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*Postwar Problems
and Policies*

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POLICY COMMITTEE OBJECTIVES

To encourage the formation of affiliated groups of responsible citizens whose common desire and purpose are to work toward the development of governmental policies by democratic means on the basis of the general interest rather than special interests.

To supply such groups with concise summaries of the research and opinion of recognized experts and agencies on issues of regional, national and international importance.

To stimulate in these groups discussion of questions on which public policy is in the making.

To facilitate the exchange of thought and experience between groups in different parts of the country.

To encourage the active participation of group members in the democratic process of forming governmental policy in order that such policy may be evolved out of the organic life of the nation itself rather than be determined by pressure groups or governmental agencies.

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POSTWAR PROBLEMS AND POLICIES

The twenty-nine participants in the Western Policy Committee's Twin Cities meeting on June 19-20 were representative of a broad range of interests in agriculture, labor, industry, banking, the professions; they came from Minnesota, Iowa, North Dakota, Nebraska and Illinois. Their two-day discussion of postwar problems and policies included both comments on the general mood desirable as an approach to peace-making and proposals for measures which the peace-making should include.

THE APPROACH TO THE POSTWAR WORLD

The group began its discussion with the agreed assumption that the United Nations are going to win the war. In the course of the first evening's speculations on the general attitude likely to be prevalent in this country at the end of hostilities, however, two contradictory possibilities were set forth. One was that since this is likely to be a very long war, the American people will have suffered a long period of privation before it is over, which might foster a desire to pull out of the international picture as fast as possible. Under such circumstances, parents would want to get their boys back as fast as they could, and might move to change administrations if nec-

essary in order to secure the adoption of such a policy. (But one member seriously questioned whether there would be inter-party difference on the need for continuing action by the United States on a world scale; he cited Messrs. Hoover and Gibson's recent book as evidence that the conservative wing of the Republican Party foresees a long-term task of the United States in nurturing representative governments in what are now totalitarian areas and effecting cooperation among them as an essential basis for peace.)

Over against the possibility of withdrawal was set the likelihood that this time the American people would want to stay in because this time they see something to stay in for. The statement was developed along several different lines.

The last war, a member who had been in our Army in 1917-18 pointed out, was so widely advertised as the war to end wars that it was natural for that generation of youngsters to want to get out of the Army as soon as the war was over. This time, by contrast, the general assumption is that the world order to come at the close of hostilities will be a world order undergirded by force, and that for a considerable period there will be a sizeable job of policing to do in areas now overrun by the Axis powers. A fair number of the young men now in the services are therefore, this speaker thought, likely to want to stay in because they

believe there is a job to be done by the military after the end of hostilities.

This estimate of continued military participation was paralleled by an estimate of postwar economic participation. One member said we are in a finish fight -- it is we or they -- for control of the sea and the air because we realize that whoever has control of these two means of communication will be in a position to determine what kind of an economic world we are going to live in, and we propose to take part in that determination. His views were seconded by another member who prophesied that the pioneering energy which had taken us across the American continent in the 19th century would take us still further afield in the 20th. The boys now stationed around the four quarters of the globe have the curiosity and the capacity to learn a lot about the countries in which they are located. Many of them will intermarry there, and some of them will continue to make their way there when the war is over.

Emphasis was put on the need for immediate action at the close of hostilities on such essential matters as shipping, supplies, credits. The group was divided on the extent to which nationalism would be increased by the war. Some thought it an inevitable result of the pulverizing of society. Others thought that signs in the opposite direction were the unhappy experience of small, would-be neutral

states in this war, and the proposals now under way for federation in Eastern Europe. But all agreed that the cooling-off period after the fighting -- there was a general assumption that there would not be a formal peace conference, but rather that the principal problems would be settled by ad hoc committees -- was a crucial time for the giving of direction to the economic world structure.

The success of such economic committees will clearly depend to a considerable extent on the political structure that undergirds them. The policing job that will need to be done, it was agreed, will go beyond the task of preventing total disintegration following the outbreaks of violence that are to be expected after the grip of the conqueror is relaxed. The order that such police must keep is an order whose purpose will be to give new political institutions a chance to get started.

The difficulty and the delicacy of this task was fully appreciated. That the freedom-loving peoples have a stake in the kinds of government that replace Axis rule is obvious. The world cannot exist half totalitarian and half free. At the same time it is obvious that the institutions of a free people must spring from the genius of the people -- they cannot be superimposed. What minimum requirements should a victorious United Nations insist on in the liberated areas? Is the general requirement that government should be rooted in the people

sufficient? Or are constitutional governments and representative assemblies a necessary prelude to the organization of a free world? (The volatile democracy-dictatorships of South America were referred to in this connection.) The group canvassed, country by country, the probable difficulties of the various conquered peoples in establishing postwar governments satisfactory to their populations. On one point, every one was clear; the governments must be set up by nationals of the country to be governed, not by outsiders, -- even Hitler's stooge governments, one member commented, had to be staffed by local puppets to make them stick. The job of the policing forces therefore seems to be a job of creating conditions under which organization for participation in the postwar world can be undertaken by people released from the Nazi yoke. (Reference was made to the administrative training currently being offered by the Army to familiarize selected officers with the customs and cultures of various countries.)

In discussing the extent to which the United States will be willing to use its resources, its financial strength, its military and political power, to take a lead in postwar affairs, considerable emphasis was put on the change, both in psychology and in fact, between the position of the United States now and during the last war. Then, the United States was regarded in Europe in the category of an

auxiliary, whose chief importance was as a furnisher of goods; the agencies of joint action were located elsewhere. This time, both in the other United Nations and in this country, the central importance of the United States, not only economically but politically, is broadly recognized. The main committees for the organization of the war effort are located in Washington, and the main consultations on strategy are taking place there.

The group thought that two types of decision, both of which will take form in Washington, will be primary factors in the peace. One of these is the domestic economic policy evolved by the United States. (Reference was made to a study by the League of Nations staff of what happened to a series of comprehensive international measures during the period between wars; the results showed a constant correlation, country by country, between the ups and downs of the domestic employment situation and the attitude, positive or negative, taken toward world affairs.) The other is the related policy, political and economic, developed by this country in respect to world structure and world trade. Both were considered with some thoroughness.

POSTWAR PROGRAMS FOR THE DOMESTIC ECONOMY

The group entered the discussion of postwar programs for the domestic economy with cases made for both the economic desirability and the political necessity of maintaining full employment after the war.

Maintenance of Full Production

It was pointed out that during a war one measure of a successful nation is likely to be a high depreciation rate, indicating that a large amount of equipment is being expended on the war effort without necessarily being replaced -- and this builds up the greatest possible amount of deferred demand for the postwar years. Various factors were listed as favorable to the continuation of high levels of income and employment for some time after the end of hostilities.

