

Proceedings of
Meeting No. 6
of the
SPECIAL INDUSTRIAL RECOVERY BOARD

held in

The Conference Room, #5842

Department of Commerce

July 17, 1933 [*sic - held 7/19, as infra*]

2:35 P.M.

PERSONAL AND CONFIDENTIAL

Copy No. 6

For Hon. Frances Perkins

Distribution of copies:

1. Hon. Franklin D. Roosevelt
2. Hon. Daniel C. Roper, Chairman
3. Hon. Homer S. Cummings
4. Hon. Harold L. Ickes
5. Hon. Henry A. Wallace
6. Hon. Frances Perkins
7. Hon. Charles E. March
8. Hon. Lewis W. Douglas
9. Hon. Hugh S. Johnson, Administrator
10. Hon. Harold M. Stephens
11. Hon. Rex Tugwell
12. Hon. Turner Battle
13. Hon. John Dickinson, Executive Secretary
14. Col. Louis McHenry Howe
15. Hon. Marvin E. McIntyre
16. Mr. E. W. Jensen, Assistant Secretary
17. File

ATTENDANCE AT MEETING NO. 6

July 19, 1933

Honorable Daniel C. Roper, Chairman, Secretary of Commerce.

Honorable Harold M. Stephens, Representing the Attorney General.

Honorable Henry A. Wallace, Secretary of Agriculture.

Honorable Rex Tugwell, Assistant Secretary of Agriculture,
Representing the Secretary of the Interior.

Honorable Turner Battle, Assistant Secretary of Labor,
Representing the Secretary of Labor.

Honorable Louis W. Douglas, Director of the Budget.

Honorable Hugh S. Johnson, Administrator of the National
Industrial Recovery Act.

Honorable George Peek.

Miss F. M. Robinson, Assistant to the Administrator.

[Also, Frank Parker, Sec. Labor, was there.]

Honorable John Dickenson, Executive Secretary.

Mr. E. W. Jensen, Assistant Secretary.

Mr. B. P. Foote, Reporter.

Proceedings of the Sixth Meeting
of the
SPECIAL INDUSTRIAL RECOVERY BOARD

July 19, 1933

11:10 A.M.

CHAIRMAN ROPER: Are we ready to begin? (to Secretary Perkins) Madam Secretary, we have under consideration this circular, which you probably have read.

SECRETARY PERKINS: Yes.

CHAIRMAN ROPER: I believe I may say there are two points involved: a point which the Board wants settled and on which no action has been taken is as to whether this circular should be utilized in a general way at this time, or whether the Board would suggest only to General Johnson that the circular be used first with a selected group of large employers. I believe it was suggested that probably between twenty and a hundred selected employers be invited to Washington, and that they should, while here, be asked to sign this agreement without any further publicity at this time, and let the General build up that kind of foundation of support, thinking that if we could get the foundation of twenty of the leading industries, or preferable more, within the next week or so, and then, on that foundation, proceed with the general circularization, shall I call it, we would have a strong support created by this personal negotiation with those leaders who came to Washington. Have I properly stated it?

JUDGE STEPHENS: I think you have.

CHAIRMAN ROPER: There is in my own mind no opposition to the program. It is a matter as to when and how the program shall be conducted. Has any one any further remarks on that subject?

SECRETARY PERKINS: Mr. Chairman, I do want, before I express my views on the general subject, to raise a question as to one item on page 3 of the circular. I will postpone it now, but I want to raise it some-time. I think that this thing as it is worded may create some misunderstanding.

CHAIRMAN ROPER: Without objection, we will hear the Secretary now.

SECRETARY PERKINS: On page 3, after the semicolon, it reads:

"And to avoid activities which provoke discord and dispute". My fear is that that will be interpreted as meaning that they cannot carry on activities pertaining to organization. I think it would be better to leave that clause out and let it read: "and to cooperate with employers in peaceful adjustment of differences". That would be much less likely to be misinterpreted.

GENERAL JOHNSON: I think there is a question there that you and I can settle. I am not going to send out anything that the Secretary of Labor does not approve of.

JUDGE STEPHENS: I may say at this time that we of the Department of Justice spent considerable time since yesterday's meeting going over in detail both the bulletin and the proposed agreement, pursuant to General Johnson's request that we make any suggestion that occurred to us; and also studying it from the legal standpoint. I have prepared here in written form a detailed comment on quite a number of paragraphs, some of which I think are important.

