Senator James E. Murray and reconversion (1943-1945)

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SENATOR JAMES E. MURRAY AND RECONVERSION
(1943-1945)

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# TABLE OF CONTENTS

Acknowledgments ........................................... ii

Chapter

I  INTRODUCTION ........................................... 1

II WAR CONTRACT TERMINATION ........................... 17

III SURPLUS PROPERTY DISPOSAL ............................. 40

IV UNEMPLOYMENT COMPENSATION ........................... 51

V CONCLUSION ............................................. 73

BIBLIOGRAPHY ............................................ 80

iii
CHAPTER I

INTRODUCTION

Reconversion is a broad concept. This is because modern war affects the total fabric of society. The intensity with which social energies are channeled into the war effort may temporarily obfuscate other social problems but as international hostilities come to a close these other tension points return. As victory in World War II became apparent, the mechanical problems involved in returning a wartime economy to a peacetime one became critical. Since the distribution of scarce resources was involved, this struggle entailed sharp ideological conflict and intense interest group participation. In Congress, champions for what was known as the "human side" of reconversion emerged, as did their ideological counterparts who diligently opposed any sort of legislation which they believed would further enhance the New Deal welfare-state political philosophy which the thirties had brought.

In Congress, the man who became the leading figure in reconversion questions on the side of those forces seeking progressive legislation was Senator James Edward Murray (1876-1962), a Democrat from Montana. Murray, a Butte attorney,
had scored a comfortable victory to a two-year Senate term in 1934, created by the death of Thomas J. Walsh. Murray had been overwhelmingly reelected in 1936 by carrying fifty-four of Montana's fifty-six counties; then in 1942 had survived a very close contest with Wellington D. Rankin as both candidates carried twenty-eight counties.¹

As reconversion legislation became plentiful, it was the War Contract Subcommittee of the Senate Military Affairs Committee which handled much of this legislation and in this way decided what the content of the bills would be when reported out onto the floor. Stephen K. Bailey claims that by April of 1944 this subcommittee, operating under Murray's chairmanship, controlled every important bill dealing with reconversion and post-war matters.² It was from his position as chairman of this subcommittee, and additional chairmanships of the Senate Small Business Committee and the Senate Education and Labor Committee, that Murray gathered much of the authority with which he influenced reconversion policy. This study is an examination of this important role played by


Murray in order to increase understanding about both Murray's career, during which he also ardently supported such measures as the proposed Missouri Valley Authority, the Small Business Administration Act and compulsory health insurance, and about the development of reconversion programs in Congress. 3

What were the issues which provided the focal points of World War II reconversion? The three issues with which Murray was most intimately involved, and which will provide the topics for the next three chapters, were war contracts termination, the disposal of surplus government property, and the question of federal supplementation of state unemployment compensation funds. But there were a plethora of tension points which were recognized as part of the problem and the inter-connection between them is apparent. Murray and other students of reconversion realized that the multitude of questions about the shape of post-war society were interrelated and that a responsible government would be one which addressed itself to as many of them as possible. The problem of determining how many of these issues could be incorporated into a single piece of legislation which would be passable in the House and Senate became a vexatious one for Murray and his staff.

3Thomas Payne, "Montana: Politics under the Copper Dome," in Politics in the American West, edited by Frank Jones (Salt Lake City: University of Utah Press, 1969), p. 219. This thesis is based primarily upon that section of the Murray Papers subtitled "War Related Functions and Industries." Located in the University of Montana Archives, Missoula, Montana, these papers consist mainly of executive and congressional reports, speeches, newspaper clippings, and personal correspondence and memoranda.
In addition to the three areas which will be examined here, many other facets of the reconversion dilemma can be listed, including post-war taxation policies; tariff bills; price control; veteran's benefits; housing and public works; federal loan policies to business; policy toward labor and strikes; and rent control. The war had altered social and economic relationships and many new policies were developed from 1943 to 1945 to provide a foundation for post-war America.

The term "human side" consistently appears in the literature of post-war planning. As the name suggests it refers to questions of social justice and economic redistribution. It is to be distinguished from policies aimed simply at keeping the economy functioning at a high tempo. Of course the distinction is, in part, fallacious: "keeping the economy going" is not simply a mechanical process but, like all political questions, deals with human values. As far as concrete issues were concerned, contract termination and surplus property disposal were considered mechanical types of problems, and unemployment compensation and welfare measures were referred to as involving the "human side." "Keeping the economy going" was a goal supported by all sides. Tracing the progress of legislation in the next three chapters will indicate how the "human side" represented the more controversial legislation, although there were sharp conflicts regarding war contract.
terminations and surplus property disposal. The importance with which Murray viewed the "human side" will also become clear.

Though statistics regarding the scope of reconversion vary considerably they do demonstrate the colossal size of the task which government faced. In August of 1944 estimates of surplus property ranged from $50,000,000,000 to $120,000,000,000.\(^4\) One year earlier a projection showed that with the end of the war the United States might find itself with as much as $75,000,000,000 worth of undelivered war contracts.\(^5\) Other studies revealed that about half of the $196,000,000,000 gross national product had its framework in war contracts, which showed the pressing need to develop economic substitutes for those contracts. As the end of the war approached, the rate of contract cancellation increased and the lack of termination policy became more apparent.\(^6\) Murray supposed that V-E day would mean that four to five million war workers would no longer be needed, that two million people would be leaving the service, and that the

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\(^5\)"Out From Under," Time (August 30, 1943), pp. 86-87. [Author unknown.]

problem would be further compounded following victory over Japan as five million men would leave the armed services in the first year of demobilization following that victory. These figures indicate the enormity of the task of reconversion and reconstruction.

Other dimensions of the situation can be brought to light through comparison with the World War I reconversion scene. Recognizing that the task of reconversion would be much greater than at the end of World War I--undelivered war contracts, for example, amounted to only $3,600,000,000 at that time, which was but a tiny fraction of the projected total for the end of World War II--the goal of Congress was to establish procedures which would avoid some of the problems which had plagued reconversion efforts following the earlier war despite the larger magnitude of their task. Experience, they realized, should be their guide.

In part, the problems would be lesser ones following V-E and V-J days than they had been in 1918 because conditions in general were more ordered as World War II was coming to an end. This was the case because national war production and the war economy were in a more advanced state in 1944-1945 than they were in 1918: At the end of the First World War

7Address by Murray, University of Montana, Archives, Murray Papers. That Germany would surrender before Japan was a hypothesis of early reconversion planning.

8"Out From Under," op. cit.
"blueprints were being drawn up, plants built and initial inventories ordered." This less advanced state of affairs made some aspects of reconversion, particularly the settlement of war contracts a more chaotic task than the seventy-eighth and seventy-ninth Congresses (1944-1945) were to face.

In emphasizing that the World War I experience must not be repeated, Murray noted that, as far as war contracts were concerned, at the time of World War II unsettled claims still remained from World War I! In regard to surplus property disposal a report of Murray's Small Business Committee suggested that effective coordination was lacking when the May, 1918 law concerning this problem was established centering the power of administration in the executive. This lack of coordination resulted in a situation in which "one government agency was not infrequently disposing of a surplus another was ordering." Murray also stated, in arguing for the Contract Settlement Act, that it would provide a comprehensive approach and avoid the confusion which resulted from the World War I mistake of having government agencies "act on disposal

9J. A. Livingstone, Reconversion-The Job Ahead, Public Affairs Pamphlet No. 94, Public Affairs Committee, 1944, p. 15.