On the consumers' side, we will have a population which will have paid off practically all of its instalment debts and some of its other debts during the war interval (estimated repayments, 1942-43, total \$6 billion) and laid by, whether voluntarily or under some compulsory arrangement, a certain proportion of its income -- and many of those who have accumulated such reserves will not have been habitual savers in previous times. The holders of this back-log of purchasing power will currently be earning at levels which permit higher standards of consumption than at any time in the past -- the anticipated national income of \$115 billion in 1942 contrasts, without correction for population growth, with \$82 billion in 1929 and \$40 billion in 1932; 1943 will be higher; and a backlog of demand will have accumulated during the period of war production in the sense that consumers have not built up their consumption

to a level appropriate to the new high incomes they are receiving. (Hence the need, several members commented, for retaining price controls for a considerable period after the end of hostilities -- it was pointed out that the inflation which took place during the last war period was rather small per unit of time when compared with what occurred in the twelve months just following the armistice period.

As a specific example of the difference in possible standards of living, the earnings of workers paid by the hour in a prominent electrical-equipment firm were cited: Three years ago the annual average was \$1700; two years ago \$2000; last year, \$2343. The difference in the kind of a house, the kind of equipment, the kind of food and clothing that those families can afford now and the kind they could afford three years ago is indicative of our national stake in keeping production and income up to at least its present rate to conquer the problem of transition and postwar full employment.

On the side of capital outlay, the picture is comparably promising. At least for a considerable period after the war, the job of re-converting war plants will require a large capital expenditure. Agriculture will need machinery, buildings, paint. Many new techniques will be put into use which are foreseen now but are currently in cold-storage for lack of materials -- major changes in the internal combustion engine, in packaging, in television

were mentioned as examples. The completion of the rural electrification program was cited as a capital development awaiting completion.

One member outlined in some detail the plans already in reserve in North Dakota to speed the shiftover from war to peace. Because there is little war industry in the state, much of the state's construction and other labor has been drawn out. In the past, the agriculture of the state has had a severe water problem. To alleviate this problem, and to provide construction work for labor demobilized and returning from war industry, the state has prepared projects of irrigation and power development in connection with two of its chief rivers.

(It was pointed out that the problem of returning labor will be alleviated this time by a slower rate of military demobilization.)

As regards agriculture, one member developed at some length the view that the war period is affording a rare opportunity for agriculture to get its house in order and thereby avoid economic sorrows at the coming of peace. In part, the present opportunity pertains to the debt and credit structure, provided, however, that inflation does not lead to speculation in land, followed by a decided increase in farm debt. In larger part, the present opportunity pertains to farm operations. Present national income levels, if sustained, will support a transition of the farm economy

to a far greater proportion of livestock products -- the peoples of the world want the highly protective diets that include meat and eggs and milk and butter.

The fact that in such an economy grains may be used for feed rather than food was discussed at some length, bearing as it does on the economy of the states that form the western part of the Twin Cities trade area. It was suggested that conversion of the wheat crop for feed would serve our current end of increasing hog production while at the same time lessening the problems of oversupply and transportation foreseen in connection with this year's crop. Questions were raised in reply; it was pointed out that much of the wheat now raised in the area west of the hog belt is special high quality wheat for milling purposes; moreover, if wheat is treated as a feed, what becomes of the corn farmer; he may be all right now that the corn belt is running at full power, with a further ten per cent increase in hogs wanted next year; but what after the war?

The importance of agricultural purchasing power as an outlet for city goods was also emphasized, with the developing back-log of need for agricultural implements cited as an example.

Prevention of a Postwar Break

This brought the discussion back to the maintenance of current income levels. The critical moment in the course of the immediate postwar economy, all agreed, was the point at

which both farm and city producers might start to contract production for fear of being caught with too much on hand, whether too many hogs in the case of a farmer or too many machine products in the case of a city manufacturer. Agriculture would be in serious straits if it had to withstand a further series of sudden price fluctuations, with hogs going from \$5 to \$14 and then back to \$6 per hundredweight, or wheat going from 50¢ to \$1 a bushel and back to 50¢ again. Yet every business man, whether in city or country, will be haunted by the fear of being wiped out by having put more money into the making of his product than he can get out after the war. The group agreed that only concerted social action could prevent restriction of the economy based upon this fear.

Several proposals and programs currently advanced in this connection were considered. Estimates are in preparation to get an idea, business by business, of what would need to be produced if a national income of \$115 billion were in the hands of a population free to use most of it for non-war purposes. In particular what would the capital budget of the country look like if business were to be equipped to fill these consumer orders? (It was recalled that 75-80 per cent of the depression was in the durable goods industries -- if these could be quickly turned to civilian purposes the main problem would be handled -- though in the longer run further provision would have to be made for

their continued employment after the country was re-equipped.)

One member raised the question of whether there is not a considerable part of our population, unskilled city labor and marginal and submarginal farmers, whose contribution to the national total of goods and services is so small that our society cannot economically maintain them at the levels of income under discussion. Two comments were made on his remarks: it was said that there is indeed - though many farmers would challenge the statement - a surplus of population on farms, but that the war is likely to draw much of it off; if it can be kept occupied afterwards the per capita productivity of agriculture can be kept up. And it was said that the way to increase the earning capacity of unskilled labor, whether in cities or on farms, is to combine it with high capitalization -- workers engaged in industries, or on farms, equipped with up-to-the-minute machinery can produce a social contribution commensurate with what they earn. (One member commented that labor's drive for higher wages during the 1930's had induced a greatly increased installation of capital equipment -- in steel and rubber, for instance -- of which we are reaping the benefits today.)

Techniques for Plenty

The problem, it was generally agreed, was how to shape the thinking of large groups of people toward an economy of abundance, of high

volume, low-cost production, away from an economy of scarcity whose chief aim was to limit production in the interest of price. Does this mean a planned economy or an approach from the standpoint of present business institutions; there was division in the group on this point. Preoccupation of business with scarcity economics, one member remarked, had led other segments of society, agriculture and labor, to undertake parallel efforts. Now, he continued, the war has shown that it is possible to have both plenty and price. We have the necessary resources; we will come out of the war with more equipment and more trained labor than ever before; the future will belong to those who can work out techniques for the distribution of this abundance.

Two types of public action advanced as possibly adequate to give the businessmen and farmers of the country the assurance necessary to maintain production at war's end were forward pricing and subsidy for maintenance of output. Forward pricing was advanced with particular reference to agriculture; if farmers could be assured that prices would not break for 12-18 months after the end of hostilities they would be unlikely to throw the economy into a downward spiral before there had been time for a national effort at maintained production to be made.

The degree of government subsidy required to keep the wheels of business revolving was

canvassed at considerable length. There was agreement that an overall effort to put floors under the myriad businesses of the country would bog down of its own weight. One speaker suggested that, as a temporary device to keep up purchasing power during the first months of readjustment, the government might purchase marginal quantities of products at certain price levels or according to a system which took account of the firm's costs in relation to output. Another commented that government participation in the past has centered around price, but that now it should center around production. A third thought that if attention were paid to about 75 per cent of our heavy industry the rest of American business could go under its own power. A fourth advanced the idea of a government insurance program.

