that amounts available for, but not distributed to patrons as patronage dividends, should be taxed as earnings.

With expenditures at the \$37.5 billion level, there appears to be no room for even modest reduction of the debt or for reduction of taxes in any of the ways recommended by industry.

With Federal, state and local taxes taking one-third of the national income, the business community reasserts the

necessity of cutting Government costs as rapidly as possible. When the budget is balanced, and inflated prices begin to recede, the maintenance of taxes at existing high levels would retard business activity and discourage individual initiative.

Budget: Washington View

PRESIDENT TRUMAN'S fiscal program for 1948 has been received critically by the Republican-controlled Congress and it probably will be drastically altered before it is returned to the White House.

In three documents—the state of the

Union message, the Economic Report and the Budget message—Mr. Truman drew immediate Republican fire when he laid down this economic program:

1.—A \$37 billion 528 million budget, of which \$31 billion 200 million would be in new appropriations. Revenues were estimated at \$37 billion 730 million, which would leave a surplus of \$202 million.

2.—A deficit of \$2 billion 323 million for the current fiscal year as compared with the earlier estimated deficit of \$1 billion 900 million.

3.—No reduction of individual and corporate taxation, and extension to June 30, 1948, of wartime excise taxes which are due to expire in six months. The budget will provide Republicans with a great problem, and until they reach an agreement on expenditures the question of tax reduction appeared likely to

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Expenditures for civil public works — General and special accounts and corporation accounts

(Fiscal years. In millions)

Agency	Actual, 1946	Estimate, 1947	Estimate, 1948
Major programs:			
Veterans' Administration ¹	\$ 27	\$ 73	\$ 374
Public Roads Administration	78	275	400
Rural Electrification Administration Program, gross	89	224	340
Bureau of Reclamation	50	129	161
Corps of Engineers	172	297	390
Other programs:			
National Advisory Committee for Aeronautics	8	11	11
Tennessee Valley Authority, gross	19	45	55
Reconstruction Finance Corporation, gross	8	50	47
Public Health Service	—	2	18
Public Buildings Administration	8	14	20
Bureau of Community Facilities	69	89	78
National Housing Agency, gross	82	386	35
Forest Service	10	26	27
Civil Aeronautics Administration	27	43	74
Bonneville Power Administration	9	16	20
Southwestern Power Administration*	—	4	6
Bureau of Indian Affairs	2	6	8
National Park Service	1	8	11
International Boundary and Water Commission, United States and Mexico	1	4	9
Coast Guard†	—	12	15
The Panama Canal	4	10	8
All other, gross	13	27	34
Total, gross	\$677	\$1,751	\$2,141
Adjustment to net expenditure for corporations.....	-34	-49	-48
Total, net	\$643	*\$1,702	\$2,093

* Less than \$500,000.

† Classified under military construction.

1 Including construction by the Corps of Engineers.

2 Comparable expenditures under the "General public works" classification used in the midyear Budget Review (August 1946) are 1,135 million dollars.

No Economy Here! Public Works Expenditures Nearly Treble

NAM Hails Truman Plea for Prosperous Economy as Aid to Peace

(Continued from Preceding Page)

be held in abeyance

Senator Taft, head of his chamber's Republican Steering Committee, led the fight against the President's no-tax cut declaration, taking the platform before New York's Economic Club with a demand for a \$3 to \$4 billion reduction in the Federal budget to allow a 20% cut in personal income taxes.

The Legislative Reorganization Act gave Congress until February 15 to fix a legislative budget. Its size will determine the amount of tax reduction which the Republicans hope to vote.

Mr. Truman opposed a tax cut in each of his three documents to Congress. He was most emphatic and explicit in his economic report, which said in part:

No Tax Compromise

"Expert and lay opinion is in agreement on the rule of sound public finance that calls for a surplus in Government revenues over expenditures while employment is high and the total of income is large. In the present economic situation, it is clear that it would be unsound fiscal policy to reduce taxes.

"Everyone is agreed that the tax burden is great and should be reduced as soon as possible. When reductions come, it will be important that they be fairly and equitably distributed, that they contribute to the maintenance of purchasing power by reducing the burden on the mass of consumers, and that they help provide the work and business incentives essential for a high level of production . . ."