10 Address by Murray, undated, Murray Papers.

industry by industry."\(^{12}\) It also needs pointing out that the two wars differed in that World War I saw almost no government ownership of plants. In World War II government had become the largest industrial owner creating disposal problems which had not existed before.\(^ {13}\) At any rate Murray and others were able to approach the situation with some degree of historical insight which was to aid them in their task.

One of the reasons why Murray engaged so vigorously in reconversion planning was his fear that the end of the war would mean the recrudescence of the depression which had marred the thirties. Murray was one of those who believed that an active federal government could promote the kind of policies which would prevent the disastrous effects that another depression would bring. He said, "American business realizes that another depression such as we experienced in the 1930's might well mean the end of capitalism in America."\(^ {14}\) For Murray an ideal reconversion would mean an economy that did not falter with the coming of peace, but rather maintained a high level of production; and a society which would provide special benefit to those individuals whose circumstances were disrupted in the transition.


\(^{13}\)Ibid.

\(^{14}\)Speech by Murray, undated, Murray Papers.
The question, of course, was what sort of policies would build economic prosperity and promote social justice? The question brought deep ideological division. In part, it was a battle of the new Keynesian-influenced economics versus certain older conceptions of American capitalism with their lesser degree of federal manipulation. Other familiar dichotomies were also present: labor and small business vs. big business; and federal action vs. states' "rights." Murray and other liberal colleagues consistently defended the first-mentioned element of each of these dichotomies. Many of the arguments were framed in terms of priorities—for example, if congressional legislation had permitted big business to make exceptional wartime profit and advanced money to corporations during the period in which their contracts were being terminated, should government not also undertake increased responsibility toward workers? Other questions were less ideological and more pragmatic: At what point is it safe to begin certain demobilization and reconversion programs without hindering the war effort? How fast can war contracts be terminated and surplus property be disposed of without harming the government's ability to protect itself against waste and swindle (economic efficiency vs. security)? These last two questions represented a balancing of non-controversial and universally recognized interest more than any fierce ideological differing.
Although Murray became the most important congressional figure in the area of reconversion legislation, there were a multitude of other governmental figures who worked on the problems. Two other senators who played significant roles were Walter F. George (Democrat-Georgia), the chairman of the Senate Committee on Post-War Economic Policy and Planning and chairman of the Senate Finance Committee, and Harley M. Kilgore (Democrat-West Virginia), the chairman of the War Mobilization Subcommittee of the Military Affairs Committee. The House had also designated certain committees to work on post-war problems. According to Bailey, Senators Murray, Kilgore and George and their respective staffs "spent most of late 1943 and early 1944 jockeying for position in the race to dominate reconversion legislation," a race which, as was noted earlier, the Murray forces won.  

Although the senators tended to engage publicly in the traditional senatorial rhetoric of mutual admiration, Bailey wrote that there was considerable discord between them caused by both jealousy and different conceptions of proper policy.

The special Senate and House committees together with the Baruch-Hancock Report provided the framework and impetus

\[15\] Bailey, p. 30.

\[16\] Murray, as is traditional, was effusive in his praise of his fellow senators. He referred to the preparation of the War Contract Settlement Act as a "perfect example of teamwork between committees." Murray Papers.
for the reconversion legislation passed by Congress. The Baruch team was working, at the direction of the executive branch, on solving the same reconversion problems that the special committees were involved with in Congress. James F. Byrnes, the head of the Office of War Mobilization, had requested Bernard Baruch to undertake a study of reconversion and Baruch had, in turn, asked New York industrial banker John M. Hancock to assist him. Their report became public on February 15, 1944. ¹⁷

Although the ideas of the congressional committees and those of the Baruch-Hancock Report are quite similar there was a certain degree of animosity, apparently precipitated by jealousy, between the congressional study groups and the Baruch-Hancock people. (Murray was probably much less disturbed by Baruch and Hancock than were certain other congressmen, particularly Mr. George.)¹⁸ Since the work of the executive branch and congressional committees were concurrent and contained similar formulas for solving post-war ills, it is difficult to judge either source to be the one which made the most significant contribution. It is true, however, that the ultimate scope and direction of reconversion were to be determined by vote of Congress.


¹⁸Bailey, p. 32.
Some of the administrative arrangements which were developed in planning for peace were highly original. The legislation developed in the Murray subcommittee represented some of the most significant change—especially the tendency for Congress to itself direct the functioning of certain organs which it had created in place of the traditional arrangement whereby such administrative bodies occupied a staff relation with the President and functioned at the direction of the executive. The question of the proper balance between congressional and executive power was one of deep concern to Murray who thought that action must be taken "to restore to Congress a large amount of the control which during the war the Congress delegated to the administrative branch of government." Murray was convinced that Congress would be failing the people if it did not stay informed of the activities and policies of executive departments. In Chapter 2 it will be shown how this idea of an energetic and active Congress inspired Murray to incorporate into the War Contract Settlement Act

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19 See V. O. Key, Jr., "The Reconversion Phase of Demobilization," *American Political Science Review*, XXXVIII, No. 6 (December, 1944), pp. 1137-1153. (Hereinafter referred to as "Reconversion Phase").

20 Speech by Murray, undated, Murray Papers. During the war years many fundamental decisions were made by the executive branch and passed with little questioning or contribution by Congress. These decisions included the War Powers Act, Selective Service Act, Emergency Price Control Act, and sundry war appropriations. See Betram M. Gross, "The Role of Congress in Contract Termination," *Law and Contemporary Problems* (Durham, N.C.: Duke University Press, 1944), p. 540.
provisions which actively provided for Congressional surveillance and knowledge of executive activity. He viewed this development as "an interesting experiment in view of the traditional attempts to keep our government divided into three water-tight compartments." 21

The perspectives from which Murray viewed reconversion policy will be of recurrent interest in this theses. Murray saw it as very important for the vitality of a democratic government that Congress, rather than the executive, take the initiative in developing programs. Secondly, in Murray's judgment the most powerful opponent which the progressive forces faced were the big industrial concerns. 22 He consistently sought policies which would provide increased benefit to the interests of labor and of the small businessman. Big business, he believed, was more than able to take care of its own interests. "Business enterprise," he stated, should never "profit at the cost of human misery." 23

What is probably Murray's most interesting piece of legislation--the Employment Act of 1946--will be mentioned only in passing for two reasons: It has been extensively dealt with by Stephen Bailey in Congress Makes a Law; and it is a broader type of legislation than this study is

21 Speech by Murray, undated, Murray Papers.
22 Washington Post, July 7, 1944.
concerned with. Although it is clear that the reconversion legislation of the War Contracts Subcommittee had far-reaching social implications, the Employment Act of 1946 was a different sort of a bill in that it was intended to establish a "permanent federal obligation, far transcending the limited reconversion concepts." Murray felt that the reconversion legislation which Congress passed was inadequate in terms of its ability to cope with the more far-reaching problems of American society. More legislation, like the Employment Act of 1946, which was initially intended to establish federal responsibility for seeing that every able-bodied American had a job, was needed to supplement the trend toward increased social justice that Murray felt post-war legislation would bring. The Employment Act of 1946 represents a continuation of the same type of ideological goals which guided his earlier reconversion work. Murray sought to increase the scope of activity of the federal government in ways which he thought would better society.