CHAIRMAN ROPER: You are discussing Bulletin No. 3?

JUDGE STEPHENS: Yes, both of them.

CHAIRMAN ROPER: Let us confine ourselves to Bulletin No. 3.

Judge Stephens then read the following letter:

July 19, 1933.

National Recovery Administration,
Washington, D.C.

Gentlemen:

We have given such consideration as the brief time available permitted to the proposed "Bulletin No. 3. The President's Re-Employment Drive" and the proposed "President's Re-Employment Agreement" in the form submitted to the National Recovery Administration yesterday, and beg to report thereon as follows:

Proposed Bulletin No. 3.
The President's Re-Employment Drive.

It is suggested that, if time permits re-writing the Bulletin, it be broken into two sections, the first containing an explanation of the present emergency which requires the proposed procedure, together with the appeal for cooperation therein and general explanation, and the second containing the strictly operative provisions, including any necessary rules and regulations specifically announced as such. In this second part, for example, should be included the orders creating the regional boards and the like.

Paragraph 1. No comment.

Paragraph 2. After the word "self-government" in the third line, add the phrase "to spread employment and improve labor conditions", so that the sentence will read: "It permits industries and trade associations to organize for self-government, to spread employment and improve labor conditions, to wipe out unfair practices, to discipline themselves and to stabilize their operations."

Paragraph 3. At the end of the second sentence of paragraph 3, add the following: "We must increase wages and rapidly spread labor so that the deplorable conditions of unemployment may be at once alleviated."

Paragraph 4. In the first line change the word "Trade" to the word "trades" and strike the word "associations"; in the third line add after the word "notice" the words "can be given" and after the word "hearings" strike the words "can be" so that the sentence will read: "As to all trades or industries which have not submitted voluntary Codes by September 1st, 1933, the President will begin to prescribe Codes under Section 3(d)

as fast as proper notice can be given and hearings held." It is believed that the provisions of Section 3 (d) do not apply to trade associations as distinguished from trades.

Paragraph 5. Neither in this paragraph nor elsewhere in the Bulletin is it explained why a five months' period is stipulated, and the succeeding phrase "By Labor Day - six weeks away -" renders the time within which cooperation is expected uncertain. It is suggested, therefore, that the words "five months" be stricken.

Attention is called also to the fact that the sentence "By Labor Day - six weeks away - it is possible to solve the problem of re-employment through individual AGREEMENTS with the President" may give rise to the impression that it is sufficient if the agreements are signed by Labor Day, whereas, according to their terms, they are effective on August 1. This could be corrected by re-phrasing and adding as follows: "By signing the President's Re-Employment Agreement effective August 1, it is possible to solve the problem of re-employment before Labor Day - six weeks away."

With respect to the topic "The Public's part" it is suggested that the sentence be ended with the word "work" in the fourth line of the topic, so that it will read as follows: "The Public's part - and especially the part of women (who control the bulk of buying) - is to get behind and patronize and support all those employers and employees who do their parts to put breadwinners back to work."

As heretofore suggested with respect to a previous draft of this proposed Bulletin, the psychological effect of appealing to the public to support and patronize the patriotic employers and employees who are cooperating in our program, will be better and will be sufficient to accomplish our purpose if not accompanied by what might be regarded as an oppressive measure. Public reaction against the latter might be quite severe and might result in legal proceedings as further noted below. Grave injustice may be caused by the boycotting of concerns unable to comply with the proposed program.

Paragraph 6. It is suggested that the last sentence of this paragraph be made to read as follows: "Lists of all employers authorized to use this badge will be on file at all Post Offices so that any misrepresentation by unauthorized use of N.R.A. badges can be known." That is to say, it is suggested that the threat of prosecution be eliminated. It is in this respect suggested that, if such a measure were to be used, it should be attempted only through the issuance by the President of a regulation under Section 10 (a) Title I of the Recovery Act. As heretofore pointed out in the course of comment upon a previous draft of this proposed Bulletin, it cannot with safety be assumed that such a regulation would be within the scope of the President's power under the Act, and if an attempt to criminally punish unauthorized use of the badge were successfully resisted in the courts the psychological effect of such a defeat would be a severe disadvantage.

Paragraph 7. No comment.

Paragraph 8. No comment.

Paragraph 9. In the next to the last line change the word "executive" to the word "execution."

Paragraph 10. No comment.

