

February 18, 1944

[Veto Message : Food Subsidizers]

FDR Speech File

February 18, 1944

CONFIDENTIAL: To be held in STRICT CONFIDENCE and no portion, synopsis or intimation to be published or given out until the READING of the President's Message has begun in the House of Representatives. Extreme care must therefore be exercised to avoid premature publication.

STEPHEN EARLY  
Secretary to the President

- - - - -

TO THE HOUSE OF REPRESENTATIVES:

I received yesterday afternoon, February 17, 1944 -- H. R. 3477 (S. 1458) -- a bill which extends the life of the Commodity Credit Corporation until June 30, 1945, but which by its restrictive provisions would compel an increase in the cost of food and the cost of living to the people of the United States.

I promptly return the bill, without my signature, and urgently recommend that the Congress take action as soon as possible to extend without hampering restrictions the life of the Commodity Credit Corporation. Farmers could thereby make plans for the planting of crops and know the support prices on which they can rely.

The reasons for my disapproval of H. R. 3477 -- my most emphatic and vigorous disapproval -- must already be known to every Senator and every Representative. The issue of using government funds to hold down the cost of living is not a new issue and my views on it have been expressed before and at some length, particularly in my message vetoing a similar bill (H.R. 2869) on July 2, 1943.

This bill, like that bill, is an inflation measure, a high cost of living measure, a food shortage measure.

This bill will raise the cost of food in the Bureau of Labor Statistics index not less than 7 per cent and will raise the whole cost of living materially.

If this bill were to become law, the housewife would soon have to pay:

10¢ a pound more for butter  
Nearly 8¢ more a pound for cheese  
1¢ more for a quart of milk  
1¢ more for a loaf of bread  
7¢ more for a ten pound bag of flour  
Hamburger would go up 4¢ a pound  
Pork chops would go up 4¢ a pound  
Sliced ham would go up 6¢ a pound  
Chuck roast would go up 3¢ a pound  
Round steak would go up 5¢ a pound  
The cost of many other necessities would be increased materially.

While increasing the cost of living, the prohibition of Consumers Subsidies will not add one dollar to the income of the farmers.

This bill would in effect reverse the policy of the Congress; in effect, it repeals the Stabilization Act of October 2, 1942.

It is clear that we cannot hold the wage line if the Congress deprives us of the means necessary to hold the cost of living line.

No major country at war today has been able to stabilize the cost of living without the use of subsidies.

If the wage line breaks -- and I do not see how it can be held if this bill becomes law -- not only will food costs rise still further but all other costs will rise -- including the cost of all munitions and supplies for the Army and Navy by many billions.

Not only will it cost every American family more to buy the necessities of life, not only will it cost more to run our factories and our farms, but also the costs of conducting the war will rise proportionately day by day.

The weight of the increased burden will fall on all of us, but most of all on the unorganized workers and others who live on small and relatively fixed incomes, among whom are most of the dependents of our fighting men.

The bill presented to me would destroy the Stabilization program.

I cannot accept responsibility for its disastrous consequences.

I hope that the Congress will not compel these consequences.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

February 18, 1944.

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TO THE HOUSE OF REPRESENTATIVES:

On December 17, 1943 ~~must~~ the Congress extended the life of the Commodity Credit Corporation until February 17,

1944. ~~This afternoon February 17, 1944 -- H. R. 3477~~

(S. 1458) -- a Bill which relates primarily to the cost of food to the people of the United States, -- ~~cannot be passed~~  
~~extending the life of the Commodity Credit Corporation for~~  
~~a few months.~~

I promptly return the bill, without my signature, and urgently recommend that the Congress take action as soon as possible to extend <sup>without hampering restrictions</sup> the life of the Commodity Credit Corporation. Farmers <sup>could</sup> thereby make plans for the planting of crops and <sup>can</sup> know the support prices on which they can rely. *(Indian out of city sent to the House by the President)*

The reasons for my disapproval of H. R. 3477 -- my most emphatic and vigorous disapproval -- must already be known to every Senator and every Representative. The issue of using <sup>government</sup> ~~emergency~~ funds to hold down the cost of living is not a new issue and my views on it have been expressed before and at some length, particularly in my message vetoing a similar bill (H.R. 2869) on July 2, 1943.

I received yesterday afternoon, February 17, 1944 -- HR3477 (S1458) --  
a bill which extends the life of <sup>the</sup> Commodity Credit Corporation until  
June 30, 1945, but which by its restrictive provisions would compel an  
increase in the cost of food <sup>and the cost of living</sup> to the people of the United States.  
A

This bill, like that bill, is an inflation measure, a high cost of living measure, a food shortage measure.

This bill will raise the cost of food in the Bureau of Labor Statistics index not less than 7 per cent and will raise the whole cost of living materially.

If this bill were to become law, the housewife would ~~\$6.00~~ have to pay:

10¢ a pound more for butter

Nearly 8¢ more a pound for cheese

1¢ more for a quart of milk

1¢ more for a loaf of bread

7¢ more for a ten pound bag of flour

Hamburger would go up 4¢ a pound

Pork chops would go up 4½¢ a pound

Sliced ham would go up 6½¢ a pound

Chuck roast would go up 3½¢ a pound

Round steak would go up 5¢ a pound.

The cost of many other necessities would be increased materially.

While increasing the cost of living, the prohibition of

Consumers Subsidies will not add one dollar to the income of the farmers.

This bill would in effect reverse the policy of the Congress; in effect, it repeals the Stabilisation Act of October 2, 1942.

It is clear that we cannot hold the wage line if the Congress deprives us of the means necessary to hold the cost of living line.

No major country at war today has been able to stabilize the cost of living without the use of subsidies.

If the wage line breaks -- and I do not see how it can be held if this bill becomes law -- not only will food costs rise still further but all other costs will rise -- including the cost of all munitions and supplies for the Army and Navy *by many billions.*

Not only will it cost every American family more to buy the necessities of life, not only will it cost more to run our factories and our farms, but also the costs of conducting the war will rise proportionately day by day.

The weight of the increased burden will fall on all of us, but most of all on the unorganized workers and others who live on small and relatively fixed incomes, among whom are most of the dependents of our fighting men.

The bill presented to me would destroy the Stabilization program.

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I cannot accept responsibility for its disastrous  
consequences.