The President wants extended for a year beyond next July 1 the wartime excise taxes which yield approximately \$1 billion 100 million annually.

Republicans are divided over the tax question. Most GOP members of the House Ways and Means Committee are committed to a 20% across-the-board cut in individual income taxes which, according to the Treasury, would curtail revenues by approximately \$3 billion 500 million annually.

Senate Delay

Chairman Knutson of the committee holds that revenues would be increased, rather than decreased, through such a reduction and that it would release huge stores of venture capital for industry. He has introduced his bill calling for such a cut up to incomes of \$302,000 annually above which point the reduction would be 10.5%.

The Senate is not expected to act hurriedly on the "quickie" tax bill. In that chamber, sentiment for a tax cut is submerged under a strong current of opinion favoring first the balancing of the budget, application of a substantial amount of revenue to debt retirement and other steps designed to assure an orderly financial house. Senator Taft only a few days ago publicly endorsed this principle.

In both houses, sentiment is growing in favor of a tax reduction measure which will distribute the largest share of relief to the low-income groups. This, it is being



Chairman Taber, Appropriations Committee, Holds Purse Strings

suggested, should be done through increasing exemptions.

There is general agreement among the Republicans, however, that a tax cut should be made if it is possible to do so and still balance the budget. And despite Mr. Truman's opposition, the Treasury is not expected to oppose actively a tax cut because its officials know that the tide toward such a reduction is running heavily in Congress. The Treasury is expected to exercise whatever influence it may have in seeing to it that the chief benefits fall among the lower paid groups.

Republicans also are divided on the question of the wartime excise taxes. There are some who would repeal all the levies immediately on the ground that the six months' lag before they are due to expire is discouraging purchases of the taxed products and thus is harmful to business. Others would continue some of the taxes, such as the one on liquor, and repeal others.

Mr. Knutson will place the proposed income tax reduction before his committee shortly after the Joint Committee on the Legislative Budget has filed its report. The question of excise tax cuts may be considered earlier.

Foreign: Industry's View

THE President emphasized that a "sound and prosperous economy" in the United States is essential because of the "world leadership" of this country. NAM completely agrees. If

this country can demonstrate to the peoples of other nations the accomplishments and benefits of our free private enterprise system, we will be doing more to aid real world economic improvement than in any other way. Internal prosperity puts this nation in a better position to retain the leadership in cooperative efforts for world peace.

The President further stated that the United States "will not retreat to isolationism," and with that NAM agrees. World peace in today's world of scientific development and rapid communication depends on world cooperation, and the United States must assume its full responsibility in this effort.

Freedom Stressed

NAM considers highly important the fact that the President declared that in our relations with Russia we would urge the necessity of the peoples of all countries being able to act "as free men and women" in the "essential tasks of production and reconstruction."

NAM agrees also with the President's desire for speed in bringing about peace settlements. World peace, and mutually beneficial trade between nations, will be promoted if all peoples—not just the Germans and the Japanese, as mentioned by the President—can know the future economic outlook for Germany and Japan.

The President emphasized the need for "an international trade system as free from obstructions as possible." The President did not point out the need for international agreement to prevent the operation of international cartels, nor did he point out that governments themselves provide cartel restrictions on international trade when they join in intergovernmental agreements to regulate the production or distribution of particular commodities.

If this Government is really going to try to prevent domestic monopolies, as urged by the President at another point, it should equally condemn international cartels, and should oppose all intergovernmental agreements which establish international monopolies.

Atomic Safeguards

The President urges international safeguards to prevent the use of atomic power for military purposes, a matter on which the Association has no position, since this is a matter requiring expert military judgement.

The President states that foreign investment is highly desirable. It is, but the President does not emphasize that it should be private investment instead of Government loans, nor does he state that our Government will seek by international agreement to assure fair treatment for private foreign investments.

The President urges establishment of an International Trade Organization, a proposal advocated by NAM since 1943. He does not state, however, that the primary aim of such an organization

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President's Anti-Monopoly Theme may be New Deal Rallying Point

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should be the maintenance of high-volume production throughout the world, nor does not point out that this objective cannot be secured unless there is international agreement to protect private foreign investment, international agreement to outlaw cartels, and an absence of intergovernmental commodity agreements which establish monopolies, backed by all the powers of government.

