

PSF: James H. Rowe, Jr.
1938 - June 1941

PSF: Rowe

Subject

THE WHITE HOUSE
WASHINGTON

*filed
this case*

November 4, 1938

Memorandum For The President.

I telephoned Ed Flynn your decision on the H.O.L.C. matter.

He said it would not solve the difficulty, that the only solution was to fire Hunt, the Regional Manager and Nelson, the State Manager. I asked him at least to try the other method and he was first inclined to do so, but finally said he would not.

Mr. Fahey will send Hunt to see Flynn anyway.

Flynn said he has been very ill and is going away right after election for six months and could not really devote any time to the matter for that reason.

JHR
James Rowe, Jr.

✓

*PSF: Rowe
Subject
file
personal*

THE WHITE HOUSE
WASHINGTON

December 19, 1938

Memorandum For The President.

Clinton Hester, Administrator of the Civil Aeronautics Authority, told me that a few days ago Clarence Lea, Chairman of the House Interstate Commerce Committee approached him ostensibly about something else and in the course of the conversation asked if Hester, since he was on such good terms with James Roosevelt, could get word to you that he was interested in the judgeship in the Northern District of California which is now vacant.

Lea told him he did not want to come down to see you about it. Hester pointed out he had no choice but to listen.

Hester pointed out to me that the next ranking member of that committee is Crosser of Ohio who has not been too friendly to the Administration.

James Rowe, Jr.

Boal

*PSF
Adm. Assts*

N.Y. Herald-Tribune, April 12, 1939

Speech by Wendell Willkie

Occasion: Ohio Society of New York, Hotel Pennsylvania

Guest of Honor: Tom Girdler

Note: Willkie did not introduce Girdler - merely praised him
thus:

"These politicians didn't build America, and they won't
rebuild it." He added that "the great industrialists of America,
the Girdlers, the Irwins made the country" and that people thru-
out the country with "returning sanity" were coming to realize
it. "If we are patient we will see the time when men like Girdler
are recognized as the true heroes of America."

Memorandum For The President.

Perhaps these two quotations will
amuse you. They have been sent to
interested persons.

J. H. R.

JHR

Bruce Barton - Article in American Magazine, June 1930

"How can we develop the love of country, the respect for courts and the law, the sense of national obligation, that Mussolini has recreated in the soul of Italy? Must we abolish the Senate and have a dictator to do it? I sometimes think it would be almost worth the cost."

Barton is running for the Senate in New York State against Senator James Mead.

PSF: Rowe
Subject

THE WHITE HOUSE
WASHINGTON

May 8, 1939.

MEMORANDUM FOR

JIM ROWE

Will you talk with Wallace
about this and try to get him
busy on it and also talk with
the R. F. C. people?

F. D. R.

5/8 - I talked to Secretary Wallace
and to Cliff Durr, director of Commodity
Credit Corporation.

I notified Jim Gillie that
we were working on it.

J.H.R.

THE WHITE HOUSE
WASHINGTON

May 6 1939.

MEMORANDUM FOR THE PRESIDENT:

The attached memorandum from James Rowe has to do with the repeated representations of Gillis, from Georgia, regarding the Georgia Commodity Credit Corporation situation. Gillis seemed to think that it is very urgent, as the Commission meets Monday.

E.M.W.
E.M.W.

THE WHITE HOUSE
WASHINGTON

May 6, 1939

Memorandum For The President.

Re: Georgia Turpentine Loan

Jim Gillis of Georgia has been calling me about loans to be made by the Commodity Credit Corporation to turpentine producers in Georgia. Gillis is trying to remove a $2\frac{1}{2}\%$ "selling charge" which the factors, who distribute the loan, deduct from the money the Commodity Credit Corporation gives them.

The attached is an explanatory memorandum which Gillis' lawyer gave me on the subject.

I am told that Gillis discussed this turpentine loan with you in detail during your last trip to Georgia, and that you promised to get the commission deducted when the matter was brought to your attention.

The Commodity Credit Corporation is holding a meeting Monday to decide. The factors' lobby which works through the Congressional delegation has been trying to persuade the members of the Board to retain the commission.

Clifford Durr, Assistant General Counsel of R. F. C., tells me the problem is exceedingly complicated. The factors claim if the $2\frac{1}{2}\%$ commission is removed, they will refuse the loan. If they are not bluffing, this will ruin the producers whom Gillis represents. A majority of the producers support the factors "on the record". Gillis claims they are forced to because they owe the factors so much money. Durr says that might very well be so, but it would take the C. C. C. months of investigation to find out. Durr believes nothing can be done this year except to retain the commission but thinks they ought to start working to revise it next year.

Gillis has been told by the producers that if he can do nothing for them, they will change their allegiance to the other faction in Georgia. He says it will cost him 50 counties and may lose him the delegation.

J. H. R.
James Rowe, Jr.

The charge of 2-1/2 percent by the factors is unreasonable and unjust even when the producer is making a profit but the assessment of such a charge at a time when the Government is in effect purchasing the entire production is unthinkable. These commodity loans are made at or below the cost of production for the purpose of preventing the disruption of production and the destruction of the producer and no possible excuse exists for permitting the factors to receive such an undue profit as the 2-1/2 percent commission plus other charges would result in.

Factors are money lenders and nothing more or less. All of the charges they assess are simply increased interest charges be they called by whatever name. Normally they collect inspection fees, insurance fees, storage and interest. The service they render is solely the advance of money for production purposes. Production credit associations make a profit at 5 percent per annum, factors charge 6 and 8, the majority of producers are charged 8 percent.

If the 2-1/2 percent is waived the factors will receive the entire amount of the loan but will credit the producer's account with \$1.00 per unit more than they would otherwise do. The producer would owe the factor \$1.00 less for every unit he produced. The factor would also make a profit from storage, insurance, inspection and interest charges and the sale of supplies. The producer would certainly no more than break even as a profit cannot be made at \$40.00 per unit.

