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Treasury Dept. : Morgenthau

Editorial Opinion Reports  
Aug. 8, 1941 - Nov. 21, 1941

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For your information.

August 8, 1941.

To Ferdinand Kuhn, Jr.

From Alan Barth

EAST AND FAR EAST

Qualms

If newspaper editors know their readers, there is a tide of optimism about the war throughout the land. A good many editors call it over-confidence -- or wishful thinking. They feel obliged repeatedly in editorials to caution the public against raising its hopes too high.

Russia's checking of the German blitzkrieg thus far, together with Britain's sustained aerial offensive, has clearly gone a long way toward dissipating the discouragement which prevailed in the United States not long ago. There is a feeling now that Hitler may be beaten without direct American participation in the war. Speculative stories about uprisings in conquered territory, about waning German morale, appear in the press with a frequency and prominence which reveal the public's avidity for reading them. Certainly there is a terrible letdown in store for the American people if Russian resistance should now suddenly crumble.

Extravagant hopes have been consciously fostered by the isolationists. Their line is that we need no longer worry about Hitler; Stalin and Churchill will take care of him. This is so precisely what Americans want to believe that it is perhaps not entirely without effect. The Gallup Poll published on August 1 indicates, however, that it has not yet diminished popular support for the aid-to-Britain policy. Seventy-two per cent of the sample polled held that helping Britain is as important as ever, despite the Nazi-Soviet conflict; only 20 per cent recorded opposition.

The editors themselves have been both surprised and pleased at Russian resistance. Current editorials indicate, however, that to a good many of them the surprise is proving rather greater than the pleasure. A decided majority continue to insist staunchly that Nazism is the only menace to America. But they fear the Communists even when bearing gifts.

The New York Times, for example, in its leading editorial for August 6, argues that although "it is Hitler and not Russia that constitutes the immediate threat to us . . . at the same time it must be clear that our primary interest is not in 'helping Russia' but in 'stopping Hitler' . . . Stalin is on our side today. Where will he be tomorrow?"

There are other signs of editorial distaste for giving more than formal support to the U. S. S. R. Some commentators regarded Mr. Hopkins' visit to Moscow and Mr. Welles' pledge of full economic assistance as laying it on a little thick. There have been rather frequent expressions of relief over the fact that we are selling, not giving, arms to associates whom even so vigorous an interventionist paper as The Richmond Times Dispatch refers to as the "Bolshevist brigands in the Kremlin."

What the American press hopes for on the eastern front is not a victory, but a stalemate which will bog down the German armies sufficiently to thwart their aggressive instincts.

#### Heat on Japan

The press has adopted an extraordinarily bellicose tone toward Japan. In part, this may stem from a desire to impress the Japanese with America's readiness to fight. In part, it seems to be a reaction from our avoidance of war in Europe -- a compensation for the caution which has characterized our behavior in the West. It is worth noting that a Gallup Poll shows no comparable belligerency on the part of the general public. The results of a survey published August 3 presented 51 per cent in favor of checking Japan even at the risk of war, 31 per cent opposed, 18 per cent undecided or with no opinion.

There was nearly unanimous editorial approval for the freezing of Japanese assets. Many of the commentators assumed that this meant the application of full economic sanctions. A considerable number expressed keen disappointment that the Administration is still "temporizing" with the Japanese. Almost all insist that stringent economic measures be taken in response to any further aggressive moves in the Orient.

The President's explanation of American policy in the Far East was accepted as valid and reasonable by the majority of commentators. But they are glad to think that the policy has now been abandoned. The commonest editorial heading for comments on the subject was "An End of Appeasement." The moral generally drawn from the Japanese occupation of Indo-China was that appeasement has once more been proved a failure -- this time so conclusively that it must not be resorted to again. The term "appeasement" now appears to have uglier connotations to American ears than ever before.

It seems possible that American editorial writers have indulged in an oversimplification of the Japanese problem. They are inclined to attribute Japanese expansion to the ambitions of a handful of "war lords" and to suppose that these ambitions can be overcome by a sufficient display of force. They take it

for granted that conflict with the United States would be suicide for Japan; editorial comments are replete with contemptuous phrases such as "little yellow men." The vulnerability of Japan's cities to air attack and of the island to blockade are cited frequently. In short, American newspapers dislike, distrust and disdain the Japanese.

Notes

The action of France in applying to Japan for protection of Indo-China produced vigorous resentment over here. The prevailing sentiment appears to be that an end of appeasement on our part is in order for Vichy, as well as for Tokyo.

Secretary Ickes' program for voluntary conservation of gasoline has evoked a good deal of grumbling -- principally on the ground that oil continues to be shipped to Japan.

Newspapers took with remarkable calm the sensational rumors of a meeting between President Roosevelt and Prime Minister Churchill. Some compared it with the Hitler-Mussolini conferences at Brennero, finding in it a symbol of democratic unity to match the dictators' partnership.

For your information.

August 8, 1941.

To Ferdinand Kuhn, Jr.

From Herbert Merillat

PRESS OPINION ON TAXES:  
FIGHTING INFLATION

House action on the tax bill and the consideration of price-control legislation have focussed attention on the economic aspects of the defense program. In all sections of the press there has been a growing awareness of the danger of inflation, with increased attention to means of checking the inflationary spiral.

Price Control

Most of the press has come reluctantly to the conclusion that a price-control law with teeth in it is necessary. The President's message describing the prospect of inflation was regarded as clear and convincing. No one, however, is satisfied with the control system provided by the bill introduced in Congress. The criticism most often made is that the failure to provide for control of wages and the allowance of large increases in farm prices makes effective price control under the proposed act impossible.

Papers in farming regions tend to slide over the treatment of food prices and emphasize the danger of failing to control wages. The metropolitan press, however, excoriates the "farm bloc" for attempting not only to ensure farm prices amounting to 110% of parity but for scheming to fix minimum prices for farm products.

The financial journals see in the measure a plan to control industrial profits, not to control effectively prices in general. They assert that increasing labor costs and other costs of production, together with maximum prices for finished products, will result in diminished profits but will do nothing to check inflation.

#### Taxes and Inflation

It is generally recognized that price control in itself is not an adequate safeguard against inflation. Taxes which would reduce mass purchasing power are regarded as an important and more basic safeguard.

With the increased attention given to inflation has come a shift in the argument for a broader income tax base. Previously reduced exemptions have been urged mainly on the grounds that the mass of the electorate should be made tax-conscious and have a sense of sharing directly in the defense

program. Now the emphasis is on the usefulness of the income tax in siphoning into the Treasury dollars which otherwise would compete for consumer goods.

The President's recommendation of lower personal exemptions and Chairman Doughton's statement that a broader base or general consumption tax is likely in a future tax bill have revived editorial hopes that the Senate will reduce exemptions in the current bill. The prophets think the Senate will likely take this action to fill the \$300 million gap left by the removal of compulsory joint returns from the House bill. The Doughton forecast of lower exemptions in the near future has given rise to the question, Why not broaden the tax base now, rather than after the inflationary spiral has wound higher?

#### The House Tax Bill

Editorial appraisals of the tax bill as it passed the House are in general agreement on several points:

1. Personal income tax. The failure to broaden the base is criticized, as already noted.
2. Corporation taxes. There is little criticism of the corporate taxes. The House is praised for rejecting the excess profits plan urged by the President and the Treasury. The meager mention of corporation taxes in the press indicates satisfaction with that part of the bill and a wish to let sleeping dogs lie.

3. Mandatory joint returns. The press outcry against this proposal was maintained at a high pitch until the House voted on the bill. Rejection of the proposal was greeted with satisfaction.
4. Excise taxes. This part of the bill is regarded as a hodge-podge resulting from political trading. Heavy excises on articles competing for materials with defense industries are urged.

#### Tax Anticipation Notes

The tax anticipation notes received little editorial notice as they went on sale. Such comment as appeared, however, continued to be favorable. The chief criticism of the notes -- that tax revenues will be spent before collected -- has been discounted by such leading conservative papers as the New York Times and the Wall Street Journal. While granting that the criticism would be valid in normal times, these papers hold that in the present emergency the sale of the notes constitutes a desirable and necessary form of borrowing.

For your information.

August 22, 1941

To Ferdinand Kuhn, Jr.

From Alan Barth

THE AFTERMATH OF THE CONFERENCE

Editorial appraisal of the shape of things since the historic conference at sea presents a striking contrast: hopefulness over the trend of affairs abroad, dismay over conditions in the United States.

Optimism

The atmosphere of decision and direction which followed the Roosevelt-Churchill meeting gave the press a fresh feeling of buoyancy -- perhaps of overconfidence -- about the progress of the war. It was commonly assumed that the President and the Prime Minister made concrete plans for joint British and American action. The steps which grew out of their conference -- announcement that representatives would go to Moscow to discuss large-scale aid to the Soviet Union and that war planes would be flown to the British in the Near East -- fortified the feeling that full speed ahead had become the order of the day. Editorial writers expressed delight that the initiative had at last been wrested from the Axis.

Even the shipment of supplies to Russia is accepted much more readily, now that it has been removed from the domain of discussion and made a settled policy. The eloquent appeal on this score delivered recently by Supreme Court Justice Murphy gave voice to what now appears to be the prevailing editorial sentiment.

Direct and dramatic presidential action conveying a sense of strong leadership has invariably produced this sort of response; disheartenment and disagreement have always been most pronounced during periods of inaction and seeming indecision.

#### Pessimism

Editorial optimism concerning foreign affairs is offset, however, by deep discouragement over conditions at home. There is widespread agreement in the press with President Roosevelt's observation that the people of the United States have not yet awakened to their danger. And there is a general conviction that defense production has been inefficient and inadequate.

A number of influential commentators attribute the national apathy to lack of leadership, asserting that the Administration has not treated the public with sufficient

seriousness and candor. The bulk of the press, including many newspapers in sympathy with Administration foreign policy, insist that the alleged failure of the defense program is due to the President's refusal to appoint a single responsible production chief.

Criticisms of defense production are almost always made without any frame of reference. The public, consequently, is bewildered and dismayed -- a state of mind which can scarcely contribute to its morale. According to the latest Gallup Poll figures, only 39 per cent of the people expressed themselves as satisfied with the progress of national defense. It is extremely difficult to assess this progress. The people have been alternately advised that production is ahead of schedule or behind schedule; but the schedule has never been defined. Glowing figures concerning one aspect of defense are followed by a gloomy partial picture of shortages implying that the whole defense effort has bogged down. Defense officials themselves have contributed in no small measure to this confusion by their contradictory and incomplete reports.

The newspapers, of late, have been particularly exercised over what they believe to be a low level of morale in the country's armed forces. As General Marshall

observed recently, "Naturally it has been affected by the public discussion of the length of service." A few days earlier General Lear declared, "If the morale is poor, it is only because the morale of the people is poor." Both public and military morale may well be the product of ignorance or uncertainty as to the true scope and purpose of the defense effort.

#### Peace Aims

It is clear that the Anglo-American declaration of peace aims met a long-felt need in the United States. For several months the editorial pages of American newspapers have given considerable space to discussions of the new international order which must grow out of the current suffering and chaos. There is general agreement among them on certain basic principles:

1. That international law must depend upon collective security.
2. That Anglo-American cooperation must constitute the nucleus of any future system of collective security.
3. That any peace to be enduring must take into account the economic imperatives of the Twentieth Century and must aim at the reduction of artificial restraints upon international trade.

4. That the peace must not be punitive. As yet, there is little disposition in the United States to blame the German people for the crimes of their Nazi Government.

The eight points agreed upon by President Roosevelt and Prime Minister Churchill satisfied these principles to a singular degree. Considered individually and apart from their psychological or political value, they met with a very high degree and a very wide range of enthusiasm. Only the third of the eight points, that which expressed a desire "to see sovereign rights and self government restored to those who have been forcibly deprived of them" came in for any considerable measure of criticism. The accent in American thinking in regard to the reorganization of Europe is upon economic, rather than political, freedom; and there is some doubt as to the wisdom of restoring complete economic sovereignty to all of the little states set up after the World War.

The overwhelming majority of American editorial commentators now insist that there can be no American security in an anarchic world and that America's power and greatness impose the obligation to participate in the maintenance of world order. Isolationism, in the sense in

which this term was employed in the 1920's, is today almost as extinct in the United States as ancestor worship. What passes for isolationism nowadays is no more than an aversion to war. The people of this country, if their newspapers reflect their basic attitude, are ready and eager for international cooperation in the establishment of peace.

For your information

August 22, 1941.

To Ferdinand Kuhn, Jr.

From Herbert Merillat

PRESS OPINION ON TAXES:  
SOCIAL SECURITY TAX PLAN

Despite Treasury denials that any compulsory savings plan was under serious consideration, the press was quick to call the social security tax program outlined by Secretary Morgenthau an American version of the Keynes plan. Accordingly, press reaction to the proposal is here reported against a background of previous discussion of the English and other schemes for compulsory savings.

Background

Ever since the tax program got under way last Spring, there has been sporadic discussion in the press of various payroll and gross income tax plans. All of these seek to tap the incomes of those who now pay little or no income tax, with or without a program of post-war benefits.

