

PSF Treasury Department: Henry M. Morgenthau, Jr.

Editorial Opinion Reports

November 28, 1941 - Feb. 27, 1942

Box 99

The Secretary of the Treasury

For your information.

November 28, 1941.

To Ferdinand Kuhn, Jr.

From Alan Barth

*PSF
Treas.
H. A. Jr.*

EDITORIAL OPINION
ON FOREIGN AFFAIRS:
EYES ON THE ORIENT

Readiness

The prevailing editorial attitude toward Japan is one of extreme exasperation. The press is prepared, and is striving to prepare the public, for American shooting in the Far East.

Only a vigorously interventionist minority of American newspapers actually desires a war with Japan. But a heavy majority of newspapers prefers war to any American "appeasement" of the Japanese. There are few signs of dismay over the intimation that talks with Japan's envoys have broken down; on the contrary, the feeling commonly expressed is one of great relief that the United States maintained a position of unqualified firmness.

For some time the press has been uneasy about the negotiations with Mr. Kurusu. It saw no basis for a settlement between the two countries, save through retreat by one or the other. Many commentators were apprehensive that the United States might do the retreating -- at the expense of China. The State Department's

declaration of American principles quieted most of these fears. Every sign that there will be no yielding on this side is warmly welcomed.

In the judgment of virtually all American editorial writers, this country has exhibited a high degree of tolerance and patience in dealing with Japan. The truculent tone taken lately by the Japanese Foreign Office has, therefore, inflamed a long-smouldering hostility. Behind this anger is a candid contempt for the Japanese, a conviction that they could readily be defeated by the combined American, British, Chinese, Dutch and Russian forces.

The Atlanta Constitution declares that there is practically no public or congressional opposition in this country to a declaration of war against Japan. "From time immemorial," it states editorially, "Americans are not the people to calmly and abjectly accept a 'dare' from any nation. Japan should learn that fact and trim its so-called diplomacy accordingly. . . . Americans, rightfully, feel that if ultimatums are to be sent, they should be directed against Japan, and originate in Washington, not Tokyo."

This attitude, if somewhat extreme, nevertheless seems representative of a widespread desire to compensate for the patience which the United States has displayed in accepting a "dare" from Germany. Japan is currently a target for the aggressive impulses

which caution has hitherto prevailed upon the American people to repress. Even the Scripps-Howard papers, which consistently counseled restraint in dealing with the Japanese, have markedly sharpened their tone. "A truce now," they reason, "would be better than nothing. But at best it would be an uneasy affair, masking preparations for a bigger war. Tokyo can get a fair deal if she will settle now. If she misses this opportunity, she may not get another one. She cannot continue as Hitler's partner without risking the consequences."

While warning that war in the Pacific is a lively possibility, much of the press inclines to the view that Japan will retreat before the heavy odds against her. But nothing less than a full retreat -- embracing withdrawal from the Axis, an end to aggression in China, together with reduction of Japanese forces along the Thailand and Siberian frontiers -- would be looked upon by the American press as a satisfactory basis for the settlement of far eastern problems.

Discontent

Despite awareness of crucial situations in the Pacific, in Russia and in Africa, editorial attention continues to be focussed in large measure upon the domestic aspects of defense. Settlement of the captive mine strike by arbitration does not satisfy the

editorial writers. Some of them -- Frank Kent, for example -- feel that, "Actually, it is rather a pity this coal strike did not go to a final showdown;" they seek the smashing of John L. Lewis as a symbol of organized labor and are ready to charge, should his demands be granted by the arbitration board, that the President employed this solution merely as a devious means for capitulation to Lewis. Some, like the Birmingham Age-Herald on the other hand, rejoice that the strike was "settled without extreme departure from democratic methods Settlement of the strike not only was immensely gratifying from the standpoint of national defense, but it was deeply reassuring as to the democratic processes of this country." The pressure for anti-strike legislation by Congress is unabated. In general, the press insists upon a drastic solution of domestic problems affecting labor, production and prices as indispensable to the national unity needed to face enemies abroad.

Uneasiness

Newspapers have been jolted into a sudden realization that the British are not going to have clear sailing in North Africa. The optimism with which Prime Minister Churchill announced the commencement of the drive into Libya gave rise to premature rejoicing over here. Nazi resistance, coupled with fresh news that Moscow is

forces and may provoke a drift of all moderate and rational elements in the country toward national unity.

seriously endangered, served to disrupt the complacency with which the press had begun to regard the progress of the war.

Response

Two measures undertaken by the President during the past week evoked the prompt editorial endorsement which seems invariably to follow concrete executive action. The extension of Lend-Lease assistance to the De Gaulle forces was warmly applauded. And the occupation of Dutch Guiana was approved as a wise precaution against possible Axis activities in this hemisphere. Both steps were viewed as useful warnings to the Vichy Government. A number of commentators have renewed their demands for a full severance of relations with Vichy.

Unity

In the stress of excitement over more spectacular events, the press gave curiously scant attention to the statements issued recently by Senators Gillette and Taft, pledging their support to any action taken by the President with the consent of Congress. Since these two Senators have opposed the whole of Administration foreign policy with considerable vigor, though with relative temperance, the present modification of their attitude seems highly significant. It constitutes a further winnowing of the isolationist forces and may presage a drift of all moderate and rational elements in the country toward national unity.

For your information.

November 28, 1941.

To Ferdinand Kuhn, Jr.

From Herbert Merillat

PRESS COMMENT
ON PRICE CONTROL:
SPOTLIGHT ON LABOR

The labor problem still holds the attention of editorial writers. If the settlement of the captive coal-mine strike brought a sense of relief to all but bitter enemies of labor, it did not diminish the demand for laws to prevent strikes in defense industry. The press can spare only a passing glance at price-control legislation and other domestic issues. Its eyes are fixed firmly on the coming fortnight, when anti-strike bills will have their day in Congress.

Some few commentators have come to appreciate the relationship among strikes, farm demands, tax worries, defense profits, and the rising cost of living, and have called for an over-all program to dispel domestic confusion. The vast majority of the press, however, continues to ride its hobbies one by one. It can demand restrictive legislation on labor one day -- anti-strike laws, wage freezing, heavy taxation of low incomes -- and deplore labor unrest and low national morale the next. It has long assailed the Administration

for failing to take decisive action to check inflation, but there is seldom a hint in editorial columns that any groups in Congress other than the farm bloc or friends of labor are blocking efforts to halt price advances.

The Price-Control Bill

The chaotic situation during the House debate concerning price-control legislation is reflected in the press. Neither the Congressional Record nor editorial discussions offer much assistance to the hypothetical average man who seeks a guide through the maze. The press continues to chastise labor and the farm bloc as the bad boys who are punching holes in the price-control bill. Clamoring for a crack-down on these two groups, it virtually ignores the vital problem of enforcement provisions.

The press discussion all along has been cast in generalities -- "over-all price control is the only effective control", "lower ceilings on farm prices and 'stabilization' of wages are necessary." The Gore bill has been widely praised as a measure embodying the Baruch plan, with very little critical analysis of its provisions.

The press is more concerned with the size of the chunk that should be bitten off than with the strength of the teeth wherewith to chew it. "Effective" price control to most editorial writers means "over-all" price control, not price control that can be

adequately enforced. Should the bill authorize the Price Administrator to buy and sell commodities as a means of stabilizing prices? Should the bill include a provision for licensing dealers in commodities, in order to police its price ceilings? These questions get little attention. News stories note the opposition of Republicans and some Southern Democrats to these provisions, but that opposition does not move many editorial writers to comment.

Some few papers -- the Baltimore Sun, the Christian Science Monitor, the Richmond Times Dispatch, the Washington Post, the Wall Street Journal -- have discussed the enforcement problems and have reached varied conclusions. The Wall Street Journal and Baltimore Sun oppose the licensing provisions, echoing Republican alarm that they constitute a threat of intolerable regimentation. "If we cannot have price control without the terrorism of a licensing system," says the Journal, "we had better get along without it." To this the Washington Post replies, "It would be absurdly illogical for Congress to vote billions in support of the President's defense policies and then refuse to set up an effective system of price control on the ground that the agents of the President would thereby acquire too great powers of control."

The Christian Science Monitor, noting the unseemly squabble among labor, agriculture, and industry, sees in the fight against

the licensing provisions an attempt by industry to hamstring price control. "The groups in Congress will better serve the general welfare if they will strive to make price control work on everybody instead of trying to keep it from working on themselves."

The liberal press is strangely apathetic on the whole question of price control. The New York Post and PM support the Administration proposals, but elsewhere there is little comment. Even the publications of organized labor have let up in their demands for "effective" price control -- which to them means low ceilings on food prices with no control of wages. "Labor", the weekly of the railroad brotherhoods, did, however, applaud the rejection of the Gore bill as a defeat for those who seek to freeze wages.

It is generally felt that the fight on the House floor will lead to enactment, for sake of form, of an ineffectual price-control bill, something that can be passed on to the Senate for shaping up. Therefore, while deploring the spectacle of a four-month "study" of price control coming to naught in the House, the press sees some hope that an effective measure may yet be enacted.

Taxes and Non-defense Spending

Editorial comment on taxes and non-defense spending has dwindled to almost nothing while the press has concentrated on the labor problem. Incessant rumors of Treasury tax plans continue

to appear in the news columns, but there is little editorial discussion. In the field of government economies, there have been some protests against the Rivers and Harbors appropriation bill (particularly the St. Lawrence waterway project) and the proposed veterans' pension bill. There also continues to be a trickle of praise for Secretary Morgenthau's economy program, but nothing indicating real or widespread interest in the subject.

file

For your information.

December 12, 1941.

To Ferdinand Kuhn, Jr.

From Alan Barth

EDITORIAL OPINION
ON FOREIGN AFFAIRS:
THE NATION RALLIES

Unity

The country's newspapers give expression to a thrilling and uplifting sense of union. Out of their shock, their horror, their awareness of loss, they attest to a fresh pride in America, a renewed feeling of dedication. The United States has again become a community.

The principal editorial theme of every newspaper during this anxious week has been national unity. Commentators of all political hues are in agreement that the first Japanese bomb dropped upon Hawaii wrought suddenly the miracle which no amount of logic or persuasion had previously been able to achieve. Isolationism, they report, was the initial casualty of the war.

But the fact is that isolationism, within any literal meaning of the term, has long been dead. It is a misnomer which has been indiscriminately applied to those who felt an aversion to war, those who felt an aversion to President Roosevelt and those who

felt an aversion to democracy. These attitudes no doubt persist beneath the surface of the unity created by the Japanese dive bombers. There is every reason to suppose that they will manifest themselves again under the strains of war. Indeed, they are already discernible in the transcendent nobility of The Chicago Tribune's editorial acceptance of American involvement. "Recriminations are useless," declares The Tribune, "and we doubt that they will be indulged in. Certainly not by us. All that matters today is that we are in the war and the nation must face that simple fact."

In a few other editorials, this suggestion that the conflict might have been avoided by an altered Administration foreign policy emerges through the bandwagon patriotism. A dissident and extreme minority, however lustily it may now be joining in the national chorus, continues to be out of tune with the deeper purposes of America's participation in the war.

Unity for the moment, nevertheless, appears to be virtually complete and extremely intense. One striking evidence of the conversion of the minority is to be found in the editorial page of William Randolph Hearst's New York Journal-American: "Thus America has gone to war -- democratically, under responsible

leadership, by Constitutional methods, and with the consent, approval and united support of the American people."

The President's message to Congress requesting a declaration of war on Japan was almost universally applauded. His radio address to the nation was received with almost equal approval. And there was general commendation of the decision to continue Lend-Lease deliveries to Britain and Russia. Even prior to the formal announcement of hostilities against the United States by Germany and Italy, there was general recognition that the Japanese action was part of an Axis plan, that the Pacific constituted only a minor theater of a world-wide conflict. The essential qualities of the war's scope and nature seem to be understood by the great majority of the American press.

Wrath

Although American newspapers had for some time predicted war with Japan, the nature of the onslaught genuinely shocked them. Editorial comment on the treachery of the Japanese was vehement, sometimes vituperative. In a few editorials, the anger was so great as to expose an underlying contempt for the Japanese on racial grounds. The Denver Post, for example, declares that "Japanese power must be destroyed so completely that the Pacific

Ocean will be a white man's ocean from now on."

This racial antagonism has found occasional expression in radio comments, as well as in the press. Unless it is effectively arrested, it may give rise to a vigilante spirit which will do grave violence to American principles of tolerance and justice.

The incredulity and indignation with which the press at first responded to the Japanese attack now appears to be giving way to some measure of resentment against our military and naval commanders in the Pacific. A number of editorials express wonderment that Japanese airplane carriers could have moved without detection over the long distance from their own bases to Pearl Harbor. Most of the comment along this line is temperate and tentative in tone; but it reveals a latent ire which may seek scapegoats for the humiliation and loss endured.

In the main, the editorial attitude toward the war is one of high confidence. The Japanese attack is widely labeled "lunatic", although a number of commentators warn against overconfidence or the expectation that Japan can be quickly overcome. With the German and Italian declarations, a long and extremely difficult war is generally anticipated. But there appears to be no doubt anywhere of eventual American victory.

News

Editors accepted the principles laid down by the President respecting the release of information about the progress of the fighting. They are less happy about the operation of these principles since the shooting started.

There has been a marked disposition on the part of the American press and radio to use D.N.B. despatches and foreign broadcasts as news sources. On the basis of these sources, news and editorial comment have conveyed to the public the impression that losses far greater than those officially admitted by the United States were sustained in the Pacific.

It would be genuinely tragic if American newspaper readers and radio listeners came to place credence in these foreign sources or permitted them to cast doubt on the adequacy and reliability of our own releases. Editors appear to be well aware of this and complain about the scarcity of official American news. The prompt action of the British in announcing the sinking of the Prince of Wales and the Repulse has been pointed to by some commentators as an object lesson to the United States Government in the virtues of candor.

Influential editorial opinion considers it of the utmost importance to establish in the minds of the American people an absolute reliance upon their own Government for full, fast and fair information. Such confidence can be captured only at the very outset of the war.

For your information.

December 12, 1941.

To Ferdinand Kuhn, Jr.

From Joseph Melia

EDITORIAL OPINION
ON DOMESTIC AFFAIRS:
WAR SUBMERGES DISSENSION

Dissension over domestic issues has changed to comparative unity in war. Even the granting to John L. Lewis of a union shop in the "captive" coal mines was accepted relatively calmly by the press. While many newspapers consider the Arbitration Board's decision "a sell out" and "further evidence" of the need for restrictive labor legislation, the Board's announcement was not a signal for the kind of attacks upon organized labor that had previously characterized the press. And many papers are taking the unprecedented position that a conference between representatives of industry, labor and the Government to work out a voluntary production policy in wartime would be more valuable than compulsory "cooperation" by law.

