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Recapitulation

May 30-German bombs fall on Dublin, Ireland....May 31-Iraq surrenders to Great Britain....June 1-Great Britain loses Crete and suffers crushing losses....June 2-Senator Nye, speaking before a mass meeting sponsored by the Milwaukee Chapter of the AMERICA FIRST COMMITTEE, recalls Willkie's statement about campaign oratory and comments, "His great contribution to American life has been his word to the people that when he speaks, he but orates, and should not be taken seriously."....June 3-Japan is reported to be supplying Germany with 1500 tons a day of essential material, shipped via Russia's Trans-Siberian railway.

THE SITUATION THIS WEEK

For the past two or three weeks Washington has been filled with rumors of peace proposals which Germany is supposed to have offered Great Britain. Chief interest here this week, therefore, is in the return home of Ambassador to Great Britain John Winant. Supposition is that he is to tell Roosevelt the substance of the peace offer. He will also report on the general condition of Great Britain.

The best speech we have seen for some time on the advantages to Great Britain and the world, of trying for peace now, was made in the House on May 9 by Representative John Vorys. Copies of the speech, entitled "An American Peace Offensive", may be had by writing him at the House Office Building in Washington.

THE SITUATION FOR THE LONG TERM

What is the domestic economic outlook for the future now that the national defense program has ended its first year?

Plainly, far-reaching changes in our national economy (barely evident as yet) are bound to increasingly affect every phase of business and industry as well as the lives of each individual citizen.

And this is true in varying degree whether or not America enters the European or Asiatic Wars. For we have embarked on a defense program which already contemplates the expenditure of between 40 and 50 billion dollars. As the tremendous economic forces of armament building get into fuller sway, the normal aspect of almost every business and industry will disappear. Those industries which are now known as consumer industries and produce such products as refrigerators, vacuum cleaners, and automobiles, will find increasing trouble in buying those necessary metals which are also necessary to an armament program. These companies will then either shift (where they can) part of their productive facilities from consumer to armament materials, or they will have to curtail production. Whether they shift what they produce or whether they simply cut production, there will probably be some unemployment as a result. Indeed, there are those who are already saying that the second half of this year will see a drop in employment, in spite of a rapid increase in defense production, because a shortage of necessary metals will slow down con-

sumer industries faster than armament industries can increase production. Such a situation would inevitably bring some population changes as people began to "follow the jobs".

To those cities producing steel, airplanes and airplane motors, tanks, guns, shells, and ships, will come a great influx of people. Obviously, this will accentuate any housing shortage in these cities. Cities dependent upon consumer industries will either lose part of their population or find that their relief rolls will increase.

Some time ago it was announced that the automobile industry would make 20% fewer automobiles next year. There seems to be a good chance that they will be "asked" to cut that figure another 25%, i.e. a total decrease over this year of 40%.

Despite the fact that leaders in both the steel and aluminum industries blithely assured the government last year that there would be no shortage of these strategic materials, the opposite is now plainly the case. This means a bogging down in the defense effort and has irritated a good many defense officials. While there seems little likelihood of the government's anti-trust division moving against the Aluminum Company of America's monopoly while the crisis is still with us, there does seem to be good evidence that the government will finance another company in this field. Similiar action may be taken in the steel situation.

It is important to remember the place of the Reconstruction Finance Corporation in the defense program. Under legislation recently approved by the Banking and Currency Committee, any defense corporation created by the President and the Federal Loan Administrator may have any and all powers necessary to expedite the defense program. There is practically no limitation on this authority. This means that the government may build its own plants in those fields in which it experiences difficulty in getting production, or it can finance the establishment of additional privately-owned firms.

Incidentally, it is rumored that one of the fields which will be hit hard by the necessity of cutting down consumer goods purchases will be installment selling. It is said that down payments will be increased and the time given to complete the purchase will be shortened. This will be another means of cutting down purchases, and therefore production, of such items as automobiles, refrigerators, etc. It is also another method to prevent inflation.

The degree to which the above changes will take place will be determined by whether or not America enters the Old World's Wars. If the Peppers and the Knoxs and the Stinsons are allowed to push us into a war we never started, such changes as are mentioned above will be only the beginning of a program of complete and dictatorial control of industry and the citizen by a government in which Congress will be little more than a Reichstag rubber stamp, and by a government embarked on the grandiose and futile plan of enforcing the Four Freedoms "everywhere in the world".

Any doubt that the prediction outlined here is not correct was dissipated on Monday of this week when Undersecretary of War Patterson, at the request of the War Department, transmitted a bill to Congress which, if passed, would authorize the President "to requisition and take over, either temporarily or permanently, property of any kind or character, whether real or personal, tangible or intangible" in the interest of national defense.

WHAT THE BATTLE OF CRETE HAS PROVED

Before Crete there was still room for argument over the relative merits of sea power and air power. Military men have argued this question ever since the late General William Mitchell was ousted from the United States Army over a decade ago because he shouted too loudly that more attention should be paid to airplanes. Charles Lindbergh ended a tour of Europe a few years ago by telling the British and our own government to build up their air strength. Of course, none of today's war hawks paid any attention to him. Admittedly the proponents of a large air force have been increasing but the Navy boys have held the upper hand.