I hope that the Congress will not compel these  
consequences.

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February 18, 1944

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STEPHEN EARLY  
Secretary to the President

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I promptly return the bill, without my signature, and urgently recommend that the Congress take action as soon as possible to extend without hampering restrictions the life of the Commodity Credit Corporation. Farmers could thereby make plans for the planting of crops and ~~can~~ know the support prices on which they can rely.

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(OVER)

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FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

February 18, 1944.

OFFICE OF WAR MOBILIZATION  
WASHINGTON, D. C.



JAMES F. BYRNES  
DIRECTOR

February 18, 1944

MEMORANDUM FOR THE PRESIDENT:

In conference the Subsidy Bill was changed in one or two particulars requiring a change in your draft.

The Commodity Credit Corporation was extended until 1945 by the Conferees. This accounts for the suggested change in the first paragraph.

In the third paragraph I suggest "government funds" instead of Commodity Credit funds, because the bill prohibits the use of R. F. C. funds.

On the second page I suggest an amendment so as not to leave the impression that the bill prohibits only the items specified.

J. F. B.,

TO THE HOUSE OF REPRESENTATIVES:

On December 17, 1943 last the Congress extended the life of the Commodity Credit Corporation until February 17, 1944. This afternoon -- February 17, 1944 -- H. R. 3477 (S. 1458) -- a bill which relates primarily to the cost of food to the people of the United States -- carries a clause extending the life of the Commodity Credit Corporation for a few months.

I promptly return the bill, without my signature, and urgently recommend that the Congress take action as soon as possible to extend the life of the Commodity Credit Corporation. Farmers can thereby make plans for the planting of crops and can know the support prices on which they can rely.

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7¢ more for a ten pound bag of flour  
Hamburger would go up 4¢ a pound  
Pork chops would go up  $4\frac{1}{2}$ ¢ a pound  
Sliced ham would go up  $6\frac{1}{2}$ ¢ a pound  
Chuck roast would go up  $3\frac{1}{2}$ ¢ a pound  
Round steak would go up 5¢ a pound

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ROSENMAN GOLDMARK COLIN & KAYE

165 BROADWAY, NEW YORK 6, N. Y.



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From the Papers of

Samuel I. Rosenman

VETO OF FEB. 18, 1944

- FOOD SUBSIDIES

Book OK. 84



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From the Papers of  
SAMUEL I. ROSENMAN

January 22, 1944

Dear Mr. Bowles:

Thank you very much  
for your letter of January twen-  
tieth, enclosing the material on  
subsidies. I am glad to have it.

I will call you some  
day soon for lunch.

With kindest regards,

Very sincerely,

SAMUEL I. ROSENMAN  
Special Counsel to the  
President

Honorable Chester Bowles  
Office of Price Administration  
Washington 25, D. C.

OFFICE OF PRICE ADMINISTRATION

WASHINGTON 25, D. C.

January 20, 1944

CHESTER BOWLES  
ADMINISTRATOR

The Honorable  
Samuel Rosenman  
The White House  
Washington, D. C.

Dear Judge Rosenman:

I am enclosing the full story on subsidies which we discussed over the telephone last week. This material was prepared at Senator Barkley's request for the Banking and Currency Committee and if you can take a few minutes to go over it I think you will find that it gives you the whole picture.

There is absolutely no way of compromising this subsidy issue if we are to maintain our present price level. It takes a certain specific number of dollars to do the job and even then we are going to have a tight squeeze in getting through. The figure of a billion and a half is, in my opinion, an absolute minimum and I repeated this conviction to Senator Barkley and five members of the Banking and Currency Committee on Saturday.

I enjoyed my luncheon with Lowell Mellett and I found him, as you prophesied, much interested in the potentialities in the "Second Bill of Rights."

What would you think of asking Senator Barkley to introduce this Second Bill of Rights on the floor of the Senate as a series of new Amendments to the Constitution? It seems to me that the right to participate in the abundance which we are capable of producing should be as clear and well established as the right to free speech or the right to vote in a free election.

This "Second Bill of Rights" is a statement of objectives which must be attained. There will be, of course, wide differences of opinion between liberals and conservatives as to the speed with which these objectives should be attained or the means required to attain them.

In any case, I should think our Republican friends would find it rather difficult to fight the suggestion that these "Rights" should be made part of the fundamental law of the land. If they are opposed to these "Rights" what actually are they in favor of as a economic and social program?



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From the Papers of  
Samuel I. Rosenman

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Let's have luncheon again before too long.

Very sincerely,

*Chester Bowles*

Chester Bowles  
Administrator

P.S.

As I told you over the telephone, I am sending you herewith a copy of my radio talk of Tuesday, January 11th.



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From the Papers of

Samuel I. Rosenman

OFFICE OF PRICE ADMINISTRATION  
WASHINGTON, D. C.

January 17, 1944

Honorable Alvin F. Barkley  
United States Senate

Dear Senator Barkley:

As you requested at our meeting Saturday morning, I am writing to provide you with materials on the various food support and subsidy programs. Attached is a table showing expenditures under these programs, both at present and as scheduled for 1944. This table has been prepared after the fullest consultation with War Food Administration. You will observe that the total of scheduled expenditures comes to \$1,279,000,000. With a cushion of \$227,000,000, which I regard as the very minimum we can rely on to meet contingencies arising during the year under the support and subsidy programs, a total of \$1,500,000,000 is indicated.

I am also sending you a set of figures on annual cost and annual savings under the several programs. These figures have been prepared on the basis of the present programs and do not reflect changes in costs or in savings anticipated during the coming year.

I think you may also be interested in the following summary statement on the food support and subsidy outlook, which brings up to date the presentation which we made before the Banking and Currency Committee in December.

(1) In that presentation to the committee we stated that it was our belief that food prices during 1944 could be stabilized if \$1,500,000,000 were made available for use in the subsidy and support price programs. We indicated that we could take no responsibility for such stabilization of food prices unless wages and agricultural prices were also held at stable levels.