The suggestion of a 5% salary and wage tax, reported last March as emanating from "Congressional fiscal experts", got a mixed reception. Most papers were noncommittal, but remarked that wage earners must expect to bear a larger share of the

tax burden than they have in the past. Many approved the idea of tapping low incomes, but urged the use of the net income tax, rather than a gross income tax, for this purpose. The payroll tax rumor was generally considered as a trial balloon, not to be taken very seriously for the time being, but a warning of what might come.

The British Budget announced in April, adopting a modified version of the Keynes plan for compulsory savings, evoked scattered newspaper comment to the effect that some such plan might eventually become necessary in this country. It was felt, however, that compulsory savings should be a last resort, and that full opportunity should be allowed for the voluntary purchase of defense bonds before any enforced savings plan is considered. Those who examined the merits of the Keynes plan felt that the chief objection was the difficulty of paying the promised post-war benefits. The idea of compulsory savings tied to a wage tax, preferably a net income tax, gained a few advocates.

The appearance of Keynes in this country caused renewed discussion of his plan. Most of it, however, took the form of personal attacks on the originator of "pump-priming." By this time a few influential papers, of varying political

complexion, had endorsed the English plan of compulsory savings and predicted that something similar would be necessary in this country.

#### Reaction to Secretary Morgenthau's Announcement

The Secretary's announcement of plans for changes in the social security taxes brought to a head this desultory discussion. Editorial comment since has consisted mostly of weighing the pros and cons, with emphasis on the cons. Some papers have reserved final judgment until the proposal is explained in more detail. Others opposed it at once. None has given it unqualified approval.

All commentators agree that the proposed changes would work as a powerful check on inflationary tendencies. Other merits seen in the plan by various writers are: (1) it provides a desirable system of benefits for wage earners as a cushion for post-war shocks; (2) it utilizes a tried tax plan which could easily be adapted to new ends, obviating the need of laying new and untried taxes.

Objections to the plan are mainly:

1. The social security system should not be used as a means of emergency financing. Behind expressions of solicitude for the soundness of social insurance are apparent fears that expanded benefits for employes would become permanent.

2. The increased taxes would apply to employers as well as employes. The conservative press does not object to increased taxes on employes, but urges that greater taxes on employers, levied without regard to ability to pay, would be unfair. It points out that many firms have suffered, rather than benefited, under the defense program and therefore are less able to pay taxes. Accordingly these papers favor a payroll tax, general withholding tax, broader net income tax, or a sales tax, as a means of tapping wage earners' income.

3. The Nation's objections, of course, take a different form. This journal approves the provision of a dismissal or separation wage tax as a check on inflation and as a means of providing desirable post-war benefit. It objects, however, to an increase in the payroll tax for old-age benefits as "a frontal attack on the living standards of the lowest-income groups."

#### More About Joint Returns

The almost solid front of newspapers opposing the mandatory joint return provision and celebrating its defeat has been broken by a considerable number which appeared as champions of the measure after its defeat in the House. These papers are mostly in New England and the Middle West. Their

arguments indicate that the report of the Ways and Means Committee and the debate in the House had clarified the issue. These papers pointed out that residents of the community-property states and a few wealthy citizens alone stood to gain by defeat of the provision, at the expense of the generality of taxpayers.

The overwhelming majority of papers, however, have congratulated the House on rejecting a provision which has gained a remarkable collection of epithets.

An interesting sidelight is the distribution of laurels to those who led the fight against joint returns. The Houston Post considered it a one-man victory for Representative Milton West of Brownsville, Texas. The Los Angeles Times gave credit to the Los Angeles and California State Chambers of Commerce for laying out "the plan of campaign which convinced Congress of the inequity of the scheme." With candor it outlines that plan: "Had the argument been based merely on the unfairness of joint returns to the citizens of the eight community-property States, it might not have prevailed. When opposition was put on the much broader base that it adopted an archaic view of women's property rights and was a tax on marriage,

the battle was won." But the Charleston (South Carolina) News and Courier gave first honors to Bishop Manning. "The leadership of Bishop Manning, in which he was joined by clergymen of the Roman Catholic and other churches, aroused the conscience of the country and rescued women from the attack on their liberties that the proposal contained."

For your information. *Folder*

August 29, 1941.

To Ferdinand Kuhn, Jr.

From Alan Barth

STEALING A MARCH

Iran

The degree to which the American press has enlisted in the war against Nazism is graphically illustrated by its reaction to the invasion of Iran. In almost every editorial page, the Anglo-Russian Move is fully justified -- as a rule on the candid, simple ground of expediency.

Most editorial writers choose to accept the British explanation that German "tourists" and "technicians" threatened the independence of Iran. Many, however, are inclined to regard this as mere window-dressing -- or as irrelevant to the strategic significance of Iran's geographical position. A few declare openly that the occupation was dictated by military necessity and therefore amply justified. They console the Iranians by observing that the present situation is vastly preferable to a German invasion and by reciting the British promise to restore Iran's sovereignty. It is very widely assumed that the British and Soviet governments moved only with the tacit approval of the United States.

Almost all commentators take it for granted that the British and Russian forces will secure their objectives without difficulty. They rejoice in this evidence of cooperation and above all in the allied seizure of the initiative. A typical comment is that, for once, the Germans have been beaten to the punch.

Iran's importance is held by the commentators to lie in its oil resources, in its location athwart the gateway to India and, most of all, in its usefulness as an avenue of supply for the Soviet Union. It is the editorial belief that in allied hands Iran forbids the isolation of Russia toward which the Nazis appear to be striving. British and American aid for the Red Army can continue to flow through Iran, it is argued, even if the Japanese shut off the route to Vladivostok. An increased readiness to send American war materiel to the Russians seems implicit in this anxiety to maintain the vital line of supply.

The American press is tremendously heartened by the prospect, which the seizure of Iran fosters, that the Russians will be able to keep the Germans occupied on an eastern front throughout the Winter.

Churchill

The most common heading for editorial discussions of Prime Minister Churchill's latest broadcast is the phrase, "One by one." The moral of the phrase for Americans was clear enough to all commentators over here. A few isolationist papers complained, of course, that the British leader had no business pointing out dangers to the United States. The bulk of the press, however, regarded the warning as effective and salutary, bemoaning the fact that Americans have not yet fully awakened to the realities of Nazi strategy.

There was keen editorial interest in the Prime Minister's pledge of British collaboration with the United States in the event of hostilities in the Far East. Some commentators took note of the fact that British interests there are considerably greater than American. For the most part, however, it was felt that the announcement of a common Anglo-American front would constitute a healthy warning to the Japanese. It seemed apparent to the editorial writers that the Churchill declaration had been made through pre-arrangement with President Roosevelt and that the implications of the agreement would not be lost upon Japan. A showdown in the Far East is

considered imminent and inevitable; the press is vehemently opposed to any temporizing or yielding either in regard to the shipment of war essentials to Japan or on the issue of freedom of the seas.

The reaction to the eloquent message of hope which the Prime Minister delivered to the conquered peoples of Europe varied in accordance with the general attitude of newspapers respecting foreign policy. A few isolationists denounced it as an attempt to commit this country from Downing Street. Some others felt that Mr. Churchill had ranged the United States too confidently on the side of Britain. And at the other extreme, a minority of vigorous interventionists urged that the time had come for full American participation in the fight for freedom.

The bulk of the press fell between these two views. There was a considerable feeling that the Prime Minister had receded somewhat from his earlier attitude that America need furnish only the tools. Yet this was accompanied by an impression that he had been convinced in his talks with Mr. Roosevelt that nothing more could be expected from this country, for the present at least. The dominant editorial opinion is that the United States must redouble its efforts

as the arsenal of all the countries fighting Hitlerism. At the same time there is a strengthened hope that the defeat of Hitlerism can be achieved short of shooting by the U.S.A.

### Revolt

A great deal of encouragement has been engendered by the stories from France of sabotage and terrorism. Railroad accidents, the formation of a rump parliament under the leadership of Edouard Herriot and the shooting of Pierre Laval have been given great prominence in news pages and have inspired a good deal of rather lyrical editorial comment about the existence of a new spirit of revolution among the French. The severity of German attempts at repression is held likely to fan the flames of rebellion. While most commentators concede that civilian uprisings cannot now be effective, they take cheer from the thought that the Germans will be compelled to immobilize sizeable police forces in the occupied countries.

There is some danger in the avidity with which the American public seems to grasp at this line of thought. It creates hope for an easy solution of the war problem

and may tend to diminish the sense of urgency over here. Isolationists, naturally, are giving what impetus they can to wishful thinking.

An increasing number of commentators urge that the most effective way for America to encourage the French spirit of revolt is by withdrawing recognition from the Vichy Government. They reason that this may persuade the French people to follow suit.

For your information.

September 5, 1941.

To Ferdinand Kuhn, Jr.

From Alan Barth

EDITORIAL OPINION ON FOREIGN AFFAIRS  
"OUR FULL PART"

Challenge

Despite scare headlines on their front pages, newspapers discuss the submarine attack on the U. S. S. Greer with editorial restraint. They do not regard it as a casus belli. A number of them, however, do regard it as a provident occasion for fuller implementation of the President's promise to take "all additional measures necessary to deliver the goods."

Judging from the handful of eastern editorial pages available at this date, the prevailing sentiment appears to favor relentless use of the United States Navy to clear the Atlantic of U-boats, at least as far as Iceland. Full convoying to Iceland, if this should be deemed strategically desirable, would undoubtedly meet with equal approval. And the more aggressively interventionist segment of the press urges that goods be shipped in American vessels, convoyed by American warships, directly to

Britain. Gallup polls indicate that a majority of the public would support such a course if the President chose to undertake it. There is certainly no disposition to back down in the face of the Nazi challenge.

### Eloquence

Editorial comment on President Roosevelt's Labor Day address consisted largely of paraphrase and quotation. The commentators echoed and applauded its now familiar analysis of America's relation to the world conflict.

But the enthusiasm seemed tinged faintly with uncertainty and impatience. The President's words were generally considered more forceful and forthright in their challenge to Hitlerism than any he had previously spoken. The bulk of the press endorsed his pledge that "we shall do everything in our power to crush Hitler and his Nazi forces." On this score only the isolationists were critical. Yet the approval of Administration supporters was tempered by some degree of doubt that the bold promise would be given literal application in deeds.

There is an emergent feeling among editorial writers that American action has fallen short of American eloquence. They are abashed at the stories in their own news pages about the

paucity of plane shipments to the British. They agree with the President that the country has not yet awakened to the urgency of the times. Only dramatic action, in the field of domestic production as well as in foreign policy, an increasing number of them contend, can bring about the necessary awakening.

#### Production

Among both liberal and conservative supporters of Administration foreign policy there is widespread dissatisfaction with the President's handling of the problem of production at home. That the volume of production has been pitifully inadequate, in relation both to needs and to potentialities, appears to be accepted on every hand.

Mr. Roosevelt was roundly criticized for his reply to Senator Byrd. The general feeling was that if the Senator's figures were somewhat inaccurate, the corrections made by the President were only slightly less appalling. Even so staunch an adherent of the Administration as The Nation remarked: "The Senator made a few errors, but his overall picture was correct, and it is more important to focus attention upon that than to obscure the picture by emphasizing a few minor mistakes."

A variety of causes, depending upon the point of view of the critic, have been advanced to explain the inadequacy of production. Conservative commentators grumble that strikes by labor have been largely responsible. But their chief complaint is over the President's failure to vest full executive authority in a single production chief. The establishment of the Supply Priorities and Allocations Board is rather grudgingly acknowledged to be a step in the right direction; no high hopes, however, are entertained for it.

Liberal critics, on the other hand, insist that the failure of the defense program lies in the fact that it has been run by big business which has been unwilling to subordinate its own interests to the national need. "In an age of mechanized warfare," says The Nation, "it is folly to draft men and not to draft industry."

Among labor newspapers, there is little evidence of any keen awareness of the production problem. Editorials in most of the official labor publications confine themselves to bread-and-butter questions of union organization. They show concern over such matters as taxation, restrictions on installment buying and the impact of priorities on employment,

since these affect the immediate well-being of workers. Left-wing hostility to Administration policy has undergone a marked abatement, of course, since the invasion of the Soviet Union; the isolationist influence of John L. Lewis has clearly waned. But, while the principle of aid to Britain and Russia now has general labor support, there appears to be small disposition to sacrifice everyday concerns for the sake of it.

#### Anniversary

Commencement of the war's third year provided the occasion for a flood of editorial appraisals of the world situation as it stands today. The bulk of the American press appears to be in substantial agreement on two generalizations:

1. The outlook for the defeat of Hitlerism is vastly brighter than it was in the dark days of a year ago. Russian resistance affords the prime basis for this optimism. It is bolstered by the successful joint Anglo-Soviet action in Iran, by the reduction of British ship losses in the Atlantic, by continued British bombing raids, and by the signs of rebellion in parts of the conquered territory of Europe. The myth of German invincibility seems to have been completely shattered as far as American newspapers are concerned.

2. The final outcome of the war depends upon the United States. The productive capacity of this country is held to be the potential determinant of a Hitler defeat. But there is grave anxiety that it will not be thrown into the scales rapidly enough or heavily enough to accomplish this purpose.

A large portion of the press is now hopeful that the defeat of Hitler can be encompassed by immediate and full utilization of America's productive energy and resources. The newspapers subscribing to this view counsel the President to concentrate his leadership upon domestic affairs in order to get production rolling. A considerable minority of the press, however, argues that armed intervention -- at least by the United States Navy -- will be needed.