Surely the factors should be willing to forego this small part of their profit, not for the purpose of increasing the profit of the producer, but to make his loss less. The producer can obtain no relief except by action of C. C. C. Storage rates were reduced 50 percent last year - they are still ample. The charge of 1/2 percent insurance is absurd but 2-1/2 percent for selling is ridiculous as no sale is made nor have the factors ever sold, they have simply financed production, charged high interest rates and assessed such other charges as the producer would or could bear. They received his product and transferred it to some dealer who actually made the sale and made an additional charge.

THE WHITE HOUSE
WASHINGTON

PSF: Rowe
Subject
file
personal
(2)

June 20, 1939

MEMORANDUM FOR: The President.

Department of Justice (Judge Townsend) tells me that a man may be nominated and confirmed as administrator of one of the three new agencies and can, on July first, take the oath of office wherever he happens to be. The commission can be signed by you in Washington. The administrator can then immediately appoint an assistant administrator, without Senate confirmation, who could act as acting administrator until the arrival of the administrator. (Sections 201-(c), 301-(c) and 402-(b) -- creating the new agencies--read in part: "The assistant administrator shall act as administrator during the absence or disability of the administrator")

JHR
James Rowe, Jr.

THE WHITE HOUSE
WASHINGTON

June 20, 1939.

* MEMORANDUM FOR

JIM ROWE

Will you give me the answer
to the following question:

If one of these men is
nominated who cannot take over the
duties on the first of July, can he
appoint immediately an Assistant,
without Senate confirmation, who
could be sworn in and act as Acting
Administrator until the Administrator
gets here?

F. D. R.

THE WHITE HOUSE
WASHINGTON

June 19, 1939

MEMORANDUM FOR: General Watson.

The President may be interested in the following which Harold Smith, Director of the Budget, asked be brought to his attention:

The positions of the administrators of the three new agencies created by Reorganization Plan #1 do not exist until July first. Smith was of the opinion that the President could not nominate these men until July first but I have checked this question with Department of Justice and Treasury lawyers. It is their informal opinion the President may send down the names at any time and that the Senate may confirm. The commissions, however, should properly not be issued until July first. Rudolph Forster is having them prepared to read "I nominate _____ to be _____, effective July 1, 1939." I might emphasize that this is only an informal expression of opinion by the Department of Justice.

In any event, the important thing from the Bureau of the Budget's point of view is that these nominations should be sent down as soon as possible so that on July first there will be administrators who can take over immediately. Otherwise, there will be a gap of several days before confirmation in which these agencies, composed of presently existing agencies, would have no one who could legally sign necessary papers and, therefore, a large segment of the Government would cease to function temporarily. Smith regards this problem as so serious from a managerial point of view that he hopes the President can send down the names soon.

JHR
J. H. R.

June 22, 1939

Memos from Jim Rowe to Gen Watson
in re-appt. for Congressmen Healey
and Celler-

Subject--The Hatch Bill--letter from
Carl A. Hatch to Watson attached,
also copy of Chas. Michelson's
letter to Bankhead and and Rayburn
in ref to Hatch Bill.

See: Watson folder-Drawer 2-1939

PSF
J. Rowe
Subject

July 18, 1939

Memo to Watson
From James H. Rowe

In re-Congr. Sabath and Tom O'Malley

See Watson folder-Drawer 2-1939

PSF: James Rowe
2.
Subject File

file
passmal

THE WHITE HOUSE
WASHINGTON

PSF
Rowe
Subject!

September 13, 1939

Memorandum For The President.

Jerome Frank telephoned, saying there were Wall Street rumors that Paul Shields is to be put on the War Resources Board. He wanted to remind you that Shields has turned out to be one of the SEC's worst enemies, injuring it with his sub rosa activities whenever he can. As between Jim Forestal of Dillon, Reed and Shields, Forestal is far and away the better choice.

JHR

James Rowe, Jr.

File

*PSF
Rowe
Subject F*

THE WHITE HOUSE
WASHINGTON

September 25, 1939

Memorandum For The President.

Check on Transatlantic Messages

Larry Fly, Chairman of the Federal Communications Commission, asked that I give you the following report, since he does not wish to bother you personally at this time. This concerns the check on transatlantic messages which you discussed with him last week:

His key staff men are devising a practical plan of operation for handling the problem. He has conferred with the Attorney General and a member of the FBI, who will cooperate. He has conferred with Vincent Astor, who has been extremely cooperative and has arranged a meeting with White, head of Western Union, in New York this Thursday. Astor indicates White will be cooperative.

Fly raised two problems for your consideration:

(1) He feels it would be extremely unwise to take an FBI man with him to the New York conference, since he is trying to avoid, above all, "scaring these men". This is Astor's advice also. If agreeable to you, he will go alone. The FBI will, of course, be kept informed.

(2) He learned in confidence that the Communications Division of the State Department is planning to call to Washington the same industrial leaders in the Communications field with whom you told him to confer in New York. This is a specific instance of a recent tendency for other government departments to cut across the Commission's field. He says he mentioned this general tendency to you at your conference.

To avoid violating the confidence, but also to prevent action by the State Department, he suggests that if you tell the Secretary of State that you have directed Fly to take charge of this problem, that procedure will provide the solution.

JHR
James Rowe, Jr.

*file
personal*

THE WHITE HOUSE
WASHINGTON

October 4, 1939

Memorandum For The President.

Larry Fly, who has gone up to New York on the matter on which he has been reporting to you, telephoned that he hopes that when you see Vincent Astor over the week-end, you can find time to get Astor's point of view on the subject. Fly says Astor has been invaluable to him and has thought the problem through better than anyone else.

JKR

James Rowe, Jr.

BF Rowe Subject
File 1
THE WHITE HOUSE
WASHINGTON

November 21, 1939.

MEMORANDUM FOR JIM ROWE:

Will you ask Stewart McDonald to put James Townsend of Poughkeepsie, N.Y. back as field Executive Secretary of Federal Housing Administration for Hudson River Valley.

He resigned a few months ago under the Hatch Act as he is Democratic County Chairman in Dutchess County. The campaign is over and he is voluntarily retiring from the chairmanship and asks to be put back on F.H.A.

F.D.R.