Paragraph 11. The duties and functions of the Council as defined in this paragraph, particularly in the last sentence thereof, seem vague.

Proposed President's Reemployment Agreement.

Introductory address over the President's name:

Paragraph 1. Add to the last sentence the phrase "this agreement and making it effective at once".

Paragraph 2. Rephrase to read as follows: "Should it develop that this agreement affects unfairly any group of employers, this situation may be met by the prompt proposal of a code of fair competition."

The Agreement itself:

Insert at the beginning the following: "Whereas in the judgment of the President an agreement in the following form will aid in effectuating the policy of Title I of the National Industrial Recovery Act, and will be consistent with the requirements of clause (2) of sub-section (a) of Sec. 3 thereof,

NOW THEREFORE, during the period" etc.

Paragraph (1). In the parenthetical phrase in the second line change the word "and" to the word "or"; after the phrase "3 hours" in the third line add the phrase "per day"; so that the entire paragraph reads: "After August 31, 1933, not to employ any minor under 16 years of age, except that minors between 14 and 16 may be employed (but not in manufacturing or mechanical industry) for not to exceed 3 hours per day and those hours between 7 a.m. and 7 p.m. in such work as will not interfere with hours of day school."

Paragraph (2). It is suggested that the meaning and purpose of that part of Paragraph (2) following the parenthetical expression is not clear.

Paragraph (3). The phrase "in any other place" in the third line is ambiguous. It refers to a locality, whereas the immediate preceding phrases to which it refers have to do with services. It is suggested that the phrase be amplified by adding the phrase "or manner".

It is suggested that it would be even safer from the legal standpoint not to attempt to enumerate every place or service intended to be covered, and that the purpose of the paragraph would be better served if it were rephrased to read: "Not to work any accounting, clerical, banking, office, service, or sales employees (except outside salesmen) in any place or manner for more than etc."

Paragraph (4). In view of the phrase "on any job" therein, it was apparently intended to make the application of this paragraph as broad as possible. It is suggested that this purpose would be still better served by entirely omitting the phrase "In any workshop or factory or on any job", in the first and second lines thereof, so that the paragraph as a whole will read: "Not to employ any factory or mechanical worker or artisan more than a maximum week of 35 hours until December 31, 1933, but with the right to work a maximum week of 40 hours for any 6 weeks within this period; and not to employ any worker more than 8 hours in any 1 day."

Paragraph (5). The following rephrasing of the first clause is suggested: "The maximum hours fixed in the foregoing paragraphs (3) and (4) shall not apply to employees in establishments located in towns and of less than 2,500 population which towns are not part of a larger trade area, and where such establishments employ not more than two persons". This is to avoid the possibility of relieving a large corporation located at a considerable distance from small towns but with one or two employees therein from the operation of the wage schedules referred to in paragraphs (3) and (4).

Add at the end the following: "Population shall be determined according to the 1930 Census", (Federal)

Paragraph (6). Rephrase the first clause as follows: "Not to pay any of the classes of employees mentioned in paragraph (3) less than \$15 per week in any city of over 500,000 population, or in the immediate trade area of such city." This is to avoid the possible non-application of this portion of the paragraph to a situation where a large establishment is located immediately outside the city limits of a large city whose employees, nevertheless, because of their proximity to such city or their residence therein, would be subjected to its costs of living. A similar change should be made in the next succeeding two clauses of the paragraph.

Add at the end of the paragraph the following: "Population shall be determined according to the 1930 Census", (Federal)

Paragraph (7). No comment.

Paragraph (8). Eliminate that portion of the paragraph commencing with the word "which" in the first line thereof, so that the paragraph will read merely: "Not to use any subterfuge to frustrate the spirit and intent of this agreement". It is believed that this will more clearly forbid all subterfuges contrary to the spirit and intent of the agreement.

Paragraph (9). No comment.

Paragraph (10). It is suggested that the paragraph be closed with the phrase "N.R.A." in the second line. This suggestion is

consistent with those above set forth concerning the inadvisability of what amounts to a boycott.

Paragraph (11). The following rephrasing is suggested:

"Where prior to June 16, 1933, I had contracted for the purchase of any goods at a fixed price for delivery during the period of this agreement, I will make an appropriate adjustment of said fixed price to meet any increase in cost caused by the seller's also having signed this President's Reemployment Agreement."

Paragraph (12). No comment.

Paragraph (13). No comment.