The overwhelming majority of newspapers agree that there can be no compromise with Hitler and that whatever energy may be needed should be thrown at once into the job of defeating him.

For your information

September 5, 1941.

To Ferdinand Kuhn, Jr.

From Herbert Merillat

PRESS COMMENT ON TAXES:  
SATISFACTION WITH SENATE BILL

Having won its major fights for changes in the current tax bill, the press has subsided into a satisfied silence. Editorial comment now consists largely of generalities, pointing out the urgent need of the revenue to be raised by the tax bill and looking ahead to even greater tax burdens which will be necessary in the near future.

The broader tax base continues to be the feature of the bill receiving most editorial attention. As if to serve notice that greater demands are soon to be made of low income groups, many commentators have pointed out that even under the exemptions adopted by the Senate, the vast majority of citizens will pay no income tax. Furthermore, it is pointed out that only \$50 millions will be paid by new taxpayers brought in by the reduced exemptions. The Senate action is therefore regarded as a step in the right direction, not a final answer

to the problem of tapping small incomes in order to raise revenue and check inflationary tendencies.

#### Community Property

The Senate's last-minute rejection of the community-property amendment was not in line with the press attitude on the question. Scattered comment indicated general approval (outside community-property States) of the amendment. Many writers have pointed out the tax savings now enjoyed by residents of community-property States and hailed the Committee proposal as a proper measure to end the discrimination against taxpayers in other States.

#### Non-defense Expenditures

The press barrage against high non-defense expenditures has continued throughout the course of the current tax legislation. Every announcement of an increase in the public debt, every statement by a political leader urging reduction in non-defense spending, has been a signal for intensification of the campaign. Mr. George Benson, president of a small Arkansas College, has become something of an editorial writer's hero for his appearance before the Ways and Means Committee with a specific list of possible cuts in appropriations.

The press has expressed great satisfaction over the Byrd amendment calling for creation of a committee to investigate non-essential Federal expenditures. It expresses the hope that more will come of this Congressional action than has come of the activities of citizens' committees and college presidents.

For your information.

September 12, 1941.

To Ferdinand Kuhn, Jr.

From Alan Barth

WHITE HOUSE

SEP 16 1 56 PM '41  
EDITORIAL OPINION  
ON FOREIGN AFFAIRS:  
THE PRESIDENT'S SPEECH

"Feet on the Ground"

The press had persuaded the country to hold its breath while waiting for the President's speech. Postponement of the address from Monday to Thursday provided ample opportunity for romantic speculation on the news pages and for a wide range of exhortations in the editorial columns.

Apparently the expectations thus engendered were not fully realized. But the dominant reaction emerges as one of relief, rather than of disappointment. Mr. Roosevelt's words seem to have satisfied a majority of the press; at the same time they satisfied the major desire of the editorial minority which had hoped that he would go even further than he did.

In comments during the past week on the attacks upon the Greer, the Steel Seafarer and the Sessa, there was overwhelming agreement among editorial writers that the United States must not retreat from its settled foreign policy.

Raymond Clapper, in a column from London, expressed the feeling of almost all American commentators: "This, it seems to me, is a moment when the United States must stand without flinching . . . To retreat . . . would be to display a national weakness that would be fatal to the prestige and power of America."

The initial anger of the American press at these attacks was undoubtedly inflamed by the propaganda line which the Germans saw fit to pursue. Many commentators were ready to acknowledge that the attempt to torpedo the Greer might have been a case of mistaken identity; very few chose to accept the Nazi claim that the Greer had fired first. Nazi epithets hurled at the President incensed the American press and, indeed, served in considerable measure to disarm isolationist critics. Only a few fanatic anti-administrationites cared to parrot the charges uttered by the Berlin Propaganda Bureau.

The prevailing view in this country was that freedom of the seas constituted the real issue at stake. Accordingly, there was general approval that the President's address centered upon the defense of this principle. The order to the United States Navy to clear the high seas of Axis warships was accepted as a necessary defensive measure. Strongly interventionist newspapers were disappointed that Mr. Roosevelt

failed to ask for repeal of the Neutrality Act. The Cleveland Plain Dealer, for example, complained that, "This rather halting step . . . falls short of what the nation had a right to expect . . . The menace to supplies going to Britain is not in the American 'defensive zones' but in the stretch from Iceland to the British Isles." There are indications that outright repeal of the Neutrality Act would receive majority editorial support.

That the President's order makes involvement in a "shooting war" an imminent possibility is taken for the most part calmly and philosophically. There is general acceptance of Mr. Roosevelt's statement that, "It is no act of war on our part when we decide to protect the seas that are vital to American defense. The aggression is not ours." The Raleigh News and Observer summed up the feeling on this score: "No other course lay open to a courageous and self-respecting American people."

#### Shift

A rather interesting correlation between press and public opinion is presented in a recent Gallup Poll on sentiment toward Japan. In the August 8 report on editorial opinion, it was noted that "The press has adopted an extraordinarily bellicose tone toward Japan . . . It is worth noting that a Gallup

Poll shows no comparable belligerency on the part of the general public. The results of a survey published August 3 presented 51 per cent in favor of checking Japan even at the risk of war, 31 per cent opposed, 18 per cent undecided or with no opinion."

Results of a poll on the same question, published September 7, show a marked rise in hostility to the Japanese. Seventy per cent of the public indicated a willingness to risk war, 18 per cent were opposed and only 12 per cent remained undecided. It may be that the newspapers are not without influence in the formulation of popular attitudes.

At the present time there is considerable editorial hope of a reasonable rapprochement with Japan. But the line taken is that any appeasement must be by the Japanese in the direction of the United States. It is generally believed that the firm stand recently adopted by this country induced Japan to leave American shipments to Vladivostok unmolested and to reconsider aggressive designs against Thailand and the Soviet Union. Commentators insist that the firmness be continued, although they would make no objection to minor face-saving concessions for the sake of a general reversal of Japanese policy. There is a widely-held opinion that Japan is about ready to quit the Axis.

Doubt

The isolationists' investigation of the motion picture industry is condemned by the bulk of the press as illegal, prejudiced and farcical. But despite this editorial disapproval, the investigation has been given a prominence on news pages which may accomplish all that its sponsors desire.

Senator Tobey somewhat naively admitted the true purpose of his colleagues when he remarked that the inquiry will have been completely justified if it proves to people that "their minds have been stolen." To satisfy the isolationists it need not prove anything so drastic; they will doubtless be content if they can merely imbue the public mind with doubt and suspicion about the films. Regardless of their protests, the newspapers are contributing toward this end.

For your information.

September 12, 1941.

To Ferdinand Kuhn, Jr.

From Herbert Merillat

PRESS COMMENT ON SECRETARY  
MORGENTHAU'S BOSTON SPEECH

Secretary Morgenthau's Boston address on inflation has had an unusually friendly reception in Eastern newspapers. Little comment from other sections is available at this time. In general the speech was acclaimed as a clear and courageous statement of the inflation threat and of ways of meeting that threat. The Secretary was praised as the first high Administration official to cross swords with groups opposed to effective inflation controls.

The big conservative Eastern papers, normally critical of the Administration's domestic policies, have been loudest in their praise of the speech. Some anti-Administration papers (for example, the Chicago Tribune and Cleveland Plain Dealer) have charged the Secretary with having contributed to those inflationary tendencies which he now deplors. The liberal press has been silent. The farm belt has not yet been heard from.

There have been few over-all editorial appraisals of the various items on the Secretary's anti-inflation program.

Instead, many of the seaboard papers have singled out the farm bloc for special chastisement in their comments on the speech. The Secretary's proposal to release accumulated stocks of farm commodities was welcomed in the East, both as a means of checking the rise in commodity prices and as giving emphasis to the part increased production can play in checking inflation.

Commentators have taken the occasion to deplore what they consider to be the apparent disinclination of the Administration to adopt a strong line with the Congressional farm bloc. They have urged support for the Secretary's anti-inflation fight, from political leaders and the country at large. This is no time, they say, for favors to special groups and political trading. Effective inflation-controls will call for farsighted planning along the lines charted by the Secretary.

Some of these writers, commenting on Secretary Wickard's announcement of an expanded farm production program, remarked that increased production at current price levels should fully satisfy the farmers. In that announcement they saw an argument against any attempt by farm interests to obtain further benefits.

Other items of the suggested program singled out for special emphasis are the proposal to curtail nondefense expenditures and

the need to restrain wage increases. A few papers have taken the occasion to urge careful consideration of forced savings on the Keynes model.

Remarkably little attention has been given, in comments on the Secretary's speech, to the role of taxation in a program of inflation-prevention. This aspect of the problem, however, received great emphasis when the current tax bill was still open to changes in Congress, and doubtless it will again come to the fore when new taxes are under consideration.

There have been some sour notes. A few Administration critics have charged that the Secretary and the Administration have directly encouraged the advent of inflation, by the spending and borrowing policies of the past eight years, by failing to check rising farm prices and wage increases long ago, and by delaying the imposition of heavy taxes.

#### Sales Tax Talk

Since Senator Vandenberg proposed a federal manufacturers' sales tax several weeks ago there has been considerable editorial discussion of the merits of the plan. The arguments of the sales tax advocates, following the line set down by the Senator, are:

1. If food, clothing, and medicine are exempted from the tax, only 20 per cent of the average wage earner's income would be spent on taxable articles. Therefore the tax would not unduly burden the poor.

2. The sales tax would be paid by everyone -- a desideratum in any emergency tax.

3. A manufacturers' sales tax would be easy to collect and productive of much revenue -- about \$1-1/4 billions annually if the rate were 5%.

4. A general sales tax would clear the way for repeal of the miscellany of special excises which have been enacted.

5. The revenue possibilities of the income tax have been exhausted. The sales tax is the sole remaining productive source of revenue.

Some favor a retail sales tax, some a graduated tax based on categories of luxuries, non-essentials, and necessities.

For the most part, this most recent campaign for a general sales tax has been carried on by papers which have long advocated such a tax. There is a growing feeling, however, even among opponents of the proposal, that a general sales tax will be adopted next year.

For your information.

September 19, 1941.

To Ferdinand Kuhn, Jr.

From Alan Barth

EDITORIAL OPINION  
ON FOREIGN AFFAIRS:  
THE PRESS WANTS ACTION

Tonic

The Navy's orders to shoot on sight in "defensive waters" have given the press something of a feeling of relief. The long-debated issue has at last been removed from the uncertain area of debate into the realm of action. The disposition of most editorial writers is to view the outcome rather fatalistically and philosophically: the next move is Hitler's; if he keeps out of our "defensive waters", well and good; if he comes into them, we'll have a shooting war and nothing can be done about it.

Secretary Knox's speech to the American Legion and his announcement that the Navy will employ all methods for the protection of Lend-Lease shipments were generally regarded as the logical implementation of the policy laid down by the President. The insistence upon convoys so prevalent a few months ago has now largely disappeared. It is assumed that the Navy will convoy, if convoying proves the most effective

form of protection. Patrols will suit the editorial writers equally well, if patrols do the necessary job. It seems to be generally believed now that the Administration means business and will get the supplies across by whatever means prove feasible, short of nothing. That's what the newspapers have been asking for.

Whenever emphasis shifts from debate to action, the press exhibits fresh buoyancy, resolution and unity. The commentators are prone to argue about the merits of measures which the President or members of his Cabinet propose, so long as these are in the discussion stage; but they tend to rally to the support of such measures as soon as the President has put them into operation. They are concerned with the end, rather than with the means. Action is tonic to them.

### Start

The President's second report on the disbursement of Lend-Lease funds was received by the press with candid disappointment. Some satisfaction was derived from the fact that almost all of the seven billion dollar appropriation has been allocated and more than half of it already put under contract. But the trickle of actual shipments to the British

seemed shocking to many editorial writers. Their tendency has been to evaluate it, not so much in reference to the potentialities of production during the past six months as in reference to British needs and the grandeur of American promises.

In general, there seems to be a readiness to accept the President's assurance that "the flow will accelerate from day to day until the stream becomes a river and the river a torrent." In this light, there is every inclination to endorse the request for a new Lend-Lease appropriation. Most newspapers continue to take the line with which they supported the enactment of the Lend-Lease Law -- that the prompt and adequate delivery of war materiel to Britain affords the liveliest possibility for the avoidance of full participation in a shooting war for the United States.

The disappointment over Lend-Lease achievements to date has revived criticism of the Administration's production policies in a number of influential newspapers. Production, these critics insist, can be stepped up satisfactorily only by the appointment of a single responsible defense chief to whom the President will delegate full authority. The common assumption is that such authority has not been put into Donald Nelson's hands.

Boomerang

The reaction to Mr. Lindbergh's speech at Des Moines last week was vigorous and uniform. He raised an issue which almost all anti-Administration, as well as pro-Administration, newspapers would have much preferred to leave alone.

Criticism of the Lindbergh reference to Jews was of two types. Some commentators merely undertook to deny his premise that Jews exercise a controlling influence over the press, the radio and the films. A greater number accused him of anti-Semitism and declared that his very contention was viciously and dangerously un-American. The press as a whole appears to regard the entire subject with extreme distaste.

The employment of anti-Semitism as an instrument of persuasion suggests a high degree of desperation in the isolationist camp. So, too, does a series of editorials which have appeared in the Patterson newspapers -- The New York Daily News and The Washington Times-Herald. These have intimated that the Administration intends to dispense with the 1942 congressional elections. Arthur Krock has dignified these innuendoes by giving them serious consideration in his column in The New York Times.