(2) The estimate which we presented of the total annual expenditures was \$1,104,000,000 (or, when the figures for each program are rounded to the nearest billion, \$1,105,000,000, as shown



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From the Reports of  
Samuel I. Rosenbaum



in column 1 of the attached table). Since that date the Commodity Credit Corporation has revised its estimate upward so that the total should be increased by \$77,000,000. A new subsidy has been introduced since that date on canned grapefruit juice, which is estimated at \$7,000,000. It has also been necessary to increase the flour subsidy by \$30,000,000 due to a rise in parity. Therefore, the revised figure on annual expenditures for present subsidies and support operations totals \$1,219,000,000.

(3) The proposed program recommended by the War Food Administration for 1944 calls for changes resulting in a net increase of \$34,000,000. While it is probable that not all the support price money included in this figure will actually be needed, the full amount must be included in our estimates for safety. This additional amount would raise the grand total to \$1,273,000,000.

(4) If these estimates are accepted, the difference between the present estimate of \$1,179,000,000 and the requested \$1,500,000,000 amounts to \$327,000,000. This is not a very large cushion to have available at the beginning of a year which is as unpredictable as is 1944. The principal fields in which we can foresee the need for additional subsidies are as follows:

a. Grains

Subsidy payments to permit flour and bread prices to be held in the face of the rise of grain prices to parity only partially met the pressures imposed by this rise. With regard to other processed grain products, it will also be necessary either to increase the ceilings or to utilize subsidy money to prevent such consumer price increases.

b. Fruits and Vegetables

We are now in the process of bringing under control the major items of fresh fruits and vegetables. We do not anticipate any subsidies in connection with fresh fruits and vegetables when sold in such form except the possible use of some transportation subsidies to prevent broad increases. We do anticipate that it will be necessary to utilize some subsidy money for fruits and vegetables for canning in order to prevent price increases to consumers on such canned items.



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From the Papers of

Samuel I. Rosenman

c. Milk

At the time the feed subsidy was placed on milk, the War Food Administration considered it a fairly satisfactory solution to the dairy farmer problem. Since that date, feed costs have risen somewhat further; hence it may be necessary to pay additional subsidies in this field.

(5) All these estimates are based on the assumption that at least the Asiatic War will be in continuation throughout 1944. If it should happen that the total war should suddenly cease during the current year, it is entirely possible that the present estimates for the support price program would become totally inadequate.

I am sending a copy of this letter, together with the enclosures, to each of the other Senators participating in Saturday's conference, and I am supplying additional copies herewith for the information of other members of the Committee.

Sincerely,

Chester Bowles  
Administrator

Enclosures



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Michael Arthur and Kenneth Service

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Samuel I. Rosenzweig

Samuel I. Rosenberg  
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ANNUAL RATES OF EXPENDITURE UNDER FOOD SUPPORT AND SUBSIDY PROGRAMS

| Commodity                     | Original<br>Figures<br>Submitted<br>to Senate<br>Banking and<br>Currency<br>Committee by<br>Chester Bowles | Changes in Original<br>Bowles Figures |                                      | Present<br>Programs<br>as<br>Revised<br>(Columns<br>1 + 2 + 3) | Scheduled<br>Changes in<br>1944 from<br>Present<br>Programs | Presently<br>Scheduled<br>1944<br>Expendi-<br>tures<br>(Columns<br>A + 5) |
|-------------------------------|------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------|----------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------|
|                               | (Col. 1)                                                                                                   | Revisions<br>of Original<br>Figures   | Revisions<br>of Original<br>Programs | (Col. 4)                                                       | (Col. 5)                                                    | (Col. 6)                                                                  |
|                               |                                                                                                            | (Col. 2)                              | (Col. 3)                             |                                                                |                                                             |                                                                           |
|                               |                                                                                                            |                                       |                                      |                                                                |                                                             |                                                                           |
| (Millions of Dollars)         |                                                                                                            |                                       |                                      |                                                                |                                                             |                                                                           |
| COMMODITY CREDIT CORPORATION  |                                                                                                            |                                       |                                      |                                                                |                                                             |                                                                           |
| Apples                        | 4                                                                                                          | --                                    | "                                    | 4                                                              | --                                                          | 4 <sup>1/2</sup>                                                          |
| Canned grapefruit juice       | --                                                                                                         | --                                    | +7                                   | 7                                                              | --                                                          | 7 <sup>1/2</sup>                                                          |
| Canning fruits and vegetables | 27                                                                                                         | --                                    | "                                    | 27                                                             | +18                                                         | 45                                                                        |
| Cheddar cheese                | 29                                                                                                         | --                                    | "                                    | 29                                                             | +2                                                          | 31                                                                        |
| Corn price adjustment         | 5                                                                                                          | --                                    | "                                    | 5                                                              | -5                                                          | --                                                                        |
| Dried beans                   | 10                                                                                                         | -2                                    | "                                    | 8                                                              | +1                                                          | 9                                                                         |
| Milk:                         |                                                                                                            |                                       |                                      |                                                                |                                                             |                                                                           |
| Dairy feed payments           | 200                                                                                                        | +50                                   | "                                    | 250                                                            | --                                                          | 250                                                                       |
| Fluid milk                    | 5                                                                                                          | +1                                    | "                                    | 6                                                              | --                                                          | 6                                                                         |
| Hay for drought areas         | 2                                                                                                          | --                                    | "                                    | 2                                                              | -2                                                          | --                                                                        |
| Oilseeds and products:        |                                                                                                            |                                       |                                      |                                                                |                                                             |                                                                           |
| Peanuts                       | 10                                                                                                         | -5                                    | "                                    | 5                                                              | } +50 <sup>1/2</sup>                                        | 100                                                                       |
| Peanut butter                 | 15                                                                                                         | --                                    | "                                    | 15                                                             |                                                             |                                                                           |
| Soybeans                      | 10                                                                                                         | +16                                   | "                                    | 26                                                             |                                                             |                                                                           |
| Vegetable bulk shortening     | 4                                                                                                          | --                                    | "                                    | 4                                                              |                                                             |                                                                           |
| Potatoes:                     |                                                                                                            |                                       |                                      |                                                                |                                                             |                                                                           |
| Incentive payment             | 25                                                                                                         | --                                    | "                                    | 25                                                             | -25                                                         | --                                                                        |
| Loans and/or purchases        | --                                                                                                         | +20                                   | "                                    | 20                                                             | +30                                                         | 50                                                                        |
| Prunes and raisins            | 13                                                                                                         | +1                                    | "                                    | 14                                                             | --                                                          | 14                                                                        |
| Sugar beets and sugar cane    | 11                                                                                                         | +2                                    | "                                    | 13                                                             | +20 <sup>3/4</sup>                                          | 33                                                                        |
| Sugar transport               | 43                                                                                                         | -6                                    | "                                    | 37                                                             | -20                                                         | 17                                                                        |

Footnotes on Page 3.