Paragraph (14). Attention is called to the fact that paragraph (14) contemplates that, notwithstanding that some particular provisions of the agreement may create great and unavoidable hardship, nevertheless, it is required that the same be signed and put into effect. Instances may occur in which it is completely impossible for an agreement to be put into effect before a stay can be applied for, for example, where a business is being conducted upon a very narrow margin or at a loss so that wage increases as provided for in paragraphs (6) and (7) are impossible, or where price increases contrary to the provisions of paragraph (9) are essential to avoid failure. In such event the persons affected would, apparently, be unable to sign the agreement at all and would, therefore, be subject to the additional hardship of loss of public approval and patronage.

It is suggested that an amelioration of the provisions touching such situations should be considered. Perhaps an arrangement could be devised whereby a person, in good faith applying for an agreement with modified provisions to avoid such hardship, could be given recognition by a suitable badge indicating "N.R.A. Agreement Applied For", to be used until the proper persons in N.R.A. had passed upon the question thus presented.

Attention is called, moreover, to the fact that under this paragraph (14) persons in the situation of hardship described may not be able to obtain the approval by a representative trade association or other representative commercial body of the petition contemplated by the paragraph, for the reason that his particular trade may not be organized, or because no representative commercial body exists, or because the trade association or representative commercial body is dominated by unfriendly interests. Perhaps such a situation could be met by permitting the endorsement of the petition by one of the State Boards or Councils described in the proposed Bulletin 3.

Attention is called to the fact that the agreement is drawn in terms phrased for the signature of an individual. Since a very large number will be signed by corporations, it is suggested that another form be prepared with the wording changed so as to be applicable to a corporate body.

Attention is called to the fact that the introductory address, over the signature of the President at the top of the paper upon which the Reemployment Agreement is printed, is not, in terms, an offer. It is suggested that either the introductory portion referred to be rephrased so as to constitute an offer or that if this is not desired a facsimile signature of the President be attached at the close of the instrument.

Attention is further called to the fact that while in the introductory portion the President asks that the instrument be signed, there is no specific request that it be returned after signing to N.R.A. While this is stipulated in the proposed Bulletin 3, such a direction should also be printed in plain terms somewhere on the face of the proposed agreement.

A blank for the date of execution of the agreement should be added at the close. In this connection it might be added further, that the contract may have more effect on the average signer if it had the usual clause "In witness whereof, I have hereunto set my hand this _____ day of _____, 1933, at _____ in the State of _____."

Respectfully submitted,

HAROLD M. STEPHENS
Assistant Attorney General.

CHARLES H. WESTON,
JAMES LAWRENCE FLY,
Special Assistants to the Attorney General.

GENERAL JOHNSON: This agreement is the result of six weeks of work, and it has been agreed to by the whole Labor Advisory Board and the Industrial Advisory Board.

JUDGE STEPHENS: I should not assume to take any time except that we find some points that will be involved in the construction.

GENERAL JOHNSON: It just upsets six weeks of work with some of these suggested clauses.

JUDGE STEPHENS: I am not saying that it cannot be used in its present form.

GENERAL JOHNSON: I told you when we submitted it that I thought it was terrible,

SECRETARY PERKINS: It is compromise language.

GENERAL JOHNSON: Yes.

CHAIRMAN ROPER: I have a press conference in the other room.

GENERAL JOHNSON: Will you proceed, please.

SECRETARY PERKINS: I feel with the General that many of these things are agreements that have been reached after very terrible negotiations, and it is a pity to change any of these things.

GENERAL JOHNSON: I agree heartily with this critique, and I think perhaps the thing for us to do is to sit down and see how we can handle it.

JUDGE STEPHENS: We are not at all insisting on these changes, but since it was submitted for suggestion, we thought we would make these which seemed most important.

GENERAL JOHNSON: I want suggestions. I welcome them. But I think we ought to sit down and study these matters.

JUDGE STEPHENS: I do not think so far as the legality is concerned that changes need to be made.

DIRECTOR DOUGLAS: May I ask a question here? Is the detailed language of this agreement really a matter which should necessarily be brought

before this Board? Is it not just the principle of the thing that this Board is interested in - whether this thing should be done or should not be done? In that connection I would say that I think General Johnson knows more about this than anybody else in the Administration, and I want to give him my very hearty support. If he thinks this thing ought to be done and should be done to prevent collapse, I am heartily in favor of having it done, and done when he thinks it ought to be done. The detailed wording of the agreement, I think, is a matter for the Administration to work out. I feel this very strongly. General Johnson probably knows more about the situation than any one else, and if he feels, and I am sure he does feel, that this ought to be done, then I think this Board should give him wholehearted support.