The effect of such tactics may well be to discredit those who have resorted to them. Already, it is plain, the isolationists have been jolted into a defensive position -- a position which only the more strong-stomached among them has any appetite to defend. Speeches delivered in Congress by Senator Capper and by Representative Dirksen, resignations from The American First Committee, and further shifts among newspapers which have hitherto been only lukewarm in their support of Administration policy, indicate a fresh winnowing of the fanatic fringe and a swelling of majority pressure for national unity.

Public opinion, if the press reflects it with any accuracy, is sick of indecision and meaninglessly protracted debate. Its decision has been made. It wants effective movement toward the determined goal.

For your information.

September 19, 1941.

To Ferdinand Kuhn, Jr.

From Herbert Merillat

FARM AND LABOR PRESS ATTITUDES  
ON INFLATION PROBLEMS

The applause from Eastern city newspapers for the Secretary's Boston address has not been repeated in the Western press. There has been little comment from the West. A few papers in Midwestern cities have praised the speech in general terms; a few others have used the speech as a springboard for an attack on New Deal fiscal policies. The small-town papers in the farming regions, however, have so far been silent.

This silence is probably due to several factors: the nation's absorption in the President's radio speech of September 11th, which pushed everything else into the background; an abiding indifference in the West to the threat of impending inflation; and, not least important, a feeling that whatever the Secretary may say, his recommendations are not likely to be followed by action.

Comment in newspapers and other periodicals brings out the extent to which the anti-inflation program has become

a political football. The Secretary's request for "the firm support and the clear understanding of 130 million Americans" behind efforts to prevent inflation, has not yet been granted.

The conservative press, critical of general price-controls, has campaigned for taxes on low incomes and measures to stop the rise in wages and farm prices. Labor spokesmen have inveighed against taxes on the wage earner and attempts to control wages in the face of a rising cost of living. Farmers are wary of moves to keep farm prices down. With group arrayed against group, there is little inclination to think out an over-all program of inflation-curbs which would mean restrictions on all.

The attitude of the Eastern metropolitan press is not likely to allay the apparent fear of the farmer that he alone is to be called upon to sacrifice in the name of inflation-prevention. As noted in last week's report, these newspapers in commenting on the Secretary's Boston speech stressed the need for calling a halt to rising farm prices and paid little attention to the other inflation-curbs he recommended. The Wall Street Journal followed up with an editorial on the theme that "the Secretary of the Treasury has been assigned

the task of bearding the farm bloc in its Congressional den", predicting an Administration struggle with the farm group. The Journal of Commerce also has developed at length the case for control of farm prices, stressing the relative stability of industrial prices.

Senator Capper, in Capper's Weekly, doubtless expressed the view of many farmers when he complained of the constant talk in big Eastern papers about rising food prices and asserted that food costs are not going up as much as non-food costs.

There is a hopeful sign in the almost universal commendation of the President's veto of the bill to freeze government stocks of wheat and cotton. Papers in the farm belt joined with others in condemning the bill. The measure, however, was considered an extreme one by all. Much of the farm-belt criticism seemed to be motivated more by fear of jeopardizing other farm demands than by concern over its inflationary effects.

Labor likewise is suspicious of measures, proposed in the name of inflation-prevention, which it feels would discriminate against the wage earner. Unimpressed by the

argument that taxes cutting into low incomes are necessary to check inflationary tendencies, labor union publications have assailed the reduction in personal income tax exemptions as an attack on the worker's standard of living. There is considerable comment in the labor press on the rising cost of living, but usually it is mentioned only as justification for wage increases.

Reporting the Secretary's separation wage proposal, Labor (publication of the railroad brotherhoods) said: "Secretary Morgenthau, still suffering from a bad case of 'inflation jitters,' called for 'forced savings' by Americans . . . . The impression Morgenthau sought to establish is that workers are making such fabulous wages that a substantial part should be taken away from them for their own and the nation's good." This shrugging off of the threat of inflation is typical of the recent labor attitude.

#### Gallup Poll

The recent Gallup polls of farmers and wage earners would seem to indicate that these groups are more willing than their spokesmen indicate to accept control of farm prices and wages. 55% of the farmers indicated willingness to have the

government keep prices where they are now on the things they sell, provided that the government also fixes the prices of things they buy at the present level. 52% thought they were getting a fair price for their chief cash crop. 62% of the wage earners expressed willingness to accept freezing of present wage rates, with the same proviso. 64% thought they were being paid a fair wage.

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For your information.

September 26, 1941.

To Ferdinand Kuhn, Jr.

From Alan Barth

EDITORIAL OPINION  
ON FOREIGN AFFAIRS:  
FACING THE ISSUE

Mandate

The newspapers want a final showdown on foreign policy. They believe that the Neutrality Law affords an appropriate issue for such a showdown.

Repeal or modification of the Neutrality Law is generally regarded as a determining factor in America's relation to the war. Isolationists insist, of course, that repeal would constitute the final step toward American participation; interventionists argue that it would bring this country neither more nor less near to full belligerency, but would serve merely to make the influence of the United States more effective. Both want the issue referred to Congress -- the former because they hope it can be defeated there, the latter because they feel that the legislative branch of the Government should share the burden of so weighty a decision.

The Cleveland Plain Dealer -- to cite a strong interventionist example -- reasons: "Because the issues now before

the country are of the greatest importance to the success of the defense program, because it is imperative that the nation present a united front in everything it does from this time forth, the President owes it to the nation and to himself to proceed in a manner that will recognize fully his powers and responsibility in matters of foreign affairs, but will also take cognizance of the co-ordinate authority of the Congress."

The prevailing judgment of the press is that the Neutrality Law has wholly failed in its purpose and has become an embarrassment. The fact that the Robin Moor and the Greer were attacked in zones outside of those defined as belligerent under the Neutrality Law is commonly cited as proof that self-denial afforded no protection for American shipping. Some commentators argue that we have engaged in a discreditable subterfuge by sending American vessels into dangerous waters under the flag of Panama. Most of them agree that the failure to arm merchant ships, when we have already promised them naval protection, is a fatuous quibble.

No clear preference has emerged in the press as between modification of the Neutrality Law and outright repeal. The common feeling appears to be that it doesn't make much difference, so long as the inhibiting features of the act are

excised. The important thing, in the view of a great majority of editorial writers, is that the President obtain an unmistakable mandate for the full and effective prosecution of his foreign policy.

Aid to Russia

"The Russian news is going badly," observes The New York Post with rather refreshing candor. "It is too late in the day for us to comfort ourselves with the old cliches about Hitler's 'lengthening line of communications,' or even to hug the famous Russian winter to our breasts for cold comfort. Hitler's line extends from Norway to Athens, and is still seemingly firm; and we are not going to defeat him with winter and rough weather."

This sort of thinking is in marked contrast to the general run of Pollyanna platitudes which have filled most editorial comments on the subject. It has been common to dismiss Nazi territorial gains as meaningless, to discount reports of Russian casualties with reiterations that the bulk of the Red Army is still intact.

The reverses of the past week in the Ukraine have partially shaken this complacency. Editorial writers are now

coming to realize that the opportunity offered by the creation of an eastern front may be a fleeting one. The stubbornness and courage of Soviet resistance have, in considerable measure, diminished the objections to sending American aid directly to Russia itself.

Some newspapers, however, still balk at such close association with Communism. The New York Times is representative of a group which, while it insists that Russian resistance must be maintained in the interest of the United States, feels that any assistance should be sent via the British. "Stalin's record of treachery cannot be simply forgotten," says The Times, and adds the caution that "in a war on land, victory for the panzer divisions could mean that the help America sent to Russia would actually fall into Hitler's hands."

But a majority of commentators are less squeamish. Even so conservative an organ as The Los Angeles Times urges greater speed in giving the Russians a helping hand: "The naming of the American war mission to Russia, headed by W. Averell Harriman, is pretty belated . . . the delay in naming it might have had serious effects on Russian morale."

In general, the press may be counted upon to support the Administration in resisting any prohibition against aid to

Russia under the new Lend-Lease appropriation. "Such action," remarks The Baltimore Sun, "would be inconsistent with everything we have done to aid the British up to now. By such measures we have said that our naval help and our material resources are available to those who fight Hitler in the west. But if we were to vote against aid to Russia, we should, in effect, be inviting Hitler to make himself strong against the Soviets and in the Near East so that he can turn next year and fight more effectively against those we have promised to help in the West."

For your information.

September 26, 1941.

To Ferdinand Kuhn, Jr.

From Herbert Merillat

PRESS COMMENT:  
PROFITS, PRICES,  
AND WAGES

Secretary Morgenthau's proposal to limit corporation profits to 6 per cent on invested capital stole the show from his other recommendations to the House Banking and Currency Committee. It captured the headlines and produced a quick, and negative, reaction in editorial writers. The remainder of the Secretary's anti-inflation program, when mentioned at all, has generally been approved, except for the failure to recommend restrictions on wages.

Profit-Limitation Proposal

The press has seemed uncertain whether or not to take the profit-ceiling proposal seriously. Some papers have denounced it in the harshest terms possible; some have adopted a sweetly reasonable attitude -- "Of course we need to take the profit out of war, but is this the wise way?" etc.; other papers, agreeing with most of what the Secretary said, have reproved

him, as a friend gone wrong, for bringing up the profit-limit plan. There is a surprising amount of comment falling into the category of mild disapproval. No paper, however, has supported the proposal in the form outlined by the Secretary.

The following catalogue of objections to the profit-limitation proposal is found, in whole or in part, in most editorials on the subject:

- (1) The plan would unfairly penalize businesses of a type which do not need large amounts of capital.
- (2) It would hit small and young corporations hardest.
- (3) It would be disastrous for cyclical industries, "feast and famine" businesses which must accumulate reserves in good times to tide them over bad times.
- (4) It would discourage risky investments, particularly in defense industries whose periods of prosperity are short and uncertain.
- (5) It would penalize conservatively capitalized and inefficiently managed companies.
- (6) It would tax "normal" profits as well as profits due to the defense program.

The more violent denunciators have compared the proposed profit-ceiling to similar measures in Germany and assailed it as a step toward Nazism. The Philadelphia Record, the only liberal paper which has commented so far, attacked the proposal in the most violent terms.

Wage-Control

In line with the press demand for control of wages along with control of commodity prices, the Secretary has been criticized for failure to recommend a ceiling on wages. The omission was regarded as especially unjustifiable because of the recommendation to limit business profits. Where is the justice, it has been asked, in putting a ceiling on profits if there is to be no ceiling on wages? The omission is said to vitiate the Secretary's program for restrictions on all, sacrifices by all, in order to prevent inflation. The Secretary and the Administration are accused of playing politics, cracking down on business and coddling labor.

The remainder of the Secretary's program has been generally endorsed: curbs on farm prices, controls of credit, heavy taxes, curtailment of non-defense expenditures, and encouragement of defense-bond sales.

Baruch v. Henderson

Between Mr. Henderson's selective price-fixing and Mr. Baruch's over-all price freezing, the press gives the decision to the Baruch plan. These are the arguments cited most frequently in favor of the Baruch plan:

- (1) Control of a relatively small number of selected commodity prices will result in hardships which could be avoided if the prices of all commodities were controlled.
- (2) It is impracticable to try to keep all prices in line by controlling only a few basic commodity prices.
- (3) The Henderson plan omits control of wages and is not sufficiently restrictive of farm prices.
- (4) Mr. Baruch's "voice of experience" should be heeded.

Mr. Henderson is accused of avoiding over-all price control out of fear of antagonizing politically powerful farm and labor groups.

The press has become resigned, however, to seeing a price-control bill on the Henderson model adopted by Congress. Political pressures, it has concluded, will prevent the passage of a bill which would effectively limit price advances.

*Morgan*  
For your information.

October 3, 1941.

To Ferdinand Kuhn, Jr.

From Alan Barth

EDITORIAL OPINION  
ON FOREIGN AFFAIRS:  
RESPONSE TO THE PRESIDENT

Symbol

Following the lead of the influential metropolitan papers, the press as a whole has now indicated a preference for repeal, rather than mere modification, of the Neutrality Law. It seeks a final and definitive test on the direction of foreign policy.

"It is the Lease-Lend Act, not the Neutrality Act," says The St. Louis Post-Dispatch, "that represents today's national policy. Wherever they conflict, it is inevitable that the Neutrality Act will give way." This observation, from a leading midwestern newspaper which vehemently opposed enactment of the Lease-Lend Act, affords a striking example of the reorientation of editorial thinking which has taken place throughout the country. The St. Paul Pioneer Press, also formerly isolationist, reasons: "The Neutrality Act has gone to pieces under the pressure of the realities of war because it was based on a superficial analysis of America's position in the world. America has not been able to ignore the war by looking the other way."

Innumerable editorials recite the contention that the Act has proved to be ineffectual and outmoded. But to many commentators, the simple erasure of its inhibitions does not seem to be sufficient; they consider it symbolic, and desire its complete repeal as a means of restating the American position. The Detroit News gives a representative expression of this point of view: "It is true no attempt to repeal the Neutrality Act is apt to succeed without opposition. But the subject of debate will not be the law's substance, now valueless. It will be the law as a symbol of American hope regarding the war. And that, again, is no longer a hope of keeping out but only of keeping as far out as possible, while still winning the victory which virtually all Americans now accept as necessary to national welfare and safety."