Unlike the interventionist-isolationist controversy over foreign policy, however, domestic disagreements are not yet buried for the duration. Editorial comment immediately before the outbreak of war indicated that the questions of taxation, non-

defense spending, inflation, and the status of organized labor -- all subordinated now to calls for all-out unity -- might soon be in the forefront again.

The editorial "line" on these issues on the eve of war was this:

Curbing Labor

As would be expected, the Smith Bill was generally accepted by the press as a start in the right direction. Editorial writers rejoiced over its passage by the House with a we-told-you-so attitude, saying that labor had nobody but itself and John L. Lewis to blame. The press was quick to point out, however, that its stand was not "anti-labor" -- just "anti-racketeering, power-drunk labor leaders". Passage of the bill, the press maintained, would protect the rank and file of labor from these leaders.

A minority of newspapers criticized the Smith Bill in a mild way as catch-all legislation passed in heat and haste by the House and containing provisions which were either too repressive or so loosely worded as to be administratively unenforceable. A few like the Philadelphia Record objected, for instance, that the anti-picketing provision as worded was a violation of civil rights. But even these papers agreed with the general objectives

of the bill. They merely called upon the Senate to clarify the language to make it more workable.

Controlling Prices

With so few exceptions that they are not worth noting, newspapers condemned the House Price Control Bill as toothless. Many maintained that it was worse than none at all. Roundly criticizing the House for fearing the farm and organized-labor lobbies more than inflation, editorial writers centered their attack around the lack of control over agricultural prices and wages. This criticism was widespread in the metropolitan press and even cropped up in occasional editorials from the farm belt.

While confident that some sort of price legislation would eventually be enacted, the press bitterly assailed Congress for procrastinating. It called upon the Senate for quick and effective action. But it voiced pessimism, fearing that by the time action is taken prices will be so high no law will be able to halt our march to inflation.

Cutting Spending

The sentiment for curtailment of government spending, previously confined mainly to the east, was widespread throughout the country just before the outbreak of war. Pending appropriations

for highway construction, the St. Lawrence Seaway, and the Florida Ship Canal were widely criticized as being not defense measures but pork barrel legislation. Many papers also called for a close scrutiny of defense expenditures.

Senator George's statement that we are at the "near-maximum" level of taxation was used generally to drive home the argument for non-defense economies.

The Future?

It remains to be seen what "line" will be taken after the initial impact of the war is absorbed and the Victory Program gets into full swing, with consequently increased taxes, a bigger debt, higher prices, and fewer consumer goods.

Past editorial comment indicates that there will be a heightened demand for action to pass an effective price control bill and cut non-defense spending. But demands for repressive labor legislation seemingly are being held in abeyance pending the working out of policies which will come from the President's conference of representatives of industry, labor, and the public.

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For your information

December 19, 1941

To Ferdinand Kuhn, Jr.

From Alan Barth

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EDITORIAL OPINION
ON FOREIGN AFFAIRS:
MEETING THE ISSUE

Confidence

The first feeling of shock and fright engendered by the Japanese attack has disappeared. The press now reflects an attitude of reassurance and determination.

Newspaper headlines during the past week have been markedly encouraging in tone. Their tendency has been to underscore minor American triumphs. They have proclaimed that the Japanese navy fled from a test of strength against the American Pacific fleet, that the band of marines on Wake Island is resolutely maintaining its position, that landing attempts have been severely repulsed in the Philippines. Air raid threats to the American continent have not materialized and are no longer so prominently a subject of newspaper speculation.

The most effective restorant to confidence was the report made by Secretary Knox upon his return from Hawaii. Editorial commentators found in it a full and frank account

of the war's first blow. They liked the candor of his confession that the Navy was not on the alert. The losses which he detailed were less than had been feared. And, while there was some tendency to wonder about the damage undisclosed by the Knox catalogue, the emphasis in news stories and in editorial comment was placed mainly on the heroism of American sailors and officers. The Secretary seems to have succeeded to a very high degree in restoring the confidence of the American public in its first line of defense.

Secretary Knox's report succeeded also in abating criticism of the Government's policy on the release of war information. There is still, of course, a good deal of impatience for news on the part of editors. But there now seems to be a higher degree of reliance on official releases than existed in the first days of fighting, although foreign sources are still quoted extensively. The appointment of Byron Price to the role of censor was received, in the main, with tentative approval, based on respect for his standing as a newspaperman.

It is possible that the current confidence promoted by the press will degenerate into a fresh complacency. Despite numerous editorial warnings that the war in the Pacific may be a long and difficult one, there is an undercurrent of anticipation that Japan, having failed in its initial coup, can be quickly broken by blockade and bombing attack. The traditional American contempt for the Japanese is not easily overcome.

Strategy

With attention focussed on the Pacific, the magnitude of the Nazi setback in Russia has been partially eclipsed from the American point of view. Repulse of the invaders at Luzon has taken precedence over the steady German retreat on the long Russian front.

The American press is, nevertheless, acutely aware of the importance of Russia to the interests of the United States. The pledge of Ambassador Litvinoff that the Soviet Union would negotiate no separate peace with Germany was greeted here with considerable relief. Although a number of newspapers feel aggrieved that the Russians have not declared war upon Japan and made Siberian bases available to American air forces, the bulk of the press takes a

remarkably tolerant view of the Soviet position. The prevailing attitude is expressed by The New York Herald-Tribune, not usually an apologist for Communism. The pressure exerted by the Red Army on German land and air forces, it points out, "is a mighty service to the common cause. If it demands so much of an already strained Russian economy that the Siberian troops can only stand on the defensive, it may be a cause for regret, but it is not one for recrimination."

Among the more influential newspapers, there is almost unanimous insistence that Lend-Lease aid to Russia, as well as to Britain, be accelerated and increased. The President's latest report on shipments of war materiel was received with some disappointment, but without serious criticism. The theme of almost all comment is that our performance as the arsenal of democracy has been woefully inadequate to date and must be greatly improved. There seems to be a widespread recognition that American equipment can most usefully be employed at the fighting fronts.

A good deal of disagreement prevails as to the particular fighting front at which American strength can now best be concentrated. Some journalistic strategists urge that everything we can spare be rushed to the defense of

Singapore; others see North Africa or Russia as the essential points to be bolstered. Few editorial voices have been raised, however, to suggest that our armaments should be hoarded for purely defensive purposes at home.

Awakening

The Bill of Rights celebration on December 15 seems to have fostered, at least in editorial minds, a heightened awareness of the genuine issues over which the war is being waged. In a great many editorial comments on this occasion, and particularly in reference to the President's speech, the press gave signs of a maturing recognition of the global character of the conflict. The narrow sense of outrage against the Japanese onslaught has given way, in part, to a broader understanding that it is totalitarianism as a whole which must be relentlessly destroyed.

But this enlarged grasp of the war's meaning does not conceal certain developing fissures in the domestic scene. Enthusiasm for protecting the Bill of Rights has not prevented sporadic violations of its spirit, sometimes reported in the press, sometimes reflected in the temper of editorials. However closely they may be bound by a common

desire for victory, management and labor still have a dangerous gap between them; the press, representing the viewpoint of the former, demands an ironbound no-strike agreement out of the current conferences, with no apparent recognition that employers, as well as employes, may be responsible for strikes. Finally, there is an undertone of fear and suspicion in the press -- suspicion that the war may be used to mask a continued social revolution under the New Deal, fear that the costs of war may undermine the existing social structure.

These divergent interests were temporarily joined by a sense of common danger. They seem likely to be welded "for the duration" only by continuing joint participation in directed action under firm leadership.

For your information

December 19, 1941

To Ferdinand Kuhn, Jr.

From Joseph Melia

EDITORIAL OPINION ON
DOMESTIC AFFAIRS:
VICTORY IS PARAMOUNT

Domestic issues are subordinated by the press to the war. Editorial writers point out that this is total war, a battle of production, and victory is jeopardized by anything that hinders the mobilization of our productive facilities at maximum efficiency. They call for an end of "pushing as usual" for group interests. And they insist that now it is more than ever essential to solve the "labor problem," either by legislation or by a voluntary agreement between labor and management.

Announcement of the estimated cost of the Victory Program was a signal for newspapers to hammer home the need in wartime for effective price controls and plead for non-defense economies. But the press is resigned to an "inevitable" increase in taxes and the national debt.

Newspapers throughout the country are wholeheartedly behind the Defense Bond campaign and are actively pushing sales, both as an anti-inflation and an income-raising measure.

Victory Program

Maintaining that the war effort may seriously and perhaps permanently affect our economy, editorial writers throughout the country now assert, almost without any qualification, that victory is worth whatever it may cost. In the words of the Cincinnati Enquirer: "No tax will be too heavy, no control too drastic, if the end is ultimate victory."

The press hopes that additional taxes and non-defense economies will defray a large part of the war's expense. But it also expects an increase in government borrowing. And many newspapers commit what previously would have been considered editorial heresy in reminding their readers that there is, in the words of the New Yorker, a fate worse than debt.

Commenting on the Victory Program, editorial writers were quick to point out that the mere appropriation of money can not bring victory, that dollars are not a criteria of production. They warned against smugly accepting the quick passage of the Third Supplemental Appropriation Bill as evidence that our war effort is

complete. Many newspapers are again marshalling the arguments for having an over-all defense head to cut red tape, wipe out waste, and dovetail civilian and military needs for efficient production.

Inflation

High prices help Hitler and Hirohito, the press points out. It fears that the dangers of inflation are heightened by our entrance into the war. Newspapers throughout the country maintain that effective anti-inflationary measures are now imperative to keep the expense of the war at a minimum and the cost of living from skyrocketing as a consequence of increased government spending and further curtailment in the production of consumer goods. Unless anti-inflationary measures are promptly put into effect, many editorial writers fearfully forecast a rapid decline in national morale.

First, the press wants Congress to take immediate action to pass a strong price control bill. It hopefully hails the statement by Leon Henderson that the agricultural ceiling should be lowered from 110 to 100 per cent of parity as an indication that perhaps the Senate will also

take advantage of the war situation to resist pressure from the farm bloc. But Mr. Henderson is criticized for not going "far enough." The majority of the nation's newspapers still want a provision controlling wages.

According to most editorial writers, the next step -- after price legislation -- is to increase taxes as a means of adding to the Government's income and at the same time draining off some of the consumer's "surplus" cash. They expect additional taxes, but they want the new tax schedule announced as early as possible so that people will be able to budget their expenses. Some newspapers also mention enforced savings and a sales tax as possibilities. The idea of increasing the excess-profits tax is conspicuous only by the way it is comparatively ignored. Along with an increase in taxes, the press calls incessantly for a cut in non-defense expenditures.

Labor

The nation's newspapers seem to be pretty evenly divided over the present need of legislation restricting organized labor. The split is not along liberal and conservative lines. The Chicago Tribune, one of the papers

previously most critical of labor, for instance, holds no legislation is now necessary and says a voluntary agreement between labor and management would be better for national morale and all concerned.

No matter what their stand on immediate anti-strike legislation, however, editorial writers almost unanimously agree that strikes for any reason can no longer be "tolerated." Any large-scale strike will be the signal for a demand that legislation be promptly enacted -- in spite of any statements made by labor leaders that organized labor is wholeheartedly behind the war effort and against work stoppages.

Whether we have anti-strike legislation or not, the press wants the "labor problem settled for the duration" by the establishment of a National War Labor Board along the lines set in World War I. It hopes that the President's conference between labor and management will agree on a program to freeze the status quo in organization, adjust wage scales to the seven-day week, and provide for a rapprochement between the CIO and AFL.



TREASURY DEPARTMENT
WASHINGTON

December 26, 1941

Mr. Alan Barth, the author of these reports, has now been detailed from the Treasury to the Office of Facts and Figures. Accordingly, the reports will come to you hereafter from Mr. Archibald MacLetch, beginning with the issue of January 2. In every other respect these analyses of editorial opinion will be the same as those you have been receiving.

Ferdinand Kuhn, Jr.

Ferdinand Kuhn, Jr.
Assistant to the Secretary.

For your information.

December 26, 1941.

To Ferdinand Kuhn, Jr.

From Alan Barth

EDITORIAL OPINION
ON FOREIGN AFFAIRS:
THE EXPANDING HORIZON

Alliance

Prime Minister Winston Churchill's arrival in Washington gave dramatic emphasis to the budding editorial awareness that we are engaged in a world war. This awareness, although often vigorously expressed, appears to have been until now, on a somewhat formal or theoretical level of consciousness. Mr. Churchill's visit translated it into bread-and-butter reality.

The Chicago Sun refers to the visit as a token of "the unity of the United States and Great Britain in war, and the larger unity of all the nations united against Axis aggression." For the first time, the press as a whole seems to be saying with real conviction that what happens at Hong Kong or in North Africa or on the Russian front intimately and immediately concerns the

United States. The editorial writers are beginning to grasp the tremendous implications of a conflict which has the entire planet as its locale.

This understanding has made them a good deal more receptive to the proposition of a joint allied command. They recognize now that the war will demand strategic choices, that weapons are simply not available for adequate action on all fronts at once. They perceive that the utilization of available strength must be coordinated to be effective.

Most American commentators, of course, prefer to see the direction of affairs in American hands. They are prone, these days, to recite evidences of British blundering. It seems probable, however, that their awareness of the need for coordination will lead them to endorse a division of authority in separate sectors between the British and ourselves. As far as the Russians and Chinese are concerned, there appears to be no inclination to do more than send them material and let them conduct their own operations.

Overconfidence

Press reaction to the Pacific fighting has described a parabola. From a wringing of hands immediately after the attack on Pearl Harbor, sentiment rose sharply to an expectation of easy victory over the Japanese. It was not until the middle of the past week that the newspapers began to realize that further serious reverses were almost certainly in store for the British and American Far Eastern forces. Now, suddenly, the downswing has set in.

It was not only in respect to the Far East that the press fostered a high degree of optimism. Its news and editorial pages also proclaimed a Nazi disaster in Russia, encouraging a popular belief that the war might be won much more easily than at first expected. With very few exceptions, commentators gloated uncritically over the indications of a serious Nazi defeat. The removal of von Brauchitsch, the appeal to the German people for winter clothing, news of which could have come over the airwaves only by special permission of the German copyright owners, were heralded here with small discount.