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24 Bailey, p. 32. The extent of Murray's concern about big business influence upon national reconversion policy leads one to ask questions about his relationship to traditional corporate interests in Montana. Since Montana is viewed as a state where a few corporations such as Anaconda and Montana Power exercise an inordinate amount of political power, it would be of interest to explore Murray's role in helping or hindering these industrial monoliths in the context of reconversion. Unfortunately, that investigation was not undertaken in this thesis due to the lack of information on such matters in the "Murray Papers."

25 Bailey, p. 54.
The next three chapters of this study deal with those three areas of reconversion with which Murray was most concerned, and with the legislation he favored towards ameliorating those problem areas. In looking at war contract termination, surplus property disposal and federal supplementation of unemployment compensation it seems that pressures from his Montana constituency had little effect on Murray's actions. Although there may have been considerable concern about economic conditions in general on the part of Montana groups, there seems to have been little awareness of, or agitation for, any particular policies such as Murray was interested in. On the whole Murray's relationship with Montanans in regard to reconversion seems to have centered around special favors he could do for particular communities, or individuals. Murray's personal papers indicate that Montana people were more concerned with topical issues such as temperance on military bases and treatment of Japanese-Americans in detention camps. It is possible, however, to isolate two factors which caused Murray to become so involved in these questions: The particular position which he held in the committee structure as chairman of the Special Senate Committee on Problems of Small Business since 1940 and chairman of the War Contracts Subcommittee of the Committee on Military Affairs put him in a position to be a leader on
these issues. The second significant factor seems to have been his own particular political animus—as a solid proponent of the New Deal, Murray tried to extend these same principles into post-war society. His fear of the recurrence of depression and his qualms about the post-war economy in general are reflected in his concern for a smooth change-over from war to peace.

CHAPTER II

WAR CONTRACT TERMINATION

In September of 1943 a War Contracts Subcommittee of the Senate Military Affairs Committee was established to consider contract settlement legislation. The three original members of the subcommittee were Chairman Murray, Harry S. Truman (Democrat-Missouri) and Chapman Revercomb (Republican-West Virginia). Providing important assistance to the committee were two staff members: Bertram M. Gross, the director, and Kurt Borchardt, consultant. Murray's son, Charles, was appointed executive-secretary.

At the same time the Post-War Planning Committee under the guidance of Senator George (Democrat-Georgia) was also working in the area of contract settlement. Since the two committees were at work on the same problems Murray invited George to be co-sponsor of the Contract Settlement Bill which the Murray committee was formulating. George accepted and the Murray-George omnibus contract settlement bill (Public Law 395) came to the floor of the Senate on February 11, 1944. The original goal had been to pass an omnibus bill covering all

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1 Bailey, pp. 30-36.
phases of reconversion; however, since such a bill was bound to contain many controversial provisions, including some dealing with unemployment compensation, getting it through Congress meant considerable delay or, quite possibly, failure. So the committee decided to focus its efforts on the passage of the Murray-George Bill. Although certain liberal elements were upset at the Murray Committee when it did not include any measures to rectify inadequacies in the unemployment compensation system, the committee's decision is more understandable when it is realized that the members had labored for eight months on contract termination legislation and had no desire to see their efforts go for nothing.

The Murray-George Bill, providing the basis for the entire program of post-war contract termination was signed into law July 1, 1944 and was incorporated into the Office of War Management and Reconversion. Although Murray felt that the passage of a sound contract termination bill was "probably" not the most important piece of legislation

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2 War Contract Terminations and Settlements. A Historical Record Including the Activities of Contract Settlement in World War II, p. 49-50, Murray Papers. (Hereinafter referred to as Terminations and Settlements.) The author of this manuscript was not mentioned in the work. The report seems to have been prepared by some government agency, perhaps the Office of Contract Settlement itself. Murray thought the history accurate and that its only weaknesses were that it did not emphasize the important role of Congress enough.

3 Bailey, pp. 33-34.

4 58 Statute 649, July 1, 1944.
58 Statute 785, October 3, 1944.
needed to convert the economy from wartime prosperity to peacetime prosperity, he did recognize a termination program as the "first essential step toward reconversion." Murray realized that a "serious situation" had been created by the termination of fourteen billion dollars worth of contracts by May of 1944 without the guidance of a sound program. Murray felt that the inefficiency of the system then in use was pointed up by the circumstance of some contracts having been "settled" for a year without contractors having secured payments.\(^5\)

Prior to the Contract Settlement Act settlements were, for the most part, handled by the various agencies on an individual basis as incidental matters to procurement. As the volume of terminations increased it became apparent that a better procedure was needed. Among other things unfavorable criticism was heard regarding inadequate procedures for appeal: war contractors, trade associations and governmental committees thought that established appeal boards would be helpful in answering complaints.\(^6\)

In 1943, in response to the increasing need for established government policies and standards, the Director of War Mobilization appointed a joint contract termination board to tackle the problem. On January 8, 1944 the Director

\(^5\)Speech by Murray on Reconversion, undated, Murray Papers.

\(^6\)Terminations and Settlements, p. 148.
announced that a "uniform termination article for fixed-price supply contracts" was to go into effect at the suggestion of the board. This clause was to be used by the various agencies in negotiating contracts and, so far as was feasible, was to be implemented into already existing contracts. V. O. Key, Jr. interpreted the clause as having "defined the rights and duties of the contractor on receipt of a termination notice, adapted the principle that settlements should be made by negotiation and established principles to be followed in determining amounts due as an alternative to argued settlement."^8

Also, in 1943 the War Department had requested enactment of a rider to an Army appropriations bill which would have given the Secretary of War complete authority to use departmental appropriations "in connection with the termination of War Department Contracts, under such regulation as he may prescribe and without regard to any provision of law

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^7James Murray, "Contract Settlement Act of 1944," Murray Papers. This article originally appeared in the journal of Law and Contemporary Problems, op. cit. The basic concepts behind the two main types of World War II contracts are suggested by their names--fixed price being an initial settlement establishing the entire cost of the goods and services which will be paid by the government; and the cost-plus-fixed-fee contract being an agreement in which the government will pay the cost of the goods and services agreed upon plus a designated "reasonable profit." It was this latter type of contract which many, including Murray, thought had encouraged waste and corruption.

^Key, "Reconversion Phase," p. 1145.
relating to making, performance, amendment, or modification of contracts. . . ." To Murray's mind this request was a blatant example of the efforts of the Army and executive to usurp the rightful powers of Congress. It was Murray's firm belief that on matters as important as contract termination policy Congress must be the guiding force. Murray thought it much to the credit of Congress that instead of mechanically passing the rider it began an investigation into the implications of such a request.

At the same time Murray's Senate Small Business Committee began to receive complaints from small businessmen regarding termination problems which created further momentum toward a Congressional attack on the inadequacies of the existing program. In general there was considerable uneasiness among the business community regarding the lack of clarity in government policy and procedure. It was reported that some contractors had opted against war production and had chosen civilian production solely because they feared "red-tape" on the termination date. The result of this lack of an effective and recognized policy had far-reaching dangers in addition to upsetting the business world: it was threatening the war effort and the economy as a whole. It

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10Ibid., p. 683.
was into the center of this problem that Murray insisted Congress had a responsibility to proceed.