Monopoly: Industry's View

TOGETHER with all pro-public minded groups and individuals, NAM is in wholehearted accord with the Presidential determination to keep the national economy free of monopolistic conspiracies against the public interest. NAM consistently has stood against such monopolies and goes even farther, condemning cartels both private and inter-governmental.

However, there is serious doubt as to the general application of conclusions set forth in the President's messages, namely that "we now find to a greater extent than ever before, whole industries are dominated by one or a few large organizations . . ." And a note of caution should be sounded in connection with the President's recommendation for "positive measures of aid to new enterprises."

Regional Pump Priming

Certainly there is little justification for believing that the Administration would be acting in the public interest if it furthered a program dedicated to encouraging the development of under-industrialized sections of the country at the expense of the taxpayers. This latter is most certainly to be the case should Government money be used to start businesses whose future is so poor that private lenders will provide no funds.

Regarding enforcement of anti-trust laws, which the President said should receive more attention and for which he recommended an increased appropriation, a distinction should be made between public interest and anti-public interest. Bigness in itself is not the criteria for monopoly action, for to break up companies merely because some are larger than others would be to disrupt the entire economy.

The President's continued insistence on the anti-monopoly theme was thought in some quarters to reflect more than coincidence. It has been known for some time that the New Dealers left in Washington hope they have found in "bigness" a rallying point from which to carry on the battle for their cause. It is said to be an attack on "bigness," but the word they are using is "monopoly."



Senator Vandenberg's Foreign Policies Continue Bi-Partisan

And there is another name, too: "Economic concentration." Assistant Attorney General Berge prefers the latter. Guns of Mr. Berge have been trained on this target of "bigness" in recent weeks and it is considered significant that the play on monopoly was so prominent in the President's message. Washington observers are confident that the attack will continue at an accelerated rate with the usual deliberate dissemination of semantic confusion which characterizes left-wing propaganda.

Conservation of national resources, preservation of civil liberties—these and other portions of the President's message were politically phrased and in such general terms as to evoke little but agreement along the same general lines.

Agricultural policies, as touched on in the messages, were subject to little in the way of concrete definition. Industry in general certainly is, and long has been, in accord with the view that the long-range agricultural policy of this Government should be based "upon the principle of plenty and not upon the encouragement of scarcity." In fact, the Government, up until the advent of the New Deal, shared that view with a year-in-and-year-out consistency.

Industrial Agriculture

Today, more than ever before in the history of America, farm products are being used by industry and the list of farm-born industrial products rapidly is lengthening. Chemurgy is finding many new industrial uses for farm products. NAM, through its cooperation with agriculture as reflected in conferences at national, state and regional levels, has brought about a reassertion of the age-old bond between agriculture and industry which in essence is based on a

high level of production, employment and income for both rural and urban populations.

In the Budget message, additional funds are shown for rural rehabilitation and farm tenant programs now in the new Farmers Home Administration. Originally, the farm tenant program was conceived to aid the needy farmer who was without funds to buy a farm. There is a serious question whether under the present situation there now exists the need to so underwrite the individual farmer, and there is further question whether the purchase of farms through this means does not further inflate farm land values.

Patent Backlog Grows

In recommending that "the Patent Office urgently needs increases in personnel to cope with the growing backlog of patent applications and to handle registrations under recent trade-mark legislation," there is wide industry agreement.

To the extent that the Commerce Department funds for general research include further appropriation for the Office of Technical Services to continue to investigate what it might regard to be economically sound inventions, NAM believes this is not a sound activity to be undertaken by the Federal Government.

The President is again recommending establishment of a National Research Foundation "for fostering the flow of scientific knowledge and developing scientific talent in our youth." NAM, in considering similar proposals in the last few years, has been generally receptive to the objective insofar as fostering the flow of scientific knowledge is concerned but has been concerned over the policies and mechanisms with which this particular objective has been sought to be attained.

Long-term Objection

NAM has felt that in previous measures, looking toward the adoption of such a foundation, policies have been included which would tend to be detrimental to our long-run economy and feels that this entire subject should be carefully weighed in the light of present needs for economy as well as to make certain that, if any measure is proposed, it shall not be contrary to the established systems of operation which have proven so valuable to the development of both our welfare and our economy.