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ANNUAL RATES OF EXPENDITURE UNDER FOOD SUPPORT AND SUBSIDY PROGRAMS (Contd)

| Commodity                                                                                 | Original<br>Figures<br>Submitted<br>to Senate<br>Banking and<br>Currency<br>Committee by<br>Chester Bowles<br>(Col. 1) | Changes in Original<br>Bowles Figures                                     |     |       | Present<br>Programs<br>as<br>Revised<br>(Columns<br>1 + 2 + 3)<br>(Col. 4) | Scheduled<br>Changes in<br>1944 from<br>Present<br>Programs<br>(Col. 5) | Presently<br>Scheduled<br>1944<br>Expendi-<br>tures<br>(Columns<br>4 + 5)<br>(Col. 6) |
|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|-----|-------|----------------------------------------------------------------------------|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|                                                                                           | Revisions<br>of Original<br>Figures<br>(Col. 2)                                                                        | New<br>Programs<br>or<br>Revisions<br>of Original<br>Programs<br>(Col. 3) |     |       |                                                                            |                                                                         |                                                                                       |
|                                                                                           |                                                                                                                        |                                                                           |     |       |                                                                            |                                                                         |                                                                                       |
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|                                                                                           |                                                                                                                        |                                                                           |     |       |                                                                            |                                                                         |                                                                                       |
| ( Millions of Dollars )                                                                   |                                                                                                                        |                                                                           |     |       |                                                                            |                                                                         |                                                                                       |
| COMMODITY CREDIT CORPORATION (Contd)                                                      |                                                                                                                        |                                                                           |     |       |                                                                            |                                                                         |                                                                                       |
| Truck crops                                                                               | 6                                                                                                                      | --                                                                        | --  | 6     | -6                                                                         | --                                                                      |                                                                                       |
| Wheat for livestock feed                                                                  | 68                                                                                                                     | --                                                                        | --  | 68    | -153 <sup>3/4</sup>                                                        | 50 <sup>3/4</sup>                                                       |                                                                                       |
| Miscellaneous                                                                             | --                                                                                                                     | --                                                                        | --  | --    | 99 <sup>1/2</sup>                                                          | 9 <sup>1/2</sup>                                                        |                                                                                       |
| Total, Commodity Credit Corp.                                                             | 487                                                                                                                    | 477                                                                       | 47  | 571   | +54                                                                        | 625                                                                     |                                                                                       |
| RECONSTRUCTION FINANCE CORPORATION                                                        |                                                                                                                        |                                                                           |     |       |                                                                            |                                                                         |                                                                                       |
| Butter                                                                                    | 82                                                                                                                     | --                                                                        | --  | 82    | --                                                                         | 82                                                                      |                                                                                       |
| Meat                                                                                      | 436                                                                                                                    | --                                                                        | --  | 436   | --                                                                         | 436                                                                     |                                                                                       |
| Wheat for flour                                                                           | 100                                                                                                                    | --                                                                        | +30 | 130   | --                                                                         | 130                                                                     |                                                                                       |
| Total, Recon. Finance Corp.                                                               | 618                                                                                                                    | --                                                                        | +30 | 648   | --                                                                         | 648                                                                     |                                                                                       |
| TOTAL, Food Support and<br>Subsidy Programs                                               | 1,109 <sup>6/7</sup>                                                                                                   | 477                                                                       | 47  | 1,219 | +54                                                                        | 1,273                                                                   |                                                                                       |
| Minimum Necessary Reserve for<br>Contingencies Under Both<br>Support and Subsidy Programs | .                                                                                                                      | .                                                                         | .   | .     | .                                                                          | 227                                                                     |                                                                                       |
| TOTAL FUNDS REQUIRED FOR 1944 SUPPORT AND SUBSIDY PROGRAMS                                | .                                                                                                                      | .                                                                         | .   | .     | .                                                                          | 1,500                                                                   |                                                                                       |

Footnotes on Page 3.

From the Papers of  
Samuel I. Rosenman

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WIDE PLAIN, N. Y.



- 3 -

ANNUAL RATES OF EXPENDITURE UNDER FOOD SUPPORT AND SUBSIDY PROGRAMS (Contd)

FOOTNOTES

- 1/ Based on later WFA expenditure experience.
- 2/ For 1944 the WFA has not estimated the cost of these programs but includes them in a miscellaneous \$20 million allowance. We have assumed that the cost of the apple and grapefruit juice subsidies will remain at \$4 and \$7 million, respectively, and have reduced "Miscellaneous" to \$9 million.
- 3/ Results mainly from increase in support prices.
- 4/ Results partly from higher support prices.
- 5/ Fiscal year 1945.
- 6/ This total is \$1 million higher than the total given by Mr. Carroll in his testimony before the Senate Banking and Currency Committee. The increase is due to the fact that in this table all figures are rounded off to the nearest whole million. This total exceeds the total shown in the table on page 181 of the Senate Hearings by \$4 million. This difference reflects the omission in that table and the inclusion in the present one of the subsidy on vegetable bulk shortening.

Office of Price Administration  
January 17, 1944

ADVANCE RELEASE: Not for use by press or radio before 10:15 p.m., EST, Tuesday January 11, 1944.

## OFFICE OF PRICE ADMINISTRATION

RADIO TALK BY PRICE ADMINISTRATOR CHESTER HOLMES  
BLUE NET CBN, 10:15 P.M., EST, TUESDAY JANUARY 11, 1944.

Cleared and Issued  
Through Facilities of the  
Office of War Information

Good evening, everybody,

A week or so ago, I went up to Connecticut to spend a weekend with my family. I happen to live in a small town and in a small town it is a mighty easy matter to find out what people are thinking. So, as I visited around at the drug store and other places about town, I asked a good many questions about what folks thought of the work of the OPA.

Over and over again, I found a wide lack of understanding of just what our responsibilities are, particularly in relation to controlling rents and prices.

