

THE DAVID LAWRENCE DISPATCH

BY DAVID LAWRENCE

WASHINGTON, APRIL 10.--AMERICA TODAY HAS A PUPPET PRESIDENT--A MAN WHO IS PULLED AND HAULED IN EVERY DIRECTION BY RADICAL ADVISERS AND WHO DOES NOT HIMSELF HAVE THE CAPACITY TO UNDERSTAND THE FUNDAMENTALS OF THE AMERICAN INDUSTRIAL SYSTEM.

SEVERAL OF THE IMPORTANT STATEMENTS MADE TO A NATION-WIDE AUDIENCE BY THE PRESIDENT OVER THE RADIO WERE MISLEADING. HIS MISTAKES ARE ERRORS OF JUDGMENT, INEXPERIENCE, AND GULLIBILITY.

YET SOME OF THE KEY STATEMENTS HE DID MAKE ARE NEVERTHELESS UNTRUE. THEY ARE EASILY PROVED TO BE UNTRUE. WHAT'S MORE, MR. TRUMAN DID NOT TELL ALL OF THE TRUTH. HE OMITTED SOME OF THE MOST ESSENTIAL POINTS THAT HAVE BROUGHT ON THE STEEL DISPUTE--POINTS WHICH, FOR POLITICAL REASONS, MAY HAVE BEEN WISE TO OMIT BUT WHICH CERTAINLY, ON THE BASIS OF CANDOR, THE AMERICAN PEOPLE HAVE THE RIGHT TO EXPECT FROM THEIR PRESIDENT. NOT A WORD WAS SAID BY HIM ABOUT THE GOVERNMENT'S OFFICIAL PRESSURE ON THE STEEL COMPANIES TO FORCE WORKERS TO JOIN UNIONS OR LOSE THEIR JOBS OR WHAT THIS HAS TO DO WITH THE WAR EMERGENCY. YET THIS IS ONE OF THE MAIN FACTORS IN THE WHOLE DISPUTE.

HERE ARE MR. TRUMAN'S KEY STATEMENTS AND THE FACTS ABOUT THEM:

UNTRUTH NUMBER ONE: THE PRESIDENT SAID THE STEEL INDUSTRY WAS MAKING A PROFIT OF \$19.50 A TON AND THAT "ON TOP OF THAT, THEY CAN GET A PRICE INCREASE OF CLOSE TO \$3 A TON UNDER THE CAPEHART AMENDMENT." HE THUS ADDS UP TO A POSSIBLE \$22 A TON PROFIT.

TRUTH NUMBER ONE: THE STEEL COMPANIES ARE NOT MAKING A PROFIT OF \$19.50 PER TON BECAUSE THE GOVERNMENT TAKES AWAY IN TAXES AN AVERAGE OF SOMEWHERE BETWEEN 60 AND 70 CENTS OUT OF EVERY DOLLAR. "PROFITS" ARE WHAT COMPANIES HAVE LEFT AFTER, AND NOT BEFORE, TAXES ARE PAID.

UNTRUTH NUMBER TWO: THE PRESIDENT SAID THAT "IF ALL THE RECOMMENDATIONS OF THE WAGE BOARD WERE PUT INTO EFFECT, THEY WOULD COST THE INDUSTRY ABOUT \$4 OR \$5 A TON," AND "IF THE STEEL COMPANIES ABSORBED EVERY PENNY OF THE WAGE INCREASE, THEY WOULD STILL BE MAKING PROFITS OF \$17 OR \$18 A TON." THIS FIGURE IS OBTAINED EVIDENTLY BY SUBTRACTING \$4 TO \$5 OF COST FROM \$22 OF ALLEGED PROFIT.

TRUTH NUMBER TWO: IF THE COMPANIES ABSORBED THE INCREASED COSTS, IT WOULD EXTEND NOT ONLY TO THEIR OWN WAGE INCREASES BUT TO THE COSTS OF THE MATERIALS THEY BUY--A FIGURE FAR IN EXCESS OF \$5 A TON AND CLOSE TO \$12 A TON--AND IF THEY ABSORBED ALL COSTS AND THESE WERE ONLY, AS THE PRESIDENT SAYS, FROM \$4 TO \$5 A TON, THE STEEL COMPANIES WOULD NOT BE MAKING A PROFIT OF \$17 OR \$18 A TON BECAUSE THAT'S BEFORE TAXES. USING THE 70 PER CENT YARDSTICK FOR TAX RATES--NORMAL AND EXCESS PROFITS--THE PROFIT WOULD ACTUALLY BE ABOUT \$5.20 PER TON.

LAWRENCE--2.

UNTRUTH NUMBER THREE: THE PRESIDENT SAID THAT A PROFIT OF \$17 TO \$18 A TON IS HIGH AND THAT IN THE THREE YEARS BEFORE KOREA--1947, 1948 AND 1949--STEEL PROFITS AVERAGED A LITTLE BETTER THAN \$11 A TON, SO HE DECLARES THAT "THE COMPANIES COULD ABSORB THIS WAGE INCREASE ENTIRELY OUT OF PROFITS, AND STILL BE MAKING MUCH HIGHER PROFITS THAN THEY MADE IN THE THREE PROSPEROUS YEARS BEFORE KOREA."