Recommendations for Government assistance, research programs, etc., designed to promote the growth of new firms and new industries are well and good but to the extent that these recommendations envisage again proposals for the Government to aid inventors by determining the "economic feasibility of the invention" and on the basis of such determination by a Government official underwriting the production of the invention, NAM believes the proposals to be both unsound and unwise.

At the time the atomic energy measure was being debated in Congress, NAM

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Truman Prefers 'Selective' Basis for Dismantling War Controls

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took a position on certain aspects of the bill explaining that in its estimation certain of the controls that were proposed, as well as the patent provisions, would in the long run tend to discourage rather than encourage advancement in this important field of endeavor.

It is noted that the President states that the program of the commission appointed under the act will "of course, be worked out in close collaboration with the military services in conformity with the wish of the Congress." But NAM believes it is equally important that the program of the Commission be worked out in close collaboration with industry if the development of atomic energy for industrial use and scientific and medical research is to be fostered.

Monopoly: Washington View

PRESIDENT TRUMAN has renewed nearly all of last session's CIO-sponsored social legislation recommendations, but they have escaped general attention because they have been scattered through three Presidential messages this week.

Mr. Truman, in his State of the Union message, adhered pretty much to a middle course. Most of the New Deal proposals are to be found in his economic report and budget message, including those dealing with monopolies, free enterprise and the like.

When Mr. Truman addressed Congress September 6, 1945, in a session which continued for nearly a year, he outlined a 21-point reconversion program. Congress rejected most of it because it was a New Deal and CIO program.

Left-wing Bait

Action of the President in renewing the recommendations to Congress is regarded as serving notice that he will try to hold the New Dealers and left-wing labor in line in the 1948 Presidential campaign.

A demand for enactment of a Fair Employment Practices Act was No. 6 in Mr. Truman's recommendations in 1945. It is repeated in the last paragraph of a section in the economic report devoted to efficient utilization of the labor force, but in more moderate tones.

One of the President's major 1945 recommendations was for a 65-75-cent Minimum Wage Law which also would give a Federal bureaucracy wide authority to fix differentials. This bill was personally sponsored by the late Sidney Hillman, CIO-PAC leader. An obscure last paragraph in one section of the economic report calls for extension of the Wage-Hour Law to classes of workers



House Floor Leader Halleck Is Important New Deal Obstacle

now excluded, plus an increased minimum wage.

The Roosevelt New Dealers regarded creation of valley authorities to spend billions developing river watersheds as a major program. Mr. Truman was for it in 1945.

He renews the recommendation—though in less picturesque language than was used by the late President Roosevelt—in both his State of the Union and his Economic Report messages.

More Federal Spending

Mr. Truman said: "Wide regions of this country still hold the promise of tremendous economic development. The Government should examine particularly the contribution it can make toward this development by stimulating production and distribution of low-cost hydro-electric energy, by developing flood control and navigation, by improving roads, by enforcing fair competitive rates of transportation, by removing barriers to truck transportation, by land drainage and irrigation projects."

One of the big fights of the first after-the-war session of Congress was over Mr. Truman's recommendation for \$25 weekly employment benefits with the Federal Government guaranteeing the bill.

This recommendation is not repeated as such, but the President calls for an integration of legislation for unemployment insurance, retirement and pension systems.

The President's other recommendations in his three messages cover a wide range. They include development of a postwar agricultural program, extension of rent control, Federal aid for education, creation of a national science foundation with a uniform policy on patents developed

through Federal research, expenditure of \$444 million for research into atomic energy and building up of the highway and other transportation systems.

Congress also was asked by Mr. Truman to deal with the question of maritime transportation. The President said a modest increase in operating subsidies for ships will be sought and added that efforts are being made to obtain a revision of competing railroad rates so that domestic shipping can be resumed under private ownership.

In addition, he urged extension of the time in which states can take up their Federal highway funds, construction being limited by lack of equipment and labor. He urged an increase in postal rates to prevent a deficit in that department.

In his budget message, he asked funds for a census of business at a cost of \$10,500,000 and a census of mineral industries costing \$218,000.

He also requested extension of the Reconstruction Finance Corporation and some of the Federally-owned corporations which engage in many activities, including the financing of foreign trade.

Controls: Industry's View

IN his State of the Union message President Truman focussed national attention upon what may be called Phase Two of the demobilization of wartime controls.