Of course, everyone knows that the OPA is responsible for the rationing program. They know that the local board in their city or town is part of the OPA Volunteer organization which totals more than 250,000 patriotic men and women.

But, over and over again, I found them unaware of the fact that the OPA is the only government administrative agency which stands between the general public and the need for paying substantially higher prices in the retail stores.

They do not realize that it's our job to keep rents down and to maintain the lowest possible prices on all the products which go to make up the cost of living. And, even more important, they have very little conception of the powerful and often ruthless forces that are struggling to drive prices and rentals upward.

When the war began, the OPA was handed the responsibility for setting up a huge National rationing system covering every city, town and village in America. First, we were asked to ration tires, then sugar, then gasoline, then fuel oil, canned goods and meat.

Naturally, in launching such a tremendous new program, we made some mistakes. But even if we had never made these mistakes, some troubles and criticisms and indignation were inevitable. The idea of rationing was new and unfamiliar and many people felt that even in time of war it was not necessary. Even with half our factories concentrating on the production of war materials, they could see no reason why we cannot have all the things which we can afford to buy.

I think you will agree, however, that there has been a great improvement and easing of the rationing situation during the last year. Six months ago, a typical OPA district office receives about 700 appeals every week from citizens who did not agree with the decisions of their local rationing boards. In addition, there were thousands of telephone calls and letters of complaint from people who felt that they had been unfairly treated.

(Over)

X-24751



GENERAL SERVICES ADMINISTRATION

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and Plans, E. I.

From the Papers of

Samuel I. Rosenman

Today the number of nationwide signals has dropped to only 200 per week. In other words to state that was lifted too many are received six months ago. Complaining letters and telephone calls have been reduced to a mere trickle.

This new national acceptance of the need for wartime rationing is reflected in a recent public opinion survey in which ninety-three per cent of all the people interviewed stated that they thought rationing, in general, had been handled fairly and efficiently by the GPA.

Most significantly I do not imply that we have reached a point when approach ing perfection as far as rationing is concerned. In any operation as vast as our nation wide wartime rationing program - covering dozens of products - there are always bound to be some mistakes and some examples of bad judgment.

But, I think you will agree with me that largely thanks to the efforts of our thousands of local warrent volunteer committees and to the efficient organization of our part of our district and to the cooperation of the GPA offices - rationing today is being handled with a minimum of difficulty and inconvenience in comparison with a year ago.

Today, however, some attacks on the GPA continue. And I believe it's vitally important for all of us to understand that. For today a heavy percentage of these attacks stem from pressure groups which are opposed to our policy of controlling the cost of living groups which seek only economic relief and profits and still now profits while their country is fighting for its existence and its future.

It is this particularly menacing wartime development that I am most anxious to discuss with you tonight.

As I said a few minutes ago, the GPA is the only Federal administrative agency that stands between you and the road for paying considerably higher prices in your local stores.

Naturally, there are many people who would like to raise the prices of the products which they buy or sell. That, I suppose, is only human. In an effort to get more than 6000 individuals, or corporation representatives, who will call on GPA offices throughout the country to request the right to charge a higher price for this product or that.

One man may come to us with a request to raise the price of tin snops he sells; a laundry owner may ask to increase the price of washing shirts. A manufacturer of women's hats offers his special reason for charging higher price for his line, and, likewise, the man who makes canned soup or cereal or other food product offers his special reason for charging a higher price.

Every day of the week, we are called upon to handle a vast number of these requests for higher prices, and let me emphasize that most of the individuals and corporations, who make these requests, sincerely believe who honestly believe that their present prices are too low, and that their requests for an increase is legitimate.

Each application is studied carefully on its merits and according to the regulations and laws which have been prepared for our guidance.

Then we turn down a request for a price increase, as we must do in all but a minor number of cases, we do everything possible to explain the reasons for our stand. As usually, I believe that the man who visits the GPA for an increase in price, leaves with the feeling that we have given their request careful and fair-minded consideration. There are, however, a selfish few, who even in wartime, will never be satisfied with their requests to charge higher prices have been granted. Some seem to be paid control for everyone but themselves. Others state frankly that they would like

(over)

X-44751



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From the Papers of  
Samuel I. Rosenman

to hide price control out of existence and let all prices rise to substantially higher levels. The fact that we are in the midst of the greatest war in history seems to concern them not at all.

This selfish few, many of whom are already reaping far greater profits than at any period in the country's history, are both resourceful and relentless. When their requests for higher prices are turned down by the OPA, they often hire lobbyists whose job it is to pull political strings and to bring pressure to bear on us from every conceivable direction. They hire skilled publicity men to organize attacks on the one Federal Agency which stands in the way of the higher profits which they are seeking -- the OPA.

Undoubtedly, you are familiar with some of the attacks which they have made on us in the past. Let's examine three or four of them.

Sometimes these pressure groups charge the OPA with illegal operations. They claim that in our efforts to keep prices from rising, we have ignored their rights under the law. Let's examine the actual facts.

During the past two years, ninety-four per cent of all price control, rent control and rationing cases carried to the Federal Courts have been won by the OPA. I know of no wartime agency which has established so successful a record in court action. That record alone is enough to show the OPA's right to take the legal actions which we have taken and will continue to take in preventing rising prices and rentals.

Sometimes these unscrupulous pressure groups charge the OPA with operating extravagantly at the taxpayer's expense. Let's look at the facts on this, too.

The OPA's total appropriation for the present year is one hundred and fifty-five million dollars. In other words, only \$1.10 for every man, woman and child in the United States.

With the help of our 250,000 OPA volunteers who have given their services without one penny of pay, we have been able for this small amount to administer a rationing program covering more than 800 items in every community in the United States; a rent control program which has protected more than fourteen million families from the need for paying higher rentals; and a price control program covering thousands upon thousands of products sold in more than three million stores and business establishments. The price and rationing program, according to Miss Frances Perkins, Secretary of Labor, has kept average retail prices at about the same level for the last eight months.

The fact that this wartime protective service covering every community in the country, has cost each citizen only slightly more than one dollar a year is, in my opinion, a remarkable record in economical operations.

These pressure groups sometimes charge that the OPA is run by bureaucrats who are seeking only to perpetuate their jobs at the public's expense.