With rumors that the French fleet has been delivered into German hands and with news of large-scale Japanese landings in the Philippines, a wave of apprehension has commenced. Having encouraged the public to anticipate good news, the press is now treating it to dire forebodings. Editorial writers have scarcely started their task of promoting public understanding that allied resources are limited.

Currently, they foresee a grave threat to Singapore in the Pacific and a probable Nazi grab at the Azores in the Atlantic. A discordant choir of journalistic strategists counsels both the concentration of American materiel for the defense of Britain's Far Eastern stronghold and the seizure of the Azores, Cape Verdes and Martinique.

Future

Winston Churchill's visit has revived editorial thoughts about collective security in the post-war reorganization of the world. Anglo-American collaboration continues to be regarded as the essential nucleus for the future maintenance of peace. Expressing the prevailing view -- a view which Mr. Churchill himself has

now voiced in ringing terms -- Walter Lippmann declares: "The great mistake of our lives -- from which flow all the awful consequences we now face -- was that having won the other war together with the British, we dissolved the partnership, went our separate ways and even became rivals."

But even under the stress of present circumstances, there is still a minority which cautions against the hands-across-the-sea philosophy. The parochial imperialism of those who masked but lately under the misnomer of isolationism is perhaps best illustrated by the Patterson papers -- The New York Daily News and The Washington Times-Herald. Suggesting a merger of Canada with the United States, they reason: "After this war, we are likely to find Russia the most powerful nation in Europe. To the west of us, we may face some powerful Asiatic coalition run either by Japan or by China. In the new world which we all hope for, it will be a fine piece of insurance to have Canada and the United States lined up side by side in a close union for defense of the North American way of life."

The depth of our new national unity may be gauged from these contrasting points of view.

For your information.

December 26, 1941.

To Ferdinand Kuhn, Jr.

From Joseph Melia

EDITORIAL OPINION
ON DOMESTIC ISSUES:
LABOR HOLDS SPOTLIGHT

Discussion of the military aspects of the war continues to overshadow domestic issues in the nation's press. Only the so-called "labor problem" is successfully competing for editorial attention with the dramatic war events in the Far East, Russia, and Libya. There is relatively little comment on price control legislation, taxation measures, or non-defense spending; Mr. Hoover's testimony and the Senate Banking Subcommittee's report on price control created only a flurry of editorial interest. Nor is much attention being given at this time to the prospect of rationing civilian goods, although the possibility is emphasized by the orders banning the sale of tires and cutting the production of automobiles.

Labor: Issue No. 1

Controversies over the rights of labor during the war are still far from being settled. This is evidenced, for one thing, by the mixed reception given the "for the duration" labor-management agreement. Another indication is the newspaper denunciation of the West Coast welders for "traitorously" striking. Still another is the joyful assertion by editorial writers that the Supreme Court's decision in the Virginia Electric & Power case is a precedent-making free-speech victory for employers.

The "no strike or lockout" provision of the labor-management agreement is widely acclaimed. But newspapers are generally skeptical of the two other clauses -- the one promising peaceful settlement of all disputes, and the other establishing a War Labor Board with power to resolve finally any management-labor disagreement.

These last two provisions -- along with the absence of any clause freezing the status quo of the closed shop -- are interpreted as meaning that conflicts involving closed or union shop issues or jurisdictional disputes can be mediated and finally arbitrated by the Board. With very

few exceptions, the press bitterly assails the giving of any such power to a government agency. The President's denunciation of the closed shop during the time of the captive coal mine strike is widely quoted to bolster the argument that new closed or union shop agreements should be outlawed for the duration.

Look To The Future

Newspapers are anxiously awaiting the appointment by the President of the new Board's personnel and the announcement of its policy. Editorial comment at this time indicates that too many New Deal, "pro-labor" appointments will probably be a signal for an instantaneous attack. And if an over-all policy to discourage unions from striving for closed or union shop agreements is not quickly established, the present temper of the press forecasts the probability of an increasingly loud demand for revision of the Wagner Act or for passage of legislation similar to the Smith or Ball Bill.

Another factor that may influence the attitude of the press toward legislation restricting labor is the extent of future strikes. War-time emotions and the

labor-industry conference have, temporarily at least, allayed labor unrest in the United States. But there is no certainty that the rapidly rising cost of living, increased income taxes, and high industrial profits will not eventually result in an outbreak of strikes. If this should happen or if for any reason labor leaders fail to keep the rank and file in line, the press, as indicated by its reaction to the welders' strike, will very likely increase pressure for passage of stringent legislation restricting labor.

For your information.

December 5, 1941.

To Ferdinand Kuhn, Jr.

From Alan Barth

EDITORIAL OPINION
ON FOREIGN AFFAIRS:
NO "APPEASEMENT"

Resolution

News and editorial pages throughout the country now present American involvement in a Pacific war as an imminent probability. The newspapers have by no means relinquished hope that war may be avoided. They are overwhelmingly opposed to seeking the avoidance through any substantial acquiescence in Japanese demands.

So long as basic American principles are kept inviolate, there is a general willingness to be patient with Japan. For this reason, the renewal of exploratory talks with the mission headed by Mr. Kurusu was approved -- although not entirely without misgivings. The interruption of these talks a week ago was heralded by many newspapers with such headlines as, "No Pacific Munich". Secretary Hull's forthright declaration of American principles, followed by the President's firm request for an explanation of Japanese troop movements into Indo-China, appears to have allayed the rather widespread fear

that some "appeasement" of Japan may have been contemplated. It was felt that Mr. Roosevelt permitted resumption of the talks only on the understanding that the Japanese were prepared to modify their position.

The general uneasiness of the press in respect to the negotiations with Japan finds fairly representative expression in the editorial page of the St. Paul Pioneer Press: "There have been unconfirmed rumors that the State Department is trying to make a deal with Japan by which the United States would throw over China, resuming trade in war materials to Japan if the latter will only take its troops out of Indo-China. The obstacle in the way has, it is said, been the strong anti-appeasement sentiment in the United States with respect to Japan If the State Department should have any such thing in mind, the public outcry at the attempt will make the British revulsion against Sir Samuel Hoare for his Ethiopian deal with Pierre Laval look weak by comparison."

And The Nashville Tennessean remarks in this connection: "While conferences in Washington are going on, the Chungking government can do nothing but await the outcome. But it has good reason to hope, and to believe, that the

American democracy will do as much to save China's neck as to preserve Japan's much-talked-of face We cannot abandon one enemy of totalitarianism without sowing the seed of doubt in the minds of all who are ranged against the Axis. Our own face, as well as our own welfare, is vitally involved."

The dominant theme of almost all editorial comment on the Far East is faith in the solidarity of the American, British, Chinese and Dutch forces ringing Japan. News pages give prominence to every occurrence which strengthens this combination; the recent arrival of a strong British naval squadron at Singapore, for example, was hailed enthusiastically. There is now general agreement, indeed, that the joint strength arrayed against the Japanese is overwhelming. The best hope for peace, the editorial pages reason, lies in Japanese recognition that this strength is indestructible. To retreat, they are convinced, is to invite disaster.

Uncertainty

A majority of the American press still holds to the hope that the Axis can be defeated without full-scale American participation at the actual fighting fronts. It is now generally taken for granted that the United States

will contribute naval assistance to the common effort, in addition to serving as "the arsenal of democracy". Neither press nor public, however, is prepared for American involvement on the scale depicted through the courtesy of The Chicago Tribune. Publication by this newspaper of war plans allegedly prepared by the Joint Army-Navy Board is bound to have a disconcerting effect, not necessarily unfortunate, upon popular hopes for a less costly way of gaining victory.

Currently the press takes a rather optimistic view of the progress of the war. While the early hopes for a swift British triumph in Libya have been disappointed, confidence persists that eventually the Nazis will be routed in this sector. Extremely heartening inferences are drawn from the turn of events on the Moscow and Rostov fronts. The ability of the Russians to counter-attack and to pursue what may be a mere temporary advantage in the south has given rise to highly optimistic speculations that the power of the German offensive has, at last, been broken. Continued Serbian resistance and stories of waning Italian morale have helped to induce a greater measure of assurance in the final victory of the anti-Axis powers.

There exists, however, an oppressive fear as to the economic consequences of fuller American involvement in the conflict. In this atmosphere, the disconnected rumors of a colossal Victory program entailing fabulous sums of money, and stories such as The Chicago Tribune's concerning the maintenance of huge armies, fall on frightened and unreceptive ears. There appears to be no full public understanding of the genuine needs of American defense.

The American public, insofar as its thinking can be interpreted through the press, seems determined that Hitler shall be beaten. But it is, as yet, reluctant to acknowledge that the victory can be purchased only by great sacrifice of blood and treasure. A victory program can best be presented to it, therefore, in general terms. The public demands no blueprint. It knows that the price of victory, whatever it may prove to be, is negligible in comparison with the price of submission. And it knows that there is no middle ground. It is ready to be told that the price paid so far must be multiplied. It will meet this price as the need for it unfolds and is explained.

Internal order is considered a prerequisite of unity. The Baltimore Sun gives the following explanation

Trend

As the America First Committee moves into political battle-stations for next year's congressional elections, there is a counteracting tendency toward acceptance of the majority will. Editorial writers, while they acknowledge the right of the isolationists to turn their organization into a political movement, condemn the action as an incitement to disunity in a time of national emergency.

There is greater respect for the attitude taken by Senators Taft and Gillette. The Cedar Rapids Gazette, a newspaper which vehemently opposed the Lend-Lease Act, offers a comment on Senator Gillette's action, which may be a significant straw in the wind: "For him to make this change probably was not easy, especially as he still believes American participation was unnecessary But the fact is that no amount of wishing can alter the situation from what it is. A decision has been made and we are embarked on a course. The democratic way is to abide by that decision."

Unity is recognized as an essential of national security. Internal order is considered a prerequisite of unity. The Baltimore Sun gives the following expression

to the prevalent sense of need for greater order: ". . . the fact remains that with the gravest danger in both of the oceans which we assume to be our protection, we have not put our finances in order, we have not put our business organizations under control, we have not put our industrial production under safeguards which are essential. The question is this: Will our love of ease smother the full expression of our intelligence and our energy unless Japan actually forces fighting in the Pacific and unless some catastrophe in Russia brings Hitler nearer to us? Shall we never summon the fullness of our genius unless fate compels? Must we always act after the menace and never before?"

Everywhere in the press there is an insistent demand for strong presidential leadership to produce unity on the home front.

The Director
Office of Facts and Figures

file
For your information.

January 2, 1942.

To Archibald MacLeish

From Alan Barth

EDITORIAL OPINION
ON FOREIGN AFFAIRS:
TESTAMENT OF FAITH

Responsibility

Whatever the failings of the American press, it has faced this time of crisis with a high sense of responsibility. It has reported defeat to the American people -- what The Washington Post defines as our "most important military defeat in more than a century" -- and has reported it without the smallest suggestion of defeatism.

Neither editorial writers nor radio commentators gave the public adequate preparation for this defeat. It is apparent, indeed, that they were themselves the victims of a complacent contempt for Japanese power. But now, having at last grasped the dimensions of the Pacific problem, they present it in perspective as merely one phase, an initial phase, of what must be a long struggle on many fronts against the Axis as a whole. Editorial eyes have focussed on the entire target.

Faith

Newspapers and radio currently express completely restored confidence in American armed forces. The shakeup in the Far Eastern command assuaged the shock of Pearl Harbor losses. The difficulties besetting the Army and Navy and the demands of overall strategy are now commonly recognized. The military and naval chiefs are represented as proceeding in accordance with reasoned plans.

It seems noteworthy that there have been almost no hysterical demands for the preservation of American soil at the expense of larger objectives. Nor has there been undue clamor for a demonstration of American strength by immediate reprisals against the Japanese. Even the loss of the Philippines is now calmly presented, perhaps with a trace of complacency, as a probable cost of winning the larger battles of the Pacific and the Atlantic.

Despite the emphasis on reverses and difficulties, there is no apparent diminution of long-run confidence. Great pride is expressed in the courage displayed by American and Filipino fighting men; perplexity rather than annoyance is the expressed response to Pravda's taunts of "cowardice"; commentators express only the highest praise for General MacArthur's management of his responsibilities. The pledge made to the Philippines by the President and by the Navy

is a principal keynote of editorial comment. In a typical expression of opinion, The St. Louis Post-Dispatch declares: "Their freedom may be lost, but it will be redeemed. There can be no doubt that as American strength is mobilized, and the original Japanese advantage of surprise attack is counteracted by superior force, the invaders will be blasted off the islands and swept into the sea."

Offense

Winston Churchill's rhetorical question in his address to Congress -- "What kind of people do they think we are?" -- has been made the theme of innumerable editorials. The anger engendered by the surprise assault on Hawaii has been inflamed by the bombing of Manila. Editorial comment reflects a rising temper, particularly against the Japanese, and a growing eagerness to carry the fighting to the enemy; there appears to be a widespread desire for air raids which will punish the Japanese people.

This offensive psychology manifests itself, too, in pronounced editorial impatience toward Vichy. Editorial writers showed some willingness to defend the State Department protest on the Free French seizure of St. Pierre and Miquelon; they did so, however, with a distinct air of apology. They recognized that the Free French action was awkwardly inopportune and acknowledged the

technical justification for Secretary Hull's sharp rebuff. But the prevailing feeling seemed to be one of regret that democratic solidarity had not been given precedence over technical considerations and the placation of Marshal Petain. Many commentators now urge tough tactics in dealing with the Vichy Government; they regard it as being in the Axis camp beyond redemption and recommend American occupation of all France's Atlantic possessions. "Straight thinking," says The Dallas News, for example, "asserts that there is no de facto government in France nor even a de jure one, that France is governed from Berlin and that De Gaulle, if anybody, represents the real wish of the French people."

Everywhere, in comments on the war production, on the enlargement of Lend-Lease aid, on the conversion of plant facilities, on civilian sacrifices, there seems to be a genuine eagerness to carry on the war as aggressively as possible.

Defense

Counteracting this aggressiveness, of course, there is a latent isolationist sentiment, now temporarily silenced. It evidences itself in occasional demands for the hoarding of American strength and the protection of the home front.

It is significant, however, that the press has been responsible for almost no suggestions that naval or military forces be concentrated on home defense assignments. The accent has been entirely on civilian defense activity.

The feeling is extremely prevalent among editorial writers that air raids on the United States, particularly in the coastal areas, are both possible and probable. The dominant view is that such raids are likely to be only of a "token" nature; but some raiding is expected from the Germans, even more than from the Japanese. Commentators urge vehemently that the lesson to be learned from Pearl Harbor is that we must be prepared for any eventuality. They are by no means satisfied with the air raid precautions taken to date. Army control over civilian defense is commonly advocated.