JUDGE STEPHENS: I had this thought, General Johnson: that this is going out to seven or eight million people. It should be as nearly perfect as possible, and I agree that it would be better to work this out in a subcommittee. A great many of those seven or eight million people will not be able to understand any agreement, and I believe it would be best to clarify this as much as possible.

GENERAL JOHNSON: This was a terrific task.

JUDGE STEPHENS: I realize that.

SECRETARY PERKINS: It represents real victory in many instances.

GENERAL JOHNSON: Is there something else to be discussed while we are waiting for the Secretary to return?

MR. JENSEN: The Secretary has a press group that is demanding information about this meeting. He has told them that he hopes the General will have some information after the meeting is over.

GENERAL JOHNSON: I have never seen anything like the leaks that there

have been on this thing. I have tried to trace it in my Department. You just can't move or think without the press knowing it.

SECRETARY PERKINS: You can't even think on the sidewalk any more without its being seen.

Chairman Roper then returned to the room.

JUDGE STEPHENS: While we do not find any legal objections to the agreement as a whole, we make these textual suggestions in the hope that the matter can be put in some clearer form for the casual reader. We do wish, however, to urge quite a serious objection to the boycott provision. It seems to us that is of very doubtful legality and of very doubtful psychological propriety.

CHAIRMAN ROPER: Are we not in agreement that we wish to pursue the course that will expedite this matter? That is the general objective, and we are all together on that. The only difference that I see now is as to how we shall operate the mechanics. Here is the circular and agreement form. I believe I am correct in saying that the Board is not filing any objection to this. It is only a matter as to whether it can be more effectively used in two steps rather than in one step. The one step would be to invite in here as many of the important employers of labor as possible, not to exceed probably fifty, shall I say, and get them, through personal conference with those leaders, to do just exactly what we would want them to do if we mailed it out to them; but if I understood your attitude yesterday, you were a little afraid that this would not be accepted willingly by those persons. They would turn it over to their counsel, and it would go down the line, and they would object in many ways, if this were sent out through the mail; but if we could build a background of the foundation of fifty leading industries who would

sign by being invited here and talking it over with them personally, then we would have a foundation on which we could go to the country with their support, in given areas where they are located. In other words, we would gradually build a public sentiment behind it, somewhat as we did during war times. That is my interpretation of the attitude yesterday afternoon. Have I properly stated the situation?

DIRECTOR DOUGLAS: So far as I was concerned yesterday, I was of an inquisitive attitude to try to find out what the real situation was; but since yesterday afternoon I have thought a good deal about it, and I have come to this conclusion: that General Johnson knows more about this situation, and about the imminence of certain happenings, than probably anybody in this group.

CHAIRMAN ROPER: I am sure of that.

DIRECTOR DOUGLAS: And he feels quite strongly, I think, that this thing should be done. That being the case, I am going to support him.

CHAIRMAN ROPER: That it should be done in the general way he mentioned?

DIRECTOR DOUGLAS: Yes, as I understood it yesterday from the answers to several questions. I reflected on this last night and what you are now suggesting, in effect has already been done. Isn't that right, General?

GENERAL JOHNSON: Yes, the five great industries are either in, or on the way.

DIRECTOR DOUGLAS: And you consulted many employers before this was drafted, and they approved?

GENERAL JOHNSON: Yes, our Industrial Advisory Board is here for that purpose.

DIRECTOR DOUGLAS: It seems to me, that having been done, that a background which has been suggested for this particular drive has already

been created. Is that a sound conclusion?

GENERAL JOHNSON: Yes.

SECRETARY PERKINS: It seems to me there is nothing necessarily antagonistic in the two ideas. The General has many plans for popularizing this movement. Undoubtedly in the course of that popularizing, he will have conferences with the groups in strategic areas. So far as I understand it, I know that those are among the plans for popularizing and publicizing the whole movement. Different people in different areas will undertake to get those groups together and make it popular to sign the agreement. If we attempt to do it piecemeal we may be doing a real injury to the first 20 who sign up because they will then be subject to the competition of those who do not; and if it appears to be an individual affair rather than a demand affair, we will have hanging back on the part of those groups which need jacking up. I have been thinking about this for several weeks; it either ought not to be done at all or it should be done on a broad general sweep.