ASF

THE WHITE HOUSE
WASHINGTON

James Rowe
Subject OK.
yes.
FDR

December 9, 1939

Memorandum For The President.

Congressman Sirovich

(1) District Attorney Cahill says he will do his duty and give Sirovich an appointment from his district. He hopes that if Sirovich's candidate is obviously incompetent, you will allow Cahill to ask that Sirovich submit the name of a more competent man.

(2) Sirovich also told me that he mentioned the name of Isadore Apfel to you and that you were annoyed because Justice had not put him on before. You had once told me that you wanted this done if he were any good. I have arranged that Justice will put him on Monday morning. He has a good record. Governor Lehman plans to put him on the New York Supreme Court after this job.

Do you want Sirovich to get both jobs?

JHR

James Rowe, Jr.

12/11 - I told the to Little

BF Rowe
Subject

Memorandum for Jim Rowe from the President--December 9, 1939.

Re-Dave Sholtz

Asks J. R. to talk with Senator Pepper about job which
Dave Sholtz wants as Ambassador to Cuba. Attached is memo
of Dec 13th from Rowe outlining Pepper's reply; also letters of
Dec 7th and 13th from Sholtz to the President and one to Mr.
McIntyre of Dec 14th. Attached also is Watson's reply to Sholtz
of Dec 15, 1939. For memo from Towe to President-Feb 6, 1940-Re-conversation
with Sholtz who says he can beat Andrews for the Senate if the Pres keeps WPA
out of politics etc.
See:Sholtz-Gen Corres-Drawer 2-1940

THE WHITE HOUSE
WASHINGTON

Confidential

January 11, 1940

PSF
Rowe
Subject

Memorandum For Mr. Forster.

Labor Board

Although I do not expect the question to arise, if the name of Professor McCoy of the University of Alabama appears as an appointment to the Labor Board, Senator Lister Hill telephoned his opposition and asked that it be held up until he can talk to the President. I understand that the Secretary of Labor feels the same way, so this is merely an added precaution.

JHR

James Rowe, Jr.

PSP
Rowe
Subject

F - Confidential (non-
Lambert)

THE WHITE HOUSE
WASHINGTON

January 13, 1940.

JIM ROWE:

To speak to me about.

F.D.R.

1/15²¹ - Talked to Long Fly who will try.
JTR

Get Thad Brown out
sent me Willis Bellinger
to a Report.

Bill Dwyer says James H.

14 J U
F
12/11
1

THE WHITE HOUSE
WASHINGTON

PSF
Rowe
Subject

January 30, 1940

Memorandum For Paula Larrabee:

I think this should be in the
President's confidential files, don't you?

James Rowe, Jr.
James Rowe, Jr.

Memorandum from the President to Jim Rowe--Dec 9, 1939.

Re-Dave Sholtz

Asks J. R. to talk with Senator Pepper about job which Dave Sholtz wants as Ambassador to Cuba. Attached is memo of Dec 13th from Rowe outlining Pepper's reply; also letters of Dec 7th and 13th from Sholtz to the President and one ~~60~~ Mr. McIntyre of Dec 14th. and Watson's reply to Sholtz of Dec 15, 1939. For Memo from Rowe to President-Feb 6, 1940 RE-conversation with Sholtz who says he can beat Andrews for the Senate if the Pres keeps WPA out of politics etc.
See:Sholtz-Gen corres-Drawer 2-1940

THE WHITE HOUSE
WASHINGTON

February 6, 1940

Memorandum For The President:

Oregon

Dick Neuberger, Portland newspaperman, who had an appointment with you last week but came down with the grippe, asked that you be given the following message:

1. He was sent as an emissary from the group in Oregon who have circulated petitions to put your name in the Primary. He wanted to know whether you wished to have your name withdrawn. Under the Oregon law, the petitions can be filed even against the consent of the person and once filed cannot be withdrawn. (In 1916 Hughes tried unsuccessfully by a mandamus suit to withdraw his name).

I told Neuberger it was impossible for me or anyone else to get an answer on that question. Neuberger said Lowell Mellett had strongly hinted the petitions should not be filed. If so, the group will file the name of Wheeler to beat Garner. The delegates must vote for the candidate selected until released by him.

Incidentally the Oregon Commonwealth Federation, which is the group circulating the petitions, is closely affiliated with the Labors Non-Partisan League of John Lewis; in fact they share the same office and have several of the same officers.

2. Neuberger also wanted to warn you against the "Western Liberal Conference". He says that Costigan, the prime mover, is still following the so-called "Communist Party line" even after the Russian attack on Finland, and that the West Coast communists were active. He believes there is absolutely nothing to be gained by such a Conference and that if held the "left wing crowd" would seek to embarrass the Administration.

I do not know how reliable this information is. I do know that Neuberger on one side and Boettiger and Littell on the other dislike each other heartily.

JHR
James Rowe, Jr.

PSF
Subject
Rowe

~~Grace:~~

The President may wish to look at this tonight, or to take it on the trip and think about it. On the other hand, it could wait until his return. I promised Dr. Leiserson I would get it to him before he left.

file personal Jim
J. H. R.

THE WHITE HOUSE
WASHINGTON

February 13, 1940

Memorandum For The President.

National Labor Relations Board

Dr. Leiserson asked me to give you this message before you left and wants to discuss it with you on your return.

When you appointed him to the Labor Board he told you he did not believe he could successfully clean up the internal situation there unless he had a majority of the Board. He now says his judgment was correct. He can do no more alone.

The Wagner Act itself is all right; it should not be amended. The Smith Committee's forthcoming proposals will make matters worse, as will those of the National Association of Manufacturers, the A. F. of L. and the C. I. O. He believes there must be an entirely new Board, and thinks the Administration should sponsor an amendment to the Act to provide for such a Board. I suggested it might be impossible to get able men to accept appointment at this stage. He admitted this is Secretary Perkins' point of view, but disagrees with her.

New members can change the staff and then the administrative procedure which Leiserson indicates is the basic trouble. For example, four of the best regional directors proposed such changes, but Madden and Smith refused to put them into effect.