This phase is the process of removing the statutory authority for the diverse controls which were exercised by the Government during the war. The President, in fact, actually began this process on December 30, 1946, when he declared hostilities to be at an end, thus killing some 51 wartime statutes.

Controls Should Go

According to the President, the remaining war and emergency statutes (of which there are about 450) fall into two major categories, "... those which by Congressional mandate are to last 'during the emergency'; ... and, those which are to continue until the 'termination of the war'." The President went on to say that he would submit to Congress his recommendations for the repeal of certain of those statutes and recommend that others be extended until the state of war has been ended by treaty or by legislative action. This statement suggests that the President prefers to dismantle the war and emergency statutes on a "selective" basis rather than by sweeping declarations. It will be remembered that a limited national emergency was declared on September 8, 1939, and an unlimited national emergency on May

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Promise of Banner Construction Year Dampens Interference Plans

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27, 1941. A state of war was declared on December 8, 1941.

It is obvious that the war and emergency statutes should be repealed with great care. The NAM position with regard to the removal of wartime controls and emergency powers calls for their "rapid and complete termination . . . unless it can be shown conclusively that they are essential to the administration of a sound foreign policy or necessary to the operations of the military establishment in safeguarding our national security." Obviously, the military should have sufficient statutory authority to continue its occupation forces in the conquered countries; the State Department should likewise be in a position to deal effectively with the complex postwar international problems growing out of the war.

Problem is Complex

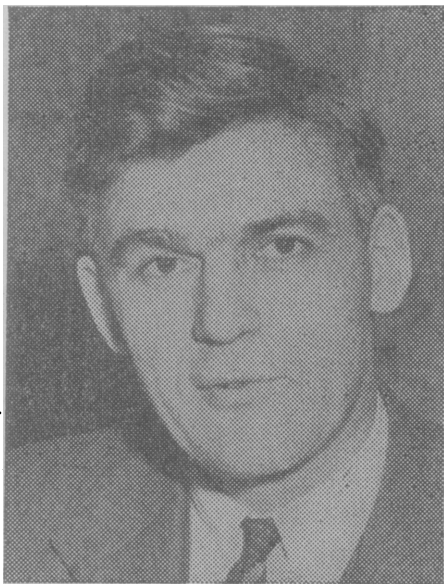
It is observed that the particular wartime statutes which bore most heavily upon industry are those which have automatic termination dates and which do not depend for their demise upon a declaration of the end of the war. For example, the Government's priorities and allocations powers stem from the Second War Powers Act which expires, except for building materials, on March 31, 1947. This includes the rationing of sugar, which was administered by the Office of Price Administration. The Emergency Price Control Act terminates June 30, 1947, and, except for rent control, powers under this act are no longer being exercised. Plant seizure powers under the Smith-Connolly Act were invalidated by the President's declaration ending hostilities. Certain export controls are still being maintained, however.

The task before Congress in terminating war and emergency powers is a complex one indeed. Many of the wartime statutes are concerned with what might be called the "housekeeping" functions of the Army and Navy. Undoubtedly, it will be necessary to extend a few economic controls beyond the expiration dates of existing legislation. This task should be done painstakingly.

Housing: Industry's View

NOT only is there an urgent need to start more than a million housing units in 1947, but if the capacity of our construction materials industry is to continue in use at efficient and economic levels, this number of units must be produced each year.

It is agreed that the current impediments to the construction and disposition of this number of units lies in the rela-



Senator Ball Will Have A Lot To Say On Labor Aims Of President

tion of current housing to the volume of consumer income. NAM feels it is important to reduce the cost of housing on all fronts and agrees that a long-range housing program is essential.

It feels, however, that the legislation proposed to provide assistance is designed to give artificial aid to subsidized housing and this is not desirable for it does not fill the basic need, that of permitting the construction industry to use its material production facilities at continuously efficient levels through the production of housing at prices that can permit them to be utilized.

Promote Obsolescence

To do this requires decreased costs and the use of improved methods of the machine age in this industry which, relatively speaking, is still in the handicraft era. To accomplish this, improvements must be permitted both by design and materials so that the obsolescence rate would be increased. It is estimated that 400,000 units are required annually for the new families that are formed and that approximately 100,000 units are required to replace units that are destroyed by fire or the elements.