The local board organization of the OPA is run by volunteers who, like myself, will be only too glad to return to private life just as soon as wartime conditions make it possible for us to lay rationing and price control aside.

Many of the top executive positions of the OPA here in Washington, and for the most part in the regional and district offices throughout the country, are held by businessmen who are working for the government at considerable financial sacrifice. They, too, will be only too glad when the time comes that they can return to their homes and to their peacetime occupations.

(Over)

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National Archives and Records Service

RECEIVED BY: ROBERT L. BROWN

APR 1945, 11, 11

FROM THE PERSPECTIVE OF

Samuel I. Rosenberg

Sometimes, pressure groups charge the CPI with attempting to control profits and revolutionize our economic system. Let me answer that charge with particular emphasis.

The business men who today are in charge of the price making policies throughout the CPI are, like myself, interested only in seeing that prices are kept at their present levels and that you and your family and your neighbors are protected against any unjustified increase in your cost of living. The direct control of profits is not and never has been any part of our business.

How most emphatically I do not mean to imply that every criticism of the CPA comes from a wartime profiteer. That, of course, would be ridiculous. We in the CPA, in our efforts to carry out the huge responsibilities which have been assigned to us, are certain to make some mistakes. And quite rightly sincere and patriotic citizens will criticize us for these mistakes.

Such criticisms we shall always welcome in the constructive spirit in which they are given. We shall welcome them and we shall learn from them.

It is also inevitable that some sincere but misinformed persons should occasionally take us to task for errors which we have never committed. To such critics we will continue to make available the complete facts on the problem in question. In the great majority of cases, we have found them only too willing to correct any erroneous statements.

But the attacks on the CPA by unscrupulous pressure groups, often financed by wartime profiteers and chiselers, are a different matter entirely. These attacks are designed, often with considerable skill, to make it easier for a selfish few to continue to profit during wartime at the public's expense. These attacks are designed for one purpose only -- and that is to weaken the CPA's ability to keep your cost of living from soaring upwards.

Conscious that the CPA alone stands between them and greater and still greater profits, these groups have not even hesitated to use the threat of bringing special pressures to bear to wipe the CPA out of existence.

The attacks and manipulations of the chiselers and the profiteers are of vital concern to you and your family, and to your boy in the Armed Services. They represent a growing menace which, for your own protection, you must understand and resist.

It seems to me that during the past few weeks this major domestic issue -- this struggle of the people of the United States against the wartime profiteers and chiselers -- has clarified. It is a struggle in which we in the CPA, with the help of you and your neighbors and millions of other Americans must be successful. For if we fail, your cost of living is certain to rise sharply and the present grim threat of inflation will become a fearful reality.

Even with your wholehearted help and backing, you may be sure that the struggle will never be an easy one. The forces arrayed against us are not only selfish; they are strong and bitter and unscrupulous.

And now, goodnight to you all until next week at this same time.



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From the papers of  
Samuel I. Rodmans

OFFICE OF PRICE ADMINISTRATION

WASHINGTON 25, D. C.

February 11, 1944

CHESTER BOWLES  
Administrator

*File  
Hendrix*

The Honorable  
Samuel Rosenman  
White House  
Washington, D. C.

Dear Judge Rosenman:

I am sending the attached suggested vote message of the subsidy bill to Ben Cohen.

It seems to me that this issue should be met promptly and squarely and vigorously. Perhaps I should have been still tougher.

Sincerely,

*Chester Bowles*

Chester Bowles  
Administrator

Attachment



GENERAL SERVICES ADMINISTRATION

Archives Division and Records Service  
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THE WHITE HOUSE, W. H.

FROM THE PAPERS OF  
SAMUEL I. ROSENMAN

A PROPOSED VETO MESSAGE REJECTING THE COMMODITY CREDIT BILL

H. R. 3477 (S. 1458) is returned without my signature. The reasons for my disapproval - my most emphatic and vigorous disapproval - must already be known to every Senator and every Representative. For this is not a new issue and my views on it have been expressed before and at some length.

On this occasion I shall briefly set them forth once more. Perhaps I may be able to remind the Congress of the grave threat which this Bill represents to the morals and well being of all our citizens, to the savings and investments of millions of individuals and businesses, to the future stability of farm prices, and to the economic security of our country in the difficult years which will follow this war.

Believe me the effects of inflation are devastating and far reaching, and no one, rich or poor, can long escape them. In every other major country at war today, with the single exception of China, this issue of inflation has been squarely met and decided. And in every major country at war today, with the single exception of China, subsidies have been used to protect the people against the maelstrom of skyrocketing rents and prices.

After Pearl Harbor, with the memories of the devastating effect of inflation during the course of past wars, and with the lesson drawn from other warring countries that inflation can be prevented, Congress passed certain legislation. This Bill sharply and unequivocally repudiates this legislation and the economic stabilisation policy which it represented.



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GENERAL SERVICES ADMINISTRATION

From the Program of  
Samuel I. Rosenbaum

If this Bill becomes law the use of subsidies in carrying out the mandate of the Stabilization Act must cease. Among its immediate effects will be sharp increases in the food prices which, by the use of subsidies, have been either reduced or prevented from rising since last Spring.

All meats bought by American housewives will rise substantially and immediately in price. Let me list a few specific increases. Hamburger will go up by four cents a pound. Pork chops by four and one-half cents a pound. Sliced ham by six and one-half cents a pound. Chuck roast by three and one-half cents a pound. Round steak by five cents a pound.

Butter at retail will rise by ten cents a pound. Cheese by seven and three-quarters cents a pound. We shall also be forced to pay more for bread, for milk, for flour and for other products.

These increases can only occur because a two-thirds majority of our Congress has determined that the virtues of preventing inflation do not weigh as heavily as the desirability of pleasing the pressure groups, appeasing the lobbyists, and adding to the gains of our wartime profiteers.

If through the action of Congress these increases in food prices are allowed to occur they will hit and hit hard at the pocket books of every American family. And these price increases will only be the beginning of a long and vicious cycle of additional price and wage increases. For it is axiomatic in our struggle to prevent inflation that, if food prices rise, all prices will rise.



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From the Papers of  
Samuel I. Rosenman

The stability of our economy is today in delicate balance. Inability to hold down the cost of food at retail means inability to prevent a disastrous climb in the cost of living which in turn means a steady increase in wages and industrial costs, in industrial prices, in parity prices, which are geared to industrial prices, and in the cost of operating our farms.