Leiserson told me you have been quietly trying to get Edwin Smith to resign. The statute requires the President to show neglect of duty or malfeasance at a hearing before he can remove a member. This would be difficult if not impossible. Secretary Perkins thinks she can get him to resign. Leiserson disagrees. I know Smith fairly well and think Leiserson is correct. Smith has "all the makings of a martyr". But there is one chance. If you send word to Ed Smith that if he will not resign, you will sponsor an amendment to create a new five-man (or three-man) Board, thus throwing open the Act to damaging amendments, he might yield. Nothing would be lost by trying it.

Leiserson, as you may know, has been severely criticized by friends of the Act for the way in which he has tried to reorganize the Board. General opinion is that he blundered badly in his attempt to remove Nat Witt, Secretary of the Board (I understand this was at your order). Madden in testimony before the Smith Committee showed that Leiserson accused Witt of certain things which were handled in other divisions and which were handled quite adequately. Leiserson told me he refused to tell the Committee the truth about Witt's actions only because he wanted to protect the Act.

It is only fair to say that Madden has for years been the "tower of strength" of the Labor Board. He has been forced to handle the labor split and the enmity of industry without any help from his fellow Board members, who were at least incompetent and at most indiscreet. Friends of the Administration insist that Leiserson has peculiarities of temperament, approaching arrogance, which alienated Madden. For example, Madden was angered because Leiserson told too many people that the President had sent him into the Labor Board to clean it up and he would do it despite Madden.

THE WHITE HOUSE
WASHINGTON

-2-

Former employees of Leiserson who applauded his appointment to the Labor Board as the solution have been chagrined at his tactics. He has, of course, been faced with an almost impossible problem, but some of the blame is his.

I think Miss Perkins would agree with this analysis, although I am not sure. I know John Carmody, who was once a member of the Board, does agree, especially about the temperament of Leiserson.

If Smith would resign and someone like Millis of the old Labor Board were appointed, I think Madden and Leiserson would work "in harness". The Smith Committee has done enough damage to make it a campaign issue. Because of the approaching campaign, if any change is to be made it should probably be soon, so the Board can get its house in order.

JHR

James Rowe, Jr.

THE WHITE HOUSE
WASHINGTON

PSF
Jim Rowe
Subject

March 11, 1940.

MEMORANDUM FOR
THE ATTORNEY GENERAL

Will you speak to me
about this at lunch today?

F. D. R.

Memorandum from Jim Rowe
to the President in re Congressman *Rowe*
D'Alesandro and his desire for
certain jobs in the District
Attorney's Office and the Marshal's
office in Maryland.

March 18, 1940.

MEMORANDUM FOR MRS. BONSTEEL:

Did the memo from Jim Rowe get to your files? If so, this memo belongs with it.

PTL ^{Paula}
(Harrabee)

no it did not - Sorry.

S.B.

Mr. Larrabee: -

Wish I could pull
this out of the hat for
you, but the boys
looked it up this
a.m. & report "no". J.B.

March 28, 1940.

Mrs. Bonsteel:

Will you please check again to see if
you have the memo before I file this. Thank you.

PTL

BF
Subject Rowe
1

Re: Memo from Jim Rowe of March 13, 1940
about Senator Murray having to support Senator
Wheeler etc.

See: Senate folder-Drawer 2-1940

*RF Rowe
Subject*

April 11, 1940

Memo to General Watson from the President:

Re: appt to see Joe Guffey about sending Woodward's
name up for appt to Maritime Commission and to tell
Guffey that poor Woodward is being sued for his back
salary etc.

Attached to the above memo are the following memos re
Woodward:

Memo of April 9-1940 to the President from
Steve Early re conversation he had with Mr.
Frederic Delano etc.

Memo to Steve Early from Jim Rowe-April 9, 1940
re Jerry Land and his talk with the President
about Woodward and Guffey etc.

Memo to the President from Jim Rowe--April 8, 1940
re inquiry of Admiral Land's who is interested
to know whether President has seen Guffey.

For the above memos-----

See:Maritime Commission folder-Drawer 2-1940(April 11, 1940).

Grace:

Will you show this to the
President?

J. H. R.

*file
per mail.*

PSF
Subject

THE WHITE HOUSE
WASHINGTON April 23, 1940

Dear Grace:

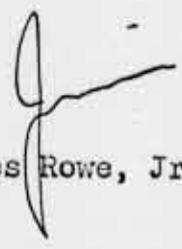
Jim Gillis telephoned to say he is calling the State Committee together this week to select a delegation which will be for the President -- and will insist the President must be drafted. He feels strongly that no one in Warm Springs should have communication with the Georgia leaders before this is done (probably Thursday).

He asked if this would be agreeable to the President; I said I had no idea and could not get an answer. He asked if I could give him a "green light"; I said I could not. He will, therefore, go ahead on his own.

Gillis and Governor Rivers are not getting along. Gillis says he must go along with Rivers (which means he must support Rivers for reelection as National Committeeman) so he can get the delegation without a fuss. The President's popularity in Georgia is about 20 to 1; Rivers' popularity is 1 to 20. Gillis expects a scandal very soon which will be as bad as the recent Louisiana scandal. He did not indicate whether it was corruption in the road program or the S. E. C. utility investigation, but it is probably the former because that is Gillis' background. Rivers is deeply involved. There is talk that the President will stop the Federal investigations now going on and Gillis suspects Rivers is circulating it.

Gillis hopes the President will have no conversations with Rivers and, what is more important, will not give Rivers an opportunity to appear with him in public, since Rivers' only chance is to hide behind the President.

You will note that Gillis is much more outspoken against the Governor than ever before.


James Rowe, Jr.

PSF
Jim Rowe
Subject

Memo to FDR from Jim Rowe dated June 4, 1940
with attached memo from Harold Smith of same date
re recommendations for Comptroller Generalship.
Rowe also suggests that the President replace
Stanley with Brown or give Brown position which
R. Walton Moore has; also memo to J. Rowe from FDR for him to note
enclosed memo of June 21st from Stevens opposing suggested
appointment of J.L. Sullivan as Comptroller General.
See: Fred Brown-Gen corres-Drawer 2-1940

PSF . Rowe
Subject

Memo for Grace G. Tully--June 12, 1940

From Jim Rowe

Re:Ray Stevens calling Mrs. Fred Brown about the
Comptroller Generalship.

