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THE

Congress of Industrial
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ON

"SHOULD CONGRESS ENACT THE TRUMAN PROGRAM"

Speakers:

Mr. William Lavelle, Congress of Industrial Organizations
Senator Joseph R. McCarthy, Republican, Wisconsin
Senator Hubert H. Humphrey, Democrat, Minnesota
Mr. J. T. Sanders, The National Grange

Moderator:

David Brinkley, NBC Commentator

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ANNOUNCER: What about the program called for by President Truman in his State of the Union Message? Should it be voted into law, some of it or all of it? Should the Congress enact the Truman Program? That is the question. This is AMERICA UNITED, the informal round-table discussion program heard on the NBC network each week at this time. Host today is the Congress of Industrial Organizations, represented here by William Lavelle. Our other guests: Senator Hubert Humphrey, Democrat of Minnesota; Senator Joseph McCarthy, Republican of Wisconsin; and J. T. Sanders of The National Grange. Our moderator is David Brinkley, NBC Washington commentator. Mr. Brinkley!

MR. BRINKLEY: President Truman, in his State of the Union Message, asked before a joint session of Congress the other day for a long and elaborate and somewhat controversial legislative program. Most of it he has recommended before. Some of it may be passed this session, some may not, which is what we are here to talk about today, here in the Senate Radio Gallery in the Capitol.

We have as our guests on America United today two members of the Senate, a representative of a labor organization and a spokesman for a farm organization, to give us their varying views on the prospects for Mr. Truman's program. To start our discussion, I am going to call on each of the four for a brief statement, first of all, of his own feeling on today's question: Should Congress Enact President Truman's Program? First of all, Mr. Lavelle of the CIO.

MR. LAVELLE: We in the CIO were gratified on Wednesday of this week to hear President Truman restate so clearly and emphatically the Fair Deal program, and to specifically recommend legislation that would carry out the program. As CIO Pres. Murray said at the conclusion of the President's address, the American people for whom the President has spoken expect the Congress to enact these proposals into law. We in CIO have a feeling that the American people have expressed themselves clearly and adequately in favor of the Fair Deal program, and we certainly hope that we will not see in the second session of the 81st Congress a repetition of the coalition that existed in the first session, which was so determined to prevent the passage of this Fair Deal legislation. We expect specific action to be taken on a substantial portion of the President's recommended proposals.

MR. BRINKLEY: Thank you, sir. Now Senator McCarthy.

SENATOR McCARTHY: First, Mr. Brinkley, I want to thank you for the opportunity of being over here in such good company with my good friend Senator Humphrey and Bill Lavelle and Mr. Sanders of the Grange.

It is pretty hard to cover that program in a minute, but I might say one of the significant things, to my way of thinking, about the President's address is not what he said but what he left out of the proposed program. For example, Democrats and Republicans have unanimously agreed that we could save about 5 billion dollars a year if we passed the Hoover Commission recommendations. The President failed to mention that even indirectly.

No. 2, he talked about old age pensions and social security. I gathered from his speech that he meant that he wants to continue the crazy-quilt pattern advocated by those over in the House, the administration men over in

the House who drafted a bill that is a continuation of the completely inadequate, crazy-quilt pattern of social security which we now have, social security which pays a very small amount to a select group. I think if the President were sincere, if he were honest about wanting to help all the people, he would say, "Let's scrap this completely ridiculous pattern of social security and have a simple system of old-age pensions for all the ages." I am sure Mr. Lavelle would agree with me that right now we are paying, just for example, \$100 a month in the steel industry, a pension in the coal industry, and some 13,000 different pension systems. We are all paying a hidden sales tax for those old-age pensions; a select group of people are getting them; all of us are paying for them. I think the President should come out and give us some type of sensible program.

And speaking of program, I think I am taking more time than I should.

MR. BRINKLEY: Senator Humphrey.

SENATOR HUMPHREY: Dave, first of all I want to join with my colleague and friend, Senator McCarthy, and say what a pleasure it is to be on this program with such distinguished representatives from both farm and labor organizations, and a member, a very vigorous member, of the minority party.

SENATOR McCARTHY: The temporary minority party.