The commentators show small awareness that home defense may divert important productive facilities from the offensive war effort. Both press and radio reflect a high degree of confusion as to proper domestic precautions. Clarification of the genuine civilian defense needs may avert the growth of a defensive point of view in the public mind.

For your information.

January 2, 1942.

To Ferdinand Kuhn, Jr.

From Joseph Melia

EDITORIAL OPINION
ON THE HOME FRONT:
THE SHADOW OF SACRIFICES

The 50-billion dollar war program and the impending shutdown of automobile production have had a sobering effect on the nation's press. Newspapers are considering with increased thoughtfulness the sacrifices that will be necessary on the home front to win a long and hard war.

Editorial writers throughout the country stand solidly behind the President in his effort to bring about a swift transition from peacetime to total war production. They accept the far-reaching economic implications and the steep increase in taxation inherent in the new war program as part of the inevitable cost of victory. But while anticipating and willing to accept a tax rate higher than at any time in our history, the press insists that the government cut non-defense expenditures to the bone and put all its energy into the efficient prosecution of total war.

War Taxes

Newspapers as a whole want the war financed as far as possible on a pay-as-we-go basis. They tend to evaluate the wisdom of various war tax proposals by three standards. New taxes, they insist, should (1) raise a large revenue quickly, (2) divert purchasing power, and (3) encourage rather than "stifle" business.

Judged by these standards, a federal sales tax is favored by most editorial writers. The opposition to a withholding tax, although still widespread, seems to be diminishing. And there is a tendency to fear that increased taxes on business profits will "kill the goose that lays the golden eggs" by destroying the initiative of private enterprise. The possibility of enforced savings is receiving almost no editorial attention at this time.

Editorial comment on withholding taxes, sales taxes, and increased business taxes can be summarized as follows:

Withholding Tax: It is generally recognized that a withholding tax, graduated in proportion to income, would be an easy way to raise income and at the same time siphon off purchasing power. But many newspapers still attack the idea on the ground that such a tax would be "confiscatory," would work undue hardships on employers because of the bookkeeping involved, and would lead to demands for increased wages.

Sales Tax: The press as a whole prefers a general sales tax to a withholding tax as an income-raising and anti-inflation measure. Many editorial writers recognize that a sales tax in ordinary times would be highly inequitable. But as taxes increase and become more general, this objection, it is argued, is apt to become academic. Some newspapers, among them the Baltimore Sun, urge that expenditures for such essentials as food, clothing, medicine and housing be exempted from any sales tax.

Business Taxes: A number of newspapers, large and small and in various sections of the country, have recently editorialized that this must be a war without "war millionaires." Nevertheless, these newspapers maintain that the present excess-profits tax and corporate-income tax on the whole are adequate, and they hark back to Senator George's statement that "this is no time to experiment with new tax theories." They express the fear that the coming Treasury recommendations may tax small business out of existence and may destroy the profit-earning and revenue-raising capacity of big business.

In contrast to the sentiment expressed by most newspapers, the minority liberal and labor press is opposed to a sales tax. Liberal and labor publications favor instead a stiff increase of excess profits and income taxes.

Non-defense Spending

Although willing to accept a greatly increased tax burden, newspapers throughout the country are demanding with more insistence than ever that the cost of the war be offset as much as possible by a paring of non-defense expenditures. Editorial writers view with increasing impatience the New Deal activities that do not directly advance the war effort, no matter how important these activities may be in the long run. "Billions for defense," the Houston Post editorialized, "but not a dollar for useless projects -- useless at least in this time of stress and storm."

The Byrd Committee report continues to win wide support. Leading newspapers in the farm belt agree with the Committee's proposals to slice agricultural benefits, but make little mention of Secretary Morgenthau's suggestion that parity payments should be cut.

The Director
Office of Facts and Figures

file

For your information
January 9, 1942

To Archibald MacLeish
From Alan Barth

EDITORIAL OPINION
ON THE WAR:
STATE OF THE UNION

Message

The American press accepted the President's message on the state of the Union as a challenge. The response everywhere was a resounding affirmation of the President's own words -- "Let no man say it cannot be done. It must be done -- and we have undertaken to do it."

The Cleveland Plain Dealer reported the message under a banner front page headline: "It Will Be Done!" Nation Booms Back to War Plea of Roosevelt. The Chicago Tribune did its own booming back in the form of an eight-column streamer in huge black type: We'll Do War Job: Industry. The Boston Herald bedecked its first page with giant letters announcing: U.S. Backs Huge Arming for "World-Front" AEF.

The editorial reaction of almost all newspapers showed intense fervor for the job at hand. "The President has given us a blueprint for victory," observed The Chicago Sun; The Christian Science Monitor called the speech "a Promethean

promise"; The Cincinnati Enquirer considered it "dynamic"; The Raleigh News and Observer found in it "inspiring leadership".

Most editorial writers applauded the President's designation of specific quotas for the production of planes, tanks, guns and ships. There was no disposition among them to regard the goals as unattainable. They united, however, in an insistence that the President's program could be accomplished only through profound changes in American living habits and an all-out work effort by the people of the country. The Cleveland Plain Dealer expressed the common feeling in simple terms: "America's gadget civilization must end."

Background

Mr. Roosevelt's words were delivered against a background of extreme editorial dissatisfaction with the progress of production to date. It is, of course, habitual with the press to charge that the present Administration inhibits industry. For a long time commentators have demanded a single responsible chief of production; they have little faith either in OPM or SPAB. Now they are renewing, in even greater volume than before, their cries for the coordination of all procurement activities under a Minister of

The editorial reluctance to grant labor effective participation in the direction of the war effort springs from a deep general uneasiness over the consequences which the war may impose upon the American economic system. Heavy deficit spending remains a bugbear to the editorial mind; inflation, collapse, socialization of industry are vaguely feared. Yet this fear is subordinate to the fear of an Axis triumph. American victory in the war is everywhere held to be the primary and paramount need.

The more responsible commentators show some awareness that the cleavage between management and labor constitutes a serious threat to the recently welded national unity. Accordingly, they plead vehemently for compromise and solidarity. They are moved by a profound confidence in the capacity of American production to win the war, provided that productive resources are mobilized unsparingly. They show no hesitation about facing the temporary sacrifices involved; indeed, they are all but unanimous in urging rigid restrictions on civilian consumption of scarce articles such as rubber and metals. But they cannot exorcise their fear of some permanent change in the social structure.

The press accepted with enthusiasm the President's assertion that we will fight the enemy "wherever and whenever we reach him." And it gave special applause to the pledge "to maintain the security of the peace."

News

Newspapers reflect growing concern over the progress of the war in the Far East. Loss of the Philippines is now taken entirely for granted. The fall of Singapore is gravely feared.

Against this background of discouragement, the press continues to present as dramatically as possible every heartening incident in the Pacific. The Chicago Tribune, for example, employed a big, black banner headline to report: Japs Suffer Worst Defeat. The story disclosed only that four Japanese planes had been downed. The New York Herald Tribune gave a three-deck front page spread, so that those who ran might read, to the announcement: Army Bombers Pound Japanese Battleship, Sink Destroyer; 700 Luzon Invaders Killed; Navy Tender Fights Off 15 Planes 7 Hours.

The most common editorial generalization drawn from the Pacific fighting is that air power has now unquestionably demonstrated its superiority over sea power.

Allies

The designation of a Briton to the supreme command of allied forces in the Far East was accepted by editorial commentators without complaint and, in fact, by almost all of them with hearty approval. A supreme allied war council is generally urged and expected.

The Secretary of the Treasury

file

For your information.

January 9, 1942

To Ferdinand Kuhn, Jr.

From Joseph Melia

EDITORIAL COMMENT
ON DOMESTIC ISSUES:
QUALMS ABOUT THE BUDGET

There is no editorial dissent with the need for a vast war program as outlined by the President in his budget message. Newspapers throughout the country agree that there can be no quibbling over the price of victory, which, they recognize, may go still higher as the war proceeds. Nevertheless, they are staggered by the 56 billion dollars in immediate expenditures and the 9 billion dollars in increased taxes envisioned by the President.

Editorial writers and columnists seize upon the incomprehensibility of these figures as dramatic evidence of the need for (1) holding government non-defense expenditures at a minimum by cutting to the bone, if not eliminating altogether expenditures for farm benefits, work relief, and youth aid, (2) spreading and "equalizing" taxes, (3) promptly passing effective price control legislation, (4) establishing in the United States an agency similar to

England's Ministry of Supply in order to insure efficient war production.

Non-Defense Economies

While encouraged that some of the economies advocated by the Byrd Committee are contained in the budget, an overwhelming majority of the newspapers in all sections of the country criticize the President for not cutting deeper into non-military expenditures. Most editorial writers insist that there is no longer any need for such agencies as the WPA, CCC, and NYA. They make no distinction between the old peacetime and new defense activities of these agencies. The President is also severely criticized by the leading metropolitan newspapers for stating that parity should be maintained by government subsidy if farm prices drop.

The only note of warning against "penny-wise and pound-foolish" economies comes from such New Deal newspapers as the St. Louis Post-Dispatch and PM. Having opposed the economies suggested by the Byrd Committee and Brookings Institution, PM now evidences surprise and regret that the President should chop the appropriation of such an agency as the FSA while leaving the door open for parity payments

which generally benefit well-to-do farmers. And the Post-Dispatch argues: "Reduction of non-defense spending should not be seized upon as an opportunity for clubbing agencies to death without discrimination. Some of them have been given important defense jobs -- such as the Farm Security Administration's new task of organizing huge trailer towns for workers in the mushroom munition plants."

Taxes

The press agrees that the war must be financed as much as possible by taxation. But judging by the way most editorial writers over-stress one or two of the tax suggestions made by the President, the press is far from being in complete agreement with the Administration on the type of taxes that should be levied. In general, editorial writers stress the President's statement on the need for anti-inflation taxes and ignore his appeals to increase and tighten progressive, selective taxes.

Leading metropolitan newspapers, along with the business groups for which they generally speak, have consistently advocated a general sales tax. Delighted that the President has forsaken his opposition to this type of tax, they argue that a sales tax would curb inflation and at the same time

"spread" and "equalize" the war burden. With most editorial comment centering around the possibility of a sales levy, the President's other anti-inflation tax suggestions receive relatively little attention. Most newspapers are traditionally opposed to withholding taxes, however, and some attack the suggestion to increase Social Security taxes.

The financial journals, naturally, are upset by the President's appeal to recapture war profits and increase progressive taxes. The President's emphasis on the merits of progressive taxation indicates "trouble" to the Wall Street Journal and an "undermining of private enterprise and fostering of State Socialism" to the Journal of Commerce.

Price Control

Unless the Senate Banking Committee's price bill is passed without further delay, the press fears that inflation will drive the cost of the war out of all bounds. Many newspapers, including the Scripps-Howard chain, still favor over-all control of prices and wages, as well as more drastic controls over farm commodity prices. But they are not as insistent on these points as previously. Most

editorial writers oppose any device which would give the Department of Agriculture jurisdiction over farm prices; such devices, they feel, would weaken the effectiveness of the bill.

The Director
Office of Facts and Figures

file

For your information
January 16, 1942

To Archibald MacLeish
From Alan Barth

EDITORIAL OPINION
ON THE WAR:
PREPARING TO FIGHT

Contradiction

The press reveals an interesting contrast these days between its news pages and its editorial pages. Editors are busily warning readers to beware of headline writers.

The commentators, suddenly, have become propaganda-conscious. The Scripps-Howard papers head an editorial "Don't Underrate The Enemy," and praise the counsel recently offered by Donald Nelson, Senator Connally and Secretary Knox to discount stories of German losses. Anne O'Hare McCormick, in The New York Times, remarks: "Regardless of the truth or falsehood of reports of trouble in Germany, it cannot be repeated too often that they should be received with the utmost caution." Many other newspapers echo this theme, urging the public to be on guard against overconfidence or the expectation of an easy victory.

But the cable editors apparently do not read these inside pages. They continue to treat each successful American bombing raid as an important victory. They are now giving increased prominence to the news of Russian advances on the eastern front, and they go right on brightening the news columns with the dubious tales of diminished German morale.

The editorial writers themselves, moreover, exhibit a tendency to recite the resources of the United States as reassuring evidence that the Axis is inexorably doomed. They marshal President Roosevelt's figures of planes and tanks and ships to be produced in 1943 to prove conclusively on paper that the United Nations are invincible. Confidence, despite the setbacks in the Far East, is at a high level; it may be on the borderline of complacency.

Getting Down To Business

The appointment of Donald Nelson to a post commonly referred to in headlines as "War Production Czar" answered a demand expressed by newspapers in every section of the country. Concentration of authority has been generally regarded as a prerequisite to meeting the production quotas set by the President in his message on the state of the Union.

While a variety of candidates, including Wendell Willkie, had been advocated by different newspapers, the press united in endorsement of the President's action. Perhaps the most lyrical note of appreciation was sounded by New York's PM. "With a stroke of his pen," observed Ralph Ingersoll, "President Roosevelt wrote off from the Nazi balance sheet whole industries in Europe. No bombing mission from England was ever as destructive to Hitler's ambition to out-produce us."

The Nelson appointment, together with the creation of a War Labor Board, restrictions on the sale of tires and automobiles and Mr. Roosevelt's firm attitude on farm prices, has greatly bolstered the editorial hope that the Administration is preparing to get down to the business of waging war in earnest.

Establishment of the War Labor Board also answered a widespread editorial demand; although there was some carping at the failure to eliminate the closed shop issue from its deliberations, commentators in general expressed satisfaction with its functions and its personnel. Increased and stiffened rationing is advocated by a considerable number of newspapers; some of them, indeed, have taken to extolling the virtues of the simple life to be induced by cuts in civilian consumption. According to The Chicago Times, "It's going to be good for us." Most of the press wants the

Government to take a tough attitude on rationing and prices. Judging from a recent Gallup poll, the public feels the same way; 78 percent answered "yes" to the question, "In time of war, should the Government have the right to tell factory owners and businessmen what products they can make and what prices they can charge?"

This insistence on mobilizing our domestic resources appears to reflect a deep-seated and genuine editorial conviction that assembly lines are now America's front lines in the war. The conviction embraces an awareness of the war's planetary scope. It finds expression also in an angry impatience with the Government's failure to build up adequate stock piles of strategic materials and with industry's failure to convert its facilities more rapidly into war production.

The concept of the United States as "the arsenal of democracy" seems to be in the process of translation from theory to reality. The press is now preparing for a long war, a hard war and a world war.