If improved units were built at lower cost, another 500,000 units could thus be made available for people who would be able and willing to buy these improved units. As a consequence, the 500,000 units which would thus be built for the replacement market would permit the replacement of 500,000 substandard houses per year, since the purchase and use by individuals able and willing to buy them would release other quarters and thus at the lower end of the scale permit the 500,000 substandard units to be eliminated.

But the 500,000 replacement units must still be built and should be built for

the replacement market only if the house in terms of quality and obsolescence is so much better than the existing structure. If costs are held down, then many of the houses which people would be willing to discard in favor of new houses would provide a market and would help meet the situation that those who favor public housing are interested in.

It is believed there should be support for the development of model building codes in preference to codes which are less uniform and which are developed in response to local pressure. There also should be eliminated the type of building restriction which serves no particular purpose and which generally is restrictive; for example, laws for restricting the licensing of contractors and laws which establish a preference for local materials contractors or labor.

Labor Monopoly

It would help if an appropriate Governmental authority at the state level would be given the power to review and set aside for cause restrictive features of building legislation adopted by Governmental authorities at a lower level. The present power of the citizen to appeal to the courts for such review is insufficient because most citizens are not in the business of fighting law suits and in some cases no single citizen has a sufficiently direct interest as an individual to provide a basis for suit.

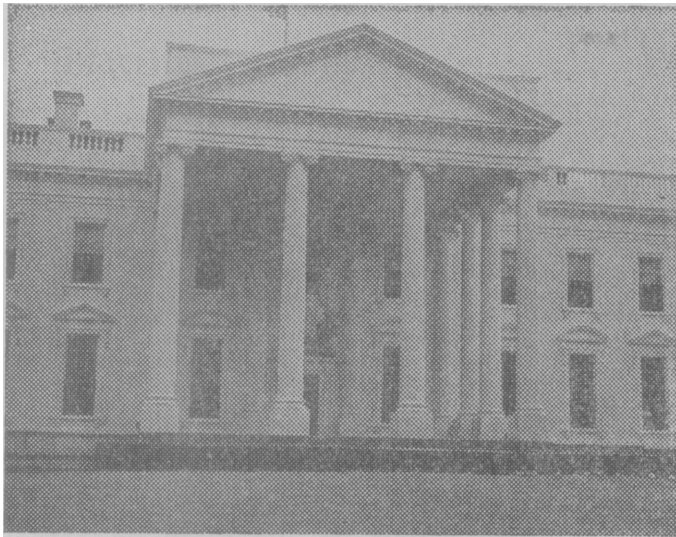
Steps should be taken to increase the effectiveness of the anti-trust laws against restrictions by private groups. Thus an endeavor should be made to amend the law so that labor groups once more become responsible for any unreasonable restraints on commercial competition. The elimination of the right to strike in connection with jurisdictional disputes would do much to help accelerate production and reduce costs in this field of activity, as would a prohibition of such unreasonable practices as featherbedding.

The encouragement of industrial research in this field and the establishment of testing laboratories which would be authorized not only to study new materials but to authenticate their use so that local building code authorities could, based on such authenticity, permit the use of these methods and materials, would thus eliminate restrictions now found in building codes which quite often reflect different long-term interests.

Housing: Washington View

THE fact that 1947 promises to be a banner building year, with 82% more residential building started than last year, is expected to be fatal to President Truman's plans to inject the Federal Government into the

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It Comes Out . . . HERE

But It Goes In . . . THERE

The Capitol Will Drastically Alter Presidential Proposals

(Continued from Preceding Page)

housing business on a long-range basis.

In his messages to Congress this week, Mr. Truman put high on the list of his objectives the passage of legislation similar to the Wagner-Ellender-Taft omnibus housing bill of last session. Many Congressmen believe that with the present bright construction outlook, the most the President can hope to get is individual bills providing for Government assistance in slum clearance and for some U. S.-built low-rent housing. Sentiment in favor of Government "insurance" of satisfactory mortgage yields to companies desiring to invest in housing projects is reported fading.

Substitutes Studied

There are reports that Senator Taft, co-author of the Wagner-Ellender-Taft bill, is planning to break that bill up into smaller ones so that each objective of the bill can be voted on individually. Various industry groups which bitterly opposed some sections of the bill also are studying substitute legislation.