A year and a half ago Congress recognizing this fact expressly joined wage stabilization with cost of living stabilization. Because the cost of living has been held stable through a program of which subsidies have been an essential part, wage increases have been kept in check for many months.

Once this Bill becomes law, that all important stability between prices and wages will be lost. The Director of War Mobilization and the Chairman of the War Labor Board have informed me that once food prices rise they will find it impossible to continue the stabilization of wages within its present framework.

In other words, once food subsidies are eliminated, and food prices as a result start to rise, we shall be squarely on the road to wartime inflation. Although responsibility for breaking the present balance and opening the flood gates to inflation must rest squarely in the hands of Congress, there is no indication in the wording of the Bill that Congress has recognized this fact.

These are the stark facts. I believe they should be considered not alone by the Congress but by the American people.



GENERAL SERVICES ADMINISTRATION

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From the Papers of  
Samuel I. Rosenzweig

I ask the consideration of these facts by every small business-  
man and by every farmer, who until now have counted upon avoiding  
that wild scramble and ruinous deflation which occurred in and  
after the last war.

I ask their consideration by poorly organized workers and  
others among us who live on meagre and fixed incomes, to whose  
protection the Congress pledged the Nation only two years ago.

And I ask their consideration - their careful consideration -  
by our fighting men and their dependents, whose claim upon their  
Government for fair treatment must be a primary responsibility of  
every one of us.

Should two-thirds of the members of each house of Congress  
insist that our price control program be sabotaged and discarded;  
should this Bill, despite my disapproval, become law then the  
responsibility for the inflation which will follow, rests squarely  
on their shoulders. The American people are unlikely to forgive  
or to forget this fact.

Chester Bowles  
February 11, 1944



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WASH. 20540, D. C.

From the Papers of  
Samuel I. Rosenman

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**Franklin D. Roosevelt — “The Great Communicator”**  
**The Master Speech Files, 1898, 1910-1945**  
**Series 3: “The Four Freedoms” and FDR in World War II**

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**File No. 1511**

**1944 February 22**

**Veto Message for 1944 Tax Bill**

HOLD FOR RELEASE

HOLD FOR RELEASE

HOLD FOR RELEASE  
February 22, 1944

CONFIDENTIAL: To be held in STRICT CONFIDENCE and no portion, synopsis or intimation to be published or given out until the READING of the President's Message has begun in the House of Representatives. Extreme care must therefore be exercised to avoid premature publication.

STEPHEN EARLY  
Secretary to the President

-----  
TO THE HOUSE OF REPRESENTATIVES:

I return herewith, without my approval, H. R. 3687, entitled "An Act to provide revenue, and for other purposes".

I regret that I find it necessary in the midst of this great war to be compelled to do this in what I regard as the public interest.

Many months ago, after careful examination of the finances of the Nation, I asked the Congress for legislation to raise \$10,500,000,000 over and above the existing revenue system. Since then persons prominent in our national life have stated in no uncertain terms that my figure was too low.

The measure before me purports to increase the national revenue by a little over \$2,000,000,000. Actually, however, the bill in its net results will enrich the Treasury by less than \$1,000,000,000.

As a tax bill, therefore, I am compelled to decide that it is wholly ineffective toward that end.

More specifically the bill purports to provide \$2,100,000,000 in new revenues. At the same time it cancels out automatic increases in the Social Security tax which would yield \$1,100,000,000. In addition it grants relief from existing taxes which would cost the Treasury at least \$150,000,000 and possibly much more.

In this respect it is not a tax bill but a tax relief bill providing relief not for the needy but for the greedy.

The elimination of automatic increases provided in the Social Security Law comes at a time when industry and labor are best able to adjust themselves to such increases. These automatic increases are required to meet the claims that are being built up against the social security fund. Such a postponement does not seem wise.

The clause relating to renegotiating of war contracts terminates the present renegotiation authority on December 31st of this year. This seems unwise at this time because no person can at present determine what a renegotiation time limit should be. More experience is needed. The formal right of appeal to the Tax Court that is granted by this bill is an inept provision. The present Tax Court exists for a wholly different purpose and does not have the personnel or the time to assume this heavy load.

The bill is replete with provisions which not only afford indefensible special privileges to favored groups but sets dangerous precedents for the future. This tendency toward the embodiment of special privileges in our legislation is in itself sufficiently dangerous to counterbalance the loss of a very inadequate sum in additional revenues.

Among these special privileges are:

(a) Permission for corporations reorganized in bankruptcy to retain the high excess profits credit and depreciation basis attributable to the contributions of stockholders who are usually eliminated in the reorganization. This privilege inures to the benefit of bondholders who, in many cases, have purchased their bonds in the speculative market for far less than their face value. It may open the door to further windfall profits in this market because of the undeserved benefit received by reorganized corporations.

(b) Percentage depletion allowances, questionable in any case, are now extended to such minerals as vermiculite, potash, feldspar, mica, talc, lepidolite, barite and spodumene. In the case of some of these minerals the War Production Board refused to certify that current output was inadequate for war needs.

(c) The lumber industry is permitted to treat income from the cutting of timber, including selective logging, as a capital gain rather than annual income. As a grower and seller of timber, I think that timber should be treated as a crop and therefore as income when it is sold. This would encourage reforestation.

(d) Natural gas pipelines are exempted from the excess profits tax without justification and in a manner which might well lead oil companies to request similar treatment for their pipelines.

(e) Commercial airlines are granted an unjustifiable extension of the tax subsidy on their airmail contracts.

It has been suggested by some that I should give my approval to this bill on the ground that having asked the Congress for a loaf of bread to take care of this war for the sake of this and succeeding generations, I should be content with a small piece of crust. I might have done so if I had not noted that the small piece of crust contained so many extraneous and inedible materials.

In regard to that part of the bill which relates to wholly unobjectionable tax increases, may I respectfully suggest to the Congress that the excise taxes can easily and quickly be levied. This can be accomplished by the passage of a simple Joint Resolution enacting those provisions of the bill which increase the excise taxes. I should be glad to approve such a measure. This would preserve the principal revenue provisions of the bill without the objectionable features I have criticized.