Various members emphasized how important it is for business to take a large measure of initiative in this process. (The representatives of all groups present modestly disclaimed that their particular group had any desire for subsidy providing full use of productive facilities could be maintained, and went carefully on record as opposed to subsidy in principle.) While most members anticipated that the government, through its machinery of price control and allocation of materials, will be a major factor in the operation of industry in the immediate postwar period, no one advocated that the government take on the job of

purchase -- or production -- and distribution of goods on a large scale. Yet every one realized that if business does not produce government action will follow. It was estimated that the investment required to keep things moving would run somewhere around \$35 billion a year -- our total capital formation was \$6½ billion in 1932 and \$36 billion (including items for the defense account) in 1941; industrial initiative in the application of these funds is indispensable. In time of war, the objectives of society and the purposes of production are simplified by military necessity; in time of peace, policy for production again becomes a complex matter.

In this connection, the pulling and hauling of interest groups within the domestic structure was scrutinized. Two opposing attitudes on it were expressed. One was to the effect that the war is exaggerating existing tensions, -- farmers, particularly in areas close to large war industries, are exasperated at the drawing off of their labor at high wages; an attitude of each-group-for-itself is generally in evidence. Over against this view were cited recent reports of returned visitors regarding the evaporation of issues and tempering of deep-seated conflicts in war-time Britain and the growth in appreciation of common interests there; one speaker thought that this was to some extent evident here and likely to become more so with the mounting cost of the war in human lives.

Tomorrow is not Yesterday

One member reminded the group at a number of junctures that the problems of today and tomorrow are not the problems of yesterday. By and large, the current struggles of the pressure groups that converge on Washington are struggles centering not around making the best use of our resources, but around symbols developed during the rearguard actions of the 1930's. Preoccupation with rates in the case of labor, insistence on 'parity' (equality in a society that existed 30 years ago) in the case of agriculture, and fear of over-expansion in the case of industry, all concern the self-protective devices of a contracting economy of scarcity. If we are to have the flexibility required for the wholly different problems of the future, we must go into the coming period on the assumption that there are no untouchables in the situation.

Consideration of our present expanding economy, and of the tariffs and subsidies-in-lieu-of-tariffs which increasingly characterized the contracting economy that preceded it, led to discussion of the relation of American production and distribution to production and distribution on a world scale.

POSTWAR PROGRAMS FOR THE WORLD ECONOMY

Developments under lend-lease have revolutionized trade relationships. The point from which we shall start after the war will be a very different point from that at which we went

into it; the joint-committees of the United Nations are interrelating a series of economies in a way that will not be undone in a day.

Some estimating was done of the result, on various of the interest groups represented, of a lowering of tariffs: how would it affect labor, how would it affect producers of commodities such as beef cattle (the parallel intra-national situation was also referred to in respect to such legislation as the tax on oleomargarine)? Attention was called to the fact that our prewar system of tariffs is even now a thing of the past, along with the economic arrangements to which the system pertained. (These arrangements have changed not only in respect to the countries from which we are cut off by hostilities but others -- Canada, for instance, does not want to sell cattle to us at present.) The President has invoked the clause in the Tariff Act which eliminates tariffs in governmental dealings. When trade relations are chiefly intergovernmental, tariffs have little importance.

The Case for Expanded World Trade

The case was strongly made that in order to keep our domestic economy going at the rate agreed to be desirable, we will need to dispose of a considerable proportion of our output outside the United States. Last year, out of a national income of nearly \$95 billion, some \$20 billion went for war account and yet our civilian standard of living materially rose.

The increase in our productive capacity represented by last year's figures was far under the peak which we are in process of attaining. And it should not be forgotten that several millions of our potentially most productive workers are in the Army, out of the economic process. At the end of the war, one member thought, our capacity to turn out goods could provide a standard of living in this country 10-15 per cent higher than what we have now and still leave as much as 25 per cent of our production to be distributed elsewhere, -- one member said it might be worth our while to give it away.

Some members inquired whether a very large proportion of that 25 per cent should not be thrown in with the 10-15 per cent to reduce poverty at home, but others questioned the possibility of maintaining extremes of living standards in the same world. They insisted that we would do well to have a concern for the living standards of the countries on which we depend; if we can't raise outside standards, ours will go down, and trade is a major means of raising those standards. The effect of loading Germany with a heavy debt after the last war and then closing markets to her goods was cited in support of this case; as a way out Germany made bilateral barter agreements which substituted government control for free enterprise and became a maximum cause of politico-economic friction.

The situation of Britain at the close of this war might easily lead to a comparable result: Britain will emerge a debtor having liquidated the overseas assets which were a former important source of support. She will have a large industrial population as bent on a continued high level of production as our own. A restrictive approach to the peace could easily force her into bilateral bargaining with disastrous results to ourselves.

The case of the Latin American countries was also examined, as the area whose commodities are in most direct competition with those of our own Northwest. The problems of the Latin Americas are exacerbated by the fact that their economies are export economies based on a highly restricted number of products. Industrialization and diversification would greatly increase the occupations available, the incomes to be derived from them, and the capacity to consume parts of their present exports at home. A broad program of public roads would open up new resources; their development could be quickened by the establishment of technical schools and experiment stations. The resulting rise of a middle class would be a politically stabilizing factor to their democracy. These developments would be highly advantageous to the United States -- sufficiently so to warrant their consideration in a program of domestic self-interest.

The course taken by exports and imports in periods of high business activity was cited in support of a most-favored-nation method of treatment of our foreign trade; in times of depression, we import relatively few articles, but their impact is sharply felt because of the severe competition for home markets. In times of sustained production, by contrast, imports reach their peak, and they appear in the home market as needed supplies rather than as competitive surpluses.

Cushioning Domestic Transition

Obviously, in a period of expanded world exchange, in which economy of production weighed importantly along with maintenance of price, certain classes of producers in every country would find their position threatened. (This applies both to American products that were in competitive positions in the prewar economy, and to industries developed here since the outbreak of war to replace lost sources of supply, such as sugar, rubber, tin.) The group felt that in such cases the cost of transition of these producers into other production lines should be cushioned by government subsidy, though such subsidy should be a short-term rather than a continued affair.

INSTRUMENTS FOR INTERGOVERNMENTAL ACTION

Through what mechanisms should the trade policies of the postwar world be carried out? We now have a highly centralized domestic econ-

ony, with a series of controls which will not be removed the moment the last gun is fired. Our economy is linked with a world-wide group of other economies by a developing United Nations structure which also will not evaporate over night. This time, there will be a job of feeding, relief and rehabilitation, and a job of reconversion, but the repair of destruction and the preparation for civilian production are subsidiary to the long-term job of making the restored and reconverted economy run. Assuming the United Nations will or ought to work together in some such way as now, what instruments are required to this end, now and after the transition to peace?

Much emphasis was laid on the changes in the agenda of inter-government meetings which have occurred in the course of the past twenty-five years and which, in the opinion of many of the group members, make the creation of new instruments of government necessary.

More Technical Committees and
Less Diplomatic Negotiation

The process of inter-sovereign negotiation formalized through the State departments and the Foreign Offices of the world was thought to have little pertinence to the process of world administration which many of our current problems demand. To do a good job on these problems, the various national representatives must be able to see the problem as a whole as well as to be familiar with it from the angle

of their particular nations. Recognition of this distinction was thought to have been a main consideration in establishing the Board of Economic Warfare and the Office of the Coordinator of Inter-American Affairs alongside the State Department.