Since the War Contract Subcommittee was seeking a broad legislative solution to the whole problem of termination the response of that committee to the executive's "uniform termination article" was entirely predictable, and one with which armed services administrators tended to concur. A Subcommittee report termed the clause "welcome" but not a "complete answer" and went on to suggest what was really required:

The scope of the uniform termination clause is quite modest. It offers no approach to problems of subcontractors. It does not deal with cost-plus-fixed-fee contracts. It does not clarify the role of the general accounting office. It does not establish a suitable program for advance notice, removal of materials from plant, or for interim financing. It does not attempt to deal with appeals; the handling of informal, defective or quasi-contracts; the type of records that should be kept; the development of appropriate statistics on contract termination; the detection and prosecution of fraud; and many other items.

More will be said about the above listed inadequacies later, but it might be well to enumerate some general principles which Murray felt a well constructed piece of contract termination legislation should include. Murray gathered

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12 Colonel David Hauserman who headed the Army's readjustment division in charge of settling contracts believed that the job of termination would be much better handled with legislation such as the pending Murray-George Bill. *Time*, April 17, 1944.

ideas for these principles from many sources—the diverse Congressional committees who worked on the problem; the sizable staffs of those committees; the executive branch in the Baruch-Hancock Report; numerous interest groups including the military, business organizations, labor, and agriculture; and interested citizens who contributed advice and suggestions to their governmental representatives upon request of the committees or through their own initiative. The legislation which Congressmen like Murray authored and sponsored depended on all these sources for ideas.14

Murray believed that legislation for contract settlement should impose upon the government and its executive the following responsibilities: quick settlements, with interim financing between termination and final settlement (when properly structured and administered this would, presumably, prevent widespread bankruptcy); protection of the small businessman; protection of the government's interests in preventing overpayments, recovering excess payments and preventing fraud;15 reemployment through quick, fair and efficient settlement which would create civilian
jobs; and provision for the speedy removal of plant inventories to encourage prompt resumption of civilian activities. These five principles were central to Murray and his associates when they wrote the Contract Settlement Act.

The contract settlement question proved to be a less controversial issue than some others. Senator Vandenburg (Republican-Michigan) commented two months before passage that "In my view there has ceased to be any substantial controversy in respect to contract termination and plant clearance as contemplated in S. 1718." Although Vandenburg felt that by May controversy had ceased, there had been a number of sharp points of disagreement during the formulation of the bill in committee and on the floor. What were these points of controversy?

First, there was the question of when businesses should be allowed to return to civilian production. Many people felt that it would be unfair to permit corporations to engage in civilian production in certain areas when their chief competitors were still engaged in war production. This position was, of course, taken by those industries still engaged in war production who saw their business competitors either resuming or indicating that they would soon resume civilian


17Quoted in U. S., Congress, Senate. Military Affairs Committee Print on Termination of War Contracts, 78th Congress, 1944.
production. Even worse, they argued, would be the permitting of new competitors to enter the market and take away their business while they were serving the nation.18

At the other extreme there were those who suggested a policy of deliberately removing small businesses from war production first, in order to give them a head start in post-war civilian production.19 Murray's position was not this extreme, but was a laissez-faire attitude which advocated allowing businesses to return to civilian production as their war work was completed. The issue proved the most volatile in the development of the Contract Settlement Act and was the issue on which Murray said the big industrial interests most vehemently opposed him.20

Secondly, questions arose as to the proper role for the Offices of Comptroller General and Attorney General in the new legislation. When the Congress first undertook consideration of termination legislation in October of 1943 Comptroller General Lindsay Warren informed the appropriate congressional committees that he would be opposed to allowing any procurement agencies to negotiate a final settlement.

18U. S., Congress, Senate, Building the Post-War Economy. From the Year-End Report of the War Contract Subcommittee to the Committee on Military Affairs pursuant to Senate Resolution 198, 78th Congress, 2nd Sess., Senate Subcommittee Print 12a, December 18, 1944.

19Key, "Reconversion Phase," p. 1141.

20Washington Post, July 7, 1944.
until his office had examined and approved the terms of such a settlement. Warren made it clear that he felt such a policy would not only fail to safeguard the financial interests of the nation, but would also be illegal. He said he deplored:

a growing tendency on the part of some administrative agencies . . . to vest in contracting offices or their representatives final authority to adjust and settle claims against the United States in degradation of the authority and jurisdiction vested in the General Accounting Office by the Budget and Accounting Act of 1921, 21 U.S.C. 41.21

Those who were opposed to giving the Comptroller General the authority and responsibility that Warren thought proper argued that since settlements were to be made by negotiation, and not through the application of accounting principles, such a mandatory review would only mean "a re-negotiation of a negotiated settlement." In suggesting a much more limited role for the Comptroller General they feared that compulsory review would serve to slow down the settlement process and, thus, promote unemployment.22

The third key area of dispute involved questions of oversight and responsibility: where and how to place the proper balance between the powers of the executive and the legislative branches. Murray's committee was quite clear

21Terminations and Settlements, p. 45.
22Key, "Reconversion Phase," pp. 1147-1148.
about its desire to increase congressional participation:

Many government officials prefer legislation that deals only with organization and neglects the declaration of congressional policies. Rather than have the Congress clearly define their responsibilities they prefer to operate under the incomplete legislation that would leave them full powers of direction in formulating basic policies, your subcommittee feels that this approach is not acceptable to the Congress.23

It was Murray's deep conviction that Congress must exercise its responsibility of "determining programs and outlining policies to be followed by the executive agencies in matters such as demobilization and post-war adjustment."24 Although the subcommittee recognized that under the War Powers Act the executive was authorized to exercise many powers which ordinarily would require Congressional authorization they believed that through strong congressional planning the country could best be prepared for the return to normal congressional policy-making power and the expiration of the emergency powers of the executive.

In other words, Murray's position was that it would be a healthy thing for the democracy if Congress took a strong hand in the development of reconversion legislation, since it would eventually assume much of the power which in time of war had been taken over by the executive. Even though

23Memo of Murray, September, 1943, Murray Papers.

the war was not over he felt that war contract termination was the type of thing Congress could assert itself on without harming the national interest. However, some came to view the War Contract Settlement Act as establishing a type of congressional power never seen before in the United States and, thus, as an effort to extend the powers of the Congress far beyond their traditional position in the balance of power with the executive.

There was general agreement that Congress should establish policy in regards to contract termination but the provisions which called for continued congressional surveillance to insure that the administrative agencies actually performed these policies were questioned.\(^{25}\) Never before had legislation called for "continuous surveillance" and some heads of executive agencies feared that such a provision would lead to intolerable and disruptive meddling in their affairs.

The final version of the Contract Settlement Act indicated that the positions favored by Murray prevailed on the three controversial issues outlined above. The decision was made to allow businesses to return to civilian production irrespective of alleged competitive advantage. The roles of the Comptroller General and Attorney General were less than

\(^{25}\)War Contract Settlement Act, Section 2 (a, b), Public Law 395, July 1, 1944.
officials would have preferred.²⁶ And provisions calling for congressional oversight were instituted.²⁷

Actually the decision to allow corporations to return to civilian production irrespective of competitive advantage represented a continuation of executive policy. In June of 1944 the chairman of the War Production Board had ruled that contractors could return to civilian production, if in so doing they would not harm the war effort, irrespective of whether or not their competitors were still tied up with war contracts. The chairman also decided that new firms would be able to enter an industry despite the fact that firms who had been engaged in that particular line of production may not yet have reconverted.²⁸ So these important points were already government reconversion policy prior to the passage of the Contract Settlement Act. They provided part of the foundation upon which Murray worked, and part of the already existing policy which the Act did nothing to alter.