TRUTH NUMBER THREE: THE \$11 A TON PROFIT WAS BEFORE TAXES AND IN THE THREE YEARS BEFORE KOREA THE FEDERAL CORPORATION TAXES WERE ONLY ABOUT 38 PER CENT ON EVERY PROFIT DOLLAR, SO THAT 62 PER CENT OF THE \$11, OR \$6.82 A TON, IN THOSE YEARS WAS RETAINED AS A PROFIT. JUST HOW \$5.20 PROFIT PER TON AFTER KOREA IS BETTER THAN \$6.82 A TON BEFORE KOREA IS HARD TO UNDERSTAND. NOR WERE THERE SUCH INFLATIONARY PRICES IN THE ITEMS BOUGHT BY THE STEEL COMPANIES IN THE PRE-KOREAN PERIOD AS THERE ARE TODAY. THE PURCHASING POWER OF THE COMPANY'S DOLLAR HAS GONE DOWN. THE COST OF LIVING FOR THE INVESTOR'S DOLLAR HAS RISEN, TOO.

THE PRESIDENT PAID NO ATTENTION WHATSOEVER TO THE NEED FOR REPLACEMENT MONEY FOR EXPANSION AND FOR THE NEED OF THE STEEL COMPANIES TO COMPLETE THE BIGGEST BUILDING PROGRAM OF STEEL PLANTS EVER CARRIED ON IN THE HISTORY OF THE WORLD. NOT A WORD WAS SPOKEN BY THE PRESIDENT ABOUT THIS ESSENTIAL REQUIREMENT FOR PROFITS. NOR DID THE PRESIDENT TELL THE AMERICAN PEOPLE WHAT HE WAS ADVOCATING WAS THAT VIRTUALLY \$1,000,000,000 OF EXTRA WAGE INCREASES SHOULD BE PAID OUT TO ONE GROUP OF CITIZENS AND THAT THE FEDERAL REVENUES OF 70 PER CENT OF THAT SUM --NAMELY, \$700,000,000--SHOULD BE SACRIFICED BY USING TAX MONEY TO PAY THOSE WAGE INCREASES. THIS CAN ONLY MEAN THAT MR. TRUMAN IS WILLING TO TRANSFER THE BURDEN OF RAISING \$700,000,000 TO ALL TAXPAYERS, INCLUDING WORKERS IN OTHER INDUSTRIES.

THE PRESIDENT TOLD THE AMERICAN PEOPLE THAT THE TAFT-HARTLEY ACT'S MACHINERY WOULD BE OF NO HELP BECAUSE THE COUNTRY WOULD HAVE TO SIT AROUND "A WEEK OR TWO" WHILE THE NECESSARY INJUNCTIONS WERE BEING OBTAINED. THE ACT PROVIDES A WAITING PERIOD OF 80 DAYS, WHEREAS, MR. TRUMAN ARGUED, THE UNION HAD ALREADY WAITED 99 DAYS. THIS IS A 100 PER CENT ACCEPTANCE OF THE UNION'S VIEW, BUT IT ISN'T ALL OF THE TRUTH. NOR IS IT A STATEMENT OF THE OBLIGATION TO USE SPECIFIC LAW INSTEAD OF "INHERENT POWERS." THE FACT IS THAT, ANY TIME DURING THESE 99 DAYS, THE PRESIDENT COULD HAVE SET UP A BOARD OF INQUIRY TO GET THE FACTS. HE DID NOT HAVE TO WAIT TILL THE LAST MINUTE. HE COULD HAVE EXPLORED THE QUESTION OF PRICE. HE COULD HAVE HAD AN IMPARTIAL BOARD MAKE A STUDY OF THE FACTS ABOUT STEEL COSTS.

LAWRENCE--3.

THEN AMERICAN PUBLIC OPINION COULD HAVE SETTLED THE STRIKE, AS IT CAN SETTLE ALL STRIKES, BY SIDING WITH THE UNION OR THE COMPANIES DEPENDING ON WHAT THE REAL FACTS SHOW. AS IT IS, MR. TRUMAN HAS SUCCEEDED IN DISSEMINATING MANY FALSE STATEMENTS. HE HAS DESTROYED CONFIDENCE IN THE FAIRNESS OF HIS ADMINISTRATION. HE HAS DELIVERED A BODY BLOW TO THE CAUSE OF INDIVIDUAL ENTERPRISE AND TO THE FINANCIAL STABILITY OF PRIVATELY OWNED COMPANIES IN AMERICA. HE HAS DEMONSTRATED WHAT A DICTATORSHIP CAN DO IN FREE AMERICA WHEN A CHIEF EXECUTIVE BLUNDERS RECKLESSLY AND THEN GOES FROM THE FRYING PAN INTO THE FIRE.

(REPRODUCTION RIGHTS RESERVED)

OR

(COPYRIGHT, 1952, NEW YORK HERALD TRIBUNE INC.)

MG715P

*get disclaimer*