Several examples were cited of problems to which the technical type of world administration should be applied. We now have British-American and Russo-American food committees. Beyond the critical matter of relieving the present pressure on food supplies in Britain, the food problem will go through the phases of supplying starving populations in the Nazi-held world as soon as they are relieved, restoring production in the rehabilitated areas, and approaching the permanent problem of world nutrition.

Similarly with shipping. Our present acute shortage will persist after military action is finished; proper allocation of space during the reconstruction years is essential.

Similarly with health. In these and countless other cases, competent technical committees, acting with legal sanction behind them, can weave the fabric of a world order back and forth across the lines of diplomatic negotiation at levels other than the level of sovereignty.

Technical committees can be similarly useful in inter-area activities, witness the activities of the Coordinator of Inter-American

Affairs in paralleling diplomatic dealings between people in power at the top by meetings of ordinary citizens with common interests, scientists, technicians and the like; and the operation of the six-man Canadian-American committee now working on joint use of the resources of the two countries. (The situation in Canada as discussed at a meeting recently attended by a number of members of the group was briefly reviewed; mention was made of a series of factors closely paralleling our own; inter-regional stresses -- within the country and within the Empire; fears of postwar competition among the cattle growers in the west and industrialists in the east; prospects for future trade programs -- it was noted that the Ottawa agreements were as much in abeyance as our own tariffs and for the same reason.)

Russo-American Relations

The relations between Russia and the United States were recognized as of crucial present and future importance; the Russians have done a real job, and made the greatest sacrifice to date; after years of referring to Russia's "experiment" we are finding out that the experiment has had what it takes to produce; Americans are conscious of all this, and of the fact that we must work closely with the Russians to stabilize the world. But where are the points of contact to be found? Should we make a military and political alliance? What are the implications of our present actions

to the situation after victory? (Comparable questions were also posed in respect to China.)

Should our postwar arrangements envisage spheres of influence for Russia, Britain, China, ourselves, or would such dominance by the United Nations rouse the rest of the world against us?

Present and Future Uses of Lend-Lease

The use of lend-lease as a war and post-war instrument was thoroughly discussed. As a war measure, it had very great support as avoiding the debt problem, and making possible an interflow of commodities which eases not only economic but political tensions.

More difference existed in the group as to its postwar usefulness; some thought that the New Deal intends to use it as an agency of world reconstruction on a scale not currently envisaged by the people generally and leading to a managed economy on a world scale; and some based their objections on the deficit financing necessitated by the continuance of such use.

Those who on the other hand approved of it as an instrument after victory said that the American people is using lend-lease as a means of accepting its share of war costs and would be similarly willing to use it as a means of accepting its share of peace costs if peace can be furthered by that instrument. They regarded lend-lease as a valuable means of distributing our surplus production so as to raise the liv-

ing standards on which support of a high level of production depends.

They reasoned as follows: Equitable distribution is the objective of wartime rationing and it is widely approved. By the end of the war, we shall have had experience of rationing comparable to Britain's today. People will look to the continuance of equitable distribution. Last time, at war's end, labor had only about two out of forty million workers organized, and those not in the basic industries. Ten million workers are organized today, and labor has become a political power. The result will be to further the people's revolution for the people's century recently talked about by the Vice President; in the parallel recent speech of Under Secretary Welles lend-lease was foreseen as one of the main techniques to that end.

Because of the uncertainty as to whether the Administration's plans for lend-lease are grasped by the American people generally, one member of the conference suggested that it was the sort of problem which should be brought before the country for consideration. This led into a discussion of the relations between the Executive and the Congress.

The Value of Congressional Debate

A strong case was made for the use of Congress; for the value of legislative debate as a means of translating to the people the things they come to believe in. Because of the

nature of war, the Executive alone is in possession of adequate information on which to make decisions. Some of that information cannot be given out. But some of it must be given out if the world in which American citizens must have the will to act is to be an intelligible world.

At various times during the session, concern was expressed lest the great powers now vested in the Executive be so tightly held that they would not be returned, and we should lose our victory in government by bureaus that felt themselves superior to acts of Congress. Periodic reporting by the Executive on the use of existing grants of power would counteract this tendency.

The two-thirds Senatorial majority requirement for ratification of treaties was felt to be an obstacle to consistent foreign policy-making; it was thought that its existence has led the Executive to keep things out of Congress that should be discussed there: the Atlantic Charter and the St. Lawrence agreement were cited as examples. (The large number of Congressional investigations of the last months was thought to be a reaction to legislative exclusion from policy-making.)

Criticism of Congress paralleled the criticism of the Executive that occurred in this part of the conversation. It was suggested that if the Executive was assuming too many powers, many of the powers assumed had gone by

Congressional default; too often Congress acts not in the general welfare but subject to pressure.

Censure was carried a third step when it was said that members of Congress are generally representative of what their electors think they should be; the fault lies with citizens failing to assume their responsibilities. It was pointed out that this year's primary vote has been the smallest since women's suffrage in 1922; that the results reflect no pattern of either isolationist or interventionist sentiment, but rather the relative efficiency of the political machines backing the various candidates.

Clarification of World Issues

This brought the argument full circle. It was suggested that people are not voting because the complexities of the situation are such that no one feels competent to pass on them -- they have not been reduced to issues. This is primarily an Executive job.

The group felt definitely that the American people is ready for much stronger meat in the way of war information than has so far been given them. The super-optimism of the press, based on governmental reluctance to release bad news, serves to discredit the Administration and the war effort when the bad news finally breaks. All were convinced that the people could take a much tougher spot news policy than any we have had; the group looked to the newly

established Office of War Information as a source for realistic statements.

In addition to the release of spot news, there is also a long-term job to be done. During the discussion of lend-lease, specific instances were cited of the type of interpretative dispatch that could be written and be a contribution to morale, and that if left unwritten opens the way for morale-depressing rumors that take a long time to spike. This is the government's part of the job.

Paralleling the government's part is the part of citizens' agencies across the country. The group felt that in the Middle West much more had been done by them in recent years than in the comparable period of the other war. Both parts of the job must be performed in order that the great central section of the country may know its mind and take its share in the postwar programs and policies which will give content to the coming peace.

Questions
at the Twin Cities Discussion
on Postwar Problems and Policies

What are some of the war-time developments, domestic and international, that are likely to affect the position of the United States at the end of the war?

What domestic policies are desirable for the postwar period?

(a) Prospects for agricultural markets, opportunities for surplus farm populations, place of government programs.

(b) Prospects for industrial development and full employment.

(c) Place and responsibilities of industry, business, labor, agriculture and government in developing and maintaining fullest possible utilization of productive resources.

What steps does it take to keep the Middle West (and the rest of the United States) willing to participate in world reconstruction? How are we to start building a new democratic order? What are our attitudes and aims toward future collaboration among the United Nations and what structure do we foresee to this end? What contribution can each major group make and what do we all stand to gain?