DR. DICKINSON: May I suggest two thoughts that have occurred to me in connection with what the Director of the Budget says: I think one of the suggestions that was offered yesterday was not so much that we simply discuss the matter with the large industries and that we lay the basis but that in order to avoid possible misunderstanding by sending out a very complicated document through the post offices to a lot of very simple people who would not understand what the document was, that something like this method of procedure might at least be started; that is to say, instead of trying to reach every cross-roads barber shop, filling station and hot-dog stand, that we approach the public through the industries; that we send these

agreements out through some industrial channel and with some understanding on the part of some of the people in the industries, whether it is the grocery industry or only the macaroni industry. It was suggested yesterday that there might be danger in sending out this avalanche of rather complicated agreements through the mails to all of these little people all over the country. They won't understand what it is about and in order to put the thing across there will be a certain amount of misunderstanding created in connection with the necessarily broad sweep of propaganda that will have to go out, and I wonder whether a more orderly approach through the industries might be taken into consideration.

MR. PEEK: May I read just two or three paragraphs here that we prepared on this subject, as follows:

"We regard the proposal, as we got it day before yesterday for the first time, as fraught with great danger to our administration. The objectives of the two Acts should be thoroughly harmonized and they should go forward together in order to reduce farm prices and wages practically simultaneously. If blanket agreements are necessary, the two Administrations should join in calling a conference of all the representatives of all the key industries. These industries, at least those which are under the Agricultural Adjustment Administration, should, while raising wages, also simultaneously raise farm prices. In other words, raises in wages should be so attempted that raises in farm prices should be concurrent."

I am afraid that if any other procedure is followed, particularly in the rural communities, there will immediately be a raid, farmer against laborer, within the communities, and then you have started something which may reach so far that it will be difficult to stop.

SECRETARY PERKINS: Could Mr. Peek be more specific? I would like to know in just what industry and in what area this thing might happen.

MR. PEEK: I refer to all areas in the agricultural sections of the country. For instance, we had a case yesterday which I did not hear of until this morning of the Walnut Grower's seeking certain things, and they raised the subject of increased wages; and they brought up immediately the question of strife between the growers and labor if labor was to be raised in advance of the time when the farm prices were raised. I am certain that is sure to follow throughout the food industry. I think the movement should be concurrent--raise farm prices and wages at the same time.

SECRETARY PERKINS: You mean wages of farm labor?

MR. PEEK: No, I mean industrial labor.

SECRETARY PERKINS: How would the walnut growers be affected by the wages of the textile industry, for instance?

MR. PEEK: If the prices are increased to the point where the trade will not absorb the product, then the theory is that the depression will work back to the prices paid to the farmer, just as it has done all these years.

DIRECTOR DOUGLAS: Isn't it true that the price of farm products has already risen rapidly?

MR. PEEK: Some have--not all.

DIRECTOR DOUGLAS: Isn't it true that the exportable agricultural products constitute a majority of our total agricultural products?

MR. PEEK: No, about 18% of the agricultural income comes from agricultural exports.

GENERAL JOHNSON: I do not anticipate much of Mr. Peek's fears on a plan

which raises wages in rural communities to a minimum of only \$12.00 a week. The argument as I understand it is this: if you raise these wages, you increase the cost of distribution of food products: if you increase the cost of food products, you increase the cost to the consumer.

MR. PEEK: Of course it is a fact subject to proof by study of the figures during the period of great industrial activity of 1921-1929 that farm prices never hit parity with industrial prices.

SECRETARY PERKINS: Farm prices have always followed wages up. Wages have gone ahead and prices have followed.

MR. PEEK: There has never been a single year when farm prices as a whole have been on a parity with industrial prices.

SECRETARY PERKINS: That may be true, but I cannot conceive how the price of milk, for instance, can go up, unless people are getting wages so they can buy two quarts instead of one as now.

MR. PEEK: My suggestion is that industry should be called in for a joint discussion between the two Administrations, and see if an agreement can be reached with industry to raise farm prices at the same time.

DOCTOR DICKINSON: Does Mr. Peek have this situation in mind? I was impressed by the Secretary of Labor's request for a concrete example. Take the canning industry, for instance: if a blanket code comes down upon each one of the canneries in each rural community, that is canning peas or tomatoes, or whatever it is, I take it your thought is that the natural result will be that the canner will try to depress the price he has to pay for tomatoes and peas in order to make up for the additional wage he would have

to pay the people in his cannery.