Given Murray's general orientation toward reconversion and the economy two reasons why such a policy would have appealed to him can be discerned. It would tend to promote

²⁶Ibid., Section 16.

²⁷Ibid., Section 2. The word "oversight" is used here to mean "management" or "supervision."

²⁸Key, "Reconversion Phase," p. 1142. Key cites a War Production Board release No. 5946.
general economic prosperity and employment. A War Contract Subcommittee report stated that, "If the gross national product is high enough after the war—in other words if there is enough productive economic activity—then there will be jobs for everyone." Since Murray wanted such high post-war production he would also encourage a speedy return to civilian production to further this goal. It may also be inferred that since Murray feared an increased control of economic life by giant monopolies following the end of the war he would favor a policy of encouraging new industries to enter certain areas of civilian production in order to promote a more competitive economic milieu.  

The role of the Comptroller General was not controversial in an ideological sense, or because it aroused the attention of interest groups. It became an issue because it raised questions of the government's protecting itself against possible fraud caused by rapid return of corporations to civilian production. The chances of fraud perhaps were increased, but the speed of settlement also increased when the Contract Settlement Act, instead of allowing the Comptroller General to review each and every settlement,  

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29U. S., Congress, Senate, Building the Post-War Economy. From the Year-End Report of the War Contracts Subcommittee on Military Affairs pursuant to Senate Resolution 198, 78th Congress, 2nd Sess., Senate Subcommittee Print 12a, December 18, 1944.  

30Memorandum, January 5, 1944, Murray Papers.
directed that office to investigate selected settlements to determine if they were being made in accordance with the principles of the act, and whether there was fraud. This way the responsibility for settling contracts was delegated to the contracting agencies as was required given the tremendous volume of contracts that had to be settled. That a very limited amount of litigation developed out of the settlement of war contracts indicates that the law was not a cause of scandal and irresponsibility as some had feared.

Section II of the act provided for congressional oversight of the administration of the program which Murray thought unprecedented. Congress delegated the responsibility of appraising the reports of the Director of Contract Settlement (a position established by the act) and the Comptroller General to appropriate committees in the Senate and House. Murray thought that Congress would not meet its full responsibility just by passing the needed legislation and approving the President's choice for Director. Follow-through was also important and for Murray this meant the added responsibility of seeing that the policies specified in the law were actually carried out by the executive

31Key, "Reconversion Phase," p. 1147. Also War Contract Settlement Act, Section 16, Public Law 395, July 1, 1944.
32Murray, "Contract Settlement Act of 1944."
33War Contract Settlement Act, Section 4 (a), Public Law 395, July 1, 1944.
apparatus, and that amendments be passed should the need for such changes become clear through congressional scrutiny.\textsuperscript{34}

Murray believed that this type of continued congressional oversight of the executive's administration of legislation was destined to play a very important part in the functioning of American government. As society and government became more complicated he realized that it would also become increasingly necessary for Congress to confine its role to establishing basic policy guidelines for others to apply to concrete circumstances. In Murray's opinion a surveillance policy such as the one established in the Contract Settlement Act provided an approach which would insure that Congress maintained its law-making responsibility while also permitting the executive branch the necessary degree of authority and discretion to carry forth the policies effectively.\textsuperscript{35} This system represented a pointedly different approach from the usual administrative doctrine which placed an office such as Director of Contract Settlement in a staff relation with the President; the effect was to allow Congress to exercise many of the powers which had typically belonged to the President. That this type of legislation would serve to lessen the power of

\textsuperscript{34}Murray, "Contract Settlement Act of 1944."

\textsuperscript{35}\textit{Ibid.}
the Chief Executive is clear although the President did retain that very important right to appoint the department head.

The Contract Settlement Act contained special provisions designed to benefit and protect sub-contractors. Sub-contractors were frequently small businessmen and, since Murray was chairman of the Senate Small Business Committee, it was to be expected that he would show particular concern toward their situation. Sub-contracting, due to technological development, played a much greater part in World War II war production than it had in World War I.\textsuperscript{36} In fact, one syndicated newspaper columnist argued that the reason why 72 per cent of all war orders were in the hands of one hundred companies was due to extensive sub-contracting and sub-sub-contracting.\textsuperscript{37}

Murray provided protection for the sub-contractor by implementing "quick, fair settlement, speedy removal of materials from war plants and proper advance notice."\textsuperscript{38} Only through a broad legislative approach did he foresee these goals being achieved. Murray viewed the termination clauses in existence while he was working on the Contract Settlement Act as conflicting and incomplete, and as providing little

\textsuperscript{36}Terminations and Settlements.
\textsuperscript{37}Drew Pearson, "Washington Merry-Go-Round," in various newspapers of Sunday, June 12, 1944.
\textsuperscript{38}Statement of Murray, undated, Murray Papers.
or no claim against the prime contractor.\textsuperscript{39}

As part of the speed-up process the act utilized an approach, also recommended by the Baruch-Hancock Report which placed responsibility for reaching settlements on prime contracts with the government contracting agency.\textsuperscript{40} The "vertical system" of settlement, the suggested mode of negotiation, meant that the prime contractor was to negotiate settlements with his own sub-contractors. This system would function when the prime and sub-contractor were able to concur on an acceptable settlement; this tentative agreement would then be submitted to a government contracting officer, and, meeting his approval, would be an official cost which the government would pay to the prime contractor in order for him to settle with the sub-contractor. This method was accepted largely because the upper-tier contractor had much more knowledge of the whole settlement process than did lower-tier contractors, many of whom were totally unfamiliar with its machinations.\textsuperscript{41}

The war-time bureaucracy, seeking to protect sub-contractors yet realizing the impracticality of a review of all sub-contract settlements, developed a pattern of checks which provided some efficiency of review and, more


\textsuperscript{40}\textit{War Contract Settlement Act}, Section 6 (b), Public Law 395, July 1, 1944.

\textsuperscript{41}\textit{Ibid.}, Section 7 (a).
important, required prime contractors to maintain adequate personnel and procedures to do most of the work of reviewing themselves.\textsuperscript{42}

The War Contract Settlement Act continued this basic policy of requiring prime war contractors to handle the claims of their own lower-tier sub-contractors in order to cut down on "red-tape" and to increase the speed of the process. However, a significant deviation from this policy appeared in Section 7 (a) of the new legislation: sub-contractors were allowed to settle their claims directly with the contracting agency if that agency "deems such action necessary or desirable for the expeditious and equitable settlement of such claims." This policy was designed to protect sub-contractors against prime contractors who had either "gone broke" or refused to pay for other reasons. That sub-contractors seldom requested to settle with the government's contracting agency rather than their prime contractors indicates that from their perspective the vertical system was functioning with some degree of success.\textsuperscript{43}

Other sections of the act directed the Smaller War Plants Corporation (of which Murray was the founding father) to provide these businesses with information in regard to

\textsuperscript{42}Terminations and Settlements, p. 102.
\textsuperscript{43}Ibid., p. 115.
interim financing, settlements, and removal and storage of termination inventories.^\textsuperscript{44} The Director of the Office of War Contract Settlement was required to collaborate with the Smaller War Plants Corporation to fulfill these objectives.^\textsuperscript{45}

These policies, designed to protect smaller businesses, reflected Murray's concern with their particular problems. His attitude was that the big companies could take care of themselves but that the smaller firms needed special assistance which could be provided directly through government agencies or by requiring the big companies to provide aid to their weaker associates. Since the smaller firms did not possess the legal resources, accounting staff or financial resources of the larger corporations, Murray recognized that they would be the ones to suffer first and most if Congress failed to produce a fair and effective termination program.