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Implications to the United States of a
German Victory (out of print)
The Dynamics of Civil Mobilization
Education as a Means of Transmitting the
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National Policy Papers

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National Policy Reports

War and Postwar Changes in Mid-South
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REPORT OF THE
WESTERN POLICY COMMITTEE

MINNEAPOLIS, MINNESOTA

JUNE 19-20, 1942



*Postwar Problems
and Policies*

THE NATIONAL POLICY COMMITTEE
. WASHINGTON, D. C. * 1942

POLICY COMMITTEE OBJECTIVES

To encourage the formation of affiliated groups of responsible citizens whose common desire and purpose are to work toward the development of governmental policies by democratic means on the basis of the general interest rather than special interests.

To supply such groups with concise summaries of the research and opinion of recognized experts and agencies on issues of regional, national and international importance.

To stimulate in these groups discussion of questions on which public policy is in the making.

To facilitate the exchange of thought and experience between groups in different parts of the country.

To encourage the active participation of group members in the democratic process of forming governmental policy in order that such policy may be evolved out of the organic life of the nation itself rather than be determined by pressure groups or governmental agencies.

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of the
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John Brandt, Land O'Lakes Creameries, Minne-
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POSTWAR PROBLEMS AND POLICIES

The twenty-nine participants in the Western Policy Committee's Twin Cities meeting on June 19-20 were representative of a broad range of interests in agriculture, labor, industry, banking, the professions; they came from Minnesota, Iowa, North Dakota, Nebraska, and Illinois. Their two-day discussion of postwar problems and policies included both comments on the general mood desirable as an approach to peace-making and proposals for measures which the peace-making should include.

THE APPROACH TO THE POSTWAR WORLD

The group began its discussion with the agreed assumption that the United Nations are going to win the war. In the course of the first evening's speculations on the general attitude likely to be prevalent in this country at the end of hostilities, however, two contradictory possibilities were set forth. One was that since this is likely to be a very long war, the American people will have suffered a long period of privation before it is over, which might foster a desire to pull out of the international picture as fast as possible. Under such circumstances, parents would want to get their boys back as fast as they could, and might move to change administrations if nec-

essary in order to secure the adoption of such a policy. (But one member seriously questioned whether there would be inter-party difference on the need for continuing action by the United States on a world scale; he cited Messrs. Hoover and Gibson's recent book as evidence that the conservative wing of the Republican Party foresees a long-term task of the United States in nurturing representative governments in what are now totalitarian areas and effecting cooperation among them as an essential basis for peace.)

Over against the possibility of withdrawal was set the likelihood that this time the American people would want to stay in because this time they see something to stay in for. The statement was developed along several different lines.

The last war, a member who had been in our Army in 1917-18 pointed out, was so widely advertised as the war to end wars that it was natural for that generation of youngsters to want to get out of the Army as soon as the war was over. This time, by contrast, the general assumption is that the world order to come at the close of hostilities will be a world order undergirded by force, and that for a considerable period there will be a sizeable job of policing to do in areas now overrun by the Axis powers. A fair number of the young men now in the services are therefore, this speaker thought, likely to want to stay in because they

believe there is a job to be done by the military after the end of hostilities.

This estimate of continued military participation was paralleled by an estimate of postwar economic participation. One member said we are in a finish fight -- it is we or they -- for control of the sea and the air because we realize that whoever has control of these two means of communication will be in a position to determine what kind of an economic world we are going to live in, and we propose to take part in that determination. His views were seconded by another member who prophesied that the pioneering energy which had taken us across the American continent in the 19th century would take us still further afield in the 20th. The boys now stationed around the four quarters of the globe have the curiosity and the capacity to learn a lot about the countries in which they are located. Many of them will intermarry there, and some of them will continue to make their way there when the war is over.

Emphasis was put on the need for immediate action at the close of hostilities on such essential matters as shipping, supplies, credits. The group was divided on the extent to which nationalism would be increased by the war. Some thought it an inevitable result of the pulverizing of society. Others thought that signs in the opposite direction were the unhappy experience of small, would-be neutral

states in this war, and the proposals now under way for federation in Eastern Europe. But all agreed that the cooling-off period after the fighting -- there was a general assumption that there would not be a formal peace conference, but rather that the principal problems would be settled by ad hoc committees -- was a crucial time for the giving of direction to the economic world structure.

The success of such economic committees will clearly depend to a considerable extent on the political structure that undergirds them. The policing job that will need to be done, it was agreed, will go beyond the task of preventing total disintegration following the outbreaks of violence that are to be expected after the grip of the conqueror is relaxed. The order that such police must keep is an order whose purpose will be to give new political institutions a chance to get started.

The difficulty and the delicacy of this task was fully appreciated. That the freedom-loving peoples have a stake in the kinds of government that replace Axis rule is obvious. The world cannot exist half totalitarian and half free. At the same time it is obvious that the institutions of a free people must spring from the genius of the people -- they cannot be superimposed. What minimum requirements should a victorious United Nations insist on in the liberated areas? Is the general requirement that government should be rooted in the people

sufficient? Or are constitutional governments and representative assemblies a necessary prelude to the organization of a free world? (The volatile democracy-dictatorships of South America were referred to in this connection.) The group canvassed, country by country, the probable difficulties of the various conquered peoples in establishing postwar governments satisfactory to their populations. On one point, every one was clear; the governments must be set up by nationals of the country to be governed, not by outsiders, -- even Hitler's stooge governments, one member commented, had to be staffed by local puppets to make them stick. The job of the policing forces therefore seems to be a job of creating conditions under which organization for participation in the postwar world can be undertaken by people released from the Nazi yoke. (Reference was made to the administrative training currently being offered by the Army to familiarize selected officers with the customs and cultures of various countries.)

In discussing the extent to which the United States will be willing to use its resources, its financial strength, its military and political power, to take a lead in postwar affairs, considerable emphasis was put on the change, both in psychology and in fact, between the position of the United States now and during the last war. Then, the United States was regarded in Europe in the category of an

auxiliary, whose chief importance was as a furnisher of goods; the agencies of joint action were located elsewhere. This time, both in the other United Nations and in this country, the central importance of the United States, not only economically but politically, is broadly recognized. The main committees for the organization of the war effort are located in Washington, and the main consultations on strategy are taking place there.

The group thought that two types of decision, both of which will take form in Washington, will be primary factors in the peace. One of these is the domestic economic policy evolved by the United States. (Reference was made to a study by the League of Nations staff of what happened to a series of comprehensive international measures during the period between wars; the results showed a constant correlation, country by country, between the ups and downs of the domestic employment situation and the attitude, positive or negative, taken toward world affairs.) The other is the related policy, political and economic, developed by this country in respect to world structure and world trade. Both were considered with some thoroughness.

POSTWAR PROGRAMS FOR THE DOMESTIC ECONOMY

The group entered the discussion of postwar programs for the domestic economy with cases made for both the economic desirability and the political necessity of maintaining full employment after the war.

Maintenance of Full Production

It was pointed out that during a war one measure of a successful nation is likely to be a high depreciation rate, indicating that a large amount of equipment is being expended on the war effort without necessarily being replaced -- and this builds up the greatest possible amount of deferred demand for the postwar years. Various factors were listed as favorable to the continuation of high levels of income and employment for some time after the end of hostilities.