MR. PEEK: That is exactly what has happened in the live stock industry, for example. The packer has been operating all through the depression at 85% to 90% capacity, and has paid 85% to 90% peak wages. Nevertheless, the prices to the farmer have been the lowest prices in history. They have maintained their volume of business through taking it out of the price they paid to the farmer. We are charged by the mandate of Congress to raise farm prices, primarily; that is our mandate, and I think we ought to undertake to work these things together instead of starting out with a program of one going in one direction, and perhaps the other in another, the effect of which may be to bring the whole thing down on our heads.

GENERAL JOHNSON: You mean you ought to start out and we follow you!

MR. PEEK: I resent that---I resent it for the purpose of the record.

GENERAL JOHNSON: Go ahead and resent it. You didn't confer with me on the licensing thing.

MR. PEEK: I did exactly that. I did confer with you.

GENERAL JOHNSON: You did after I asked you.

MR. PEEK: I did before that.

GENERAL JOHNSON: It was finally put over at a conference with the President at which I was not even represented.

CHAIRMAN ROPER: Let's confine ourselves to the subject.

DIRECTOR DOUGLAS: It seems to me there is no real conflict here. One Administration has been asked to raise prices, and the other Administration has been charged with responsibility of increasing employment. It seems to me they go hand in hand.

DR. DICKINSON: Yes, they dovetail.

DIRECTOR DOUGLAS: In the final analysis, I cannot see that there is any real fundamental conflict between increasing employment in industry and raising prices.

DOCTOR TUGWELL: That is perfectly true, but the situation is made a little difficult by this proposal for the campaign on one side and our preference on the other side to proceed with agreements on codes without this sweeping appeal.

DIRECTOR DOUGLAS: It seems to me that if this general appeal is successful the volume of trade increases.

DOCTOR TUGWELL: But you add enormously to the cost of distribution of food products.

DIRECTOR DOUGLAS: How much do you add?

SECRETARY WALLACE: Take a specific instance. The Cotton Textile code has increased the price of cotton, which is eleven cents today, and let us follow that through to cotton sheeting. There is about three cents added by the textile code and about four cents by the processing tax.

DIRECTOR DOUGLAS: The answer is to remove the processing tax. You are getting eleven cents a pound now.

SECRETARY WALLACE: That is on the farm. I think their fear, Director Douglas, might be expressed in this way: Since the War the margin between what the farmer gets and what the consumer pays has more than doubled. That doubling really traces more to increased wages than to any other single thing. Part of it is transportation, it is true; but the transportation wages have more than doubled since the War; and that is really the reason why the transportation is higher. I think they are afraid that there will be an even greater increase in that margin between what the farmer gets

and what the consumer pays, and that it will tend to come out of the price for these farmers. Frankly, I think under our Act we have adequate protection and can take care of that. If General Johnson and Mr. Peek work closely together, I think we can do it.

CHAIRMAN ROPER: Don't you think our discussion has gone far enough now so that the Chair might entertain a motion?

JUDGE STEPHENS: I should like to express the views of the Department of Justice. Assuming your fears are justified, Mr. Peek, what assurance have you, nevertheless, that you can in the near future raise the price of farm products by the cooperative action which you suggest? And if you can't, hasn't General Johnson's plan got to lag indefinitely?

MR. PEEK: I have not suggested how long it should lag; but I think it should lag until we can bring these industries in and see if it is not possible to get an agreement with them to raise the farm prices at the same time.

JUDGE STEPHENS: How long do you think that will take?

MR. PEEK: Not long.

JUDGE STEPHENS: What is the assurance you can give General Johnson that such a conference will actually raise farm prices?

MR. PEEK: I could not give the assurance. The conference itself could.

JUDGE STEPHENS: Do you think it would really make a difference?

MR. PEEK: I think it would.

DOCTOR TUGWELL: I do not think the problem is any different from the problem of raising wages by agreement.

DIRECTOR DOUGLAS: It seems to me, Mr. Chairman, that this discussion should have been held before the Textile Code was put into effect.

DIRECTOR DOUGLAS: I move that General Johnson be authorized to proceed with his program.