SENATOR HUMPHREY: After the President's program, as you say, Dave, has been fully explained to the people and been worked through the committees of the Congress, the fond hope my friend from Wisconsin has about the temporary minority party becoming a majority party will never be realized.

Now, do I think the program ought to be passed? Yes, I do.

The President in his message gave us a comprehensive statement of his political philosophy; and his political philosophy is one that recognizes the growth and the development of our economic, political and social processes. He also placed the framework of American domestic legislation within the world picture. I think it has become crystal-clear that you can no longer just legislate without any regard to its effect upon the whole world community. The programs and the policies that were announced by the President have direct bearing upon our relationships with the rest of the world.

Briefly speaking, that program and foreign policy reiterated our pledge for support to the United Nations, for increasing its strength and its authority. It also pledged America to the development of the Point Four program for technical assistance to underdeveloped areas. It also gave a pledge on the part of our people for the displaced-persons legislation. In the domestic field, the President again vigorously stated his convictions on the need for the passage of civil rights legislation. I would say to my Republican friend who is with me here that we need no longer worry just about the so-called southern bloc in the Congress as holding back civil rights; there are enough northern Democrats and enough northern Republicans so, if you just add it up in simple arithmetic, we could win that rights program.

SENATOR McCARTHY: I think if the President were sincere about his civil rights program, all he needs to do is bring it to the floor of the

Senate and he will find the Republicans will cooperate fully—that is, if he wants to get that civil rights legislation passed.

SENATOR HUMPHREY: We will have the acid test of that when the FEPC comes up before the Senate of the United States.

Broadly on social security, President Truman recommended extension of pensions and insurance, and also for the care of the ill. He surely reiterated his position on the health program that is before the Congress of the United States; on Taft-Hartley repeal, middle-income housing, extension of public power, the development of our regional river valleys. All of these are part of the Fair Deal program and they should be passed. They are worth-while objectives that need the support of both political parties.

MR. BRINKLEY: Thank you very much, Senator Humphrey.

Now let's hear from Mr. Sanders of the National Grange.

MR. SANDERS: Mr. Brinkley, I join with both of the senators in being very pleased to be on this radio program, but I have sort of mixed feelings; I have a great fear—I don't believe I will be able to talk to the same extent as the two senators in this situation. I am afraid they are going to do most of the talking.

MR. BRINKLEY: Do you mean in volume alone?

MR. SANDERS: Yes, and in every way.

MR. BRINKLEY: Maybe we will have a little filibustering.

MR. SANDERS: To answer this question we have before us—Should Congress adopt the President's program?—it would be impossible to answer it just categorically "yes" or "no." Some of the program should be passed, of course; some parts of some of the measures that he has recommended should be passed; other measures should be completely killed, to my way of thinking.

MR. BRINKLEY: What is one you think should be completely killed?

MR. SANDERS: I am quite sure the Brannan Plan should not pass the Congress and will not pass.

MR. BRINKLEY: That might be a good place to start right now, the Brannan Plan, and then we will get to some of the others. What about that Brannan Plan; does anyone think it will pass? How about you, do you think so, Mr. Sanders?

SENATOR McCARTHY: May I interrupt? Last year the Administration spokesman on farm subjects, Mr. Thomas, refused to allow the Brannan Plan to come to a vote (I think that is right, Mr. Humphrey), which indicates to many of us that he doesn't want the Brannan Plan. Mr. Sanders or some one, in explaining the Brannan Plan very briefly, said it is simply a plan under which the housewife pays half the cost of the food she buys, her husband pays the other half to the tax collector. Whether that will benefit anyone or not, it rather difficult to say.

MR. SANDERS: I am afraid the husband's half will be more than half because it would have to go through the tax route.

SENATOR McCARTHY: I believe the reason some of the farm leaders are against the Brannan Plan is that you don't like the huge bureaucratic Gestapo that is required to administer it; is that right?

MR. SANDERS: The Grange set forth ten reasons why we are opposed to the Brannan Plan and I do not believe it would be proper to try to list those right now unless we want to discuss at some length the Brannan Plan. But we do believe—I wouldn't put it exactly as a Gestapo proposition—the Grange believes that any plan that undertakes to pay any group a fair part of its wages out of the treasury in the form of a direct check is very bad, not only for that group but for our whole free enterprise system.