Authorization to arm merchant ships, even the lifting of restrictions against the movement of American vessels into belligerent zones, does not satisfy these critics. Some of them acknowledge that these things could be done by Executive order without recourse to Congress. But they are inclined to view as thinly legalistic such rulings as that recently rendered by Attorney General Biddle. They want an unqualified demonstration that the course pursued by the Administration in foreign affairs commands the full support of Congress and the country. Such a demonstration, they believe, will have a profound moral effect, both at home and abroad.

Trend

A Gallup Poll taken last April disclosed that only 30 percent of the people responded affirmatively to the question: "Do you think American merchant ships with American crews should be used to carry war materials to Britain?" Sixty-one percent recorded opposition; nine percent were in the no opinion column. The results published October 1 in response to a similar question revealed 46 percent voting Yes, 40 percent voting No and 14 percent expressing no opinion.

It should be noted that this division of opinion is in respect to a subject which is still in the area of discussion and on which the President has, as yet, recommended no specific action. It is to concrete executive action that the public responds. For example, when Gallup asked recently, "In general, do you approve or disapprove of having the United States shoot at German submarines or warships on sight?" 62 percent approved, 28 percent disapproved and ten percent remained undecided.

The bulk of the American public has confidence in President Roosevelt's leadership. It is prepared to endorse his acts. But this does not mean that it will propel him toward measures which are proposed by subsidiary leaders and on which he himself remains uncommitted. The determining factor in the crystallization of public opinion is the President's own unequivocally expressed attitude and action.

The Gallup Poll figures, taken in conjunction with these studies of newspaper editorials, show clearly that popular opinion and editorial opinion alike are moving in a swift current toward more forceful American intervention. Editorial thinking has been somewhat in advance of popular thinking. But the consistency with which the public, as reflected in Gallup Polls, has taken up the positions advocated by the press indicates an unmistakable trend. The inference seems warranted that the people, as well as the newspapers, will overwhelmingly support neutrality repeal -- provided the demand for repeal comes from Mr. Roosevelt.

Comrades

All newspapers available at this date have been unanimous in decrying the President's reference to Article 124 of the Soviet Constitution. In current newspaper usage, the term "Communist" has significance only as an epithet; it is employed commonly as a synonym for "anti-Christ." As the label for a political and social philosophy, the word has become virtually devoid of meaning.

Most editorial commentators are quite ready on the simple basis of expediency to give aid to the Red Army in its resistance to the Nazis. They are convinced that any further justification of the policy is needless and even injurious. The general

sentiment on this score is pithily stated in a Scripps-Howard editorial: "Let's not pretend that there is anything sweet-smelling about the commies. Give them guns, tanks, planes -- but keep on saying: 'Don't call me brother.'" The press resolutely refuses to allow its disillusion about Russia to be shattered.

For your information.

October 3, 1941.

To Ferdinand Kuhn, Jr.

From Herbert Merillat

PRESS COMMENT ON  
PROFITS AND PRICES

Not knowing how seriously to take Secretary Morgenthau's proposal of a 6 percent profit-limit, editorial writers in one breath have discounted the possibility of its being enacted and in the next -- as if to take no chances -- have criticized it roundly. The only endorsements yet noted have come from the liberal weeklies -- the New Republic and the Nation. This is in contrast to the cool attitude of the liberal press to most of the Secretary's proposals.

The Secretary's proposal before the House Banking Committee has been variously interpreted as an impulsive remark, as a move to soften up the business community to accept the Treasury's original excess profits tax, or as a seriously intended legislative recommendation.

Whatever their speculations on this point, most commentators have pooh-poohed the idea that the proposal will be seriously considered by Congress. These gestures of dismissal are belied, however, by the unusually full reports of criticism of the plan

and the volume of editorial denunciation. For example, the New York Times has attacked the profit-limit plan not only once, but three times within a week. So has the New York Journal of Commerce.

From coast to coast, news reports have played up the criticism by Congressional and Administration leaders. The Nation suggests that "the ill-concealed anxiety shown by conservative papers in denouncing the proposed levy revealed a defensive attitude. For though they would be the last to admit it, Wall Street spokesmen are fully aware that business got off extraordinarily lightly in the tax bill just passed."

Although the overwhelming majority of press comment has been bitterly critical of the profit-limit proposal, there have been some concessions that the plan has merit. Several papers, including one of the Frank Gannett chain, have remarked that the proposal is not so drastic as it might appear to be on first sight. Others, while not endorsing the plan, have taken the occasion to call for a much more drastic excess profits tax than that now on the books. Some conservative papers, as well as the New Republic, have pointed out that a 6 percent return on investment is high for many industries.

Adverse criticism has continued along the lines indicated in last week's report:

- (1) The proposed tax cannot properly be called an "excess profits" tax to take the profit out of war. It would tax "normal" earnings as well as earnings attributable to the defense effort.
- (2) The tax would destroy the profit motive and end private enterprise.
- (3) The tax would be particularly ruinous to small businesses which operate on a small investment.
- (4) It would stimulate, rather than check, inflation because it would encourage extravagant expenditures by corporations.

Mid-Western and Southern Comment on Price Control

The Eastern metropolitan papers were at first practically alone in showing alarm at the prospect of inflation and interest in an anti-inflation program. There are signs that in recent weeks the indifference of the press in other parts of the country has been shaken. Taking heed of the warnings of Secretary Morgenthau, Mr. Baruch, Mr. Henderson, and Mr. Eccles, the press in the Middle West and South is paying much more attention to the danger of inflation. Increasing food prices have served to point up the threat in a vivid way.

There persists, however, an uneasiness among press commentators in farming regions -- a feeling that the farmer must be

on guard against unfair treatment under the price-control bill. The omission of wage-controls is a sore point. Concerning Secretary Morgenthau's comments on wages before the Banking Committee, the Council Bluffs (Iowa) Nonpareil said bitterly: "The prices of farm products are the farmer's wages. They haven't been very good wages during the last 20 years. Now, when there is a chance for the farmer to get better wages (prices for his products) Mr. Morgenthau objects. The farmers can become peasants for all he cares."

#### Social Security Expansion

Early comment on the President's outline of an expanded social security program has been similar to that which followed Secretary Morgenthau's proposal of an increase in social security taxes. The press opposes the use of the social security system to finance emergency spending. Increased coverage and contributions, it says, should be considered only from the viewpoint of desirable improvements in that system. Opposition also is based on the ground that increased social security taxes would hit employers as well as employees and would add an intolerable tax burden to an already heavy one on corporations.

For your information.

October 10, 1941.

To Ferdinand Kuhn, Jr.

From Herbert Merillat

PRESS COMMENT ON  
PRICES, PROFITS, AND  
SOCIAL SECURITY

The press throughout the country has lined up almost solidly in support of over-all price-control on the Baruch model. It feels that the Steagall bill is a political compromise which will be ineffectual in holding down prices. The press does not share Mr. Henderson's optimistic belief that demands for wage increases can be handled by voluntary agreements.

With increased awareness of the inflation threat has come a growing insistence that Congress act immediately to check the price advance. The press asks for Congressional courage and vigorous Administration leadership to put a stop to the drawn-out debate on price-control. This attitude, found in small-town as well as metropolitan papers, reports that Congressmen back from their districts detect an increasing public alarm over the rising cost of living and a demand to check that rise.

The Brookings Institution report has been widely cited to support the demand that wages and farm prices be controlled as

strictly as other prices. Here, says the press, is an authoritative, nonpartisan report which shows up the Administration as contributing to the growth of inflation, through preferential treatment of farmers and tacit encouragement of wage increases.

Organized labor quickly reacted to the Brookings Institution report, assailing the Institution as an instrument of reactionaries whose recommendations should be disregarded as a basis for price-control policy. The C.I.O. News said: "Against such propaganda as is put out by the Brookings Institution, the C.I.O. has to mobilize and publicize its counter-arguments, at the same time exposing the pretense to academic impartiality of an institution which regularly reflects the employers' point of view." The C.I.O.'s "counter-arguments" came in the statement to the Banking Committee, claiming that wage increases have not been responsible for price increases.

"Labor," the weekly of the Railroad Brotherhoods, said: "Whenever American reactionaries find themselves in a hole, they send out an S.O.S. and the Brookings Institution...comes hurrying up with a 'report.' Invariably, it is just what the reactionaries have been praying for.... From now on this Brookings report will be constantly popping up. As a matter of fact, it is not worth the paper on which it is printed."

The C.I.O. line, found in statements of its leaders and editorials in the C.I.O. News, is that price increases have been caused, not by wage increases, but by profiteering, material shortages, hoarding, speculation, and uncoordinated public and private purchases.

Profit Limits

Editorial attacks continue on the suggested six percent profit-limit. After Secretary Morgenthau's announcement that drafting of the measure would take some time and that the tax would not apply to 1941 incomes, the headlines said the proposal was "shelved." Editorial writers welcomed this news and also welcomed the criticism of the plan by political leaders and businessmen.

The profit-limit proposals of Representatives Gore and Vinson -- to limit profits on defense contracts to seven percent or eight percent of the manufacturing cost -- have not yet been much discussed in editorials. The little comment which has appeared has attacked the plan as unworkable and inequitable -- unworkable because of the accounting problems involved, and inequitable, says the Washington Post, because it would apply only to "defense" contracts, leaving untouched other businesses which have benefited from the defense effort.

Commentators have pointed out that it is already the duty of the War and Navy Departments to hold down prices on defense contracts to a reasonable figure. The remedy for excessive profits on such contracts is seen to be in a more careful placement of orders, rather than in special taxation.

#### Social Security Expansion

The typical editorial on the proposed expansion of social security applauds the principle of increased coverage, doubts whether the expansion can be worked out immediately, and condemns the proposal to increase the tax rates as an undesirable mixing of social security with emergency financing.

Liberal papers, such as the New York Post and Philadelphia Record, urge immediate action to bring more employes within the social security system. The conservative press, while professing to approve the expansion in principle, asks whether this is the time to consider social reforms, and sees serious administrative difficulties which cannot be worked out in a short time.

Liberals and conservatives join in opposing the use of the social security system to raise revenue needed in the defense program. Their arguments may be summarized as follows: Social security and emergency financing should be kept wholly separate.

For your information.

October 10, 1941.

To Ferdinand Kuhn, Jr.

From Alan Barth

EDITORIAL OPINION  
ON FOREIGN AFFAIRS:  
ENTRENCHED ATTITUDES

### Repeal

Press response to the President's message to Congress had been foreshadowed in the past fortnight's editorials urging Neutrality revision or repeal. An overwhelming majority of the country's newspapers applauded the action. Some strongly interventionist editorials expressed regret that Mr. Roosevelt had not sought complete repeal; even these, however, acknowledged that the temperance of his recommendation may have been the part of political wisdom. It is generally assumed that steps will soon be initiated to remove other inhibiting features of the Act.

### Anxiety

The latest German offensive on the Eastern front has rekindled the editorial sense of danger. In their appraisals of the situation, commentators are inclined to be guardedly bearish about Russian chances. They warn their readers that the fall of Moscow need not mean the end of Soviet resistance.

They dwell comfortingly on the approach of winter and on the cost of the attack in Nazi casualties. They recall hopefully that entrapped Red armies have been extricated before and may be extricated again.

But through much of the current comment there appears a feeling of desperation, if not of defeatism. Editorial writers are aware that armies cannot retreat forever; they recognize that the tide must be turned or it will overwhelm. And they know that the stakes for which this battle is being fought are incalculably high.

Under these conditions, the editorial writers do not much care whether the Russians are Mohammedans, Sun Worshippers or Headhunters. The Boston Herald expresses the prevailing sentiment of the press in an editorial in which it describes the present fighting on the Eastern front as "one of the decisive battles of the world." It says bluntly: "In this moment, when world power hangs in the balance, the British and American people must give unmistakable evidence to Russia that they regard her battle as theirs."

There is a pervading fear that this evidence will not be forthcoming -- or that it will be "too little and too late."

The press, at least, seems prepared to support almost any Administration measures, however drastic, which will afford meaningful assistance to the Soviet Union at once.

#### State of Mind

Editorial opinion on foreign affairs appears to have moved over from the dynamic to the static stage. It is no longer, to more than a minor degree, in the process of formation; and it is doubtful that it is any longer subject to change, save under the impact of a sudden and radical alteration in the nature of the international situation.

Hitherto there have been significant shifts in editorial thinking. Enactment of the Lend-Lease Law brought about the conversion of a number of newspapers which had opposed it on constitutional grounds during the period when it was under debate. The President's declaration of a state of unlimited national emergency produced another important reorientation in the positions of certain newspapers which at this point felt impelled to encourage national unity. A final major culling of the opposition press occurred immediately after the Lindbergh speech at Des Moines. Some papers shifted ground because of a genuine repugnance for the dangerous channels into which Lindbergh was directing the isolationist

campaign; others, perhaps, grasped Lindbergh's anti-Semitism as a convenient pretext for abandoning a position which had become generally untenable. During the progress of the past half-year's debate on national policy, the press as a whole has been moved by the logic of events abroad and, perhaps also, by the pressure of public opinion at home toward a steadily increasing interventionism. Indeed, it may be said today without qualification that there is no section of the country in which the majority of editorial opinion does not demand a policy of positive and active resistance to Hitlerism.