See:Fred Brown-Gen corres-Drawer 2-1940

file personal

*PST
Lowell
Subject*

THE WHITE HOUSE
WASHINGTON

August 22, 1940

Memorandum For The President.

Chairman Madden

Warren Madden, Chairman of the Labor Board, asked that I transmit this four-page letter (with appendix) to you, with the distinct understanding he is not pressing his candidacy for reappointment through this document. It is Madden's accounting to you of the past five years' operation of the Labor Relations Act.

Although I recognize it is not my function to make recommendations, I have been disturbed by the fact that those men who should recommend the reappointment of Madden have not done so. So far as I can discover, every person informed about the Labor Board believes that Madden has contributed the best single outstanding performance in this Administration. That includes Francis Biddle and Lloyd Garrison, former Chairmen, Senator Thomas, Senator Wagner and with one or two exceptions the entire staff of the Board. Every New Deal lawyer without exception is an admirer of Madden. I believe the Secretary of Labor thinks he should be reappointed. Yet none of them seem to be willing to speak for Madden.

There are, of course, difficulties in the way of his reappointment:

(1) A. F. of L. It is difficult to follow Mr. Green's shifting point of view toward the Board and the Act. As you know, he changes frequently. I believe that today Green is against Madden. Strangely enough, on a statistical basis only, Madden personally has been more favorable toward the A. F. of L. than the C. I. O. Green's real enmity is against Ed Smith who is always C. I. O. Some months ago I suggested to you that Smith be asked to resign, but I understand Murdock and Healey (who are in favor of Madden's reappointment) vetoed that idea. If Smith would resign, Green might go along with Madden.

(2) Political. Undoubtedly the Republicans would make Madden's confirmation a campaign issue. But to replace Madden at this time is to admit something has been wrong with the Labor Board and the Republicans would make that too a political issue. I think the appointment of Madden to the Court of Claims vacancy would also be regarded as an admission something is wrong with the Board.

(3) Leiserson. In a purely personal conversation months ago I urged Miss Perkins to ask you to appoint Leiserson to the Board as the only possible solution. At that time I was an ardent admirer of Leiserson, but his behavior during the past year has been inexcusable. He played hand in glove with the Smith Committee in its attempt to discredit not only the Board but the Administration. He has not been able to put through what he regarded as necessary reforms only because he deliberately antagonized his natural ally Madden and made charges against members of the staff which were easily proven incorrect, instead of making obvious charges in forcing out the personnel

which has caused most of the trouble in the Board. Leiserson has also preached a gospel that Madden, Charles Fahy and the rest of the lawyers are "doctrinaire". The easy answer is that the Labor Relations problem was in the first few years a Supreme Court problem.

(4) Nat Witt. I understand Witt will resign if Madden is reappointed (it should not take long to clean out his cohorts). Madden can be justly criticized for being stiff-necked about this problem; but it can be justly explained by Madden's feeling the last few years that his back has been against the wall, that no one, including the unions, was helping him except his staff, and that, therefore it was up to him to protect them.

If Madden is not reappointed, the Board will become fair prey for pressure groups; the fight over the appointment of the new man will accentuate the labor split. Under the terms of the statute Madden cannot hold over after next Monday. That will leave Smith and Leiserson directly opposed to each other and will mean public turmoil, since neither of them have a sense of restraint.

A sound solution would be to reappoint Madden, Ed Smith to resign and make an appointment satisfactory to Leiserson, thus satisfying all sides.

JHR

James Rowe, Jr.



NATIONAL LABOR RELATIONS BOARD

WASHINGTON, D. C.

August 21, 1940

J. WARREN MADDEN
Chairman

EDWIN S. SMITH

WILLIAM M. LEISERSON

Honorable Franklin D. Roosevelt
The White House
Washington, D. C.

My dear Mr. President:

The conclusion of five fiscal years' of operation of the National Labor Relations Act suggests an accounting to you of the present status of the objectives of that legislation.

Present Status of Collective Bargaining

Nine million American employees today have chosen trade union representatives to negotiate working agreements with their employers. This is three times the number of employees who in 1933 enjoyed trade union recognition and the consequent opportunity to submit their interests to the conference table instead of resorting to strikes.

Increased trade union membership is directly reflected in an increase in written working agreements, annually renewed, under which wage-earners and those who hire know exactly where they stand for definite periods ahead.

Indicative of the new relationship are these contracts in fields where five years ago few if any existed:

Iron and steel,	550,000 workers,	654 agreements
Automobiles,	400,000 workers,	600 agreements
Rubber,	45,000 workers,	70 agreements
Electrical		
Manufacturing,	150,000 workers,	630 agreements
Aluminum,	25,000 workers,	(not available)
Marine transport*		150 agreements
Petroleum,	75,000 workers,	(not available)

*More than 60 percent of all employees in salt water merchant marine vessels of 1,000 tons or more.

It so happens that this new growth trade unionism has taken place in industries basic to national defense.

The practice of living under stable, renewable contracts has been extended almost as spectacularly in older trade union fields such as the clothing, coal mining, machinery and rail and truck transportation.

Relation to Defense Preparations

The written contract is in itself evidence that most of the causes which mar the industrial relationship have been removed. Where these contracts exist, fights for union recognition have ended. The bargaining units are set. Negotiations have advanced from hostility to the plane of solving mutual problems.

This is demonstrable by strike data before and after 1937, the bench-mark year in which the National Labor Relations Act was held valid and its protection of the rights to organize and bargain became effective. In 1937 a five-year rising trend of strike activity reached a peak, halted and began to decline, falling off 42 percent in 1938, the first full year of the Act's operation, and continued to decline in 1939. Preliminary data for the first six months of 1940 show that time lost through strikes was lower than any comparable period since 1930. Further, during the past fiscal year there was 66 percent less time lost through strikes than in the fiscal year 1936-37, although the level of industrial activity was equally high and strikes traditionally increase during rising production.