SENATOR HUMPHREY: I would say it was about time for the rebuttal. First of all, may I say to my friend, the Senator from Wisconsin, that the adjectives he has used about the Gestapo and the Administration are typical Republican adjectives. They haven't yielded many majorities in the Congress in the past and I doubt if they will in the future.

As for the Brannan Plan, to dot every "i" and cross every "t" and accept every comma, possibly no. However, I think my Republican friend ought to realize that one of the principles of the Brannan Plan is production payment, which principle was widely heralded and loudly acclaimed by none other than the Republicans in the Hope-Aiken Act of 1948. I think one of the weaknesses of the present agricultural law is the lack of opportunity for production payments, as the egg farmers of Minnesota and Wisconsin are finding out at the present moment.

I would say now possibly we ought to continue for a moment again on the rebuttal. The California Grange—

SENATOR McCARTHY [Interposing]: The reason the egg farmers aren't getting the money is not because the law doesn't allow them to get it; it is because Mr. Brannan says they shall not. Whether he is wise or unwise, we gave him the sole and exclusive power to decide what support prices he would employ, so far as eggs are concerned.

SENATOR HUMPHREY: Isn't that wonderful! The Republican Party, that is always worried about executive domination, that is always worried about the bureaucrats, gave to an executive official—to a bureaucrat, if you please—the complete discretionary power to establish price supports on a whole range of commodities, but at the same time didn't provide the money.

MR. SANDERS: Dave, a farmer would like awfully well to yield to the Senator, but I do want to put in a plug about this 1948 Aiken Act heralding the production payment to the skies. There were a great many people who didn't know those two words—production payment—were in there, and I doubt very much whether the Republican Party did.

SENATOR McCARTHY: Let me correct one thing Hubert said. The Republican Congress gave the power to Brannan, he said. I was under the impression that we had a Democratic Senate and House; is that correct, Hubert?

SENATOR HUMPHREY: That is correct, and very fortunately so. I would simply say our Republican colleagues joined with us, as I remember so well the Senator from Wisconsin did, in offering to the Secretary of

Agriculture this complete discretionary power which was, to my way of thinking, a complete weakness, because the Senator from Minnesota offered an amendment (together with my senior colleague, Senator Thye of Minnesota) to have mandatory price supports of 75 to 90 per cent upon the perishable commodities and not upon the so-called basic commodities which represent, not a small fraction but a minority of the total agricultural income.

MR. BRINKLEY: Let's at this point move on to another subject, because there are a great many—

SENATOR McCARTHY: May I mention something that Mr. Lavelle, Mr. Sanders, Hubert and I all agree on, and that is the fact that the State Department is doing a tremendous job of scuttling the farm program, as the Senator from Minnesota knows; and he and I voted for the Magnuson Amendment which would have curtailed the importation of farm supplies during short surplus. The State Department came down and did a tremendous job of lobbying and succeeded in getting enough Democratic votes so that was ultimately defeated. The end result is that we are paying much more to support the price of farm products, but at the same time draining the scarce foodstuffs from other areas of the world.

SENATOR HUMPHREY: The Senator from Minnesota did not vote for that—and the Senator from Minnesota wants to say quite frankly that any amount of money we pay for price supports is a small price compared to what we would pay for an agricultural depression. I am not going to be led off to the races talking about how we are going to bankrupt the country by supporting farm prices. The only time the country has been bankrupt was when farm prices got low and were not supported, and that is a matter of record and a matter of history. How they shall be supported is a good debatable subject, but the fact that they should be supported can no longer be a debatable item in the American economy.

SENATOR McCARTHY: I am not debating whether we shall have farm support prices. You and I know we both voted for them and favored them. Didn't you vote for the Magnuson Amendment which would have done away with the price support of farm products from other nations; didn't you vote for it?

SENATOR HUMPHREY: No.

MR. BRINKLEY: Let's get on to another topic. We will get the record after the program. Specifically, one that I think our listeners will be interested in as much or probably more than anything else is the subject of taxes. Mr. Truman has not sent his budget up yet so we do not know what he may ask for in the way of specific taxes, but we can anticipate him a little by saying what they ought to be. Mr. Lavelle, will you give us an opinion on that?