On the consumers' side, we will have a population which will have paid off practically all of its instalment debts and some of its other debts during the war interval (estimated repayments, 1942-43, total \$6 billion) and laid by, whether voluntarily or under some compulsory arrangement, a certain proportion of its income -- and many of those who have accumulated such reserves will not have been habitual savers in previous times. The holders of this back-log of purchasing power will currently be earning at levels which permit higher standards of consumption than at any time in the past -- the anticipated national income of \$115 billion in 1942 contrasts, without correction for population growth, with \$82 billion in 1929 and \$40 billion in 1932; 1943 will be higher; and a backlog of demand will have accumulated during the period of war production in the sense that consumers have not built up their consumption

to a level appropriate to the new high incomes they are receiving. (Hence the need, several members commented, for retaining price controls for a considerable period after the end of hostilities -- it was pointed out that the inflation which took place during the last war period was rather small per unit of time when compared with what occurred in the twelve months just following the armistice period.

As a specific example of the difference in possible standards of living, the earnings of workers paid by the hour in a prominent electrical-equipment firm were cited: Three years ago the annual average was \$1700; two years ago \$2000; last year, \$2343. The difference in the kind of a house, the kind of equipment, the kind of food and clothing that these families can afford now and the kind they could afford three years ago is indicative of our national stake in keeping production and income up to at least its present rate to conquer the problem of transition and postwar full employment.

On the side of capital outlay, the picture is comparably promising. At least for a considerable period after the war, the job of re-converting war plants will require a large capital expenditure. Agriculture will need machinery, buildings, paint. Many new techniques will be put into use which are foreseen now but are currently in cold-storage for lack of materials -- major changes in the internal combustion engine, in packaging, in television

were mentioned as examples. The completion of the rural electrification program was cited as a capital development awaiting completion.

One member outlined in some detail the plans already in reserve in North Dakota to speed the shiftover from war to peace. Because there is little war industry in the state, much of the state's construction and other labor has been drawn out. In the past, the agriculture of the state has had a severe water problem. To alleviate this problem, and to provide construction work for labor demobilized and returning from war industry, the state has prepared projects of irrigation and power development in connection with two of its chief rivers.

(It was pointed out that the problem of returning labor will be alleviated this time by a slower rate of military demobilization.)

As regards agriculture, one member developed at some length the view that the war period is affording a rare opportunity for agriculture to get its house in order and thereby avoid economic sorrows at the coming of peace. In part, the present opportunity pertains to the debt and credit structure, provided, however, that inflation does not lead to speculation in land, followed by a decided increase in farm debt. In larger part, the present opportunity pertains to farm operations. Present national income levels, if sustained, will support a transition of the farm economy

to a far greater proportion of livestock products -- the peoples of the world want the highly protective diets that include meat and eggs and milk and butter.

The fact that in such an economy grains may be used for feed rather than food was discussed at some length, bearing as it does on the economy of the states that form the western part of the Twin Cities trade area. It was suggested that conversion of the wheat crop for feed would serve our current end of increasing hog production while at the same time lessening the problems of oversupply and transportation foreseen in connection with this year's crop. Questions were raised in reply; it was pointed out that much of the wheat now raised in the area west of the hog belt is special high quality wheat for milling purposes; moreover, if wheat is treated as a feed, what becomes of the corn farmer; he may be all right now that the corn belt is running at full power, with a further ten per cent increase in hogs wanted next year; but what after the war?

The importance of agricultural purchasing power as an outlet for city goods was also emphasized, with the developing back-log of need for agricultural implements cited as an example.

Prevention of a Postwar Break

This brought the discussion back to the maintenance of current income levels. The critical moment in the course of the immediate postwar economy, all agreed, was the point at

which both farm and city producers might start to contract production for fear of being caught with too much on hand, whether too many hogs in the case of a farmer or too many machine products in the case of a city manufacturer. Agriculture would be in serious straits if it had to withstand a further series of sudden price fluctuations, with hogs going from \$5 to \$14 and then back to \$6 per hundredweight, or wheat going from 50¢ to \$1 a bushel and back to 50¢ again. Yet every business man, whether in city or country, will be haunted by the fear of being wiped out by having put more money into the making of his product than he can get out after the war. The group agreed that only concerted social action could prevent restriction of the economy based upon this fear.

Several proposals and programs currently advanced in this connection were considered. Estimates are in preparation to get an idea, business by business, of what would need to be produced if a national income of \$115 billion were in the hands of a population free to use most of it for non-war purposes. In particular what would the capital budget of the country look like if business were to be equipped to fill these consumer orders? (It was recalled that 75-80 per cent of the depression was in the durable goods industries -- if these could be quickly turned to civilian purposes the main problem would be handled -- though in the longer run further provision would have to be made for

their continued employment after the country was re-equipped.)

One member raised the question of whether there is not a considerable part of our population, unskilled city labor and marginal and submarginal farmers, whose contribution to the national total of goods and services is so small that our society cannot economically maintain them at the levels of income under discussion. Two comments were made on his remarks: it was said that there is indeed - though many farmers would challenge the statement - a surplus of population on farms, but that the war is likely to draw much of it off; if it can be kept occupied afterwards the per capita productivity of agriculture can be kept up. And it was said that the way to increase the earning capacity of unskilled labor, whether in cities or on farms, is to combine it with high capitalization -- workers engaged in industries, or on farms, equipped with up-to-the-minute machinery can produce a social contribution commensurate with what they earn. (One member commented that labor's drive for higher wages during the 1930's had induced a greatly increased installation of capital equipment -- in steel and rubber, for instance -- of which we are reaping the benefits today.)

Techniques for Plenty

The problem, it was generally agreed, was how to shape the thinking of large groups of people toward an economy of abundance, of high

volumes, low-cost production, away from an economy of scarcity whose chief aim was to limit production in the interest of price. Does this mean a planned economy or an approach from the standpoint of present business institutions; there was division in the group on this point. Preoccupation of business with scarcity economics, one member remarked, had led other segments of society, agriculture and labor, to undertake parallel efforts. Now, he continued, the war has shown that it is possible to have both plenty and price. We have the necessary resources; we will come out of the war with more equipment and more trained labor than ever before; the future will belong to those who can work out techniques for the distribution of this abundance.

Two types of public action advanced as possibly adequate to give the businessmen and farmers of the country the assurance necessary to maintain production at war's end were forward pricing and subsidy for maintenance of output. Forward pricing was advanced with particular reference to agriculture; if farmers could be assured that prices would not break for 12-18 months after the end of hostilities they would be unlikely to throw the economy into a downward spiral before there had been time for a national effort at maintained production to be made.

The degree of government subsidy required to keep the wheels of business revolving was

canvassed at considerable length. There was agreement that an overall effort to put floors under the myriad businesses of the country would bog down of its own weight. One speaker suggested that, as a temporary device to keep up purchasing power during the first months of readjustment, the government might purchase marginal quantities of products at certain price levels or according to a system which took account of the firm's costs in relation to output. Another commented that government participation in the past has centered around price, but that now it should center around production. A third thought that if attention were paid to about 75 per cent of our heavy industry the rest of American business could go under its own power. A fourth advanced the idea of a government insurance program.