It now seems likely, however, that the isolationist minority has been whittled down to its irreducible minimum. Newspapers such as The Chicago Tribune and The New York Daily News have become so bitterly entrenched in their attitudes that they can pursue no course other than to dig themselves in still more deeply.

Gallup polls, together with more detailed analyses of public opinion made by Hadley Cantril of Princeton University, Director of the Office of Public Opinion Research, indicate clearly that there exists an isolationist core -- about 20 percent of the public -- whose isolationism is so deeply rooted in

emotion as to be beyond conversion. It appears equally unlikely that this minority is subject to further reduction -- at least on the basis of any intellectual appeal.

The debate on foreign policy as it is now conducted in the nation's editorial pages is of a nature calculated only to exacerbate feelings already painfully inflamed. It is no longer of a nature to persuade. Press and public alike have made up their minds. They feel that they are confronted with a forced option -- one in which inaction will be as decisive for their future as action. They no longer want to argue. They want to move -- affirmatively toward the determination of their own destinies.

For your information

October 17, 1941

To Ferdinand Kuhn, Jr.

From Alan Barth

EDITORIAL OPINION  
ON FOREIGN AFFAIRS:  
THE CRUCIAL TEST

Firmness

Rumblings from Tokyo, culminating in the resignation of the Konoye Cabinet, have given the press an expectation of dramatic events in the Far East. As to their form, the editorial writers are uncertain; the preponderant view is that the Japanese will stab at the Russian rear.

There is a corresponding vagueness as to the course which the United States should pursue. The Washington Post, for example, concludes an editorial on the subject in the following rather enigmatic fashion: "The situation is thus one of explosive potentialities which the United States and every other nation endangered by Japanese aggression must be prepared to meet with promptness and vigor." The press as a whole desires to avoid conflict with Japan, yet insists on the sternest resistance to Japanese aggression.

The general editorial attitude toward Japan continues to be bellicose and even contemptuous. It has been assumed during the past week that negotiations between the United States and Japan have broken down. A number of commentators, in fact, have insisted that there was never any basis for such negotiations and that the Japanese had been employing them merely as a device to stall for time until the Russo-German situation should be clarified. Continuance of the talks has given rise to some apprehension that a deal might be made at the expense of the Chinese. In virtually all comment, this or any other species of "appeasement" is vigorously denounced.

#### Doubt

In both news and editorial pages, the nation's press has fostered a feeling that the battle now raging around Moscow represents a crucial test for the forces opposing Hitler. The popular reaction, in the event of an imminent Russian collapse, would almost surely be one of deep disheartenment.

Perhaps still more dangerous is an impression created by the newspapers that there is little or nothing America can do to influence the decision. Editorials even in strongly interventionist papers reiterate that insuperable problems of production and transportation make it impossible for effective

aid to flow from this country to the Soviet Union. No great optimism is expressed for the survival of Moscow; and there is occasional expression of the fear that Stalin may come to terms with the Nazis. Much of the current comment, indeed, is in the form of a wringing of editorial hands.

The future, in the event of a decisive German victory on the Eastern Front, baffles and frightens the commentators. Suppose, says The Omaha World-Herald, that Hitler, "having polished off his friend Stalin, having taken possession of the riches of the Ukraine and Crimea, chooses to call it a day . . . he may say: 'I've got all I want . . . Britain may keep her empire. I've no war with America. Let's quit. If you don't want to quit -- come and get me, if you can!'"

The World-Herald, along with a great many other moderate or tepid supporters of Administration foreign policy, views such a proposal of "peace" with contempt. But it sees as an alternative only a long, bloody stalemate with an American Expeditionary Force fighting abroad. And it quails frankly before the choice.

It appears inevitable that a Russian defeat would give rise to a serious wave of defeatism among a considerable body of press and public alike.

Disappointment

American newspaper commentators experience a natural abashment in discussing the advisability of a British invasion of the European continent. Since most of them are opposed to an American Expeditionary Force at this time, they hesitate to exhort the British to such an undertaking. But the degree to which they desire it was attested by the rejoicing with which they greeted the mere rumor that British forces had landed at Archangel.

There seems to be a general understanding among American papers of the enormous difficulties in the way of an invasion effort. These are recited whenever the subject is discussed. Most commentators agree that the British lacked the manpower, training or equipment requisite for a sustained offensive. Yet through all the comment runs an undercurrent of disappointment and the sense of a great opportunity lost and unlikely to recur.

Impatience

In the face of such grave and immediate dangers as loom on the Eastern Front and in the Far East, the press has been inclined to consider the current debate over arming American

merchant ships as relatively trivial. The torpedoing of the destroyer Kearny can scarcely fail to aggravate this feeling.

It is the spirit, rather than the letter, of the Neutrality Act which the newspapers wish to see erased. There appears to be a rather widespread feeling that the modification proposed by the Administration is timid and inadequate. Many commentators doubt that guns or gun crews are available in sufficient number or that they will afford effective protection against Axis U-boats and raiders. They argue that access to British ports is of far greater importance, that abandonment of all pretense to neutrality is most important of all.

For your information

October 17, 1941

To Ferdinand Kuhn, Jr.

From Herbert Merillat

PRESS COMMENT ON  
PRICES AND WAGES

There has been a noticeable slackening of editorial discussion of the price-control bill. Organized labor, however, responding to the pressure for wage-control, is carrying on a vigorous campaign to prevent the inclusion of wage-restrictions in the bill.

The farm conference in Washington, called by Senator Thomas, has received little editorial attention. Scattered comments from papers in farming regions, however, indicate wide approval for the refusal of Farm Bureau President O'Neal to endorse the demands of the conference.

The more moderate newspapers in farming states have been afraid that the farmers' cause would be more injured than benefited by extreme demands -- for a guarantee of minimum farm commodity prices, for no ceilings on such prices, and for revision of the parity formula to gain further advantages for farmers. This moderate element

has taken its stand on the parity principle and asks for no more, no less, than parity prices for farm products.

The Des Moines Register, applauding O'Neal's walk-out, had this to say: "For agriculture to press now for more and more, indifferent to the effects that success in further demands would have on the dangerous upward price spiral, would in our very sober judgment be imprudent to the point of folly." Agriculture, it said, cannot consistently demand proper restraints on wages while making extreme demands itself. "It can't be 'whoa' for the other groups and not also 'whoa' for agriculture."

#### Wage-Control

Organized labor, for its part, is busily developing a case against wage-control as part of a price-control bill. "Labor," the paper of the railroad brotherhoods, for three successive weeks has carried editorials to bolster labor's arguments. One assailed Mr. Baruch as an "ambassador from Wall Street," seeking "to place war burdens on farmers and workers, while profiteers escape." Another welcomed the testimony of Dr. Isador Lubin, to the effect that recent wage increases had not been a significant factor in price increases.

A report of the American Federation of Labor claimed that wage increases had been unjustifiably used to excuse large price increases. Wage increases, it said, have added only two percent to manufacturing costs.

The C.I.O. News again repeated at length the arguments of C.I.O. President Murray against freezing wages in connection with price control.

#### New Treasury Borrowing

The Treasury offering of \$1.2 billions of long-term bonds was the occasion for much editorial pondering of Federal borrowing policy. The terms of the bonds were considered well-designed to attract investors other than commercial banks. There is considerable editorial alarm, however, at the inflationary risks in relying to any great extent on borrowing from such banks.

The alternative, say the commentators, lies in heavier taxation, much larger sales of defense bonds, and curtailment of non-defense spending. In particular a more vigorous sales campaign for defense bonds is urged. The press is disappointed at what it regards as a slump in sales. It points out that relatively few bonds are being bought by

low-income groups and that heavier purchases by such persons are desirable, not only to raise money for the Treasury but to cut mass purchasing power.

For your information.

October 24, 1941.

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To Ferdinand Kuhn, Jr.

From Alan Barth

21

EDITORIAL OPINION  
ON FOREIGN AFFAIRS:  
THE PRESS GROWS ANGRY

Politics

To editorial minds, the attack on the Kearny clinched the case for Neutrality Act repeal. Commentators and Washington correspondents alike appear to be in general agreement that both Congressional and public opinion are swinging rapidly toward the elimination of all the statutory shackles on our foreign policy.

That sizeable segment of the press which has consistently supported the Administration in foreign affairs, despite an abhorrence for the New Deal, could not help rejoicing in the fact that the motion for Neutrality repeal in the Senate came first from a trio of Republicans. Wendell Willkie is generally credited with having inspired the move. It is hailed in some comments as a shrewd political coup, in others as genuine minority leadership in the service of the nation.

Since many newspapers have for some time urged outright repeal, they have no reluctance in echoing Mr. Willkie's charge that the President has presented his international program "by doses as though we were children." Most of them are aware, however, that if Mr. Roosevelt has sought piecemeal revision of the Neutrality Act, it is because Republican opposition has hitherto fought him at every turn.

But, however transparent their delight in the "regeneration" of the Republican Party, editorial writers insist that there should be no politics in regard to Neutrality proposals. They are inclined to scoff slightly at Democratic proposals for removing the combat zone restrictions. The preponderant sentiment is for doing away, not merely with the Neutrality Act, but with neutrality.

#### Initiative

Editorial discussion of the attacks on the Kearny, Lehigh and Bold Venture has a very different tone from that which prevailed in comment on the Robin Moor and Greer incidents. On the earlier occasions, the press followed the lead of the President; it urged the public to remain calm. But current editorials are written in genuine anger and seem designed to incite a sense of public outrage.

Again, as always within the broad pattern of policy which has become generally accepted, there is a quick response to the national leadership. The newspapers take their cue from Secretary Hull's observation that the State Department does not send notes of protest to international highwaymen; echoing the President, they treat these attacks as unmitigated acts of piracy.

The Charlotte Observer heads an editorial with the bold-face query, "What Else Is It But War?" The Providence Journal declares, "This is deliberate and unrestricted war against the United States, of similar character to but more savage than the warfare which caused President Wilson to act in 1917. . . There is no course open to us but to defend our rights, not by asserting them, but by enforcing them."

The dominant demand in the press is clearly for war against Germany, although not for a declaration of war. The Baltimore Sun, for example, asserts: "The President and the Congress should consider promptly the use of our navy and air force to drive all German and Italian raiders from all the seas. . . Our national safety requires that we stop drawing imaginary lines. The war is total. The seas are total. . . Our protection is to take risks -- and strike first." The editors have had more than

enough news of submarine attacks on American vessels. They want news of a Nazi raider sunk by an American destroyer. Passive defense no longer satisfies them; they want the United States to seize the initiative.

The same feeling is manifest in relation to Japan. "The United States must seize the initiative from Japan . . . with acts, not words," says The Philadelphia Record. War with Japan is commonly regarded as inconvenient at this time -- but by no means as wholly undesirable. The Wichita Beacon, hitherto not notably interventionist, remarks that ". . . the United States, while averse to sending an expeditionary force to Europe, can and will take direct action in the Pacific."

A flurry of uneasiness was apparent in the press over the Maritime Commission's announcement that no more aid to Russia would be sent via Vladivostok. If there is one thing of which American editorial writers seem to be unanimously convinced, it is that in the Oriental lexicon a soft answer does not turn away wrath. "The situation demands absolute firmness," insists The Worcester Gazette. "Anything else would be fatal."

#### Sensibilities

The wholesale execution of French hostages has stirred a feeling of horror and indignation which seems to be deep and

genuine. It utterly belies the postulate on which the Neutrality Act was founded -- that Americans could remain indifferent to brutality and injustice anywhere in the world. If the newspapers of the nation are in any sense expressive of the people they serve, then they demonstrate unmistakably that this people is not callous.

Earlier reprisal shootings by the Nazis were hailed here rather joyously as evidence of a rebellious spirit in the conquered countries. But now there seems to be flowing out of this mass cruelty some understanding of the real nature of the Nazi menace to civilized society.

Anger is replacing fear as the motive power conditioning American attitudes toward the war. And anger is the one emotion which can arouse a people from lethargy.

For your information.

October 24, 1941.

To Ferdinand Kuhn, Jr.

From Herbert Merillat

PRESS COMMENT ON  
PRICES AND WAGE-CONTROL:  
DISSENT FROM LABOR

The Canadian decision to adopt an over-all price-control system, including wages as well as commodity prices, produced a chorus of "I told you so" comment in the American press. The Canadian experience clearly proves, say the editorial writers, that piecemeal price control is ineffective -- that failure to limit wage-increases and rising prices of farm commodities will result in disaster.

The commentators find unconvincing Mr. Henderson's arguments against following the Canadian example in this country. In the words of the Baltimore Sun, "His argument seems to boil down to a defense of gradualism in a case where it is admitted that gradualism is ineffective." The Canadian action was hailed as bold and courageous, in contrast with the political shilly-shallying on price control in the United States.

One of the rare editorial voices raised in support of the Henderson plan is the New York Post's. After a careful review

of the welter of arguments which has come out of the price-control debate, the Post concluded that the Henderson bill should be adopted "in the name of intelligent compromise, unity and the essential requirement of speed." Even this supporter, however, believes that changes may be necessary in the near future, particularly with regard to wage stabilization.

Most of the press continues to demand immediate over-all price control, including effective control of farm product prices and wages.