MR. LAVELLE: The CIO has been consistently on record for the repeal of these wartime excise taxes. We think that the time has passed when those are a necessity and we certainly hope that they will be repealed during this session of the Congress.

MR. BRINKLEY: Does everyone here agree on that?

MR. SANDERS: Yes, we certainly would agree on that, Mr. Brinkley; the Grange would agree.

SENATOR HUMPHREY: I surely would agree. In fact, I hoped it would happen before now.

SENATOR McCARTHY: I have an amendment which would do away with all excise taxes. I think we are unanimous on that.

MR. BRINKLEY: What about other taxes, income taxes? Do you expect or want any change in those, upward or downward, or what? Let's hear from anybody on that.

SENATOR McCARTHY: Dave, we need more revenue. I belong to the school of thought which feels that, to increase the income tax at this time, would decrease the revenue. There are those, of course—and just as sincere—who feel you can increase the income tax and increase the revenue. England found they had reached the point of diminishing returns; that when they increased the income tax rate they discouraged business and decreased the revenue. I am afraid we are getting dangerously close to that point. I think the answer is to try to increase the national income, and we can save about 5 billion dollars by putting into effect the Hoover Commission recommendations, and thus make an increase unnecessary.

SENATOR HUMPHREY: I feel that the best way to be able to augment revenues would be through increased production and increased national income; and with the Fair Deal program enacted, we will have greater production, increased productivity and national income.

I would make this comment, that those who are complaining the most about high taxes today are actually, percentage-wise, paying the least. Let me give you the figures: In 1939, people with \$5000 gross income or less (that is the ordinary people; that is the way they are labeled) paid 10 per cent of the income tax. In 1948, people with \$5000-a-year income or less paid 54 per cent of the income tax; yet corporate dividends are up 7 per cent this year over 1948 and in 1948 they were the greatest in the history of the country. So if the President should recommend, if you please, a higher type of income tax in the higher brackets, he would be doing nothing more than to remedy the mistake that was made by the 80th Congress—which, in its tax-reduction bill, provided a reduction in revenue of some 5 billion dollars and the President told them exactly what was going to happen when he vetoed it.

SENATOR McCARTHY: The 80th Congress didn't reduce the tax on corporate income, it was a personal-income-tax bill, so don't mis-state this. It was the Democratic Congress that reduced the corporate income tax. The 80th Congress reduced the tax on the personal individual and the scale, the reduction, was three times as low in the smaller brackets as it was in the upper bracket. We took 7 million people in the lower bracket off the tax rolls entirely; so don't tell us that we decreased corporate income taxes.

MR. BRINKLEY: Mr. Lavelle, how do you and the CIO feel about income tax?

MR. LAVELLE: We think that the action which was taken by the 80th Congress was really in favor of the high income recipient. Yes, we

certainly agree with Senator Humphrey in that respect that, while there may have been slight gains for the average worker, the net result of that action taken by the 80th Congress was certainly in favor of big-income people.

SENATOR McCARTHY: Let me answer something. The Democratic Congress took a 50-per-cent across-the-board reduction in income taxes, the same for the man getting \$2000 a year as the man getting \$80,000 a year. That, you considered a poor man's tax bill. The Republican Congress first cut off 7 million, you understand, from the tax rolls entirely; then it gave the man in the lower bracket, the man making \$2000, we will say, three times as high a tax reduction percentage-wise as the men in the top bracket, which is directly contrary to what the Democratic Congress had previously done. Previously they said, "We will give the man in the top bracket identically the same percentage-wise reduction as the man in the lower bracket," so you can't say this tax reduction bill in the Democratic Congress is a poor man's bill.

MR. LAVELLE: You don't deny the advantages to the big-income recipient was certainly much greater, despite the formula you have mentioned.

SENATOR McCARTHY: But we gave three times as much reduction to the man in the lower bracket as to the man in the upper bracket.

SENATOR HUMPHREY: Let's get down to cases. You say 7 million people were taken off the tax rolls, people with income of \$500 a year or less. What a great public benefaction that turned out to be.

SENATOR McCARTHY: The Democrats put that tax on.

SENATOR HUMPHREY: It was a war tax, put on during a period of war.

SENATOR McCARTHY: No, no.