Particularly they are against creation of a permanent National Housing Agency and Government ownership of low-cost housing.

In considering new legislation, many Congressmen will note the failure of the Government's last excursion into the housing field. With the Wyatt housing program now largely abandoned, the whole building industry is alive with construction plans. Before those curbs were lifted, the industry was lagging badly despite a large waiting market.

Lower Prices Ahead

Another bright spot in the housing picture, for the consumer, is the possibility that costs of houses may decline materially with the new activity. Industry reports are that some costs are already declining as production of materials improves. Competition among builders may become intense by the end of the year.

In predicting that new construction will total \$15 billion this year, an all-time

high, the Commerce Department also forecasts completion of 900,000 homes, twice as many as were completed this past year during eight months of Government controls.

The Commerce Department noted, however, that the \$15 billion figure can be reached only if remaining controls on non-residential building are lifted.

Relaxation Predicted

Commercial and industrial construction now is limited to \$50 million a week, after being held to \$35 million for several months. It is predicted that this limit will continue to be relaxed until controls are almost entirely abolished by mid-year. Permission soon will be granted for industrial and commercial builders to erect "shells" of buildings in preparation for completion when materials which are still scarce become available.

Public Welfare . . .

CONGRESS is not likely to go along with President Truman's recommendations for broader social security legislation, increased unemployment compensation benefits and a nationally-managed system of health insurance.

What the President wants:

1—Increase in both the amount and duration of unemployment compensation benefits by Federal law.

2—Extension of social security to occupational groups not now covered, such as agricultural workers.

3—Extension of social security to the employees of all establishments, regardless of size.

4—A national program of health insurance for all workers.

5—A new system of financing social

security, whereby part of the cost will be met by the Federal Government.

6—Expanded peacetime programs of public health, nutrition and education.

Meanwhile, the budget reflects the increased emphasis to be placed on social welfare programs of the Federal Government.

Amounts to be expended during fiscal 1948 are estimated at \$700 million over similar programs during 1946. Two principal causes are found for the increase.

First, some \$200 million more will be needed for the expanded coverage given under the Railroad Retirement Act by the last Congress.

Second, nearly \$300 million will be required to meet the relief increases granted late in the session to recipients of old-age assistance, aid to the blind and dependent children.

Total amounts requested for social welfare, health and security for 1948 are \$1,877 million.

Senatorial Relief, Budget Not Read

Notwithstanding a Democrat's motion to the contrary, Speaker Martin ruled that the House would have to listen to every word of the President's long budget message.

In the Senate, the scene was different. Senate President Vandenberg suggested that the message accompanying the budget would be put in the record, not read. There was no objection, and said Senator Tobey (R., N. H.):

"For relief, much thanks!"

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CONGRESS MUST ACT . . .

An Editorial

It would not be accurate to say that the three reports of the President this week mesh together like the parts of a machine. Theoretically, it may be presumed, the State of the Union message should give a broad over-all picture, the Economic Report should analyze the problems in this field facing the country and offer solutions, and the Budget message should interpret all of this into terms of what it's going to cost the American taxpayer. Perhaps in later years this ideal may be realized, but in the present case the President fell far short of this possibility.

The State of the Union message filled its niche in such an over-all plan, and by and large the same can be said for the Budget message, but the Economic Report by no means fits into this pattern. On every count the economic message leaves much to be desired. It is presented in a stuffy style, much of its economic reasoning is patently fallacious, its use of statistics and their interpretation is questionable, and it accepts assumptions and estimates as though they were facts to a degree which is most disturbing.

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ALL of this is not to say that there is no good to be found in the Economic Report. In many places it reflects an awareness of the problems facing the country and what must be done which is most encouraging. For example, the insistence in this report of what we need now is not another round of wage increases but rather a readjustment of prices is unquestionably correct, and it may be noted parenthetically directly contrary to the recent claims of the CIO. Even on this problem, however, the report does not carry through. Rather we find it going off into a discussion which indicates that the only purchasing power is that represented by wages and salaries.

