

Washington Wire

A Special Report From The Wall Street Journal's Capital Bureau

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Forty-five days 'till election. After that, adjust your safety belt. Many Washington decisions are being postponed today. Actions important to business and national defense will splash the front pages once the votes are in. Events may be swifter and more numerous if the President is re-elected but they will be spectacular anyway if Roosevelt knows he has only three months to close the books on the New Deal.

Here are a few of the things to watch for after November 5:

Tighter legal controls over industry to coordinate national defense production.

Another try for the "steeply graduated" excess profits tax President Roosevelt originally asked for and won't get in the pending bill.

A boost in the national debt limit.

Monetary investigation and renewal of New Deal gold powers.

A bolder Latin American policy.

War? So far as we know, there are no new "measures short of war" being kept under cover just because an election impends.

Club-in-the-Closet—

Government officials have no doubts about the constitutionality of the draft-industry section of the conscription bill.

War, Navy and defense commission sincerely believe industry is cooperating, do not intend to make much use of it. Roosevelt has taken a stand in favor of the principal of plant commandeering on a club-in-the-closet basis, but his associates water down the issue by talking cooperation.

But watch for tighter controls over industry to coordinate defense production: compulsory priority ratings for military orders, some government price fixing, some government allocation of non-military orders. Pressure on certain industrial facilities which cannot meet both the big armament and ordinary civilian demand is pushing the government in that direction. To date industrialists have been more willing to talk about this than Washington officials.

Even-Money Bet—

Don't give odds that Congress will adjourn or recess at the end of this month—it's an even-money bet. Adjournment immediately after election, or perhaps a few days before, is a much safer proposition.

Republicans in the House will vote solidly against adjournment. "Congress should stay here to keep an eye on the President". Some Democrats, secretly hoping Congress will quit within two weeks, think it's politically risky to vote for adjournment. The session won't end if too many such Democrats side with the Republicans.

If Speaker Rayburn thinks adjournment has a chance, he will make the move as soon as the tax bill and the third big special defense bill (still in the House committee) are passed. He counts on the President to say that neither he nor the defense commission has any more legislation at present.

Hot Potato—

From justice department to defense commission to justice department to the white house has passed this hot potato: whether to start an anti-trust suit against the oil industry in the midst of a rearmament program.

President Roosevelt must now decide whether to proceed with the case (against the plain wish of the defense commission), to drop it (against the wish of the anti-trust division of the justice department) or to let the whole business cool in some pigeonhole until after the election. Our best guess is that some bobtailed suit, temporarily omitting the anti-bigness attack which disturbs the defense commission, may be filed. Time: still uncertain.

Draft Discounted—

Effect of the draft on business, at least for the next six months will be slight, we understand. Few prospective draftees hold key positions in industry and their financial obligations are probably small. Key men in essential defense industries will not be called for national guard or reserve corps duty as officers.

Open Secret—

Excess profits tax is through the Senate. Corporation income taxes will be overhauled next year. They are now a muddle of "normal tax" plus "defense tax" plus "excess profits tax." The Roosevelt Administration wants to do the whole job over; so would a Republican Administration.

It's an open secret that the New Deal hopes the pending excess profits tax is repealed before a nickel is collected under it and replaced with a stiffer tax. The Administration wants a tax which bears more heavily on corporations whose income, even though not swollen by defense spending, represents a large return on invested capital. "Blue chip taxation," they call it.

Minor Memos—

Latest tip we've heard on labor board re-vamping is that Edwin S. Smith, most leftist member, may be shunted off and Chairman J. Warren Madden reappointed. . . . "No brass bands" is Secretary of War Stimson's decision on handling conscription of men and Secretary of the Treasury Morgenthau's policy on selling "defense bonds." . . . Defense commission has asked all railroads to report location of bridges needing "protection" in an "emergency." . . . Senator Harrison, feuding with the Treasury on taxes, threatens to have Assistant Treasury Secretary Sullivan barred from conference committee on the pending bill. . . . SEC suspects only one utility corporation is deliberately holding back on holding company reform in hopes of a Republican administration (and it isn't a corporation with which Willkie was ever identified). . . . Republicans here are getting over a serious spell of defeatism.

[Editor's Note: The Wall Street Journal believes that a staff of newswriters ordinarily assigned to specific segments of the Capital's news-making machinery might pool their information about once a week in a more informal, more intimate report. This may assist to a more accurate size-up of the Washington scene.]