Since 1937, then, increased union membership has gone hand in hand with more numerous working agreements and decreased industrial strife. These related phenomena give reason to expect that responsible representatives of labor and industry will turn naturally to collective bargaining for the peaceful adjustment of disputes which may arise in defense industries.

This expectation is buttressed by experience early in the first World War when workers were not schooled in collective bargaining procedures and went on strike as the only method of protest open to them. To meet this crisis, government in 1917 had to proclaim collective bargaining as national policy. Today collective bargaining has struck deep roots in industrial practice.

Operation of NLRB

Since 1935 the Act has been invoked in 19,124 cases of alleged unfair labor practice. 6,850 of these charges lacked merit and were dismissed or withdrawn. 1,714 were set for hearing, and during the five years 804 employers have been ordered to cease and desist from practices destructive of labor rights. This is one employer out of every 23 against whom charges were filed. On the estimate that 320,000 employers are subject to the Act, one twentieth of one percent of them have annually been held in violation of it.

The Supreme Court and the Circuit Courts of Appeals have upheld Board cease and desist rulings in 120 cases, and 342 consent decrees have been entered in Circuit Courts of Appeals. In 25 cases Board orders were set aside.

The five years have served to define the principal areas of jurisdiction of the Act and to establish precedents by which employers may guide their labor relationships. It has been judicially determined that the procedure of the Act does not deny due process of law; that reinstatement with back pay during unfair discharge periods is properly remedial; that strikers retain the status of employees when unfair labor practice caused the strike; that strikers who sit-down or commit serious violence lose their rights under the Act.

These cases formally adjudicated by the Board and the Courts represent a small fraction of all Board cases. The great bulk of compliance occurs in the informal stage where employer, employee and Board representatives agree upon settlements. 8,200 such settlements have been concluded in unfair labor practice cases in five years.

Board intervention in strikes only happens when unfair labor practice charges have been filed. 2,100 such strikes have been settled, 849 averted, and 275,510 workers reinstated after strikes and lock-outs.

The election machinery of the Act has been used to a degree calling for deep satisfaction with the practical application of industrial democracy. During the last fiscal year 91 percent of eligible voters cast valid ballots in Board elections to determine bargaining representatives. In all 1,194,781 valid votes have been cast in 3,257 elections, with no serious challenges from any parties and without loss of production on balloting days.

During the past fiscal year 69.3 percent of the 526,208 valid votes were cast for affiliated trade unions, 12.5 percent for unaffiliated trade unions, 9.8 percent against unions and 8.5 percent for neither of two competing unions.

Present Problems

The A F of L-CIO split continues to add heavily to the burdens of the Board.

Public acceptance of the Act is much better underneath than on the surface. Present general support of the principles of collective bargaining represents a reversal of opinion by very many who fought it even in theory five years ago. The true test of public acceptance lies in the increase in practical written working agreements between employers and trade unions. This has come about despite waves of attack on the Act and the Board, each one of which has encouraged intransigent employers to refuse compliance.

Present problems are no different than those already faced. During the past three years more progress toward acceptance of the Act has been made than was ever to my knowledge made within a similar period with any important piece of controversial legislation.

The underlying requirement is that the Act continue to have diligent and technically competent enforcement in order that industrial relations shall not drop back into the chaos of uncertainty and strife existing before the Act became effective.

Civil Liberties

Civil liberties are freely enjoyed today in many industrial communities where four years ago they were denied. Most denials of freedom of speech, assembly, and publication related to attempts to organize labor unions. Since that right has been legally declared, and the law enforced, the economic motive for the denial of civil liberties has largely disappeared. I consider this result, though it is in a sense a by-product rather than the main purpose of the Act, as of importance comparable to the industrial peace and stability which the Act has brought.