SENATOR HUMPHREY: May I point out we had a gross take-home pay increase under the tax bill for a man with a wife and three children of 2 per cent if he had a \$3000 income; if he had a \$50,000 income, he got a 25 per cent increase in take-home pay; if he had an income of \$100,000, he had 47 per cent increase in take-home pay; and if he had \$200,000 income, he had a 54 per cent increase.

SENATOR McCARTHY: Let me correct the facts here. That is just incorrect. The man in the lowest scale had three times as high a reduction, percentage-wise, as the man in the upper scale. That is a fact.

SENATOR HUMPHREY: You don't eat percentages, Senator McCarthy.

SENATOR McCARTHY: Let me say this further. Senator Humphrey said we cut families off the tax rolls that were making \$500, not \$1200. It wasn't \$500.

SENATOR HUMPHREY: It was \$500 according to the Department of the Treasury.

SENATOR McCARTHY: Just a minute, those were taken off the tax roll entirely for the family, the husband and wife getting a total of \$1200.

SENATOR HUMPHREY: How about the individuals?

SENATOR McCARTHY: The husband and wife with one child, \$1800. Your \$500 figure is wrong. You are telling us now we shouldn't have taken them on. You had them on.

MR. BRINKLEY: You are talking about past sessions and we want to talk here about the sessions that is beginning.

SENATOR McCARTHY: When Hubert gives us figures, I want to make sure he gives correct figures, and the \$500 figure isn't correct.

MR. SANDERS: I would like to get way back to the income-raising proposition the two senators propose. The farmers would like mighty well to raise income if it can be raised by productivity, by production rather than by inflationary routes. We feel that the way things have been going recently, we have mighty little chance to benefit from a trend toward an increase in income immediately in this country; and we would hate mighty bad to see us try to balance the budget by raising income by the inflationary route.

MR. BRINKLEY: Let's look at another problem. President Truman recommended and this Congress will have to deal in some way or other with the foreign aid program. What do you think is going to happen to that, Mr. Lavelle?

MR. LAVELLE: We certainly hope enough funds will be appropriated to carry out the intent of the program. It is too bad, as I heard on the radio the other night in a discussion, that some of the senators and representatives, who ought to know better, are seemingly all out to do everything in their power to eliminate the ECA program entirely. I think the President was absolutely correct the other day when he said it is like building the foundation for a home and putting the walls up and forgetting to put a roof on it. That is exactly where our concern is, that this appropriation shall be adequate to carry out and fulfill the original intent and purpose of ECA, and certainly Congress has an obligation to do that.

MR. BRINKLEY: Senator McCarthy, does it seem that way to you?

SENATOR McCARTHY: We must spend considerably more money in Europe. It is a question of how much. We are wasting a tremendous amount. We could cut down on the waste but, unfortunately, we are going to have to spend a lot more money in Europe.

I might say, in that connection, the President the other day said he hoped we would continue the bipartisan foreign policy. That sounded good then but, the next morning, he had a press conference and announced that he was scuttling all aid to the anti-communist forces in China and Formosa. He did that without discussing it with a single member of the Republican Party.

In other words, he said one day, "I am for the bipartisan foreign policy and I hope the Republicans will cooperate with me," and the next morning he announced a very, very drastic foreign policy in the East, one which we think we will regret very, very bitterly in the next year or two. He did that without even intimating what he was going to do to a single member of the Republican Party.

I think his abandonment of the anti-communist forces in Formosa, his surrendering of that base to the communists, may easily mean the difference in winning and losing a war. As Hubert knows, any man over in the Pentagon who hasn't been muzzled (of course, there is an iron curtain on news over there), who has fought in the Pacific, will tell you the same thing, that we must have the Formosan base if we ever fight a war with Russia. And the President, as I said, without discussing the matter with the Republican Party, says we are abandoning it, period.

SENATOR HUMPHREY: First of all, I want to say to Senator McCarthy that Formosa doesn't belong to the United States of America.

SENATOR McCARTHY: Neither does Europe.

SENATOR HUMPHREY: We have no bases in Europe, and what the Senator from Wisconsin is talking about is a base in Formosa. That is outright taking over of other people's territory in a civil war, a civil war raging between the Chinese people.