On the island of Crete, Great Britain held all those advantages which have spelled victory in past wars. Crete is about 70 miles from the nearest Nazi-occupied land. Furthermore the British were strongly entrenched, with an army, tanks, artillery, AND absolute possession of the surrounding waters. Even had the Germans wanted to engage in a naval battle for the island, they had no warships. Plain fact is that for the first time in history, a major military victory has been gained ENTIRELY by an air force DESPITE the presence of a strong and unopposed fleet of warships. Indeed, while the British Navy prevented all but a few Nazis from landing on Crete from boats, it did so only by paying a heavy toll of cruisers and destroyers to the Nazi air arm.

We know now that sea power without air power is no defense at all. The Battle of Crete means that the British Navy is a far less important defense weapon than we had previously thought. Unless England can achieve AIR superiority, the Navy cannot turn the tide of the war, and this remains true even if the United States were to lease her another 50 destroyers or more. For it is plain that while in the last century the fact that Britannia ruled the waves meant that she possessed the greatest offensive weapon of war, mid-twentieth century tactics have shown that the offensive power of a fleet disappears as it nears the shores of an enemy-held country. For enemy land, means enemy air bases from which \$400,000 long range bombers can scour the seas; search out and destroy great battleships which cost \$100,000,000 each and require a much longer time to build.

What all this means to the United States is that the idea that convoys would materially aid in winning the war for Great Britain is shown to be false, unless as those convoys near the land mass of Europe, they are protected by interceptor PLANES. Otherwise, long range bombers or submarines will continue to sink them. (Another factor contributing to the difficulty of the convoy system is that AIR bombings have reduced to ruin all English ports except Liverpool and Glasgow. It is now reported that the turnaround time is three weeks--i.e. the time necessary for a ship to dock, unload, and depart. Obviously, more ships is no answer to this problem.) People who have been asking for convoys should now ask instead that planes be sent UNLESS they only want convoys so that shooting will begin. It is still true that convoys would get us into the war.

In the second place, the fact that even a powerful Navy, if not sufficiently protected by air power, cannot successfully approach the enemy shore, gives a cold, FACTUAL answer to those who have been yelping for another A.E.F. to Europe. The question is--where would they land? AND no interventionist can dispute production figures and export figures. They may wish the situation was different. So does the AMERICA FIRST COMMITTEE, though for a different reason. The FACT is that plane production in the United States is distressingly small, especially production of long range bombers. Furthermore, in a recent column, Boake Carter pointed out that we are sending abroad up to 70% of the weapons we would need in any such invasion. An invasion accompanied by our present air force would only mean that we wanted to undergo a Dunkerque in reverse i.e. not have to retreat from a land position but find ourselves unable to even gain a landhold.

In the third place it demonstrates the truth of what the AMERICA FIRST COMMITTEE has said, that the United States and the Western Hemisphere CAN be defended IF we will build a real air force and if that air force has bases close to the shore lines, that our safety does not depend upon the British Empire or upon the Empire's Navy, that the defense of America depends upon American factories and upon American workmen, and upon American pilots. Rather than a mass army of 5,000,000 men, we need a small army of men and a big army of mechanized equipment. (There is an excellent article on this subject in the June, 1941 Reader's Digest written by Representative Ross A Collins, chairman of the House Subcommittee in charge of military appropriation.)

This will take time to build and it will take time to train men in the use of this equipment. We believe America is equal to this task. But American soldiers can never be trained in the use of this equipment if we continue to give away up to 70% of our production. A sane appraisal of our own defense needs would seem to indicate that we can spare precious little in the way of airplanes and mechanized equipment. (The N.Y. Times recently pointed out editorially that "before 1938 our own War Department was spending more on horses, mules, harness and wagons than on tanks and armed vehicles.")

The fourth lesson of the Battle of Crete is that our huge naval expansion (which will not be completed until 1946) should not be allowed to take necessary material or men away from what should now become our paramount defense effort--a greatly increased program of expansion in our air forces. There is a certain amount of competition here for money, for skilled labor, for machine tools, and for strategic metals. It would appear that where there is such a conflict between the sea and air arms of our fighting forces, that the conflict should be resolved in favor of the air force.

III THE NEWS

The Associated Press reported that only 28 ships loaded with war supplies in United States ports have sunk en route to Great Britain since the European War began in September, 1939. ^{been}

This tended to confirm the recent report of Admiral Land, chairman of the Maritime commission, in which he said that out of 205 vessels which cleared from United States ports for the United Kingdom between Dec. 30, 1940 and March 31, 1941, only 8 were sunk.

In an address at the University of Notre Dame commencement exercises, former Ambassador to Great Britain Joseph P. Kennedy said in part;

"...when our chief has proclaimed the solemn words, 'I declare an unlimited emergency', the duty of every American is plain. We pledge allegiance to our flag and to the republic for which it stands. But in this very act of allegiance...we state clearly that our constitutional rights of free speech, of free assembly and our freedom of religious worship shall be maintained in all respects. Only too well do we know from the history of modern Europe how the silencing of the voice of protest was a prelude to national disaster."

One of the farm leaders of America trumpeted around Washington this week that the American farmer was ready to produce enough food for Great Britain and the United States combined. If that is the case, it would seem only fitting that this same farm leader give some answer to the 40 million American people who have lived through the last 10 years of depression and are, according to the President, "ill-fed, ill-housed, and ill-clothed." Why are they "ill-fed"?