Sincerely yours,

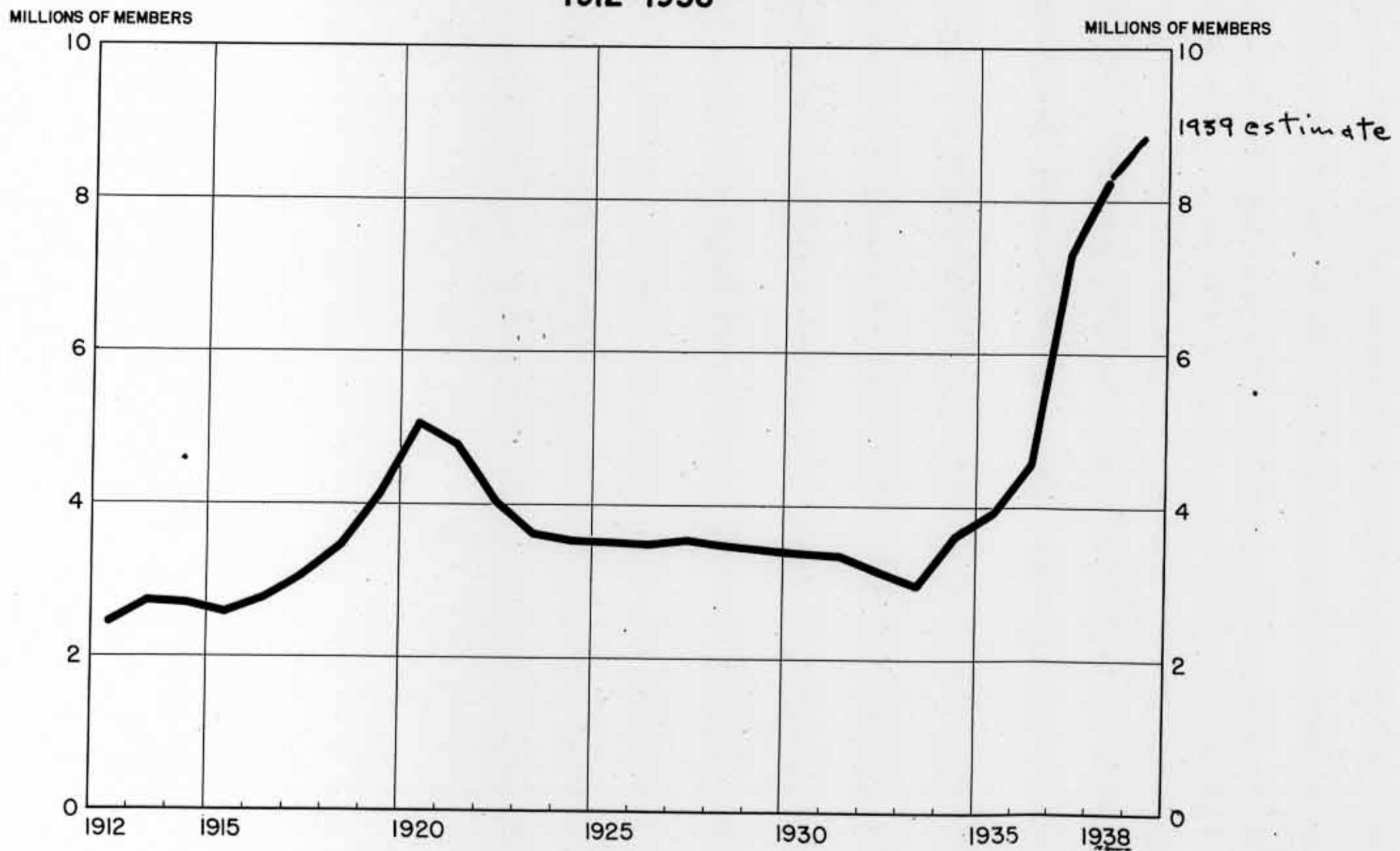
J. Warren Madden

RECORD OF NLRB FOR FIVE FISCAL YEARS TO
JUNE 30, 1940.

I CHART G.

TREND IN UNION MEMBERSHIP

1912-1938



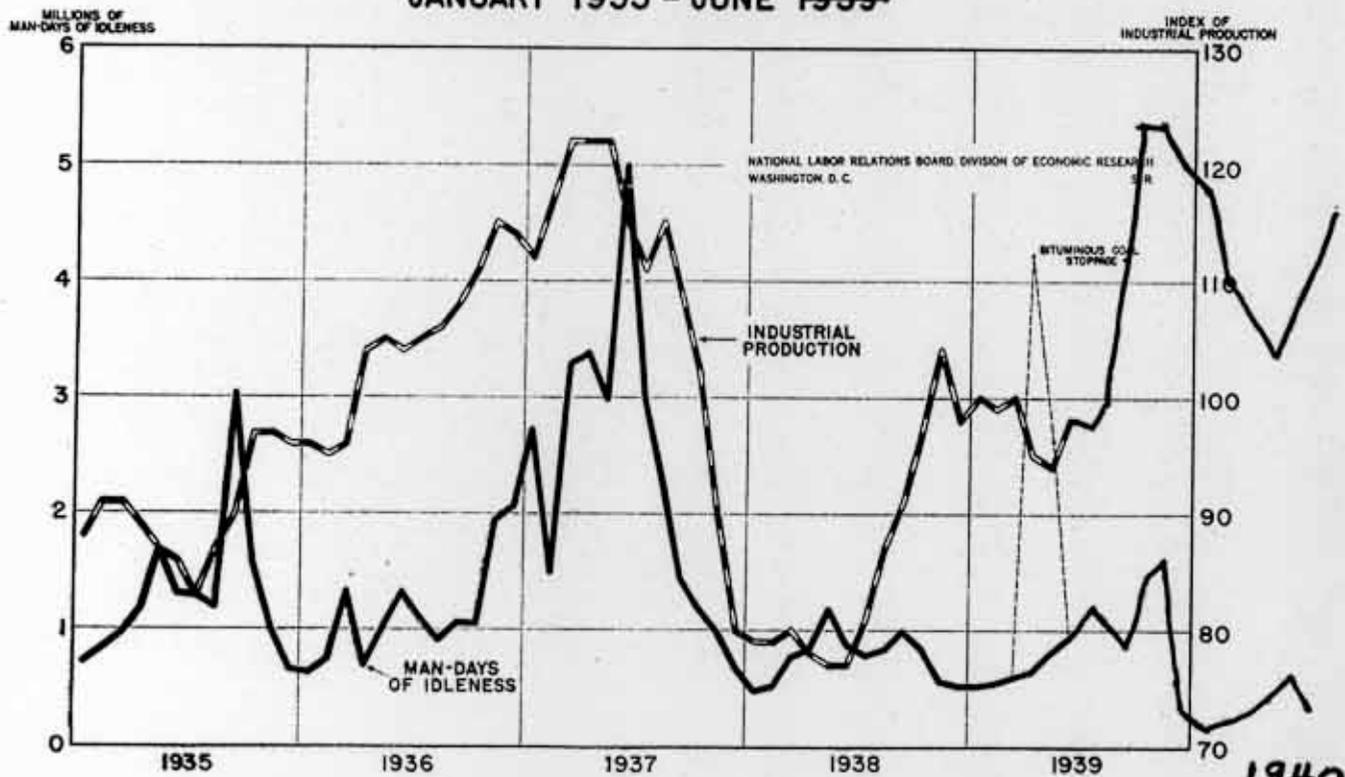
NATIONAL LABOR RELATIONS BOARD, DIVISION OF ECONOMIC RESEARCH.
APRIL 18, 1939. S. L.

SOURCES - LEO WOLMAN, "RISE AND FLOW OF TRADE UNIONISM"
CARROLL DAUGHERTY, "LABOR PROBLEMS IN AMERICAN INDUSTRY"
REPORTS OF A. F. OF L. AND C. I. O.
NATIONAL BUREAU OF ECONOMIC RESEARCH
SEE TABLE XXIII.