In so far as the ECA program is concerned, I think it has been a reasonable success. I do hope that we will have, as Mr. Lavelle pointed out, adequate appropriations. I understand, however, that the recommendation will be for less than last year, because the basic beginning of the ECA was more expensive than is now necessary. I think Mr. Hoffman has been a good administrator, he has done a creditable job and is worthy of our support and confidence.

On the other point of the President's message, Point Four, aid to underdeveloped and underprivileged areas, I think that offers great hope and great opportunity, and I agree with Mr. Lavelle, we surely must have sufficient appropriations if we are going to do the job that needs to be done. Otherwise, we will waste the money; and I hope we will have full support up and down the line.

SENATOR McCARTHY: Hubert, don't purposely mis-state this. You say that Formosa doesn't belong to us. Neither does Europe. You know that, when we speak about aid to Formosa, we mean aid to the anti-communist forces so that we can have friendly bases on Formosa the same as we want friendly bases in western Europe—in other words, a base of operation in case of another war. You and I know we are now engaged in a cold war. You know as well as I do that no Republican, no Democrat, has advocated that we go over and fight a war—

SENATOR HUMPHREY: Oh, yes.

SENATOR McCARTHY: Just a minute, just a minute—and take over Formosa. What we have advocated is that we give aid to the anti-communist forces in China and Formosa, the type of aid which we are giving in Europe, and it would take infinitely less aid to maintain those bases on Formosa than what we are spending in Europe.

SENATOR HUMPHREY: What you are advocating is sending the fleet, and the sending of the fleet was advocated by the same people who have been the so-called isolationists bloc in the United States Senate.

I suggest, since you are looking for friends in the anti-communist struggle, that there are 400 million people in India—an area of 1 million 570

thousand square miles; there are 60 thousand square miles in Formosa. Frankly, we have given 2 billion dollars' worth of aid to the Chinese Nationalist Government; and the Chinese Nationalist Government has misused that aid, has misused that money. The President, I think, is absolutely correct in his statement of policy.

MR. BRINKLEY: Our time is almost up. Mr. Sanders wants to say something.

MR. SANDERS: As to foreign aid, we certainly would agree with the other members of the round table that the ECA should be continued, but we do believe that a very careful examination of the aid should be made and probably the amount sent can be greatly reduced.

MR. BRINKLEY: Thank you, Mr. Sanders, and thanks to all four of you for being here today in the Senate Radio Gallery of the Capitol. This has been a discussion, on America United, of the legislative program called for by President Truman in his State of the Union Message, by two senators, one a Republican and one a Democrat, and by spokesmen for a labor organization and a farm organization.

To summarize briefly the answers we heard to the question, "Should Congress Enact the Truman Program?" Mr. Lavelle of the CIO says he was gratified to hear the President in his message state his Fair Deal program. He thinks the people will support it and he hopes there will not be, in this Congress, another coalition, as he describes it, to prevent action on it. He hopes for passage of a substantial part of the program.

Senator McCarthy, Republican of Wisconsin, points out the President made no mention of the Hoover Commission's recommendations for reorganization of the government, or of the billions of dollars it would save; and he says, for just one thing, the crazy-quilt pattern of social security laws we have now should be scrapped and then completely revised.

Senator Humphrey, Democrat of Minnesota, thinks when the Truman program is explained to the people, they will support it. He says in both his foreign and domestic policies, the President recognizes this country's position as a world power and thinks his program should be passed.

Mr. Sanders of The National Grange, in answer to today's question, says some of the Truman program should be passed; some should be passed in part; and some should not be passed at all; and in this last category he includes emphatically the Brannan Farm Program.

Thanks again to all of you. Now here is our announcer.

ANNOUNCER: This has been AMERICA UNITED, the informal round table heard on the NBC network each week at this time, discussing today the question, "Should Congress Enact the Truman Program?" Printed copies of today's discussion may be had without cost by writing to the Congress of Industrial Organizations, Washington 6, D. C. Speaking today were Senator Joseph McCarthy, Republican of Wisconsin; Senator Hubert Humphrey, Democrat of Minnesota; J. T. Sanders of The National Grange; and William Lavelle, speaking for our host today, the Congress of Industrial Organizations.

Our moderator was David Brinkley, NBC Washington Commentator.



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