One other section of the War Contract Settlement Act merits mention because of the contribution it made toward increasing economic activity--the sixty day plant clearance policy.^\textsuperscript{46} This allowed the contractor to ask the government procurement agency to move contract inventory out of

^\textsuperscript{44}P.M. (New York City), January 14, 1944.

^\textsuperscript{45}War Contract Settlement Act, Section 20 (g) and 21 (b), Public Law 395, July 1, 1944.

^\textsuperscript{46}Ibid., Section 12.
the plant; and if the government did not perform this function within the sixty-day limitation the contractor was allowed to provide for the storage of equipment at government expense. This policy was also proposed in the Baruch-Hancock Report and was a provision Murray undoubtedly favored because, combined with interim financing, it would allow plants to adapt to peace production more rapidly, and thus contribute to maintaining a high gross national product and a low unemployment rate.\footnote{Baruch and Hancock, \textit{Report on War and Post-War Adjustment Policies}, p. 13.}

Although important new processes were added to the contract termination programs in the spring of 1945, they merely helped expedite and did not alter the basic policies of the Murray committee's War Contract Settlement Act. The legislation filled the need for a broad, effective approach to the confusion of termination. Since the Baruch-Hancock Report recommended so many of the same policies which appeared in the War Contract Settlement Act it is evident that if the executive branch had continued to establish policy in the areas of contract termination its approach would not have been radically different from that of Congress, and it would have been implemented sooner (the War Contract Settlement Act was not passed until over five months after the Baruch-Hancock Report was made public).
Yet to supporters of a strong Congress like Murray it would have been inimical to the nation in the long run if Congress did not assert itself as the law-making body which the Constitution intended it to be and set policy in such an important sphere as reconversion policy. Those policies which appeared in the War Contract Settlement Act (and in the Baruch-Hancock Report) that were designed to aid the small businessman were, in part, a reflection of the increasing fear of big business dominance. Murray's view was that this dominance had been accelerated during the war as many new facilities had been constructed at government expense and then turned over to large corporations to operate. His opinion was that government had done enough to aid big business and should now turn its attention to assisting those less prosperous members of the business community. Murray was convinced that those who opposed his termination policies were representing the "big industrial interests."

However, this opposition seems to have been somewhat limited—the legislation was recognized as an essential program, and after early quarrels, came to be regarded as a relatively uncontroversial piece of legislation. The ease with which it carried the day in both the House and Senate, and the fact

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48 Ibid., p. 38.
49 Speech by Murray, undated, Murray Papers.
50 Washington Post, July 7, 1944.
that it enjoyed strong executive support, speak to its high popularity.  

For James E. Murray contract termination was only the beginning. He saw reconversion as a number of related problems and it was toward the solution of other problems that he continued to devote his energy.

51 Donald H. Riddle, The Truman Committee. A Study in Congressional Responsibility. (New Brunswick: N.J.: Rutgers University Press, 1964), p. 160. "[The] long advocacy of spreading contracts geographically and among small producers . . . had the support of virtually all Congressmen." F.D.R. approved the bill on July 1, 1944. Vice-President Truman was one of the original members of the War Contracts Subcommittee and helped to formulate the bill. Christian Science Monitor, July 10, 1944.

Murray claimed the Act passed the Senate unanimously. Address by Murray, undated, Murray Papers.
Murray believed that the establishment of a war contract settlement policy necessitated a companion bill on the question of surplus property disposal. Murray was actively involved in this area as a member of the Surplus Property Subcommittee of the Senate Military Affairs Committee and of the Small Business Committee. The policies which he stood for in regard to surplus property disposal closely paralleled his stand on war contract termination. In addition to examining some of these policies as they relate to the Surplus Property Bill this chapter will also touch upon the relationship between war surplus, Senator Murray, and his Montana constituency.

The "Surplus Property Act of 1944" superceded Executive Order 9425 which had established a Surplus War Property Administration under a single head. The new law established a three-man Surplus Property Board which was to be appointed by the President with the advice and consent of the Senate.

1 Memo, undated, Murray Papers.

This board was to function, like the Director of Contract Settlement, under the general supervision of the Office of War Management and Reconversion. It possessed the power to designate agencies for the disposal of surplus property.3

Like the War Contract Settlement Act the Surplus Property Disposal Act was directed toward promoting a smooth and rapid industrial transition to peacetime. It established machinery and procedures for the government to follow in expediting the disposal of surplus war property; and it established ground rules to be followed by the Surplus Property Board and the disposal agencies.4 It was designed to avoid uncontrolled dumping and sales to speculators.5 Murray saw the law as a way to avoid the establishment of government owned Army and Navy stores which he thought had been an undesirable nuisance after World War I.6

V. O. Key, Jr. wrote that "In terms of enduring effect on the economy the disposal of government surplus plants, machinery and other property was probably the most significant element in reconversion . . . the groups concerned manifested a most earnest and devoted attention to the development of public policy on surplus property." The decision that the

3U. S., Congress, Congressional Digest, December, 1944, p. 294.
4Surplus Property Disposal Act, Public Law 457, October 3, 1944.
5U. S., Congress, Senate, Surplus Property Report, op. cit.
6Key, "Reconversion Phase," p. 1148.
government was to dispose of the property (except in some instances where the government would lease plants) was made, according to Key, during the summer of 1944. The important questions of: when? and to whom? remained, and it was these questions that Murray and others began to study.

The Surplus Property Disposal Act provided that certain specific preferences were to be a part of any regulation that the Surplus Property Board would write: the federal government was to have priority over all others in acquiring surplus property--this would facilitate the transfer of surplus property from one government agency to another. After the federal government the state and local governments and non-profit institutions were to have priority in purchasing surplus property. In the case of certain classes of property the former owners were to have re-purchase priority rights. Veterans were to have prescribed regulatory advantage in obtaining surplus property "to establish and maintain their own small business, professional or agricultural enterprises." And, as with contract termination, the Smaller War Plants Corporation was legally obligated to aid small businessmen in

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acquiring surplus property. 11

This question of priorities was of particular interest to Murray. He claimed to have been "instrumental in obtaining inclusion in the Surplus Property Act of the section which requires that surplus property be sold or disposed to public health institutions under a priority system." 12 Though the legislation did provide for such a priority in that disposals were to take place in such a way that non-profit institutions were to be given "an opportunity to fulfill, in the public interest their legitimate needs," it also called for "good recovery to government." 13 Thus the law contained conflicting objectives. It was such conflicts within the new legislation that led some, including President Roosevelt, to consider it awkward. 14

After the new legislation went into effect Murray, realizing the conflict in objectives, sought more liberal policies in its administration which would permit public health and educational institutions "to obtain surplus property at nominal prices or prices to include only the cost of care, handling and transportation." 15 When the War Assets

11 Ibid., Section 18.
12 Letter from Murray to S. W. McCullum, May 3, 1946, Murray Papers.
13 Surplus Property Disposal Act, Section 13 (c), and 2.
14 P.M. (New York City), November 13, 1944.
15 Letter from Murray to Frank W. Wiley, Director, Montana Aeronautics Commission, April 8, 1946, Murray Papers.
Administration announced that it had a plan to provide a 95 per cent discount from the fair value of surplus goods (not in excess of three thousand dollars) sold to public health and educational institutions, and that when the items exceeded three thousand dollars then the 95 per cent discount might still be allowed subject to the discretion of the War Assets Administrator. Murray announced his wholehearted approval as he had been urging the War Assets Administrator to take such a step "for many months." It should be noted that earlier Murray drafted a bill which would have made surplus property available to educational institutions free of any charge. Murray again identified special interest groups as the opposition—it was the dealers in supplies to schools who had protested the measure and prevented it from carrying. Although Murray believed he had made a contribution toward guiding administrative policy in the direction of aiding educational and charitable institutions, in March of 1946 he described the act as a failure insofar as veterans were concerned; he held that it had not provided the assistance to the veteran which was justified.