CHART E

TREND OF MAN-DAYS OF IDLENESS DUE TO STRIKES COMPARED WITH TREND OF BUSINESS ACTIVITY

JANUARY 1935 - JUNE 1940



192197-40 (Face p. 197)

1940

ANALYSIS OF CHART

The sharp increase in strike activity between 1932 and 1937 is attributable to two main factors, the increasing volume of employment which increased the bargaining power of labor from the levels reached in the Great Depression and the refusal of employers to bargain collectively in violation of statutory requirements embodied in the NIRA and later the Wagner Act.

Since 1937, the increasing willingness of employers to bargain collectively has been manifested in a sharp decline in industrial strife. It is significant too that the maintenance of wage rates and a stable cost of living rendered unnecessary strikes to regain recession wage cuts, such as took place in the early '20's.

Preliminary data for the first six months of 1940 indicate that man-days of idleness due to strikes were lower than for any comparable period since 1927 except for one year, 1930.

STRIKE STATISTICS
AND INDUSTRIAL PRODUCTION DATA
BY FISCAL YEARS

FISCAL YEARS	NUMBER OF			INDEX OF INDUSTRIAL PRODUCTION
	STRIKES	WORKERS INVOLVED	MAN-DAYS IDLE	
1935 - 36	2,084	1,071,712	14,507,000	96
1936 - 37	3,840	1,743,192	26,998,000	114
1937 - 38	3,435	893,551	14,204,000	90
1938 - 39	2,733*	1,045,304*	15,602,000*	95
1939 - 40	2,147	641,933	9,077,000	111

*These figures include the bituminous coal stoppage of 1939.
To exclude this stoppage the figures should be reduced by one
strike, 343,500 workers and 6,920,000 man-days of idleness.

Source: U. S. Bureau of Labor Statistics
Board of Governors - Federal Reserve

DECISIONS OF THE SUPREME COURT

1. Decisions granting enforcement of Board orders . . 18
 - (a) Orders enforced without modification . . 14
 - (b) Orders enforced with modification . . . 4
2. Decisions denying enforcement of Board orders . . 2
3. Decisions favorable to the Board relating to
other questions 6

DECISIONS OF CIRCUIT COURTS OF APPEALS

1. Decisions granting enforcement of Board orders . . 98
 - (a) Orders enforced without modification . . 59
 - (b) Orders enforced with modification . . . 39
2. Decisions denying enforcement of Board orders . . 23
3. Consent decrees entered enforcing Board orders. 342

(As of August 20, 1940)

RECORD OF NLRB FOR FIVE FISCAL YEARS TO JUNE 30, 1940

A total of 28,661 cases has been handled by the Board in the five fiscal years to June 30, 1940. 19,148 cases involved charges of unfair labor practice. 9,513 petitions were filed requesting determination of representation. The total cases involved 6,233,319 workers.

Of the 25,608 cases handled, or about 89 per cent, have been closed, leaving 3,053 cases pending on July 1.

Of these 25,608 cases, 12,309, or 48 per cent, were closed by agreement of both parties, involving 2,006,495 workers.	48 percent settled
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4,331, or 17 per cent, involving 1,145,159 workers, were dismissed by the Board and regional directors.	17 percent dismissed
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6,970 cases, or 27 per cent, involving 1,301,268 workers, were withdrawn.	27 percent withdrawn
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1,998 cases, or 8 per cent, involving 684,966 workers, were closed in some other way, including compliance with the Board's decisions and Trial Examiners' Intermediate Reports, certification after elections, refusal by Board to certify, Intermediate Report finding no violations, transfer to other agencies, such as the Conciliation Service of the Department of Labor and State Labor Relations Boards, and by the issuance of cease and desist orders.	8 percent by formal procedure
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Of a total of 2,806 strike cases handled, involving 445,518 workers, 2,100, or 75 per cent, were settled and 275,510 workers were reinstated after strikes and lock-outs.

An additional 20,556 workers were reinstated after discriminatory discharges.

849 threatened strikes, involving 195,565 workers, were averted through the Board's action.

There were 3,257 elections held in which 1,194,781 valid votes were cast.

VOTES CAST IN ELECTIONS CONDUCTED BY THE NATIONAL LABOR RELATIONS
BOARD, FISCAL YEARS ENDING JUNE 30, 1938-1940

	Elections Conducted	Eligible Voters	Votes Cast	Valid Votes Cast	Votes Cast for Affil. Trade Unions	Votes Cast for Unaff. Trade Unions	Votes Cast Against Unions	Votes Cast "for Neither"
1938	1,152	394,558	350,960	343,587	232,989	49,481	55,758	5,359
1939	746	207,597	181,090	177,215	121,643	16,389	34,085	5,098
1940	1,189	585,068	534,470	526,208	364,595	65,689	51,363	44,561

PER CENT OF VOTES CAST FOR MAJOR CLASSES OF PARTICIPANTS

	Per Cent of Valid Votes Cast for Affiliated Trade Unions	Per Cent of Valid Votes Cast for Unaffiliated Trade Unions	Per Cent of Valid Votes Cast Against Trade Unions	Per Cent of Valid Votes Cast "for Neither"
1938	67.8	14.4	16.2	1.6
1939	68.6	9.3	19.2	2.9
1940	69.3	12.5	9.8	8.5

ANALYSIS

The Board conducted a greater number of elections during the fiscal year 1939-1940, with more workers participating, than in any preceding year.

Eligible voters who cast ballots increased from 88 per cent in 1939 to 91 per cent in 1940.

Unions affiliated with AFL and CIO received a higher percentage of valid votes, 69.3 per cent, than in any preceding year.

Unaffiliated unions (which in 1940 included National Organizations such as the International Ladies Garment Workers Union, the standard Railroad Brotherhoods, the Mechanics Educational Society of America, the independent shoe and textile unions of New England and unions restricted to one plant or all the plants of one employer) cast 12.5 per cent of valid votes, a higher percentage than 1939 but lower than 1938.

The percentage of votes cast against unions declined sharply from 19.2 per cent in 1939 to 9.8 per cent in 1940.

Votes cast "for neither" occur in elections in which more than one union appeared on the ballot. Such votes increased from 2.9 per cent in 1939 to 8.5 per cent in 1940.