---

In another most important respect this bill would disappoint and fail the American taxpayers. Every one of them, including ourselves, is disappointed, confused and bewildered over the practical results of last year's tax bill. The Ruml Plan was not the product of this Administration. It resulted from a widespread campaign based on the attractive slogan of "Pay-as-you-go". But, as was said many years ago in the State of New York in regard to that same slogan "You don't pay and you don't go".

The Nation will readily understand that it is not the fault of the Treasury Department that the income taxpayers are flooded with forms to fill out which are so complex that even Certified Public Accountants cannot interpret them. No, it is squarely the fault of the Congress of the United States in using language in drafting the law which not even a dictionary or a thesaurus can make clear.

The American taxpayer has been promised of late that tax laws and returns will be drastically simplified. This bill does not make good that promise. It ignores the most obvious step toward simplifying taxes by failing to eliminate the clumsy Victory Tax.

For fear of dropping from the tax rolls those taxpayers who are at the bottom of the income scale, the bill retains the Victory Tax -- while at the same time it grants extensive concessions to many special interest groups.

The suggestion of withholding at graduated rates, which would relieve millions of people of the task of filing declarations of estimated income, was not adopted.

I trust, therefore, that the Congress, after all these delays, will act as quickly as possible for simplification of the tax laws which will make possible the simplification of the forms and computations now demanded of the individual taxpayers. These taxpayers, now engaged in an effort to win the greatest war this Nation has ever faced, are not in a mood to study higher mathematics.

---

The responsibility of the Congress of the United States is to supply the Government of the United States as a whole with adequate revenue for war time needs, to provide fiscal support for the stabilization program, to hold firm against the tide of special privileges, and to achieve real simplicity for millions of small income taxpayers.

In the interest of strengthening the home front, in the interest of speeding the day of victory, I urge the earliest possible action.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

February 22, 1944

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2/22/44

TO THE HOUSE OF REPRESENTATIVES:

I return herewith, without my approval, H. R. 3687,  
entitled "An Act to provide revenue, and for other purposes".

I regret that I find it necessary in the midst of this great war to be compelled to do this in what I regard as the public interest.

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In this respect it is not a tax bill but a tax relief bill providing relief not for the needy but for the greedy.

# The elimination of automatic increases provided in the Social Security Law comes at a time when industry and labor are best able to adjust themselves to such increases. These automatic increases are required to meet the claims that are being built up against the social security fund. Such a postponement does not seem wise.

The clause relating to renegotiating of war contracts terminates the present renegotiation authority on December 31st of this year. This seems unwise at this time because no person can at present determine what a renegotiation time limit should be. More experience is needed. The formal right of appeal to the Tax Court that is granted by this bill is an inept provision. The present Tax Court exists for a wholly different

the door to further windfall profits in this market because of the undeserved benefit received by reorganized corporations.

(b) Percentage depletion allowances, questionable in any case, are now extended to such minerals as vermiculite, potash, feldspar, mica, talc, lepidolite, barite and spodumene. In the case of some of these minerals the War Production Board refused to certify that current output was inadequate for war needs.

(c) The lumber industry is permitted to treat income from the cutting of timber, including selective logging, as a capital gain rather than annual income. As a grower

and seller of timber, I ~~can certify to you that this measure~~ *think that timber should be taxed as a crop and therefore as income when it is sold. This would be wholly without justification. Encourage reforestation*

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*Reverend*

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Among these special privileges are:

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refused to certify that current output was inadequate for war needs.

(c) The lumber industry is permitted to treat income from the cutting of timber, including selective logging, as a capital gain rather than annual income. As a grower and seller of timber, I can certify to you that this measure is wholly without justification.

(d) Natural gas pipelines are exempted from the excess profits tax without justification and in a manner which might well lead oil companies to request similar treatment for their pipelines.

(e) Commercial airlines are granted an unjustifiable extension of the tax subsidy on their airmail contracts.

It has been suggested by some that I should give my approval to this bill on the ground that having asked the Congress for a loaf of bread to take care of this war for the sake of this and succeeding generations, I should be content with a small piece of crust. I might have done so if I had not noted that the small piece of crust contained so many extraneous and inedible materials.

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In regard to that part of the bill which relates to wholly unobjectionable tax increases, may I respectfully suggest to the Congress that the excise taxes can easily and quickly be <sup>revived</sup> retained. This can be accomplished by the passage of a simple Joint Resolution enacting those provisions of the bill which increase the excise taxes. I should be glad to approve such a measure. This would preserve the principal <sup>at</sup> revenue provisions of the bill without the objectionable features I have criticized.

In another most important respect this bill will disappoint and fail the American taxpayers. Every one of them, including ourselves, is disappointed, confused <sup>and</sup> bewildered, ~~complaining~~, and angry over the practical results of <sup>last year's</sup> ~~this year's~~ tax bill. <sup>That</sup> ~~This~~ <sup>Revenue</sup> bill was not the product of this Administration. It resulted from a widespread campaign based on the attractive slogan of "Pay-as-you-go". But, as was said many years ago in the State of New York in regard to that same slogan "You don't pay and you don't go".

The Nation will readily understand that it is not the fault of the Treasury Department that the income taxpayers are flooded with forms to fill out which <sup>are so complex that</sup> even Certified Public

*misinterpret them*  
Accountants cannot agree. No, it is squarely the fault of the Congress of the United States in *using* *in drafting the law* adopting language which not even a dictionary or a thesaurus can make clear.

The American taxpayer has been promised of late that tax laws and returns will be drastically simplified. This bill does not make good that promise. It ignores the most obvious step toward simplifying taxes by failing to eliminate the clumsy Victory Tax. For fear of dropping from the tax rolls those taxpayers who are at the bottom of the income scale, the bill retains the Victory Tax -- while at the same time it grants extensive concessions to many special interest groups.

The suggestion of withholding at graduated rates, which would relieve millions of people of the task of filing declarations of estimated income, was not adopted.

I trust, therefore, that the Congress, after all these delays, will act as quickly as possible for simplification ~~and~~ *which will make possible the* only of the tax laws ~~but especially~~ simplification of the forms and computations now demanded of the individual taxpayers. These taxpayers, now engaged in an effort to win the greatest war this Nation has ever faced, are not in a mood to study higher mathematics.

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