The labor press meanwhile continues its campaign against wage control. The mid-October "United Mine Workers Journal" joined the attack, calling the move to control wages "a new flank assault on collective bargaining." Briefly, its arguments are the following: when some 50 millions have living standards below the danger line, it is folly to maintain that wages are too high; increased wages simply meet increased living costs and do not contribute to inflation; the real cause of inflation is in prices that are out of line with costs; wage control would mean the end of collective bargaining and the institution of forced labor.

"Labor," the weekly of the railroad brotherhoods, expects the Canadian price-control measures to give impetus to demands

for the Baruch plan, and pledges the vigorous opposition of all organized labor to any such demands.

The "C.I.O. News" also warns its readers of increasing pressure for wage-control and calls upon organized labor to make its strength felt in Congress. "It is of the utmost importance that sufficient labor protest be registered within the next few days with the House Banking and Currency Committee against any legislation that would set ceilings on wage rates."

Non-defense Spending: Budget Bureau Report

There is not yet available much editorial comment on the Budget Bureau's report outlining possible reductions in non-defense spending to save from one to two billion dollars. Such comment as has appeared has emphasized that economies will not be pleasant or easy, but that in these times unpleasant changes and dislocations must be expected. The press is agreed that agriculture and work relief must take the heaviest cuts. It seems that, faced with an actual schedule of reductions, the press is much more sober in tone than it has been in the past few months when it has been bitterly assailing Administration and Congressional leaders for failure to economize.

"Labor" says that the indicated reductions would be catastrophic. The jobless, the veterans, the farmers, and youth, it says, would be the ones called upon to suffer.

For your information.

October 31, 1941.

To Ferdinand Kuhn, Jr.

From Alan Barth

EDITORIAL OPINION  
ON FOREIGN AFFAIRS:  
THE CHANGING ATMOSPHERE

Emphasis

The ~~press~~ showed a tendency to interpret the President's Navy Day address as a defiance of John L. Lewis, rather than as a defiance of Adolf Hitler. Indeed, The Cleveland Plain Dealer, one of the country's most vigorously interventionist newspapers, concluded a long editorial titled "Enemies Abroad, And At Home" with the observation: "Mr. President, your immediate task is not that of defeating Adolf Hitler but of putting John L. Lewis in his place."

The applause which resounded over the radio for that brief two-paragraph section of the speech dealing with Labor was echoed and re-echoed in editorial pages all over the country. Some newspapers treated it as a speech about Labor; in many of them, the leading editorial was given over to the Labor angle, with scant, or at least only subsidiary, consideration for the Battle of the Atlantic.

All of these editorials, of course, upbraided John L. Lewis. In part, they may be said to reflect a genuine editorial concern for the maintenance of defense production. But the extreme intemperance of many of them suggests that they also represent, in part, a strong editorial bias against the militant organization of Labor. The thesis common to most of them is that strikes in defense industries are the result of the Administration's "coddling" of Labor. The jubilation of the editorial writers stems from an assumption that President Roosevelt has at last been won over to a sharp crackdown on the unions -- perhaps even to the acceptance of a legislative ban on strikes. Numerous news stories from Washington have given encouragement to this view.

#### Endorsement

Because of the emphasis which they placed upon its Labor aspects, commentators apparently did not regard the address as a major pronouncement on foreign policy. Many of them called it the most vigorous statement yet made of the American position. But they considered the position essentially the same as before the President spoke.

There continues to be overwhelming press support for this position. It is generally agreed -- to quote The Christian Science Monitor -- that "the United States cannot tolerate Axis

control of the seas," and that the Neutrality Act must be amended "not only to permit merchant ships to defend themselves, but to carry supplies 'into the harbors of our friends.'"

There is also general agreement with the President's observation that "the shooting has started." Editorial discussion is full of dialectics as to whether or not this means that the United States is in the war. Commentators with a feeling for the dramatic have been prone to assert that the war is on. But it is doubtful that they genuinely believe it. There is expectation of a vital change in America's relation to the conflict, but no real sense that the change has taken place.

### Enmity

The press took scarcely more than a formal or polite interest in the secret Nazi plans revealed by the President for the obliteration of religion in Europe or the remaking of Latin America. It has taken such designs for granted for a long time past and needs no new evidence to persuade it of the menace of Nazism. What has genuinely shocked the sensibilities of editorial writers, and of all Americans, has been the day-to-day reports of Nazi brutality in the occupied countries.

It seems significant that the guilt for this brutality is no longer fastened exclusively upon Hitler or upon the Nazi

hierarchy. The German people, or at least the German Army, are regarded more and more widely as accomplices in the current disregard of civilized values.

As the President himself remarked, a powerful demand for retribution is growing out of this frightfulness. It appears to be having a twofold effect in the United States: (1) there is a diminished patience with apologists for the Nazis in this country; (2) there is a lessening of the American tolerance which might have exercised a strong influence for the extension of a generous peace to Germany.

There was a time when Americans believed that peace could be made with Germany simply by the removal of Hitler from power. It seems less likely now that they would countenance dealings with any of the elements in the Reich who have been responsible for the mass killing and uprooting of civilians. And editorial commentators now assume that the desire for vengeance among the victims of Nazi frightfulness will demand nothing less than the complete defeat and humiliation of the German nation.

The thinking of the American people, as the press reflects it, appears to be undergoing a change from the negative atmosphere

of self-interest to the more positive level of active moral indignation. There is, as yet, no general realization that a state of war exists between Germany and the United States. But the background for war, the enmity and anger, is developing.

For your information.

November 7, 1941.

To Ferdinand Kuhn, Jr.

From Alan Barth

EDITORIAL OPINION  
ON FOREIGN AFFAIRS:  
WAITING FOR THE DEADLINE

Instrument

Newspapers throughout the country show a deepening awareness that the United States is at war. In their discussion of this development, there is a marked quality of dignity and restraint, a consciousness of responsibility. They are ready to follow the leadership of the President.

With each fresh instance of Nazi hostility in the Atlantic, the editorial writers have looked to the White House for guidance, carefully modulating their comment to conform with the tone set by Mr. Roosevelt. This pattern of conformity has become increasingly apparent in respect to the latest sinkings of American naval vessels. There are dissident elements, of course. But the bulk of the press is now a tuned instrument, waiting for the President's use of it to provide popular understanding of any course which he chooses to pursue within the broad framework of accepted and established national policy.

Fundamentals

The acknowledgment that a state of war exists is general. The newspapers seem very little concerned with its immediate causes. It should be reported, indeed, that they reflect a rather sharp impatience with Administration anxiety to prove the Nazis guilty of the first overt blow. They consider this unimportant. They hope that American destroyers have been sinking U-boats steadily and frequently ever since announcement of the "shoot-on-sight" order.

At the same time, the German effort to catalogue this nation as the aggressor is dismissed as nonsensical. The real aggression is seen in the Nazi ambitions for world conquest and in the threat to American interests and values. "Who fired the first shot that started this inevitable war?" The Lynchburg News asks rhetorically. "Who cares except it be the ever hopeful propagandists? The responsible nation is the nation that first threatened the security of the other." The interest of the American press is centered in the President's observation that, "In the long run, however, all that will matter is who fired the last shot."

In the view of The Christian Science Monitor, "The fact is that the United States could not tolerate Nazi control of

the Atlantic. And beyond that is the fact that when Hitlerism started on the road of oppression and aggression, it attacked ideals and interests which Americans must defend."

Editorial commentators do not seem primarily concerned with whether the war be declared or undeclared. The New York Times reasons: "The sinking of the destroyer Reuben James by a Nazi submarine near Iceland brushes away the last possible doubt that the United States and Germany are now at open war in the Atlantic. It is an undeclared war, because our Government does not choose to let circumstances force its hand and because we intend to remain masters of our own decisions . . . . But the war is none the less real because, like all the wars that Hitler makes, it is accompanied by no formal declaration of belligerency." And The Daily Oklahoman, a paper which has been much more moderately interventionist, says: "Theoretically, our nation is at peace, but actually it is at war. It does not matter overmuch whether war shall be declared formally . . . . The men who died in the hulls of the Kearny and the Reuben James are dead. They would be no deader if the President were to recommend and the Congress to approve a formal declaration of hostilities . . . . It is useless now to review the ways in which we have been drawn into the conflict or to discuss

the ways in which we could have kept out. We are in it to the limit and the guns are already flaming. Naught remains but to see it through."

### Unity

The press as a whole faces this condition soberly and sadly. But it shows little disposition to blink at it or to shrink from it. The overwhelming desire now seems to be to prosecute the war effectively and successfully.

There continue to be minority elements, to be sure, which counsel caution and retreat. The Scripps-Howard papers, for example, have suddenly remembered that there is danger in the Pacific. "How are we going to defend ourselves in the Pacific," they demand, "if Hitler pushes his Axis partner into war with us? We do not have a two-ocean Navy. We do not have enough ships and planes to guard England and her waters on one side of the world, and British Singapore on the other side of the world, and defend ourselves from Japanese attack with the leftovers -- much less arm Britain, Russia, China, Latin America and others at the same time. If Congress faces that fact it will not deliberately extend the undeclared shooting war in the Atlantic."

Against this point of view is ranged a heavy majority of commentators who insist that retreat in the face of danger has been the root of our present problem. They urge abandonment of all the Neutrality Act's prohibitions against forceful action in the West. And they reason that only inflexible firmness can keep the Japanese within bounds in the East.

There appears to be a powerful groundswell in the press for national unity. It springs from the recent recognition that the die has been cast and that further debate is only a form of frustration. True, the appeal for unity, for acceptance of the indelible imprint of what has already taken place, comes mainly from the majority whose policy has prevailed. But, judging from the rising popular sentiment for Neutrality repeal recorded by the Gallup Poll and from the disintegration of isolationist forces in Congress, the movement toward unity is becoming genuine.

There is a sense of great events. The country is perhaps only beginning to awaken to their full meaning. The press, at least, has come to grips with reality. Both press and public expect, and will answer, the challenge of an unmistakable call to arms.

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For your information.

November 14, 1941.

To Ferdinand Kuhn, Jr.

From Alan Barth

EDITORIAL OPINION  
ON FOREIGN AFFAIRS:  
ANOTHER TURNING POINT

The press of the country presents an unhappy contrast: heightened resolution and morale toward events abroad; confusion and cross-purposes respecting the domestic scene. The climax of the fight for neutrality repeal found editorial thinking distracted between continued support for the Administration on foreign policy and bitter hostility to labor leadership at home. For the moment, John L. Lewis loomed as a more immediate enemy than Adolf Hitler.

Labor

Newspapers, this past week, have demonstrated anew that they are business enterprises and that their publishers are employers. Despite an unremitting insistence on passage of the Neutrality Act amendments, they all but unanimously rejoiced over the Mediation Board's unexpected decision on the captive mine issue. They take it for granted that the Mine Workers' strike will be renewed; and almost obviously they rejoice over

this, too, for they desire to see the strike broken by the power of the national Government. As the Scripps-Howard papers put it somewhat exultantly: "Now, at last, this Government must take a stand against 'strikes as usual' . . . The alternative is unthinkable. It would be to admit that America must buy the permission of dictators here at home before it can arm itself and others against dictators abroad."

This point of view -- that unionism and Nazism are comparable manifestations of dictatorship -- appears to have produced the nearly disastrous revolt against the Administration in Congress. It seems unlikely that the press as a whole wished to foment such a revolt. Last-minute editorials in influential conservative papers, such as The New York Herald-Tribune, implored the legislators to separate the issues which their own news pages and editorials had helped to confuse. With the Neutrality Act amendments passed, there is no doubt that editorial tom-toms will beat unrestrainedly for anti-strike legislation.

#### Encouragement

The past week has produced a marked uplift in editorial spirits about the progress of the war. The following factors seem to be chiefly responsible for the current wave of optimism:

1. Moscow, Leningrad, Rostov and Sevastopol are still in Russian hands. It was widely feared that some, if not all, of these cities would be taken by the Nazis. That the Red Army continues its stubborn resistance and even, in some areas, is launching counter-attacks, is now taken as sure evidence that an eastern front will be maintained throughout the winter. Editorial writers have found a good deal of pleasure in re-quoting the Hitler boast of October 3 that "The enemy is already broken and will never rise again."

2. Stalin's speech made a profound impression, despite an editorial tendency to scoff at his estimate of German casualties. The American press seems at last to be persuaded that he is genuinely determined to fight Hitler to the end. Accordingly, there is increased editorial support for the shipment of war materiel to Russia, together with increased confidence in the utility of this measure. Application of Lease-Lend assistance to the Soviet Union was generally accepted as logical and desirable.

3. Even more impressive to commentators over here was the publication of extracts from Goebbels' article in Das Reich. It was interpreted as reflecting a marked change in the Nazi outlook -- a shift, in the psychological sense, from the offensive to the defensive. The Kansas City Times remarked of it that,

"The exuberant boastfulness that has characterized so many pronouncements by leading Nazis in the past, Herr Goebbels included, was gone, sunk apparently without a trace . . . It almost sounds as if Adolf Hitler's chief pepper-upper has begun to whine." Once more the press is speculating hopefully about a breakdown in German morale.

4. Prime Minister Churchill's unequivocal pledge of support in the Pacific, coming on the heels of a minor British naval victory in the Mediterranean, was taken as an especially heartening evidence of growing anti-Axis strength and collaboration. The editorial response to it takes the form of a toughened insistence on firmness in this country's dealings with Japan.