This, of course, is a favored line of argument of many of our

labor leaders and if it had come from that quarter it would not be surprising, but it is surprising to find it carried in this report. Certainly Dr. Edwin Nourse, chairman of the Council of Economic Advisers, would never be guilty of such sloppy economic reasoning. In spite of the very shortcomings of the Economic Report however, there is no evidence in it of an attempt to carry the nation toward a planned economy. As indicated, some of the recommendations are unsound and if adopted would hinder the operation of our system of individual enterprise. Nonetheless, there is no reason to assume, either by the over-all character of the discussion, or by the arguments used in support of any of the recommendations that those back of this report were subtly attempting to impose a planned economy upon us.

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THAT this should be the case in a report of this character is most encouraging. It would be a mistake to assume that all of those who favor a planned economy have been routed out of the Government but this report indicates that they no longer are so important in guiding the thinking of the Chief Executive.

What the three messages of the President will mean politically is an open question. Congress already has indicated that it will not accept the President's spending program. Many of the leaders too have let it be known they do not think the recommendations of the Chief Executive on labor are adequate.

It is reasonable to assume that the remnants of the old New Deal-CIO-Truman 21-point program will get little or nowhere with the present make-up of Congress. This does not mean that these three reports will be merely of only academic importance, but it does indicate that, while the executive branch may still remain in control of the propaganda machinery of the Government, it is to Congress that we must look for positive action.

Bunting Decries Truman Statements on Labor, Taxes, the Budget

DISAPPOINTMENT at pronouncements and omissions on labor, the budget, taxation and other issues vital to the national interest in President Truman's messages to Congress this week was expressed in statements to the press by NAM President Earl Bunting.

Mr. Bunting's opinions were widely quoted while he was visiting the West Coast, while Walter B. Weisenburger, NAM executive vice president, issued similar statements to the press in New York.

"The \$37.5 billion budget estimate submitted by President Truman is the most extravagant and discouraging ever proposed in peacetime," Mr. Bunting said.

An Astounding Rise

"Leaving out the amounts proposed for the Army and Navy, veterans and interest on the public debt, this budget reflects an increase of 74% over the immediate prewar year.

"For months the public has been looking forward to relief from the burdensome load of war taxes. If this budget is adopted, these hopes go out the window.

"Actually, in this proposal the Government would spend \$2 billion more than it collects in taxes—this difference being made up by anticipated recoveries from the sale of war surpluses.

"It is unbelievable that the American public, through Congress, will accept such a financial program at this time . . . Clearly, if the American citizen is to get the tax relief necessary to assure a continuation of full employment and prosperity, it will be up to the new Congress

to supply that relief."

Concurring with the President's proposal to ban jurisdictional strikes and secondary boycotts, Mr. Bunting said this "should have been done a long time ago."

However, the big strikes, which really set back reconversion for more than 16 months after the end of the war, were not jurisdictional strikes at all, he added. They were the result of labor union monopolistic privileges.

"It is unfortunate," Mr. Bunting said, "that when the labor problem is so well known, President Truman had no better solution to offer Congress than the appointment of a commission to make a study. It hardly seems necessary at this late date—after the coal, motor, steel, shipping and other paralyzing strikes—to investigate and study.

Study Delays Cure

"It is obvious to the majority of Americans, including many union members, that the time has come to change the lopsided laws which have given protection to monopolistic practices enjoyed by unions. No study is needed to prove that.

"We oppose the closed shop because of its monopolistic nature. We do not think

that banning it would 'smash' unions. If anything, it should make good unions stronger, since it would be up to their officers not only to 'sell' workers in the first place, but to keep them 'sold' by real collective bargaining and not by oratory and impossible, economy-wrecking demands such as are now being made.

"Another pressing need, and one which Mr. Truman ignored in his message, is the clarification of the Wage-Hour Law, with its positive definitions which would prevent such irresponsible and outrageous campaigns as the present effort to collect billions of dollars in unearned 'portal-to-portal' pay."

New Deal Not Dead

Mr. Weisenburger found many signs of the old New Deal program in evidence in the message to Congress, but, he said, the President's emphasis on the necessity for cooperation between all groups in the nation represents a "healthy and hopeful basis upon which we can move forward."

NAM, Mr. Weisenburger said, fully agreed with the President's statement in behalf of a free, competitive economy and his opposition to monopolies. NAM has been emphatic in its opposition to monopolies of all kinds, he added, and "we would like to see the President carry his anti-trust law views to the point of dealing effectively with all monopolies, including that enjoyed by labor."