Revival

A guidepost as to the form in which isolationism may be reborn, in marked contrast to the global thinking of most commentators, is to be found in an editorial by the New York Daily News Syndicate. Declaring that loss of the Philippines appears to be

"only a question of time" and suggesting that Singapore is likely to fall to the Japanese as well, the Dutch East Indies following as a matter of course, The News urges that American strength be concentrated on Hawaii. "If we don't hold Hawaii," this gloomy prophecy continues, "one guess is as good as another what will happen to us. Our guess is that Jap bomber raids or battleship raids or both will take to harrying our West Coast shortly after Hawaii goes down, and that we will then be on a bad spot indeed. . . . The defense of Hawaii -- implacable, last-ditch defense kept supplied remorselessly from the mainland -- is, we believe, war job No. 1 for the American people."

This sort of concentration on our narrow parochial defenses appears to be emerging as the new isolationist "line".

The Secretary of the Treasury

file

For your information

January 16, 1942

To Ferdinand Kuhn, Jr.

From Joseph Melia

EDITORIAL COMMENT
ON TAX PROBLEMS:
BATTLE LINES FORM

Editorial discussion of wartime taxes centers on the need for a measure that will quickly raise an unprecedented amount of revenue and at the same time act as a brake on inflation. Most editorial writers insist that these two goals must subordinate "ability to pay" as the basic principle of the new program, and accordingly strongly favor a general sales tax. They argue in all seriousness that a sales tax is the only remaining major source of revenue, since income taxes and excise levies have just about reached the point of diminishing returns.

Even liberal newspapers like the New York Post and Chicago Sun are willing to accept a sales tax if necessary. But these newspapers make a point ignored by the majority of the press -- that along with deflationary, "spread-the-burden" taxes, drastic steps must be taken to recapture war profits.

Leading labor publications, with the exception of the Railroad Brotherhoods' organ, have not as yet commented editorially on the

impending tax program, although they are traditional and vigorous opponents of withholding taxes and sales taxes. They give prominent display in both their news and editorial columns to disclosures of large war profits.

Deflation Taxes

The proponents of a general sales tax claim that such a levy would largely solve the problem of financing the war, meeting perhaps two-thirds of the proposed 7 billion dollar increase in the tax bill. Many also maintain that such a measure would be relatively "painless" and the most "fair" way of distributing the tax burden. The argument that a sales levy is a tax on the poor man's table is met with the rebuttal that the necessities of life -- food, clothing, and medicine -- should be exempted.

A large number of the same newspapers that suggest a sales tax as a deflationary measure and a quick, steady source of income are opposed, however, to either a withholding tax or enforced savings. The Philadelphia Inquirer sums up the prevailing sentiment in arguing for a sales levy and against a withholding tax: "The comprehensive sales tax possesses many advantages both for the government and the taxpayers. It brings in the money and it distributes the tax load in the fairest manner possible. A government check-off or withholding tax at the source makes no allowance for the

individual's special circumstances. It takes steady toll in the same amount each week or month from his wages.... But if a considerable part of his contribution is to be made in sales taxes, he can adjust his spending."

A recent Gallup poll indicates that the man on the street is still far from advocating a sales tax as wholeheartedly as his editors and publishers. According to this survey, 47 percent of the people favor a sales tax, 46 percent disapprove, and 7 percent are undecided. Last January, the score was 42 percent for, 49 percent against, and 9 percent with no opinion.

Progressive Taxes

Most of the conservative press fears that to increase private or corporate income taxes would kill the goose that lays the golden eggs and would lead to economic and social disruption. It is maintained that the middle class already is supporting a disproportionate share of the tax load; to add to corporate taxes might so "stifle" the profit motive and private enterprise that production would suffer.

"May not the government in its eagerness to tax corporate business -- which is tantamount to reducing the wages of management and capital -- risk the danger of destroying the zest for industrial expansion...?" asks the Boston Herald, while the Chicago News argues: "The social convulsions Europe underwent after the last

war were striking evidence of the unwisdom of piling an unbearable burden in taxes and inflation on the middle classes...."

Opposed to the sentiment expressed by these two newspapers and the conservative press as a whole, the liberal press insists that personal and corporate income taxes must be drastically increased. The Chicago Sun proposes that all personal income above a minimum amount necessary for the essentials of life should be taken by taxation, and the New York Post states: "Excess profits will have to be lifted; we can hardly continue a rate that runs about half that of England's.... Those who oppose a fair increase in excess profits taxes must ask themselves whether they are defending the profit system or defending temporary profits."

The Director
Office of Facts and Figures

file

For your information.
January 23, 1942.

To Archibald MacLeish
From Alan Barth

EDITORIAL OPINION
ON THE WAR:
THE INDIVISIBLE WAR

Focus

German submarine activities off America's eastern shore last week prodded editorial imaginations. The press as a whole seemed inclined to view these attacks on our coastal shipping as a helpful reminder that the war against the Axis spans the earth.

The reminder was needed. As American and British reverses in the Far East grew more grave, there was a marked tendency to focus attention on this area as the main theater of the war. Commentators retained an intellectual awareness of the importance of the Atlantic. But their real concern was with the Pacific.

The Chicago Tribune took advantage of the situation to expound its recently developed philosophy of neo-isolationism: "It is a sound principle of war to concentrate on the principal and proximate enemy. For the United States, that enemy is Japan.... If we scatter our strength in a dozen trifling

expeditions all over the world, we may succeed only in giving the Japanese the opportunity to strike us at home.... For the present, at least, our single war aim must be the crushing of the Japanese."

Curiously enough, so liberal an opposite as The Nation found itself in virtual agreement with this point of view: "Secretary Knox's argument that once we have disposed of Hitler we shall have little difficulty with Japan is plausible so far as it goes. But it could also be argued that we should smash Japan first, as the weaker member of the Axis -- after which we would have vastly greater resources to turn against Germany.... We cannot readily send an expeditionary force to Russia, but defeat of Japan would release Russia's huge Far Eastern army for use against Germany."

The Hearst papers, in the peculiar typographical style which they affect, urged an all-out concentration of attention on the Pacific. "The American west coast," said the New York Journal-American, "is the most EXPOSED part of our mainland.... Here, then, is the place for protection to be provided FIRST and to be COMPLETE." And Mr. William Randolph Hearst himself, arguing that the American Navy can now "withdraw its tender care of England's shores," and that "Russia is not only holding but

overcoming the German forces on the European front," demanded the massing of all our strength for "the conservation of the White Man's civilization."

While most newspapers do not go to these extremes, they now show signs of serious alarm over the turn of events in the Orient. They are extremely pessimistic as to the chances of holding Singapore and the Dutch East Indies. Many of them, indeed, have become sharply critical of alleged British unpreparedness in Malaya; and they are fearful that neither the British nor the Dutch are pursuing a "scorched earth" policy with anything like the ruthlessness of the Russians. There is a widespread apprehension that essential bastions in the Far East, such as Singapore, may never be regained if the Japanese once succeed in capturing them.

Despite such anxieties, however, the press, as a whole, heartily approved Secretary Knox's definition of the Far East as a secondary theater of the war. Some commentators expressed uneasiness lest his views dismay our Far Eastern partners. But even these took the attitude expressed by The Spokane Spokesman-Review: "This is probably one of the hard decisions the Government explained would have to be made at this stage of the war, and was made in the conviction that, bitter as it is to accept

reverses in the Pacific now, the important first objective is the defeat of Germany, after which the smashing of Japan will be a much simplified problem."

Not infrequently, the selfsame editorial writers who warn readers against over-optimism find it impossible to resist the luxury of an occasional column gloating over current Nazi difficulties. The continuance of the Russian advance, particularly the recapture of Mozhaisk, has kindled a hope which they cannot wholly set aside. But in their more sober moments they share the indignation of The San Francisco Chronicle: "Talk of a short war! We are not yet in a position to make it a short war, and our allies are at present doing no more than holding their own, not that in all cases.... Any talk that this is going to be a quick war, soon finished, is just so much dope to make us go slack in our effort. Beware of it! It does Hitler's work! He could well afford to pay good money to people who go around spreading this poison."

Production

A powerful spur to domestic confidence has proceeded from the reorganization of the production program. Almost all commentators expressed delight over the nature of the Executive Order

conferring authority upon Donald Nelson. A few, notably Walter Lippmann and Ernest Lindley, were uneasy over the President's appointment of Mr. Knudsen to the Army procurement command; they feared it might entail a fresh division of responsibility.

The delegation of power to Mr. Nelson, since the commentators viewed it as a concession to their demands, blunted the criticism which might have been expected to follow the Truman Committee report.

Editorial ire is now directed mainly at the dollar-a-year men in the Government. There has been a general revulsion of feeling against entrusting responsibility to men who do not choose to relinquish their private business interests.

Domestic optimism has had another stimulus from the prospect of an "accouplement" between the AFL and CIO. Editorial writers have had a good deal of fun satirizing John L. Lewis as a dove of peace; they wholly distrust the motives behind his proposal. But they desire Labor peace intensely enough to be indifferent to the means by which it may be accomplished. When peace is finally achieved, a good many of them hint happily, the Government will be obliged to regulate Labor as a form of monopoly.

Censorship

There has been a wave of tentative editorial enthusiasm for the regulations published recently by the Office of Censorship. With minor exceptions, these were endorsed as constructive and reasonable. But the tentative nature of the endorsement was made manifest in a general insistence that the test of the rules would be in the application; for the moment, there is unanimous agreement with The Portland Oregonian that Byron Price "is neither arbitrary nor emotional." The press, nevertheless, is warily on guard for any infringements on its prerogatives.

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The Secretary of the Treasury

file

For your information

January 30, 1942

To Ferdinand Kuhn, Jr.

From Joseph Melia

EDITORIAL COMMENT ON TAXES:
CLOSING THE LOOPHOLES

The press has no quarrel with the general thesis that tax avoidance is wrong and should not be tolerated. Of Secretary Morgenthau's four recommendations for closing tax loopholes, however, only the proposal to tax outstanding issues of State and municipal bonds is creating appreciable editorial dissent at this time.

At present, editorial argument over tax exempts is confined to the East. Without exception those newspapers that have commented until now, including the financial journals, support the proposal to tax the income from future issues of State and municipal securities. With equal unanimity they bitterly attack the suggestion to tax the income from outstanding issues.

It is generally conceded that the Federal government has no legal contract with the holders of tax-exempts. Editorial writers nevertheless find an implied guarantee of tax exemption for outstanding issues, since the Federal government never

challenged the right of States and municipalities to issue tax-free bonds. If a tax is imposed on the bonds now outstanding, they hold it would be an inexcusable breach of faith and a gross abuse of Federal power.

The attitude of the Eastern press toward taxing the income from future and outstanding issues of State and municipal bonds is well mirrored by the Washington Post. Last week the Post, along with the Scripps-Howard chain, argued: "Under existing conditions the familiar arguments -- political and economic -- against Federal taxation of municipals have lost their validity.... Consequently existing loopholes for legal tax evasion should be plugged, both in fairness to taxpayers and for the sake of revenue...."

After Secretary Morgenthau's speech in Cleveland, however, the Post quickly made it clear that it did not regard outstanding issues as a "loophole."

"For years," said the Post, "it has been assumed, on the basis of court decisions, that municipal bonds are not subject to Federal taxation. Such bonds have been bought by investors with this understanding.... Suddenly to deprive holders of municipal bonds of the tax-exemption privilege would be regarded--and rightly--as an indirect assault upon the sanctity of contracts.... With war expenditures necessitating the borrowing of many billions, the Government needs more than ever to maintain a reputation for dealing fairly with the investing public."

Although grassroot editors as a whole have not yet entered the tax exempt argument, the line they may be expected to follow is indicated by the Conference on State Defense, an organization devoted to "preserving the rights" of State and municipal governments. On the very day of the Secretary's speech in Cleveland, the Conference issued a statement attacking the proposal to tax outstanding issues of municipal and State bonds. Every one of these bonds, it said, has been issued with the "full recognition" of the Treasury that they were "immune" from Federal taxation. "This repudiation," the Conference warned, "may well impose a moral obligation on every community, State and county in the country to make good every penny that will have to be paid out in taxes on these obligations."

The Conference did not mention in this statement the possibility of taxing future issues, but its traditional stand is that such a step would be "economically unsound, unconstitutional and a threat to the borrowing power of local governments." The Conference has also consistently called fallacious the argument that such a levy is necessary to finance the war and to plug a tax loophole. It maintains that the elimination of future tax exempts would

yield no substantial income for forty or fifty years, and that, according to Treasury figures, only about six percent of the assets of large estates are in tax-free bonds.

Joint Returns

The proposal to make mandatory the filing of joint returns has been condemned by the General Federation of Women's Clubs and upheld by the CIO.

Claiming to represent two million women in 16,000 affiliated clubs, the board of directors of the Federation voted to oppose any legislation requiring joint returns on the grounds that such a law would be the worst "deterrent" women had suffered in 50 years. "What is \$389,000,000 compared to the rights of women?" one director is reported to have inquired when another had brought out that joint returns would increase Federal revenue by that amount. The Federation maintains also that joint returns would endanger the American home by discouraging marriage and encouraging divorce.

The CIO's endorsement of mandatory joint returns was contained in a tax resolution adopted this week by its executive board. The resolution served notice that the CIO would lobby for a tax program to "stop war profiteering and

the creation of war millionaires and which will protect the standard of living necessary to maintain American production at a maximum." Specifically, the CIO resolved to oppose "most vigorously" any attempt to pass a general tax on wages or sales, and maintained that sufficient war revenue could be obtained by (1) increased normal taxes and excess profit taxes on corporations, (2) increased taxes on the present individual income tax base, (3) closing loopholes in the individual and corporate income taxes, such as separate returns for husband and wife and tax-free bonds, (4) increased rates and lowered exemptions on estate and gift taxes, and (5) excise taxes on certain luxury goods.

Price Control

The only good word the press has to offer for the price control bill is that it might have been worse. Editorial writers are gloomily resigned to an inevitable climb in prices. Relieved that there is at last some sort of legislation on the books, however, they are hopeful that it will give Mr. Henderson enough authority at least to check runaway inflation. Criticism centers on the agricultural provisions and lack of wage control. When even such newspapers as the

Hutchinson, Kansas, Herald hold that the farm ceilings will encourage inflation, it is safe to assume that many farmers are among those disgusted with their political spokesmen in Congress.

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The Director
Office of Facts and Figures

For your information
January 30, 1942

To Archibald MacLeish
From Alan Barth

EDITORIAL OPINION
ON THE WAR:
RESPONSE TO CANDOR

Shift

The pendulum of editorial attention has gone full swing from the Atlantic to the Pacific. There appears now to be almost complete agreement in the press that the Far East is at least the most urgent, if not the most important, sector of the war today.