17Letter from Murray to Wilda Fullerton, Struthers, Ohio, December 6, 1944, Murray Papers.

Like the contract settlement legislation the Surplus Property Disposal Act reflected a special concern for small business. It called upon the Small War Plants Corporation to cooperate with the Surplus Property Board towards the ends of: purchasing property for resale to small businesses; guaranteeing loans to small businesses in connection with the acquisition of surplus; conferring with small business to determine its needs and presenting information to the agencies and to the business world.\(^1\) In order to help prevent monopolies the law also contained a section requiring that the Attorney General be notified of any disposition over one million dollars.\(^2\) Murray favored all these provisions just as he did for contract termination and was an influential force in their becoming public policy.\(^2\)

Murray would have liked to have included a policy of congressional oversight of the administration of the surplus property legislation even stronger than the policy set forth in the contract termination bill, but this was not to be. In a report Murray issued on August 22, 1944, he recommended a section which would have provided that two members of each house of Congress should attend Surplus Property Board meetings and report to their respective houses on the proceed-

\(^1\)Surplus Property Disposal Act, Section 18.
\(^2\)Ibid., Section 20.
\(^3\)Various speeches by Murray, Murray Papers.
ings. The War Contract Settlement Act called for periodic reports on the new agencies created by Congress, but it did not go so far as to establish congressional representation at agency meetings. The Surplus Property Disposal Act as originally passed by the Senate did include such a provision, and Murray favored it because he believed it would help restore to Congress its rightful post-war powers. Such a Congressional "sit-in" right was not, however, contained in the final statutes, having been eliminated in a later stage of the law-making process, probably on the grounds that it would have meant burdensome and intolerable meddling in the bureaucratic process. It was likely believed that it would have been a waste of time for congressmen to attend board meetings, and that the goal of keeping track of executive and administrative activity could be accomplished in a more practical manner. Still the concept of surveillance was made explicit in the act in a section requiring reports to Congress explaining how the administration of the law was consistent with the spirit.

Other administrative problems involving surplus property disposal gained Murray's attention.

One of these problem areas involved the men President Roosevelt had appointed to administer disposal. Many liberals

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23 Speech by Murray, undated, Murray Papers.
found the Roosevelt appointees ideologically unacceptable. Some Congressional observers had decided that when the Senate Military Affairs Committee decided that a board should replace the single head who had been in charge of the Surplus Property Administration it was, more than anything, an attempt to get rid of William L. Clayton, a man they considered somewhat unenlightened and reactionary. This negative attitude, which Capitol Hill observers believed the committee members harbored towards Clayton, was expressed openly by people like James G. Patton, president of the National Farmers Union, who issued a statement calling for Roosevelt to remove Clayton on the grounds of his "demonstrated hostility to the true interests of farmers, of small businessmen, and of labor." Since Murray and Patton possessed similar liberal ideologies, as evidenced by their close working relationship on legislation like the Employment Act of 1946, it is safe to assume Murray held no great love for Clayton's policies. Whatever the reasons for the Committee's opting for a board it would not have been smart politics to say that it was being done to get rid of Clayton and his policies. More support would be forthcoming if the decision could be justified on grounds less ideological, which is the course the senators took. They said that the job would involve too much power for any

25 Bailey, pp. 21-23.
one man--making the question one of power per se rather than one of any particular goals of power. 26

The problem did not end here--Roosevelt appointed Clayton to the new board as well. Doubly disturbing to some of the liberals was the appointment of Jesse H. Jones to the board, a man who, in Patton's opinion, was like Clayton in that he disliked the "provisions which aid small business and co-operatives." Their appointments to the three-man board was a circumstance which Patton saw as "very disturbing for every liberal who worked for the re-election of Roosevelt." Trying to demonstrate their big business interests Patton derisively referred to the Roosevelt appointees as the "tycoon of Texas" and the "world's largest cotton factor." 27 Murray had sought various avenues to mitigate big business domination including advisory committees of various economic interests in society (labor, farm, small business, big business, etc.) to the reconversion programs. 28

Murray had, of course, been cognizant of Montana's particular economic difficulties during World War II. The war boom had brought somewhat of a reverse effect upon the state. As the war began unskilled workers had left Montana,

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27 P.M. (New York City), November 13, 1944.
which had no sizable war industry, to go to the west coast and other parts of the nation to work in war plants. Murray catalogued some of the problems which made Montana's situation more critical economically than most other states: "high labor costs, high fuel costs, high transportation costs, greater distance between cities, no large towns, a loss of 18 per cent of the population in the past three years because of no war industries in the state, weather fourteen degrees below zero on the fourteenth of March, 1944, all of these make a difference."^{29}

In light of these special economic difficulties it was important that Murray try to secure for Montana the utmost benefit in post-war programs like Surplus Property Disposal. Such programs would have to operate at an accelerated tempo if people were to be brought back into Montana and a viable post-war economy attained. In this area, especially in regard to surplus property, Murray seems to have performed well. On January 30, 1947, he was able to claim:

I have held a series of conferences here in Washington with top-ranking WAA officials, and I have finally been successful in persuading them that instead of reducing services and facilities of the WAA in Montana, they should be kept as at present in order that our

^{29}Statement by Murray regarding the Office of Price Administration, undated, Murray Papers.
veterans and small businessmen may have every opportunity to purchase surplus property items critically needed to conduct their business and farming operations in the state. . .
Colonel Rutten (6th Zone Administrator) had been most co-operative and he is acting promptly to dispatch surplus property into Montana for disposal to veterans and small businessmen there. I am highly gratified by the success of our mutual efforts to maintain, and, if possible, expand the WAA disposal program in our state.30

It seems fair to say that of the three areas of reconversion covered in this study Murray's work in surplus property had the most benefit for Montanans, certainly the most immediate benefit.