Various members emphasized how important it is for business to take a large measure of initiative in this process. (The representatives of all groups present modestly disclaimed that their particular group had any desire for subsidy providing full use of productive facilities could be maintained, and went carefully on record as opposed to subsidy in principle.) While most members anticipated that the government, through its machinery of price control and allocation of materials, will be a major factor in the operation of industry in the immediate postwar period, no one advocated that the government take on the job of

purchase -- or production -- and distribution of goods on a large scale. Yet every one realized that if business does not produce government action will follow. It was estimated that the investment required to keep things moving would run somewhere around \$35 billion a year -- our total capital formation was \$6½ billion in 1932 and \$36 billion (including items for the defense account) in 1941; industrial initiative in the application of these funds is indispensable. In time of war, the objectives of society and the purposes of production are simplified by military necessity; in time of peace, policy for production again becomes a complex matter.

In this connection, the pulling and hauling of interest groups within the domestic structure was scrutinized. Two opposing attitudes on it were expressed. One was to the effect that the war is exaggerating existing tensions, -- farmers, particularly in areas close to large war industries, are exasperated at the drawing off of their labor at high wages; an attitude of each-group-for-itself is generally in evidence. Over against this view were cited recent reports of returned visitors regarding the evaporation of issues and tempering of deep-seated conflicts in war-time Britain and the growth in appreciation of common interests there; one speaker thought that this was to some extent evident here and likely to become more so with the mounting cost of the war in human lives.

Tomorrow is not Yesterday

One member reminded the group at a number of junctures that the problems of today and tomorrow are not the problems of yesterday. By and large, the current struggles of the pressure groups that converge on Washington are struggles centering not around making the best use of our resources, but around symbols developed during the rearguard actions of the 1930's. Preoccupation with rates in the case of labor, insistence on 'parity' (equality in a society that existed 30 years ago) in the case of agriculture, and fear of over-expansion in the case of industry, all concern the self-protective devices of a contracting economy of scarcity. If we are to have the flexibility required for the wholly different problems of the future, we must go into the coming period on the assumption that there are no untouchables in the situation.

Consideration of our present expanding economy, and of the tariffs and subsidies-in-lieu-of-tariffs which increasingly characterized the contracting economy that preceded it, led to discussion of the relation of American production and distribution to production and distribution on a world scale.

POSTWAR PROGRAMS FOR THE WORLD ECONOMY

Developments under lend-lease have revolutionized trade relationships. The point from which we shall start after the war will be a very different point from that at which we went

into it; the joint-committees of the United Nations are interrelating a series of economies in a way that will not be undone in a day.

Some estimating was done of the result, on various of the interest groups represented, of a lowering of tariffs: how would it affect labor, how would it affect producers of commodities such as beef cattle (the parallel intra-national situation was also referred to in respect to such legislation as the tax on oleomargarine)? Attention was called to the fact that our prewar system of tariffs is even now a thing of the past, along with the economic arrangements to which the system pertained. (These arrangements have changed not only in respect to the countries from which we are cut off by hostilities but others -- Canada, for instance, does not want to sell cattle to us at present.) The President has invoked the clause in the Tariff Act which eliminates tariffs in governmental dealings. When trade relations are chiefly intergovernmental, tariffs have little importance.

The Case for Expanded World Trade

The case was strongly made that in order to keep our domestic economy going at the rate agreed to be desirable, we will need to dispose of a considerable proportion of our output outside the United States. Last year, out of a national income of nearly \$95 billion, some \$20 billion went for war account and yet our civilian standard of living materially rose.

The increase in our productive capacity represented by last year's figures was far under the peak which we are in process of attaining. And it should not be forgotten that several millions of our potentially most productive workers are in the Army, out of the economic process. At the end of the war, one member thought, our capacity to turn out goods could provide a standard of living in this country 10-15 per cent higher than what we have now and still leave as much as 25 per cent of our production to be distributed elsewhere, -- one member said it might be worth our while to give it away.

Some members inquired whether a very large proportion of that 25 per cent should not be thrown in with the 10-15 per cent to reduce poverty at home, but others questioned the possibility of maintaining extremes of living standards in the same world. They insisted that we would do well to have a concern for the living standards of the countries on which we depend; if we can't raise outside standards, ours will go down, and trade is a major means of raising those standards. The effect of loading Germany with a heavy debt after the last war and then closing markets to her goods was cited in support of this case; as a way out Germany made bilateral barter agreements which substituted government control for free enterprise and became a maximum cause of politico-economic friction.

The situation of Britain at the close of this war might easily lead to a comparable result: Britain will emerge a debtor having liquidated the overseas assets which were a former important source of support. She will have a large industrial population as bent on a continued high level of production as our own. A restrictive approach to the peace could easily force her into bilateral bargaining with disastrous results to ourselves.

The case of the Latin American countries was also examined, as the area whose commodities are in most direct competition with those of our own Northwest. The problems of the Latin Americas are exacerbated by the fact that their economies are export economies based on a highly restricted number of products. Industrialization and diversification would greatly increase the occupations available, the incomes to be derived from them, and the capacity to consume parts of their present exports at home. A broad program of public roads would open up new resources; their development could be quickened by the establishment of technical schools and experiment stations. The resulting rise of a middle class would be a politically stabilizing factor to their democracy. These developments would be highly advantageous to the United States -- sufficiently so to warrant their consideration in a program of domestic self-interest.

The course taken by exports and imports in periods of high business activity was cited in support of a most-favored-nation method of treatment of our foreign trade; in times of depression, we import relatively few articles, but their impact is sharply felt because of the severe competition for home markets. In times of sustained production, by contrast, imports reach their peak, and they appear in the home market as needed supplies rather than as competitive surpluses.

Cushioning Domestic Transition

Obviously, in a period of expanded world exchange, in which economy of production weighed importantly along with maintenance of price, certain classes of producers in every country would find their position threatened. (This applies both to American products that were in competitive positions in the prewar economy, and to industries developed here since the outbreak of war to replace lost sources of supply, such as sugar, rubber, tin.) The group felt that in such cases the cost of transition of these producers into other production lines should be cushioned by government subsidy, though such subsidy should be a short-term rather than a continued affair.

INSTRUMENTS FOR INTERGOVERNMENTAL ACTION

Through what mechanisms should the trade policies of the postwar world be carried out? We now have a highly centralized domestic econ-

ony, with a series of controls which will not be removed the moment the last gun is fired. Our economy is linked with a world-wide group of other economies by a developing United Nations structure which also will not evaporate over night. This time, there will be a job of feeding, relief and rehabilitation, and a job of reconversion, but the repair of destruction and the preparation for civilian production are subsidiary to the long-term job of making the restored and reconverted economy run. Assuming the United Nations will or ought to work together in some such way as now, what instruments are required to this end, now and after the transition to peace?

Much emphasis was laid on the changes in the agenda of inter-government meetings which have occurred in the course of the past twenty-five years and which, in the opinion of many of the group members, make the creation of new instruments of government necessary.