Japanese advances, underscored by Australian demands for assistance, shocked the commentators into a state of serious alarm. Even The New York Times, staunch proponent of Hitler as Enemy No. 1, observes that "unless this drive is halted somewhere, the islands fringing Australia and Java will be as firmly in Japan's grip as her mandated archipelago. Our job of dislodging her will be colossal. No present comfort can be drawn from Japan's lengthening communication lines if no effort is made to cut them and if the bases from which they can be attacked are given up one by one." And William Randolph Hearst tells his readers that "The war in the Pacific

is not only the most serious situation that confronts the Allies, but it is the only phase of the war which is now vital." Secretary Knox's restatement of his view as to the relationship between the European and Asiatic fronts is in accord with the current consensus of editorial opinion.

In this atmosphere of general dismay, the Battle of Macassar Strait has glowed as a bright hope. Commentators see in it reassuring evidence that Japanese communications are becoming overextended and that the United Nations are capable of unified and effective action. Perhaps the importance of the blow dealt to this Japanese convoy has been overstated in headlines. But there are now very few signs of complacency in the editorial attitude toward Far Eastern problems.

Offensive

Despite absorption in the Pacific, most of the press now available is able to herald the landing of American troops in Northern Ireland as another hopeful indication of allied unity. Minority elements, particularly Irish and Catholic journals, clamor against the employment of our forces to aid England and against the exertion of pressure upon Eire. But the newspapers which have consistently supported Administration foreign policy

frankly rejoice that the United States is at last moving to meet the enemy on foreign fields. The Philadelphia Record, for example, deploring official reluctance to refer to this force as an AEF, declares: "The public understands quite as well as the highest officials that we cannot beat the Axis by staying home; that we cannot avenge Pearl Harbor merely by coast defense . . . It may be silly, as President Roosevelt says, to call the present force in Ulster an AEF. But it isn't silly to hope that it grows into one -- fast."

The Atlanta Constitution describes the contingent as the "vanguard of a new AEF" and "the forerunner of vast forces." The Christian Science Monitor feels that "the presence of an American force in Ireland will have tremendous effect on the morale of peoples in the Nazi-imprisoned countries and in those that are threatened -- like Eire." All in all, the press now shows a wholehearted understanding and acceptance of the lesson which the President so painstakingly propounded in the days when aid-to-Britain was a live and debatable proposition -- that defense begins abroad.

Catharsis

The Roberts report seems to have purged the worst phases of Pearl Harbor's unhappy aftermath. It served as a confession

and, as such, lifted in some measure the sense of guilt and shame which it acknowledged.

The Chicago Daily News expressed the prevailing appraisal of the report in calling it "fair, clear and complete." As to the placing of blame, an interesting distinction is to be noted between the majority of the press which has supported the Administration's foreign policy and the minority which has consistently opposed it. In the latter category falls William Randolph Hearst's judgment that "The Federal Administration at Washington has conducted an investigation, mainly concerning its own responsibility, in regard to the Pearl Harbor debacle." Similarly, The Chicago Tribune endeavors to show that "the army and navy departments, and almost all the top-ranking generals and admirals share the responsibility for the greatest defeat ever inflicted upon the American navy."

A great majority of commentators, however, feels that the basic blame must be spread among all Americans by reason of our complacency and our blindness to the intent of the Axis. They are inclined to place the lightest share of this responsibility upon the top men at Washington who repeatedly warned of impending danger. The Daily Oklahoman, indeed, goes so far as to assert: "This report shows that the Washington departments were fully informed, completely alert, and entirely cooperative."

Varying degrees of punishment for Admiral Kimmel and General Short are prescribed by the press. Many feel that humiliation and remorse have already given them all the suffering that is their due. Others urge that the ritual of court-martial be fulfilled. In general, commentators insist that these officers pay an unspecified "appropriate penalty" for their "dereliction of duty."

The most common moral drawn from the report is that it demonstrates the need for unified command. The interpretation of the Roberts Commission comments on this score is somewhat confused. Proponents of a separate air force see their thesis vindicated in the failure of the army to disperse its planes and to appreciate the importance of air powers; those opposed to a separate air force find their objections confirmed by the report's demonstration that the coordination of sea, land and air forces is essential.

A good deal of indignation has been expressed about the gentle treatment of aliens in Hawaii. Comments on this phase of the report seem calculated to promote increased hostility toward foreign nationals in the United States, particularly Japanese.

The outstanding effect of the report is an immense restoration of confidence in the integrity and responsibility of the United States Government. "The Government," according to The St. Louis Post-Dispatch, "has honored itself by spreading the Pearl Harbor story upon the record. It is a triumph of the democratic method that the Government should make a confession of major error." In all sections of the country, this candor on the part of the Government was appreciated and respected. There is still a strong feeling in the press that the whole story about Pearl Harbor has not yet been told. But there is also a warmly compensating feeling that the Government has now told all of the story which national security permits it to tell.

The Secretary of the Treasury

file

For your information.

February 6, 1942.

To Ferdinand Kuhn, Jr.

From Joseph Melia

EDITORIAL COMMENT ON TAXES:
FEAR OF THE DARK

The delay in the public announcement of the Treasury's wartime tax recommendations is resulting in a feeling of growing editorial uneasiness.

To the large section of the press that has fought past tax programs of the Administration, the few proposals that have been rumored from Washington have served only to strengthen the suspicion that New Dealers are trying to advance -- in the words of the New York Times -- "the same pet schemes they have been promoting for years." In this category are grouped proposals to tax undistributed profits and to wipe out the alternative method of computing excess profits.

It is argued that such legislation would work undue hardships on business, especially small business, and perhaps destroy beyond repair our system of private enterprise. The St. Paul Pioneer-Press mirrors the attitude of most newspapers in insisting that these proposals have been made not so much for their revenue

possibilities, but in the hope of advancing social theories under the guise of wartime necessities. "The purpose," this newspaper believes, "is primarily to force a drastic reorganization of corporate financial structures not merely for the period of the war but for all time because some business reformers think that a good thing to do."

The Vinson Committee report of "unconscionable" profits is pooh-poohed by the majority press, with the section on profits regarded as being full of "exaggerations and sensational half-truths." Almost all newspapers place their editorial emphasis entirely on the section showing the amount of tax-free bonds in union treasuries. Publications like PM, The Nation, the New Republic and labor newspapers are very much in the minority in praising the report and advocating drastic upward revisions in corporate and personal income taxes.

Constantly citing the goose that laid the golden eggs, most editorial writers continue to view present taxes on business and personal incomes as being at or near the saturation point. Even the St. Louis Star-Times, a liberal newspaper which in the past favored increasing excess-profits taxes, more recently stated that "these fields have been mined extensively and there's a limit to what they can produce."

Only a general sales levy is winning widespread editorial support. Most newspapers maintain that such a tax would be the only "fair" solution to the problem of raising an unprecedented amount of revenue and at the same time keep the cost of war down by curbing inflation. A withholding tax would be unjust, it is argued, because it would permit non-wage earners to escape. In addition, the press maintains a sales levy would be less of a burden on low-income groups than a withholding tax. The reason advanced for this is that a sales tax would be paid "painlessly", whereas a withholding tax would be a steady drain of a relatively large, single sum each payday. For the same reason, a general sales levy is favored over the suggestion to pay part of workers' wages in Defense Bonds. Some newspapers also attack the idea of enforced savings as a "Hitlerite" morale.

Loopholes

The widespread fear in the press that the Treasury will prescribe some bitter tax pills has been heightened by Secretary Morgenthau's recommendation to tax outstanding issues of State and municipal securities. Most editorial writers continue to attack this suggestion, but cracks are beginning to appear in the united front of opposition presented last week. "The time has come when income from state and municipal securities should

be treated uniformly with other income from securities," editorialized the Cleveland Press, a Scripps-Howard newspaper. In this view that the war makes it imperative to close tax-exempt loopholes, the Cleveland Press is supported by the leading newspapers of St. Louis, Providence, Milwaukee, Duluth, and Minneapolis.

The official organ of the Railroad Brotherhoods also endorses the Secretary's proposal. The CIO News has failed as yet to comment editorially, but in its latest issue the Secretary's speech is prominently displayed in a news story. In the same issue a full page is devoted to reprinting the policy resolutions formulated recently by the CIO executive council, one of which is on taxes. This resolution favors the elimination of tax exempts and opposes a withholding tax or a sales tax.

The Secretary's other proposals for closing tax loopholes have met with little criticism except from the Hearst press, which attacked the suggestion to remove community property privileges. The Hearst writer argued: "Obviously, an inequality is involved, but the discrimination lies in non-community property states. The only fully equitable adjustment would be nation-wide application of community property laws."

Bring On The Taxes

In their increasing impatience for public disclosure of the new tax program, editorial writers show no awareness that time is being saved by ironing out tax controversies in Treasury-Congressional conferences before making any public announcements. This is indicated by the way some newspapers, including the New York Times and the Scripps-Howard chain, severely criticize the Treasury for not yet letting the public know how the biggest tax load in history will be divided. It is argued that morale will suffer and inflation will be advanced if, as last year, legislation is so delayed that taxes fall on earnings already spent.

"Why the delay? Bring on the bad tax news," the Scripps-Howard editorial demanded. "Every day the deficit grows larger, and the need for greater revenue more imperative. The people have braced for the bad news . . . They are willing to shoulder the heavier burden. But they want to know how much the increase will be, and how it will be assessed. And they have a right to know . . . Unless a start is made soon it will be late summer before the new tax bill becomes law. By then most of this year's incomes will have been earned -- and spent . . . As a result, millions of citizens will have to borrow to pay the tax on last year's income. Heavier taxation is unavoidable. But the confusion and uncertainty which this breeds are not unavoidable . . ."

The Director
Office of Facts and Figures

file

For your information.
February 6, 1942.

To Archibald MacLeish
From Alan Barth

EDITORIAL OPINION
ON THE WAR:
THE BEST DEFENSE

Attack

The undercurrents of editorial thinking emerge most clearly in unstudied responses to sudden and dramatic events. Because it was passionately hoped for, but not foreseen, the Navy's raid upon the Gilbert and Marshall Islands uncovered impulses and emotions which had previously been hidden behind careful rationalizations.

Most of the American press, with conscious self-restraint, had avoided the question uppermost in all editorial minds -- "Where is the Pacific Fleet?" Almost all editorial pages ask the question now -- ask it rhetorically and answer it with prideful jubilation. The very excess of delight over an attack, the results of which were at best inconclusive, reveals the deep and frightened anxiety which has been felt for America's first line of defense.

The New York Post, for example, gives the following expression to its sense of relief: "The roar of planes zooming

up from carrier decks and the ear-shattering crash of naval guns in the Marshall and Gilbert Islands give the answer to a question which has been buzzing throughout the world since Pearl Harbor: Where is the American Pacific Fleet? The Japanese and Germans told us that it was a crippled and demoralized thing that wouldn't be heard from for a long time to come, if ever. Our own Government told us it was busy, asked us to be patient, said we would have the answer in good time. Now the planes and guns have spoken . . . That's all we needed to know."

Out of the knowledge that the fleet is still in being, that it is still capable of effective action, has come an immense resurgence of confidence. For despite their hopeful headlines, newspapers are filled with a submerged fear that the Japanese tidal wave may not be checked until too late.

The rejoicing discloses another dominant editorial feeling -- that the best defense is to attack. In the press as a whole, the defensive psychology which prevailed before Pearl Harbor has now largely disappeared. There is no longer a myopic watching of local ramparts; the ramparts we watch today are far-flung and fly, almost indiscriminately, British, Russian, Dutch and Chinese, as well as American flags. And the desire to strike the enemy on his home ground appears to be motivated, not merely by an eagerness for revenge, but by a growing recognition that the war can be won only by offensive strategy.

Headlines

Some effort to mix the bitter news of losses with the sweet, small evidences of success is discernible in the headline writing of careful newspapers, such as The New York Times and The Christian Science Monitor, which are not obliged to depend for their circulation upon newsstand sales. The tabloids, indeed the bulk of the press, continue to treat minor triumphs as though they constituted ultimate victory.

But current news stories carry their own sobering influences. And commentators tend more and more to acknowledge that disaster seems imminent at Singapore, that ominous portents are coming out of Libya, that the Burma Road is gravely threatened and with it the lifeline of supplies to China.

A developing attention to the importance of China in the Far Eastern war was brought into focus this week by the half billion dollar loan to stabilize that country's currency. The loan was overwhelmingly approved and brought forth a bevy of editorial tributes to the courage and steadfastness of Chiang Kai-shek's forces. The strategic significance of the Burma Road is now recognized: numerous commentators point out that Chinese bases afford the best possibility of future offensive action against Japan.

Dissidence

The superficial unity wrought by Pearl Harbor now seems to be wearing thin. It consisted at best of a common anger at a treacherous assault upon the United States.

But the minority which opposed the foreign policy of the Government prior to Pearl Harbor opposes the Government's war policy today -- for precisely the same reasons and with the same motives. Its opposition is once more becoming vigorously vocal.

The Roberts report seems to have given the signal for this dissidence. It provided the occasion for the first real blast at the Administration from temporarily silenced critics. The landing of troops in Northern Ireland furnished an issue over which the true colors of the opposition were fully revealed. This opposition is no more concerned now than formerly with waging a world war to end fascism; it is concerned only with a narrowly nationalistic protection of American territory.

Thus The Denver Post is able to observe in commenting on the despatch of our forces to Ireland, "There is one lesson the United States should learn from England. That is to put our own interests ahead of those of everybody else." Other isolationist newspapers develop variations on this theme.

At the same time, however, the dissident minority is seeking industriously to erase the recollection of its pre-war opposition and to foster the feeling that national unity demands an avoidance of recriminations. This is particularly true in respect to the forthcoming Congressional elections -- which, but lately, certain isolationist journals insisted that the Administration would forbid. And interventionist commentators show some inclination to encourage this forgiveness of the past. Most of them are anti-Administration in the domestic field; they want the November voting to be based on conventional Democratic-Republican issues and consequently are prone to overlook the past vagaries of their candidates in the field of foreign affairs.

Indeed, Congress itself has powerfully promoted this sort of whitewashing by absolving itself from all blame for the disaster in the Pacific. It appears altogether unlikely that genuine national unity will be achieved by the simple expedient of letting bygones be bygones. Recognizing this, the more forthright elements of the press call for an abandonment of "politics as usual."

The Director
Office of Facts and Figures

file

For your information.

February 13, 1942.

