

BRITISH EMBASSY,

WASHINGTON, D. C.,

October 21st, 1939

No. 1179 E

My Lord,

The autumn is always a comparatively quiet season as far as internal politics in this country are concerned, and this year in particular the public has but little time to give to the consideration of anything but the war and its possible effects on the United States. Congress has been asked by the President to deal solely with the neutrality question at its special session, and it has not hitherto shown any inclination to tackle other matters. There is of course a strong under-current of party politics beneath the neutrality debate, although the party leaders are much divided among themselves over this particular issue. The names of new potential candidates for 1940 keep cropping up. If the isolationists were to gain a surprising victory presumably a good deal would be heard, for instance, of Senator Wheeler as a Democratic dark horse, while on the Republican side Senator Vandenberg would enhance his already considerable position to the detriment of such rivals as Senator Taft and Mr. Dewey. The last named has indeed faded very much out of the picture of late, because he is not really a national figure at all and nobody knows what his real views are on

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The Right Honourable

The Viscount Halifax, K.G.,

etc., etc., etc.

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the great neutrality issue, or indeed whether he has given any time and study to foreign affairs. If Mr.

Roosevelt gets his way with Congress at this special session his own position as a national leader will be stronger than before, and the temptation to run for a third term may be overwhelming.

2. There is however no doubt that at the coming ordinary session of Congress in January the President will once more be faced with the question whether to risk reopening the wounds in his party which have been healing recently. If, contrary to expectation, his New Deal advisers succeed in persuading him to promote further radical legislation he will have to reckon with Mr. Garner once again. Two important New Deal measures are more and more under the fire of criticism, the Wagner Labour Relations Act and the Fair Labour Standards Act of 1938. The former is now admitted, even by Senator Wagner privately, to need some revision. The Labour Relations Board set up under it has now no friends. The employers have always hated it, and the American Federation of Labor has never had anything good to say for it. The members of the Board, sponsored by the President's left-wing advisers, have always been accused of favouring the Congress of Industrial Organisations and have frequently been described as the tools of Mr. J. L. Lewis. Not long ago the President appointed Mr. William E. Leiserson to the Board, after having withdrawn under pressure from the Senate the proposed nomination of Mr. Donald Wakefield Smith, who was accused of being too much in the pocket of Mr. Lewis; and this was considered to be a conciliatory measure. Now the Board has incurred the wrath of the Congress of Industrial Organisations

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without pleasing the other groups, and is being described by Mr. Lewis as "an enemy of labour". Several Congressional Committees are investigating the Board's activities and it is under constant attack from businessmen and the press.

3. Both the Congress of Industrial Organisations and the American Federation of Labor have been holding their annual conventions. The President sent messages to both sides appealing for a settlement of their differences. "The continued conflict and separation in the labour movement", he wrote, "can hardly be overlooked in these days when discord in any group is so harmful to world peace". For more than a year Mr. Roosevelt has been saying the same thing without the slightest effect. On this occasion his advice has been coolly received, and each side is blaming the other for the deadlock in negotiations. The dissension in the ranks of labour is, as the President rightly pointed out, having a very serious effect on industry. Employers have in the last few years got used to the idea of collective bargaining, but their difficulty is to know with what group they should bargain in their factories. They are not allowed under the Wagner Act to insist on a ballot in their factories; such a request must come from one of the trade union groups. Yet unless a particular group is certain of winning on the ballot it usually prefers to avoid holding a ballot, and in many factories the American Federation of Labor and the Congress of Industrial Organisations groups are fairly evenly divided. Other complications for employers occur when, for instance, the teamsters belong/

belong to one group, the dockers to another, and the seamen again to the first group.

4. Strikes are starting again on a serious scale in some parts of the country. The motor industry is suffering in particular. Apparently the sit-down strike has now been abandoned but the slow-down strike ("ca' canny") is coming into favour. As an instance of what is happening I have the honour to enclose a report from His Majesty's Consul at Detroit.

5. Another difficulty which the Administration will have to face lies in the administration of the Fair Labour Standards Act ("Wage-Hour Act") which was reported on in paragraph 228 of the Annual Report for 1938. Mr. Andrews, the Administrator, has resigned and been replaced by Colonel Fleming, an engineer officer. Mr. Andrews had only held this appointment for a year and three months and had been considered an admirable choice, but he has been so badly mauled by the critics that he has found it wiser to go. The task of Colonel Fleming, his successor, is an unenviable one. Except for the rigid minima prescribed for wages and the maximum limits upon hours, the law gives the Administrator far-reaching discretionary powers over terms of employment. One of the effects of the law has been for employers to re-arrange the shifts in their factories, and now many employees are complaining that owing to the law they are actually earning a good deal less than before. Their hourly wage is higher but the number of hours is reduced, and the employer having re-arranged his shifts does not wish to employ men on overtime, which would be uneconomical. Under the

law the time will soon come when the next annual increase of wages and decrease of hours automatically comes into force, and this is quite likely to cause discontent all round. Congress may well find it necessary to clarify this law by amendments during the next session.

6. 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,

(For the Ambassador)

(SGD) V. A. L. HALLET