More Technical Committees and
Less Diplomatic Negotiation

The process of inter-sovereign negotiation formalized through the State departments and the Foreign Offices of the world was thought to have little pertinence to the process of world administration which many of our current problems demand. To do a good job on these problems, the various national representatives must be able to see the problem as a whole as well as to be familiar with it from the angle

air particular nations. Recognition of distinction was thought to have been a consideration in establishing the Board of Economic Warfare and the Office of the Coordinator of Inter-American Affairs alongside the War Department.

Several examples were cited of problems which the technical type of world administration should be applied. We now have Anglo-American and Russo-American food committees. Beyond the critical matter of relieving the present pressure on food supplies in Britain, the food problem will go through phases of supplying starving populations in the Nazi-held world as soon as they are relieved, restoring production in the rehabilitated areas, and approaching the permanent problem of world nutrition.

Similarly with shipping. Our present tonnage shortage will persist after military operations are finished; proper allocation of space during the reconstruction years is essential.

Similarly with health. In these and countless other cases, competent technical committees, acting with legal sanction behind them, can weave the fabric of a world order back and forth across the lines of diplomatic negotiation at levels other than the level of sovereignty.

Technical committees can be similarly useful in inter-area activities, witness the activities of the Coordinator of Inter-American

affairs in paralleling diplomatic dealings between people in power at the top by meetings of ordinary citizens with common interests, scientists, technicians and the like; and the operation of the six-man Canadian-American committee now working on joint use of the resources of the two countries. (The situation in Canada as discussed at a meeting recently attended by a number of members of the group was briefly reviewed; mention was made of a series of factors closely paralleling our own; inter-regional stresses -- within the country and within the Empire; fears of postwar competition among the cattle growers in the west and industrialists in the east; prospects for future trade programs -- it was noted that the Ottawa agreements were as much in abeyance as our own tariffs and for the same reason.)

Russo-American Relations

The relations between Russia and the United States were recognized as of crucial present and future importance; the Russians have done a real job, and made the greatest sacrifice to date; after years of referring to Russia's "experiment" we are finding out that the experiment has had what it takes to produce; Americans are conscious of all this, and of the fact that we must work closely with the Russians to stabilize the world. But where are the points of contact to be found? Should we make a military and political alliance? What are the implications of our present actions

to the situation after victory? (Comparable questions were also posed in respect to China.)

Should our postwar arrangements envisage spheres of influence for Russia, Britain, China, ourselves, or would such dominance by the United Nations rouse the rest of the world against us?

Present and Future Uses of Lend-Lease

The use of lend-lease as a war and postwar instrument was thoroughly discussed. As a war measure, it had very great support as avoiding the debt problem, and making possible an interflow of commodities which eases not only economic but political tensions.

More difference existed in the group as to its postwar usefulness; some thought that the New Deal intends to use it as an agency of world reconstruction on a scale not currently envisaged by the people generally and leading to a managed economy on a world scale; and some based their objections on the deficit financing necessitated by the continuance of such use.

Those who on the other hand approved of it as an instrument after victory said that the American people is using lend-lease as a means of accepting its share of war costs and would be similarly willing to use it as a means of accepting its share of peace costs if peace can be furthered by that instrument. They regarded lend-lease as a valuable means of distributing our surplus production so as to raise the liv-

ing standards on which support of a high level of production depends.

They reasoned as follows: Equitable distribution is the objective of wartime rationing and it is widely approved. By the end of the war, we shall have had experience of rationing comparable to Britain's today. People will look to the continuance of equitable distribution. Last time, at war's end, labor had only about two out of forty million workers organized, and those not in the basic industries. Ten million workers are organized today, and labor has become a political power. The result will be to further the people's revolution for the people's century recently talked about by the Vice President; in the parallel recent speech of Under Secretary Welles lend-lease was foreseen as one of the main techniques to that end.

Because of the uncertainty as to whether the Administration's plans for lend-lease are grasped by the American people generally, one member of the conference suggested that it was the sort of problem which should be brought before the country for consideration. This led into a discussion of the relations between the Executive and the Congress.

The Value of Congressional Debate

A strong case was made for the use of Congress; for the value of legislative debate as a means of translating to the people the things they come to believe in. Because of the

nature of war, the Executive alone is in possession of adequate information on which to make decisions. Some of that information cannot be given out. But some of it must be given out if the world in which American citizens must have the will to act is to be an intelligible world.

At various times during the session, concern was expressed lest the great powers now vested in the Executive be so tightly held that they would not be returned, and we should lose our victory in government by bureaus that felt themselves superior to acts of Congress. Periodic reporting by the Executive on the use of existing grants of power would counteract this tendency.

The two-thirds Senatorial majority requirement for ratification of treaties was felt to be an obstacle to consistent foreign policy-making; it was thought that its existence has led the Executive to keep things out of Congress that should be discussed there: the Atlantic Charter and the St. Lawrence agreement were cited as examples. (The large number of Congressional investigations of the last months was thought to be a reaction to legislative exclusion from policy-making.)

Criticism of Congress paralleled the criticism of the Executive that occurred in this part of the conversation. It was suggested that if the Executive was assuming too many powers, many of the powers assumed had gone by

Congressional default; too often Congress acts not in the general welfare but subject to pressure.

Censure was carried a third step when it was said that members of Congress are generally representative of what their electors think they should be; the fault lies with citizens failing to assume their responsibilities. It was pointed out that this year's primary vote has been the smallest since women's suffrage in 1922; that the results reflect no pattern of either isolationist or interventionist sentiment, but rather the relative efficiency of the political machines backing the various candidates.

Clarification of World Issues

This brought the argument full circle. It was suggested that people are not voting because the complexities of the situation are such that no one feels competent to pass on them -- they have not been reduced to issues. This is primarily an Executive job.

The group felt definitely that the American people is ready for much stronger meat in the way of war information than has so far been given them. The super-optimism of the press, based on governmental reluctance to release bad news, serves to discredit the Administration and the war effort when the bad news finally breaks. All were convinced that the people could take a much tougher spot news policy than any we have had; the group looked to the newly

established Office of War Information as a source for realistic statements.

In addition to the release of spot news, there is also a long-term job to be done. During the discussion of lend-lease, specific instances were cited of the type of interpretative dispatch that could be written and be a contribution to morale, and that if left unwritten opens the way for morale-depressing rumors that take a long time to spike. This is the government's part of the job.

Paralleling the government's part is the part of citizens' agencies across the country - the group felt that in the Middle West much more had been done by them in recent years than in the comparable period of the other war. Both parts of the job must be performed in order that the great central section of the country may know its mind and take its share in the postwar programs and policies which will give content to the coming peace.

Questions
at the Twin Cities Discussion
on Postwar Problems and Policies

What are some of the war-time developments, domestic and international, that are likely to affect the position of the United States at the end of the war?

What domestic policies are desirable for the postwar period?

(a) Prospects for agricultural markets, opportunities for surplus farm populations, place of government programs.

(b) Prospects for industrial development and full employment.

(c) Place and responsibilities of industry, business, labor, agriculture and government in developing and maintaining fullest possible utilization of productive resources.

What steps does it take to keep the Middle West (and the rest of the United States) willing to participate in world reconstruction? How are we to start building a new democratic order? What are our attitudes and aims toward future collaboration among the United Nations and what structure do we foresee to this end? What contribution can each major group make and what do we all stand to gain?

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