Refreshed hopefulness has brought with it an increased zest for making American intervention effective. There is widespread, almost universal, dissatisfaction with the pace and scope of the production program; along with this goes an ashamed consciousness that Lease-Lend deliveries have by no means measured up to Lease-Lend promises. The insistence that America produce and deliver for the fighting fronts is now urgent and impatient.

#### Anniversary

Editorials on the occasion of Armistice Day were much more than the customary stylized and stiltedly ironic tributes to the

World War dead. Taken together, they support the thesis that isolationism, in the sense in which this term was employed during the 1920's, has largely disappeared from the American approach to world affairs.

In many of the editorials there is now a candid acknowledgment that American failure to participate in collective security efforts after the last war was a tragic error. In most of them there is a firm insistence that the United States assume a leading role in the reconstruction of the world when the present war is ended. "Although the enlightened world pays just honor to the glory of the valiant heroes of the world war," says The Indianapolis News in a representative editorial, "it is forced to give a long thought to what it did with the peace that these men won. It failed to preserve the peace, hence it failed the men who won it. Today the same forces -- of democracy against tyranny -- are locked in an even greater struggle . . . The errors of the council table are being corrected on the battlefield . . . The proper memorial to the heroes of 1914-1918 is thus prescribed by events as a solemn vow to win back their gains -- and more. To win, this time, not only the war, but also the peace."

There has grown, and there is growing, in the United States a mature sense of responsibility about the problems of the world.

The press is preaching and events are demonstrating that the earth cannot be segmented. All portents indicate that this is a view which has grown from the grass roots up, that in this the press reflects the public. It is more than an editorial opinion; it has become a basic popular attitude.

For your information.

November 14, 1941.

To Ferdinand Kuhn, Jr.

From Herbert Merillat

PRESS COMMENT ON  
TAXES AND PRICES:  
GROUP AGAINST GROUP

There is a growing editorial demand for vigorous Presidential leadership on the home front. The rising cost of living, labor unrest, and the imminence of heavy new taxes give urgency to appeals for immediate enactment of an effective price-control law. As labor, farmers, and industrialists compete with one another in a scramble for a larger respective share of the national income, the press urges that the time for political bargaining is past, and that the time for determined action to stabilize the domestic situation is here.

Few papers have quarreled with the President's appeal for new anti-inflationary taxes. The need of more revenue and of siphoning off purchasing power has long been recognized. But the President's appeal would come with better grace, it is said, if in the past he had pressed vigorously for effective price control and for substantial cuts in non-defense spending.

It is being said that the call for new taxes fails to meet the issue squarely. The time has come for a coordinated attack on inflation on all fronts. The rumored new tax program is an inadequate parry. There is general agreement in the press that the first job of the Administration and Congress is to enact a really effective price-control law. The President also should actively support a program of Government economy. Only then should new taxes be considered, as a complementary anti-inflation measure. This is the gist of typical editorials on the President's letter to Mr. Doughton.

#### Treasury Tax Plan

The editorial "line" on the Treasury's most recent tax proposals has not yet become clear. Usually, in the past, the press has lined up quite solidly for or against any pending proposal before the debate was over, but editorial reaction to the rumored proposal of a 15 percent income tax withheld at source so far has been mixed.

1. Many papers, both conservative and liberal, find the 15 percent withholding tax so shocking that it should not be taken too seriously. Such comment classes the proposal with Secretary Morgenthau's suggestion of

a 6 percent profit limit, as a "shocker" intended to soften up taxpayers for acceptance of taxes less drastic than those proposed.

2. Some papers, again both conservative and liberal, see in the 15 percent tax a wholly unjust blow at wage earners, many of whom have not received the increased income which the Treasury proposes to "mop up."

"Labor", the paper of the railroad brotherhoods, bitterly assails the plan as a "heartless, senseless proposal." It is joined by so dissimilar a paper as the Kansas City Star, which asks -- If some wage earners and contractors now have more income, what of the masses who face higher living costs?

3. On the other hand, there are hints in a number of conservative papers that a tax aimed so directly at wage earners is not unwelcome.
4. There is general approval of the principle of withholding income taxes at the source, at least in the case of small taxpayers. The check-off system is considered as a simpler, surer, and less costly method of collection.

5. Many papers have protested against the size of the proposed tax burden. Does the Treasury seriously intend, it is asked, to demand payment next year of a 15 percent income tax in addition to the heavy new taxes recently imposed? Although the need for revenue is recognized, time must be allowed for taxpayers to make necessary adjustments in their scale of living before they can be expected to pay drastically heavier taxes.
6. Much editorial criticism now, as when the 6 percent profit limit was proposed, is directed at the alleged lack of a Treasury over-all tax program. Secretary Morgenthau -- these critics say -- should stop bringing up startling tax proposals from time to time. His department should prepare an over-all, well-considered tax program and present it frankly to Congress.

Conspicuously absent, however, is any suggestion that a tighter excess profits tax should be a part of any such program. Only the "Nation", of papers so far seen, has said that a tax on low-income groups cannot be justified until an iron-clad excess profits tax is on the books.

7. The Keynes "deferred savings" plan has a growing number of adherents who favor it as an alternative to the proposed withholding tax.

The press continues to oppose any increase in social security taxes which is not required by increased social security benefits. Editorial writers are almost unanimous in condemning use of the social security system as a method of emergency financing.

#### Price Control Bill

The House Banking Committee's bill is almost unanimously condemned in the press as a caricature of a real price control measure. The triple-option "ceiling" on farm prices is the feature most bitterly criticized. The omission of wage-controls ranks next as a favorite target.

The House Committee, it is said, has failed dismally to do its duty, and the Administration must share the blame because of its failure to support an effective price control bill.

Even papers in farming regions denounce the farm bloc for pushing through amendments which will allow farm prices to rise above parity. Some such papers, however, minimize the inflationary effect of higher farm prices and retort to farm critics that wage increases, not farm prices, are the chief threat.

The C.I.O. News calls for the speedy adoption of a really effective price control bill, meaning one which will hold food costs down. It points out that "working people spend from 35 to 45 percent of their income on food, and if food prices are not kept within reasonable limits, the worst and most immediate dangers of inflation will remain uncurbed." At the same time, the paper exhorts labor to oppose vigorously any attempts to control wages.

In general, the tone of the press is angry that no effective action has been taken to halt price advances, and almost despairing that such action will be taken.

For your information.

November 21, 1941.

To Ferdinand Kuhn, Jr.

From Alan Barth

EDITORIAL OPINION  
ON FOREIGN AFFAIRS:  
THE HOME FRONT

Introspection

Revision of the Neutrality Act was viewed by the press with sober satisfaction, rather than with jubilation. Although commentators insisted that only the final outcome really mattered, the closeness of the vote gave them serious misgivings. Many of them saw in it a reflection of national confusion and disunity.

Accordingly, there is now a giant chorus urging that the immediate problem of the United States is to set its own house in order. News pages as well as editorial pages have been given over largely to domestic affairs, even the fighting on the eastern front being relegated to a subordinate position. Attention is focussed upon three main issues.

1. Newspapers, almost without exception, demand a crackdown on Labor in general, John L. Lewis in particular. The strike of the Mine Workers is regarded as an insurrection against the Government of the United States; few commentators place any

portion of the blame for the stoppage of coal production upon the employing steel companies. In this connection, there was general approval of the President's assertion that the Government "will not order, nor will Congress pass legislation ordering, a closed shop." But most newspapers go beyond this: they desire the Government to order the maintenance of an open shop wherever it may now exist. With varying degrees of severity, they advocate legislation limiting or forbidding strikes in industries related to defense.

2. Widespread, almost universal, dissatisfaction is expressed over the scope and pace of defense production. The alleged inadequacy is attributed, not only to strikes, but also to governmental interference with private industry. Numerous editorials exhort the President to turn his attention more fully to the problem of production. There now appears to be an urgent awareness that the key to the defeat of the Axis lies in the American output of the materiel of war. The press is clamoring for greater and speedier aid to the Russians as well as to the British.

3. Inflation has become a genuine terror to the editorial writers. It is commonly charged that the Administration has

failed to present a positive, overall program for regulation of the cost of living. The President is urged to give his personal endorsement to effective measures of taxation, price control and economy in non-defense expenditures.

The settlement of these problems is generally regarded by the press as a pre-requisite to full American intervention in the war.

#### Cynicism

The arrival of Japan's special emissary to the United States gave the Far East top billing in news and comments on foreign affairs. Commentators are extremely skeptical about Mr. Kurusu's intentions. The prevailing judgment is that he seeks only to stall for time and has no reasonable peace proposals to offer. The prejudice was strongly bolstered by the bellicose statements made recently by Japan's new Prime Minister.

Certain substantial segments of the press, the Scripps-Howard newspapers in particular, continue to caution against embroilment in the Orient while American naval strength is so urgently needed in the Atlantic. A majority of commentators, however, are inclined to treat the Japanese with a rather

cavalier or disdainful attitude. The Louisville Courier-Journal, a paper which has been consistently and vehemently interventionist, remarks that "Japan has become a decided nuisance" and argues that it is time for the United States to make demands upon the Japanese, instead of continuing to listen to their threats. And the equally vigorous editorial page of The Cleveland Plain Dealer reasons about the Far East: "The situation is more favorable for a touchdown for democracy than it may ever be again. There must be no fumbling, for on the outcome depends America's existence as an industrial nation, considering its dependence on Far Eastern raw materials. The result will also determine the extent to which we can aid those who are fighting the Axis in the west."

The dominant feeling is that American and Japanese aims are irreconcilable, that one nation or the other must back down. Even at the cost of war, the bulk of the press opposes any retreat by the United States.

#### Initiative

The advance into Libya came just in time to nip a budding American discontent over the idleness of British land forces. Curiously enough, Russian soldiers were becoming the new heroes

of the American press; and an undertone of resentment was evident against Britain's failure to assist them by opening up another front against the Nazis.

There are high hopes for the new African offensive. The resignation of General Weygand has pointed up the importance of North Africa to American interests. Commentators manifest keen satisfaction over the part which American materiel has played in making the British venture possible. They urge that additional Lend-Lease supplies be moved to the Libyan battlefront with all possible speed and volume. Again the commentators glimpse a chance of defeating Hitler without the large-scale expenditure of American lives.

For your information

November 21, 1941

To Ferdinand Kuhn, Jr.

From Herbert Merillat

PRESS COMMENT ON  
SPENDING AND TAXES

Secretary Morgenthau's suggestions of cuts in non-defense spending have been welcomed by the comparatively few editorial writers who have commented on the subject. The 15 percent withholding tax rumor, however, has aroused widespread anxiety and opposition. Editorials have continued to demand that effective price control and reduction in non-defense expenditures are needed before taxes should receive consideration.

Non-defense Spending

Editorial comment on the Secretary's economy recommendations has come mostly from eastern papers, which have applauded the program as sound, so far as it goes, and called for early Congressional action to put it into effect. Southern and western papers seem to have taken little interest in the Secretary's plan. This is rather surprising in the light of the long nationwide press campaign for Government economies, but the concentration on John L. Lewis and labor unrest seems to have diverted attention from other domestic problems.

The fair summary of editorial comment runs like this:

Secretary Morgenthau has provided an excellent guide for Congressional action. His recommendations are sound. None of the suggested cuts has met with objection, the only criticism being that they don't go far enough. Possible economies can be looked for in many places not mentioned by the Secretary. Senator McKellar's objection to cuts in farm aid and road building is a sign of the difficulty any economy program will encounter in Congress, but the legislators must act with a sense of responsibility. They no longer can plead, as an excuse for inaction, that they have not had expert advice from the executive branch.

Commentators have particularly applauded the recommended cut in farm-aid appropriations. Even a farm-belt paper like the Sioux City Journal remarked that "As farm prices advance, soil conservation payments and other new deal sops could be omitted." Rather surprisingly, there has been no criticism of the Secretary for omitting to make a definite recommendation of a large cut in W.P.A. appropriations. Several papers, however, have taken the occasion to assert that in a period of productive expansion like the present, relief appropriations can be slashed.

The liberal press seems to have paid no attention to the Secretary's economy proposals.

#### Attacks on 15 Percent Withholding Tax

Later returns on the rumored Treasury proposal of a flat 15 percent income tax, withheld at source, indicate a strong reaction against it. The tax has been bitterly assailed

throughout the country as an intolerable burden on those whose incomes have not increased recently and as an unsound approach to the inflation problem.

Most editorial writers are skeptical of the theory that increased national income must be absorbed by taxes in order to check inflation. A tax which would strike as hard at fixed incomes as at booming ones goes far beyond the objective of preventing people from spending their new gains on nonessential consumers goods. There is much sarcastic comment on the "mop-up of extra spending money." "Whose extra spending money?" it is asked. "We haven't seen any of it."

The anti-inflationary nature of the tax is also doubted on the ground that the tax would lead to new demands for wage increases, would indirectly increase the cost of goods further, and would thereby contribute to the inflationary spiral.

The Administration is accused of cowardice in facing the inflation problem. It is charged with yielding before the farm and labor blocs on the price-control issue and turning to taxation as a less difficult way, politically, of seeming to fight inflation.

Much more tax revenue is needed -- that is granted. But, it is held, effective price control and substantial cuts in non-defense spending must come first. Then Congress will be in a position to determine how much revenue is needed and what taxes are needed to complement price controls.

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