JUDGE STEPHENS: I feel obliged to say, Mr. Secretary, since Mr. Cummings is not present and he asked me to express his views, which are also my own views, that we were here yesterday mainly in an inquisitive state of mind. Mr. Cummings and I conferred about the matter last night and again this morning, and he asked me to say that while we are not quite constrained to fear an impending crisis as General Johnson and his officers seem to be, it is our view that we should uphold his program. As to his methods and the general plan and its legal aspects, we think the boycotting provision is a dangerous one. We suggest to General Johnson, in spite of the fact that he already has had a good many conferences on these agreements, that he consider going forward with his bulletin and his agreement to be sent out in wholesale fashion after a week or so of preparation, which will be necessary anyway, but at the same time try to get the representatives of a large number of the major industries to come in and sign the agreement as a beginning foundation for the work.

GENERAL JOHNSON: I have already received word from the A. & P., representing 15,000 stores, that they are behind this thing 100%. That is the biggest industry of that kind in the country.

CHAIRMAN ROOPER: I believe we have a motion. Are you ready for the question?

DIRECTOR DOUGLAS: I think, Mr. Chairman, that I made the motion.

SECRETARY PERKINS: I second the motion.

CHAIRMAN ROOPER: Is there any further discussion of the motion?

I believe it was suggested by Mr. Peek yesterday that he be given opportunity to further confer with General Johnson, and perhaps speak to President. Mr. Peek, has that been cared for?

MR. PEEK: No, it has not been cared for. General Johnson and I had a discussion last night, but we did not complete it. May I say before action is taken on this motion that I asked you to consider what the possible effect might be if you proceed in one direction, with General Johnson proceeding in his direction by himself, and if we proceed in ours to raise farm prices? It might result in the collapse of one or the other program. General Johnson had a telegram from the A. & P. concern that they were behind his program 100%. This is a good example to take. I would like to get the same kind of assurance on our program.

CHAIRMAN ROPER: Would you permit the Chair to say this? Could we pass on this motion, subject, of course, to the General and Mr. Peek discussing the matter with the President? Wouldn't that be progress?

GENERAL JOHNSON: It certainly would.

CHAIRMAN ROPER: I am not taking the position of telling you how to vote, but let's consider this motion of the Director of the Budget, and if it is passed, it will be held in abeyance, shall I say, subject to discussion by General Johnson with Mr. Peek and the President.

MR. PEEK: Yes, that should be added.

CHAIRMAN ROPER: Madam Secretary, will you accept that?

SECRETARY PERKINS: Yes, I accept that.

DOCTOR TUGWELL: I suppose that the position of the Board will be reviewed by the President in any case.

CHAIRMAN ROPER: Yes, naturally; but this is a courtesy to Mr. Peek. We are going to keep together on this. It takes us all to put it over. Is there any further discussion? Are you

ready for the motion? All in favor of the motion let it be known by saying "Aye". Those opposed, please indicate it by the opposing sign. It is carried.

GENERAL JOHNSON: I believe there was a contrary vote by Doctor Tugwell.

Are you voting for Mr. Ickes?

DOCTOR TUGWELL: I have not consulted with him on that question.

CHAIRMAN ROPER: Will you please do so now, by telephone?

SECRETARY PERKINS: It seems to me this is important enough that Mr. Ickes ought to express his personal view.

DOCTOR TUGWELL: I think so too.

(Doctor Tugwell then stepped out to consult with Secretary Ickes.)

CHAIRMAN ROPER: Is there anything further as to the form of this paper?

GENERAL JOHNSON: I agree with you on the boycott provision.

JUDGE STEPHENS: I feel like apologizing for having made so many suggestions, but some of them seemed quite important.

CHAIRMAN ROPER: You have gone over this bulletin, and subject to certain changes, it seems to me that it is approved.

SECRETARY PERKINS: I think the General should be allowed to make changes as he sees fit.

CHAIRMAN ROPER: I understand that the Board turns this bulletin back to the General in line with such changes as have been suggested.

Is there anything further coming before the Board at this time? If not, we will delay just a moment for the return of Doctor Tugwell.

Doctor Tugwell came in at this point and reported as follows:

Mr. Ickes asks that his vote not be recorded.

CHAIRMAN ROPER: Then there is only one contrary vote, That of the
Department of Agriculture.

Now is everybody happy? Does everybody want another meeting
as soon as possible? (Laughter)

We stand adjourned until next Monday at 2 o'clock, unless
General Johnson asks us to meet in the meantime.

Meeting adjourned at 12:30 P. M.