To Archibald MacLeish

From Alan Barth

EDITORIAL OPINION
ON THE WAR:
THE WAR GROWS REAL

Alarm

Singapore, as Mark Watson observed in the Baltimore Sun, "was regarded (by everyone except, obviously, Japan) as the one impregnable stronghold west of Hawaii." When the Japanese succeeded in landing troops there, they scaled a battlement of the editorial mind, producing a shocked awakening of a sort which has not been experienced since the fall of France. Singapore was a symbol.

For some time past, commentators have pointed to the possibility that Singapore might be taken by the enemy. It seems highly doubtful, however, that they seriously believed their own warnings. Clearly, at any rate, they had no expectation that the conquest could be achieved so soon. In a bewildered effort to assess the causes, there is now a marked tendency to blame the British for mismanagement and unpreparedness, for lack of foresight, imagination and initiative.

In appraising the consequences, editorial judgments exhibit fright and deep dismay. The isolation of China and perhaps of Russia is commonly foreseen. Japanese domination of the Indian Ocean is considered probable. India is thought likely to fall under the sway of the Axis through a juncture of Japanese and German strength. Scant hope is held out for the Philippines or the Netherlands East Indies. Most baleful of all, the bases for potential offensive action against Japan are seen as lost to the United Nations.

Evaluation of the Japanese success in such terms has brought forth a rash of editorials with titles similar to that chosen by The New York Herald Tribune -- The War Can Be Lost. The bulk of the press is inclined to view grand strategy in the terms outlined by the President at a recent press conference. They recognize that the current task is to hold strategic points until we can amass the overwhelming superiority requisite for ultimate victory. Confidence in the ultimate victory remains at a fairly high level. But there is now a rather widespread feeling of alarm and discouragement over the cost which it will entail in time and money, as well as in human lives.

Most of the press understands that present strategic losses are due to a shortage of supplies in relation to the demands of vast and widely separated fronts. Accordingly, there is now an

intense and swelling editorial plea for a great production effort as the indispensable remedy. But, in addition, a number of commentators urge that the Army and Navy seize the initiative where they can, even at the risk of serious immediate losses.

Complacency?

The siege of Singapore has brought to a climax an editorial chorus charging the American public with complacency. The Christian Science Monitor says, for example, "There are cheers for General MacArthur, but a tendency to think it's his war."

The nature of the alleged complacency is rarely more clearly defined than this. It may amount to smugness -- and, on the other hand, to a mere absence of hysteria or defeatism. A large segment of the press, nevertheless, is exercised over its conviction that the American people as a whole do not appreciate the seriousness of the situation confronting them today. It seems evident that a portion of the editorial comment on the problems posed by Singapore is attributable to a desire to shock the public into keener awareness.

Some of the editorial accusations lay the blame for this state of mind upon the public itself. But a number of others feel that the Government is responsible. These latter, although their own news pages have chronicled the reverses at Pearl Harbor,

the Philippines and Singapore, assert that the Government pursues a policy of withholding bad news from the people. Winston Churchill's candor in recounting losses is frequently cited as a model for President Roosevelt. Many commentators exhort the President to give the public, through newspapers, a more thorough understanding of the strategic problems posed by the war.

Decision

There is a strong feeling in the press that the time has come for a final showdown with the Vichy Government. British assertions that General Rommel has been supplied through the connivance of the French in North Africa have received widespread credence over here. So, too, have indications of French collaboration with the Japanese in Indo-China. The prevailing reaction appears to be that Marshal Petain must now definitely be catalogued as friend or foe -- and that his Government can no longer be permitted to talk one way and act another.

The New York Post comments on the situation in a tone which is representative of that extremely vigorous group of newspapers which long before December 7 favored an outright declaration of war against the Axis: "Has appeasement failed once more and are the appeasers once again moving toward one of those typical shabby climaxes in their affairs, like the 'stab in the back' which followed our sale of scrap iron to Mussolini, and the Pearl Harbor which followed our sale of oil to Japan?"

The bulk of the press shows more patience. It recognizes the difficulty of Marshal Petain's position and appreciates the efforts of the State Department to keep the French fleet from openly serving Axis ends. But it appears to incline now toward the belief that further placation is futile and to be ready to write the Vichy Government off as a bad investment.

The term "appeasement" is again being bandied about loosely and angrily. In editorial minds, it may be said to stand for diplomacy that fails, although diplomacy itself may be nothing more than appeasement which prevails. The dominant feeling now, apparently, is that the time for diplomacy is ended.

The Secretary of the Treasury

For your information.

February 13, 1942.

To Ferdinand Kuhn, Jr.

From Joseph Melia

EDITORIAL COMMENT ON TAXES:
BORROWING -- BONDS OR BANKS?

Editorial writers view price control as only one of many weapons in the battle against runaway inflation, a weapon that will be ineffective unless supplemented by drastic taxes and widespread purchases of Defense Bonds. To check inflation and to finance the war, they are fully prepared to shoulder the burden of nine billion dollars in new taxes. And they insistently urge their readers to buy bonds and more bonds -- and to buy them regularly.

Debt

On the whole, the press views calmly the prospect of a \$110 billion debt. This calmness in the face of unprecedented government borrowing is predicated, however, upon the widespread trust that the Treasury will not have to resort to too much inflationary bank borrowing. It is generally assumed, or at least fervently hoped, that the Treasury will be able to finance a large part of the cost

of the war through new taxes and voluntary purchases of Defense Bonds.

As yet there is no widespread editorial awareness of the increasing gap between estimated income from these sources and government expenditures. Nor is much editorial attention being given as yet to the Second War Powers bill authorizing the Federal Reserve System to purchase government securities directly from the Treasury. Although a few small newspapers and some financial columnists agree with Senator Taft and Walter E. Spahr, secretary of the Economists' National Committee on Monetary Policy, that this measure will "open the door to inflation," the New York Times reflected the prevailing trust in government fiscal policies in editorializing:

"It is, of course, true that in normal times the ability of a government to disregard market conditions and finance itself by dipping into the funds of the central bank offers a dangerous road to inflation. But that is not a sound argument against the War Powers Bill. In time of war the fiscal authorities of the country ought not to be handicapped. If the Federal Reserve authorities were determined to conspire with the Treasury to bring on inflation, the restriction against direct purchases of government securities would be no safeguard. If, as is actually the case, they are determined to do everything possible to avoid inflation, the removal of this technical restraint upon their operations will not add to the danger."

Opposed to the majority of the press, a few newspapers view our mounting wartime deficit with increasing alarm. These newspapers recognize that even with heavy new taxes the present rate of Defense Bond purchases is far from enough to check inflation. Fearing that the government may have to resort to large-scale bank borrowing, they call for quick passage of drastically increased taxes and voluntary payroll savings. This slowly awakening realization of the gap between government expenditures and estimated income is evidenced by a recent Washington Post editorial which stated:

"On the basis of revenue estimates and on the very optimistic assumption that sales of Defense Bonds continue at January levels, the Treasury will still have to raise an additional 30 billion dollars in 1943 . . . If we are to be protected against the kind of deficit financing that spells uncontrollable inflation, a large part of that 30 billion dollars will have to be covered by new taxes and by increased drafts upon the savings of the people. Otherwise the commercial banks of the country will be called upon to supply the funds required by the Treasury through credit operation that will inflate our deposit currency and boost prices. The nine billion dollars in new taxes . . . requested by the President in his budget message is a modest sum compared with the extent of the fiscal need."

In editorials exhorting people to buy bonds and more bonds, there are also recurrent warnings that if sales do not improve, the Treasury may have to resort to an enforced savings program. Practically no editorial attention has been paid to the suggestion made by Professor Alvin H. Hansen of Harvard in his study made for the National Resources Planning Board that part payment of wages and salaries should be made in Defense Bonds. But past editorial comment indicates that a large section of the press would be opposed to such a program.

Taxes

Editorial discussion of taxes continues to emphasize the possibility of a general sales levy as the "fairest" way to raise new revenue and drain off inflationary buying power. Small-town newspapers are also continuing their attack upon Secretary Morgenthau's suggestion to tax the income from outstanding and future issues of state and municipal securities. The Secretary's suggestion is also opposed frequently in the letters-to-the-editor columns.

There is an awakening sympathy with the plight of those thrown out of work by conversion and priorities who have no

current income and not enough savings to pay their taxes on last year's earnings. The Detroit Free Press and the Philadelphia Inquirer are among those newspapers which favor changing the law so that individual income taxes will be levied on current income rather than past earnings. They also favor permitting monthly or weekly payments of income taxes and a moratorium on the taxes due March 15 for those temporarily unemployed.

The daily press generally assumes that "unfair" profits are already being or will be soaked up by excess profits taxes. But the weekly labor and liberal publications view our present tax system as being lopsided in favor of business; they are afraid that the present trend indicates a continuance of this policy. In the current issue of The New Republic it is maintained:

"The Treasury is so uncertain of support for the kind of tax bill it considers necessary that it is postponing the evil day when it must present and defend its recommendations before the House Ways and Means Committee. Everyone acknowledges the danger of disastrous war inflation . . . Yet there is no basis for hope that Congress will do any better, if as well, with taxes than it has done with price control. Last year's tax bill was carefully designed to protect Coca Cola, the tobacco companies and other big favorites of Southern committee chairmen from hard-hitting excess-profits taxes. It will be the same old fight all over again this year . . ."

Economies

With hardly a dissenting voice, editors argue heatedly that the Congressional pensions and the Silver Act are "indefensible handouts" and that certain OCD activities are examples of the "wasteful fripperies" carried on by the government. The Silver Purchase Act is upheld only by the newspapers in the silver States of Nevada and Colorado; OCD was defended only by such pro-Administration newspapers as the New York Post, which regarded the bitterness of the Congressional attack as an unwarranted effort to embarrass the Administration.

The Treasury's \$80,000 duck received little adverse editorial comment. As might be expected, the Chicago Tribune commented caustically on the cost of the film. On the other hand, the New York Post criticized Congress for "jumping up and down on Donald Duck like Donald Duck." Complimenting the Treasury for doing "a great job of bringing home to the people . . . that income taxes are not just an invention of the devil, but a necessary and bearable duty of citizenship," the Post concluded: "That's not boondoggling, Congressmen; that's advertising. That's businesslike administration. You've been asking for it. Remember?"

The Director
Office of Facts and Figures

JMc

For your information.

February 20, 1942.

To: Archibald MacLeish

From: Alan Barth

EDITORIAL OPINION
ON THE WAR:
THE BASIC CLEAVAGE

Singapore has left an inheritance of bewilderment, anguish and desperate soul-searching. The press is engaged now, confusedly and angrily, in assessing causes and readjusting its own basic values. It recognizes that a drastic revision of America's approach to the war is imperatively demanded.

Strategy

Having indulged in a wave of comment to prove that "We Can Lose," newspapers now reassure themselves with editorials asserting "We Can Win." But the prescriptions for winning vary. In the main, they can be assorted into two contrasting categories, representing the conflicting positions in which former interventionists and former isolationists are now entrenched.

The dominant editorial theme during the past week has been that only offensive action can win the war. The development of modern air power, it is commonly reasoned, has given offense an immense superiority over defense.

"There are no impregnable fortresses," says The New York Post, reflecting on the lesson of Singapore. "No place in the world is 'safe.' The recipe for disaster can be written in two words, 'sit tight.'" A host of commentators inveighs against the "Maginot mentality" and insists that the United Nations must mass their strength to strike directly at the strongholds of the enemy.

This reasoning is now frequently accompanied by criticism of allied military and naval leadership. There is a widespread feeling that the generals and admirals, particularly in the British and American armed services, are inhibited by outmoded doctrines of warfare. Walter Lippman, for example, observes that "it can do no harm and may do some good for laymen to insist on some of the profound differences between the war as it actually is and the war as almost all Americans, including our naval and military commanders, have hitherto conceived it."

But this is criticism of a wholly different order from that advanced by our latter-day isolationists. This minority continues to be imbued with a "fortress" psychology. Thus The New York Daily News Syndicate declares: "We owe it to

our Allies as well as to ourselves to stuff Hawaii with soldiers, planes and antiaircraft, and to screen it with fighting ships, so that it will be as strong as Singapore was thought to be -- plus." Now, as before, the minority seeks to defend, to fortify, to retire behind impenetrable barriers, as though isolation, or insulation, afforded a real means of escape from the war.

Churchill

The conflict of thinking between the majority and the minority is given further illustration in their respective reactions to the fall of Singapore and to Winston Churchill's defense of his leadership.

On both sides there has been criticism of the British -- criticism of their failure to foresee and to prepare. But most American commentators have sought to avoid recriminations, have laid the blame upon failings of which Americans are acknowledged to be as guilty as their allies; they recognize that dissension between Britain and the United States would be the most unfortunate of all consequences which could flow from the Singapore disaster.

Similarly, it is in a spirit which is essentially comradely and affectionate that the bulk of the press

expresses its mild dissatisfaction with the Prime Minister's world broadcast of Sunday afternoon and of his reply to critics in the House of Commons. Referring to the Sunday broadcast, The New York Herald-Tribune states: "At that moment it was not another exercise on the old theme which the United Nations wanted; it was an evidence that something is being or can be done to turn doggedly blundering resistance into competent and aggressive action." Most American commentators consider Churchill's continuance in office indispensable to the united war effort; but they are quite ready to see some of his Ministers and military counselors supplanted.

The neo-isolationists, on the other hand, have no hesitation in carrying their argument ad hominem. "It is unfortunate," says The Chicago Tribune, "that Mr. Roosevelt has had the example of Mr. Churchill constantly before him as a guide. Mr. Churchill is a man of very great capacity in many directions, but as a military strategist he has an almost unbroken record of disappointments and failures." The accusation of the minority is that Churchill (and Roosevelt, too) has subordinated the judgment of military experts. It is Churchill (and Roosevelt) at whom these gentry level their attack. They make what capital they

can of the British leader's expressed satisfaction over America's entry into the war.

Union

Finally, the cleavage between the majority and the minority elements in the American press manifests itself through their respective attitudes toward the United Nations concept.

The neo-isolationists are once more seeing the Nazi propaganda bugbear of the ultimate Bolshevization of Europe. The Chicago Tribune, to pick the most flagrant exponent of this tendency, displays a front page cartoon in color showing the Russian bear chasing Hitler to the English Channel. "Who will tell him to go back home and settle down?" the caption asks querulously.

In addition, this segment of the press does its utmost to inflame the anglophobia which has always been latent in the American public and to which, as a result of British reverses, there now appears to be a singular susceptibility. "America First" is still the appropriate rallying cry of the minority which continues to believe that the earth can be segmented.

