

BRITISH EMBASSY,  
WASHINGTON, D. C.,

June 20th, 1939

No. 691 E.

My Lord,

95/19

With reference to my despatch No. 586 E of May 29th I have the honour to report that Congress is beginning to show signs of a desire to escape from the hot weather and there is a good deal of talk about an adjournment in the middle of July. The neutrality question is likely to be the principal obstacle to the fulfilment of such hopes because, although the House may be expected to follow up its Committee's 12 to 8 vote in favour of the Bloom bill by passing this measure, the opposition of about 20 Senators, some of whom threaten a filibuster, could prolong the session for several weeks, unless indeed it is decided to leave the question over until next session. Apart from neutrality Congress has not much more controversial work to do. Tax revision is up this week and likely to go through quite quickly; Social Security law amendments, relief and other appropriations are well on their way through the legislative mill and may well be disposed of before the President leaves on a trip to the West Coast on July 2nd.

2. The President is believed to be anxious to send Congress home early, but he is also keen on getting the arms embargo removed from the present neutrality legislation. Questions which had been expected to occupy Congress, such as railway

legislation, /

The Right Honourable

The Viscount Halifax, K.G.,

etc., etc., etc.

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legislation, liberalizing amendments to the Housing Authority, new credit assistance to small business and amendments of the National Labor Relations Act seem to stand no chance this session. Politicians are already taking up a good deal of their time in canvassing prospects for the 1940 elections. Mr. Ickes has come out publicly for a third term for Roosevelt and the more one looks at other possible liberal Democratic candidates the less attractive do they appear, so that the third term can by no means be ruled out as impossible. None of the New Dealers will look at Mr. Garner as a candidate, although he is favoured by most of the Southern conservatives. The names of Mr. Hull, Mr. McNutt, (the present Governor of the Philippines) and other moderate liberals are still mentioned, but none of these are national figures in the sense that Mr. Roosevelt is.

3. Pensions, and what is known as "Social Security" have been to the fore in Congress. The Townsend plan, a scheme for giving pensions of \$2400 a year to the older one-tenth of the nation at a cost of \$20,000 millions a year to the taxpayer, came up for a vote in the House and was defeated by 302 to 97. Of the 97 a good many were Republicans who were frankly playing politics. A few days later however the House voted almost unanimously a widening of the existing Social Security Act which included an increase from \$15 to \$20 a month in the amount of the Federal grants-in-aid to the States for old age pensions whenever matched by the State Legislatures on a 50-50 basis. If the new Act passes the Senate, an additional million workers will be covered, the date of commencement/

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commencement of pensions will be advanced two years to 1st January, 1940, and the scheduled increase in the tax on payrolls will be postponed for three years. The "New York Times" criticises the House for voting the increased Federal grant up to \$20 a month which would mean that in such States as desired it a \$40 a month pension would be given. It is true that at present only one State, California, pays a pension as high as \$30 a month, which is the present maximum, but the new law if passed will encourage States Legislatures to yield to pressure for higher pensions.

4. The House has voted the sum asked for by the President for relief during the fiscal year beginning July 1st, namely \$1477 millions, which provides for one-third fewer workers on relief than this year. The bill as it has now gone to the Senate contains several sweeping administrative changes in the work relief programme for the coming year. In order to prevent Works Progress Administration jobs becoming a regular career the House has decided that on October 1st all who have been on Works Progress Administration rolls for eighteen months or longer must be dropped for at least two months. Exceptions are made in the case of war veterans and heads of families of over 45 years old. The "prevailing wage" clause has been eliminated and a 130-hour month provided for. The penalty for political use of Works Progress Administration jobs has been made a felony instead of a misdemeanour. This is a result of widespread charges that relief projects were being apportioned for vote catching purposes. Another economy insisted upon by the House is the abolition of the appropriations for the Works Progress Administration

Federal/

Federal Theatre projects which have assisted actors on relief. It is quite possible that the Senate may object to some of the more drastic revisions referred to above.

5. The Tennessee Valley Authority has been under discussion in the House which rejected Senator Norris' bill authorising the Tennessee Valley Authority to issue \$100 millions in bonds. Of this amount \$45 millions would pay the Tennessee Electric Power Company for properties that the Tennessee Valley Authority had purchased in Tennessee. The remainder would be unrestricted. Committee members did not like this bill. They indicated they wanted to restrict the Tennessee Valley Authority and its activities. Before the House last week Representative May argued for a substitute bill that would, he claimed, "bridle this monster that threatens the economy of six Southern States". The bill provided: (1) Authorisation for \$45 millions in bonds to complete the Tennessee Power deal; (a) restriction of the Tennessee Valley's Authority's activities to Northern Alabama and Mississippi and the area of Tennessee, Kentucky and Georgia in which it now operates; (3) restrictions on the financial policies of the Tennessee Valley Authority, with provision that the Authority be under the supervision, so far as finances are concerned, of the General Accounting Office. Proponents argued that the time had come to end the fear in investors' minds of government competition with private utilities. The bill would go far, they argued, toward preventing future Tennessee Valley Authority competition. The House gave its support by 191 to 167, and the bill then went to

conference./

conference. A prolonged struggle between the Senate and House is forecast.

6. The American Civil Liberties Union is rejoicing at a decision of the Supreme Court which invalidated on June 5th a Jersey City Ordinance dictated by Mayor Hague, a local boss who has been trying to keep the Congress of Industrial Organisations' organisers out of his city. The Mayor's ordinance refused to permit meetings of the Congress of Industrial Organisations and the Mayor had arrested various organisers and deported them across the Hudson River to New York on the ground that he wished to keep the "reds" from disturbing the peace. The Supreme Court held that this ordinance was a violation of the freedom of speech and assembly. The record of Mayor Hague had shown that such ordinances could be made instruments for the arbitrary suppression of opinion and the Court held that it was not a proper exercise of power for local authorities to seek to prevent possible disturbances in public places by denying the constitutional right of free speech. It was rather the duty of those authorities to maintain order in connexion with the exercise of that very right.

7. I am sending copies of this despatch to the High Commissioner for the United Kingdom in Canada, the Prime Minister of Australia, c/o the Dominions Office, and the Department of Overseas Trade.

I have the honour to be,  
 with the highest respect,  
 My Lord,  
 Your Lordship's most obedient,  
 humble servant,

(SGD) R. C. LINDSAY