A great and seemingly growing majority, however, sees that the earth is round and incorrigibly integrated. It

sees, too, that we are engaged, not in an international war, but in the defense of a way of life. And it sees that united action among the defenders is indispensable to their success. Mere collaboration with the British will not satisfy it. There is now nascent in America a sense of the essential brotherhood of free men.

The Secretary of the Treasury

For your information.

February 20, 1942

To Ferdinand Kuhn, Jr.

From Joseph Melia

EDITORIAL COMMENT
ON THE HOME FRONT:
ECONOMIES AND TAXES

Economy

Depressed by the military outlook, frustrated because we are unable to come to decisive grips with the enemy, and angry at charges of public "complacency," editorial writers are giving vent to their feelings by lashing out furiously at "Government as usual." Some of their wrath falls on the head of Congress because of the pension bill and the persistent demands of the farm bloc. But the real target is the New Deal.

The press insists that the war effort is being seriously weakened because of the Administration's refusal to follow promptly Senator Byrd's economy suggestions. It charges that while business is stripping for action and the people are being asked to sacrifice, the Administration itself is continuing "social reforms, boondoggles and bureaucracy as usual."

"The people don't like the way things are going," the Detroit Free Press recently editorialized. "Each day's news brings fresh evidence of bungling. If it isn't the loss to the enemy of more men, ground, and materials on some war front, then it's some new and egregious boner from Washington. The people's patience draws from an enormous reserve, but it is not inexhaustible. Patience wore thin and snapped in respect of pensions and the OCD. Yet in contrast to some of the events that may be developing those are flyspecks on a cannon's barrel... Victory must begin, as Senator Byrd says, with winning 'the battle of Washington.' All else will follow therefrom..."

Although somewhat strong, this comment by the Free Press reflects the temper of newspapers throughout the country. "The most exasperating thing in national affairs today," the Dallas News bitterly complains, "is the refusal of the Administration to sacrifice one iota of political advantage regardless of how much might be contributed to the war effort by doing so. President Roosevelt's defense of continuing heavy non-defense expenditures will not diminish the exasperation." The Washington Post berates the Administration not only for failing to follow

Senator Byrd's economy suggestions, but also because "duplication, waste, irresponsibility and over-lapping of functions run through many agencies that are of greatest importance in mobilizing our strength for war."

Centering their attack particularly on the FSA, NYA, CCC, the number of government press agents, and the "pork-barrel" Rivers and Harbors Bill, editorial writers view the reorganization of OCD and the Senate's repeal of the pension bill as only the first blood in "the battle of Washington." "Another Chaney incident is needed," the Scripps-Howard chain believes, "to stir public sentiment about a thing the public could easily understand -- that you can't put out a fire bomb with a boondoggle."

Liberal publications like the New York Post, Marshall Field's Chicago Sun and PM, the New Republic and The Nation, are almost the only ones which have not joined in the chorus of criticism. They, along with the labor and Negro press, regard Senator Byrd's "battle of Washington" as an attempt to destroy the New Deal.

Taxes

Although editorial writers attack the Administration for "wastefulness," they are willing to accept the burden of nine billion dollars in additional taxes, provided that

a large part of it comes from a sales tax or a withholding tax. In current editorial discussion of taxes these trends stand out:

1. Placing the Load: The Atlanta Constitution reflected the opinion of a majority of the nation's newspapers in demanding that the burden of the new tax program be spread over as wide a base as possible, and in stating: "Nearly all the desired nine billion dollars will have to come from the small income group. The larger income earners are already taxed so heavily there is little more to be had from them." Arguing that the income of wage-earners has risen as a result of the war while that of the white-collar class has remained constant, these newspapers also maintain that heavy taxes directed at low income levels are necessary to check inflation. It is generally assumed that this will be accomplished either through a sales tax or withholding tax. No specific mention has been made of lowering exemptions.

2. No Sugar Coating: The press wants the new taxes to be out in the open. Recently there has been a flurry of editorials, mostly in smaller newspapers such as the Charlotte Observer and Savannah News, asking for "tax pills minus the sugar coating." They argue that if the proposed two billion

dollar increase in social security taxes is to be used for the war, it should be offered as a war tax, not "camouflaged" as social security.

3. War Profits: Before the Supreme Court decided against the government in its suit to recover the excessive shipbuilding profits made by Bethlehem Steel in the last war, editorial comment on war profits was confined chiefly to attacks upon contract brokers. But now even such conservative newspapers as the Boston Post, New Orleans Times-Picayune, and Washington Star say that Congress has a clear mandate to see that the "unconscionable" profits of World War I are not made in World War II. These newspapers and the Scripps-Howard chain were quick to point out, however, that the profit history of the last war is probably not being repeated in this.

4. Defense Bonds: Those newspapers which have so far commented on Secretary Morgenthau's Baltimore speech add their voices to his in urging systematized savings in defense bonds. "Only by such a program can we make certain of winning the war and at the same time of preserving our country from the hardships of inflation," the New York Times points out; while the Kansas City Times warns: "A generous buying of

defense bonds and stamps will have its relation to the new taxes, especially to payroll taxes. In a sense, a failure to buy is an invitation to higher taxes, to compulsory savings or the two combined. Get the idea?"

The Washington Post believes the time has already arrived to start a program of enforced savings. Expressing doubt that the Secretary's goal for defense bond sales can be reached, the Post argued: "In principle, the voluntary program is unquestionably preferable. But it has had a fairly long trial and has been found inadequate. With still heavier tax burdens in prospect, the voluntary savings system is likely to yield less rather than more in the months ahead. So why not begin now to recapture the excess income by ordering the public to save before prices rise to a point at which savings will be eaten away by inflation?"

The Secretary of the Treasury

file

For your information.

February 27, 1942.

To Ferdinand Kuhn, Jr.

From Joseph Melia

EDITORIAL COMMENT ON TAXES:
LABOR AGAINST THE FIELD

On the eve of the long-awaited hearings on the largest tax bill in history, virtually no editorial attention is being given to the specific tax proposals that have been rumored from Washington. The press is concentrating on the war. Discussion of the domestic front is confined almost entirely to renewed attacks upon organized labor and continued demands for government economies. What little comment there is on taxation follows the same line persistently advocated by the majority of the press. In the words of the Kansas City Times, instead of "following the line of least resistance and going back over and over again to the same tax sources," Congress must dig deep into excess purchasing power by levying drastic new taxes.

"We are still assuming that we can pay for the war by imposing taxes upon the savings or potential savings of the community," Ralph Robey, conservative columnist for Newsweek, believes. "We have not yet come to the point of realizing that

we must have taxes on purchasing power -- taxes that don't just skim off a bit of the surplus that all of us can get along without, but taxes that cut into the basic essentials of our standard of living ... In this war one can no more have comfort and victory than he can have guns and butter. It is time to forget social reform and start winning the war. We need, and need immediately, either a sales tax or a withholding tax, or perhaps both."

There is hardly an editor in the country who disagrees with Mr. Robey that a sales or withholding tax is necessary to obtain an unprecedented amount of revenue and check inflation. But Mr. Robey stands almost alone in suggesting that we may eventually need both types of taxes and in implying that either type would be equally acceptable now.

By far the majority of the press strongly opposes a withholding tax and favors a general sales levy. "Bring on that sales tax," Collier's magazine demands. "The only productive tax device left to be used," says the Wall Street Journal, "is one that will follow the increase in the national income to the hands of its chief and most numerous recipients. A general retail sales tax will do that." The Philadelphia Inquirer

editorializes: "The plan for wage deductions at the source has apparently run against a stone wall, as it deserved. But unless a sound alternative is adopted, the pernicious proposal may be forced into the new tax bill... A comprehensive sales tax, that would raise billions of dollars with the least hardship to the people is strongly indicated as the way to insure fairness to all..."

It is argued that a withholding tax would bear heavily on low and middle-income workers, while farmers and professionals could escape. A sales tax on the other hand, editorial writers maintain, would distribute the burden "painlessly" among all groups.

The intensity of the sales tax drive is indicated by this week's announcement of the National Retail Dry Goods Association that, changing its policy of the past 22 years, it will advocate a general levy on sales at the forthcoming hearings on the new revenue act. Retailers have been among the most persistent opponents of a sales tax. It is significant that 87 percent of the members of the NRDGA, one of the two powerful national retail organizations, voted for this change in the Association's policy. Not since 1920 has a majority of the NRDGA favored a sales tax.

Labor Will Fight

Last year organized labor did not lobby actively on the tax bill until the fight was almost over. But it appears that this year's tactics will be different. The unions are preparing to contest any proposal to place a levy on sales or wages, instead of on profits, "incomes" and luxuries. Labor leaders view the present tax system as heavily weighted in favor of business and the rich, with wage earners being called upon to make most of the necessary wartime sacrifices. Prominently featured in almost every issue of union publications are stories disclosing excessive industrial profits and bearing such headlines as "Taxes of 'Little Fellow' to Fatten Munitions Profits." This headline appeared recently on page one of Labor, nationally distributed organ of the Railroad Brotherhoods.

"There is no question that additional taxes are needed, and that every patriotic American should be ready to pay his fair share," said the current issue of the CIO News. "But unless labor is alert, the lobbyists and political agents of special privilege will so stack the cards that profiteers will escape paying their fair share, while an undue burden will be placed on those least able to pay..." The News went on to urge all CIO

locals to "contact" their Congressmen, particularly members of the House Ways and Means Committee, and demand that tax loopholes be plugged and that new taxes be imposed on profits, "incomes" and luxuries, rather than on wages or sales.

Two days after the appearance of this editorial, President Philip Murray sent a letter to every CIO local reiterating the points made by the CIO News. He, too, urged the locals to communicate with their Congressmen. He warned that "unceasing vigilance" would be required to pierce the "cloud of secrecy which surrounds tax legislation" and to counteract the influence of "a substantial group in Congress, aided and abetted by the National Association of Manufacturers, Chambers of Commerce and other reactionary groups, which is anxious to have heavy sales taxes or wage taxes become the major source of revenue."

The Director
Office of Facts and Figures

file

For your information.
February 27, 1942.

To Archibald MacLeish
From Alan Barth

EDITORIAL OPINION
ON THE WAR:
CALL TO ARMS

Tonic

Calm confidence was miraculously restored to jangled editorial nerves by the President's fireside talk on Washington's Birthday. Apparently the speech was pitched in precisely the key to which editorial ears were attuned; almost all commentators found it, as did The New York Herald-Tribune, "a calm and factual report," infinitely more reassuring than "oratory."

Although The New York Daily News disparaged the President's use of maps as "practical showmanship," most of the press heartily approved of the lesson in geography. The Scripps-Howard papers, for example, felt that, "Patiently and carefully, he spelled out the military nature of this world conflict in which no one Allied front can be isolated from another, except at our peril. He answered, clearly and fairly, typical questions which have arisen from lack of understanding of such a world conflict." And The Akron Beacon-Journal, which has not

always been friendly to Administration foreign policy, observed that "The value in the President's report was that he gave us perspective ... Best of all, he swept away rumors and apprehension and gave us facts and figures."

The portion of Mr. Roosevelt's address which produced the greatest interest and hopefulness was the assurance that "Soon, we and not our enemies will have the offensive." Only a few isolationist stalwarts objected to this philosophy, openly turning "turtle." The New York News Syndicate's editorial stated: "We happen to think the defense of the United States is our prime job, and the war with Japan our main war. But that is beside the point. The point is that if the arsenal of democracy is stripped of too many of its own defenses it will be laid open to invasion and conquest."

Almost equal stress was placed by a majority of newspapers on the President's promise that "We shall not stop work for a single day." The cessation of work in San Francisco shipyards on the day that Mr. Roosevelt spoke was singled out for ironic and bitter comment. Few commentators placed any of the blame upon the employers who refused to pay double-time in accordance with their contracts; the stoppage was generally attributed

with The St. Louis Post-Dispatch that "The motive of such

either to a willful disregard of General MacArthur's plight on the part of San Francisco workers or to the failure of the Government to frame an authoritative national policy on wages and the closed shop.

The Washington's Birthday address was made the occasion for warm expressions of confidence and for hearty tributes to the President's foresight, leadership and grasp of world affairs. But along with this current enthusiasm for the President himself, there is a mounting discontent with the advisers surrounding him. Even the newspapers most in sympathy with his foreign policy urge that he make changes in his Cabinet, citing the recent upheaval in the British Government as a healthy example.

Gesture

Most morning newspapers on the day following the President's address gave their top headlines to the news that a Japanese submarine had shelled the California coast. Editorially, however, most of them insisted that the raid achieved nothing save a confirmation of one of the President's principal theses: that "the broad oceans ... have become endless battlefields."

The bulk of the press (Far Western papers are not yet available) took the incident calmly. Most commentators agreed with The St. Louis Post-Dispatch that "The motive of such

'nuisance attacks' is more psychological than strategic, for it is the Axis idea that they will terrorize Americans into panicky confusion and demands that the Navy be used for coast defense." And most of them bear out the same newspaper's contention that "The Axis master minds are mistaken. An attack upon the mainland rouses anger, not fear, in Americans, and strengthens their determination."

Recognition

Commentators refrained from lyricism in their appraisals of Premier Stalin's Order of the Day to the Red Army. But they also, on this occasion, notably refrained from paying their customary disrespects to Communism and the Soviet Union. Many of them granted a more or less grudging tribute to the Russian leader's realism and determination. The Cincinnati Enquirer called it a "powerful speech."

There was particular interest in and praise for the section of the speech which distinguished between Hitler and the German people. A number of editorial writers suggested that the other United Nations might well follow this example.

Liberation

Somewhat belatedly the press has awakened to the significance of Chiang Kai-Shek's visit to India. The commentators are now busily putting together the Generalissimo's statement, Prime Minister Churchill's decision to grant India additional self-government powers and the appointment of Sir Stafford Cripps to the British War Cabinet; out of this combination of circumstances a number of them spell Indian independence.

There has long been a latent sympathy among liberal American editorial commentators for Indian nationalist aspirations. The sympathy is now stimulated by a spreading belief that India's vast war potential can be harnessed to the United Nations' cause only by a promise of full Dominion status. Some, like Walter Lippman, feel that "the western nations must now do what hitherto they lacked the will and the imagination to do: they must identify their cause with the freedom and the security of the peoples of the East, putting away the 'white man's burden' and purging themselves of the taint of an obsolete and obviously unworkable white man's imperialism."

There seems to be developing a nascent sense that the status quo can not be restored in the East, any more than in the West. It is part of a growing appreciation of the United Nations concept -- and a partial translation of this concept into terms of united peoples. There is a vast, untapped, potential fervor in the United States for a genuine war of liberation.