WAA - War Assets Administration.
CHAPTER IV

UNEMPLOYMENT COMPENSATION

With the question of unemployment compensation one moves clearly over to the "human side" of reconversion. Although liberals like Murray had inserted provisions into the War Contract Settlement Act and Surplus Property Disposal Act which served to benefit the interests of small businessmen, charitable and educational institutions, against those big business interests which they saw as opposing their work, it is in the battle for extending the New Deal in the form of increased unemployment compensation and the instituting of national health insurance that the more volatile controversies occurred. Murray viewed the War Contract Settlement Act and the Surplus Property Disposal Act as "purely transitory measures--yes, important transition measures, but nothing more."1 Murray's position, as he stated in August of 1944, was that Congress had already taken action to aid business: "our corporations are to be repaid their previous two years of tax payments at the rate of eighty-one cents on every dollar of loss;" and had enacted legislation to aid the

farmer. Now, he believed, it was important to act to aid the unemployed. He argued that if Congress would enact legislation to strengthen unemployment compensation it would be put to productive use, whereas these other benefits which Congress had decided to bestow might not be.²

This chapter will not deal with the Employment Act of 1946 which, although closely related to the question of increasing state unemployment compensation with a federal supplement, is a separate and later issue; and one which went far beyond the scope of reconversion. Nor will it be concerned with the Murray-Wagner-Dingell Bill which was designed to establish, among other things, a federal system of medical and hospitalization benefits. Though a very interesting legislative effort it too was not intended as a reconversion measure—in fact opponents of the measure saw it as an attempt to establish a "cradle-to-the-grave" welfare system like the British Beveridge Plan.³ Also it might be mentioned that Murray claimed little involvement in the formulation of the Murray-Wagner-Dingell Bill referring to Robert Wagner (Democrat-New York) as its author.⁴

²Address by Murray in the U. S. Senate, August 9, 1944, Murray Papers.


⁴P. M. (New York City), January 14, 1944.
Unlike the previous two chapters this one is largely a study of failure—the failure of Murray and his liberal colleagues to win the support of the majority and their fellow Congressmen. Since this chapter does deal with a more controversial issue than the other two that have been examined it will also be characterized by arguments of a more deceptive nature—what Murray favored, and what his opponents wanted to make it appear he favored, frequently appear as two different commodities.

In the second chapter, it was explained how the plan to have one comprehensive measure covering all of the reconversion problems fell through for diverse reasons.\(^5\) Since this was the case the question of further federal provision for the demobilized war worker was one of those problems which had to be approached individually. Toward this end Harley M. Kilgore (Democrat-West Virginia) and Murray were among the Congressmen who offered bills.\(^6\) Rather than analyzing the bills in terms of their progress in the law-making process the emphasis here will be on their substantive content and the highly opinionated positions which were taken both pro and con.

When the Social Security Act was amended on October 3,\(^5\)

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\(^5\)Supra., p. 18.

\(^6\)U. S., Congress, \underline{Congressional Digest}, December, 1944, p. 291.
1944 with the signing into law of the War Mobilization and Reconversion Act (also known as the "George Bill") part of the national program it created involved placing additional responsibilities upon the executive to provide re-training and re-employment. The law also guaranteed the solvency of state unemployment benefit funds in the event that the stress of reconversion should place a great burden on those funds. Though these changes had definite appeal to the liberal "bloc" in Congress that group still saw a need for greater federal initiative in meeting the unemployment problems of reconversion. President Roosevelt, in signing the bill, expressed some of this concern when he listed what he considered crucial omissions. Roosevelt issued a statement containing three inadequacies which he felt should be covered by further legislation: unemployment compensation should be provided for federal employees; travel pay should be provided for discharged workers to their homes or new jobs; and minimum unemployment compensation standards should be established. There had been a battle to include all three of these positions in the War Mobilization and Reconversion Act but all three had been thrown out: the original version passed by the Senate contained provisions for extending unemployment compensation to federal employees and for paying

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7*Social Security Act*, Public Law 458, October 3, 1944, Title III.

8*Ibid.*, Titles IV and XIII.
transportation costs for federal workers to their homes or new jobs, but these sections were deleted by the House; minimum standards to be paid by state agencies were defeated by both the Senate and House. Murray, functioning in his familiar role as a leader of the liberal forces, had offered an amendment to the War Mobilization and Reconversion Act which would have established federal standards for unemployment compensation if it had won acceptance. Directing a threat toward those interests which he was convinced were opposing his efforts, Murray suggested that if the liberal reforms were not passed by Congress then perhaps it was time to eliminate some of the post-war legislation to aid corporate interests.

Losing the fight for many of the measures which they would have liked to have seen in the War Mobilization and Reconversion Act, Murray and other liberals did not give up. Among the bills which they later introduced was Senate Resolution 1274. Sponsored by Murray this was a bill to amend the War Mobilization and Reconversion Act in order to meet those same needs for which Roosevelt felt the original law should have provided. It called for federal funds to be used to supplement unemployment compensation which was payable under

\footnotesize{\textit{\textsuperscript{9}}U. S., Congress, \textit{Congressional Digest}, December, 1944, p. 295.}
\footnotesize{\textit{\textsuperscript{10}}}Address by Murray in the U. S. Senate, August 9, 1944, Murray Papers.
state laws, unemployment compensation for federal workers, and transportation allowances for war workers. Had the amendment been passed it would have been in effect from the fifth Sunday after enactment until June 30, 1947.\textsuperscript{11}

Although Murray was at the time accused of favoring legislation which would have federalized the system of unemployment compensation, he argued that Senate Resolution 1274 was an emergency measure to meet an emergency situation brought about by the war. The chief objective was to improve what its proponents saw as inadequate and unequal state payments.\textsuperscript{12} The liberals, fearing extensive unemployment following the war, reasoned that since the war was a national effort the federal government must take the responsibility of protecting individuals discontinuing war work.\textsuperscript{13} Murray considered the cost of such human aspects of reconversion to be just as legitimate a cost of war as any other undertaken by the federal government.

\textsuperscript{11}As established under the Social Security Act of 1935 unemployment compensation was supported by a payroll tax of 3 per cent which was being turned back over to the states to be administered by them (minus the federal administrative expenses). \textit{Social Security Act, Public Law 271, August 14, Title III.}


\textsuperscript{13}U. S., Congress, Senate. \textit{Emergency Unemployment Compensation}. Report No. 565 from the Committee on Finance pursuant to Senate Resolution 1274, Mr. George, Chairman, 79th Congress, 1st Sess., p. 2. (Hereafter referred to as \textit{Unemployment Compensation, Report No. 565.})
As originally presented the amendment contained a "mandatory provision" whereby individuals were to receive a twenty-five dollar a week maximum benefit from the state, or if the state chose not to enter into an agreement with the federal government in order to receive the federal funds (as was to be the right of the states), then the additional supplement could go directly to the individual recipient from the Director of War Management and Reconstruction. Benefits would still have been related to an individual's prior earnings and the only intended change was to give recognition to the low ceilings which some states had set.\textsuperscript{14} What this would have meant was that the federal government would enter into the administration of increased benefits only if the states did not choose to participate and handle the administration themselves. It was in regard to this "mandatory-provision" that some interesting legal arguments were presented, legal arguments which the Senate Finance Committee gave as their reason for deleting the provision from the amendment.

This legal quagmire developed when the Finance Committee contacted state officials in order to get their legal opinions regarding the ability of the states to participate in the effort to establish the twenty-five dollar weekly maximum

\textsuperscript{14}Press release of Senator Kilgore on Emergency Reconstruction Unemployment Bill, introduced jointly by Murray, Wagner (N.Y.), Thomas (Utah), Guffey (Penn.), and Pepper (Florida), July 17, 1945, Murray Papers.
benefit payment, either through voluntary agreement or through direct payment by the Director of War Mobilization and Reconversion. The replies ran strongly to the negative: of the states replying twenty reported they could not enter into such an agreement without the consent of the state legislatures (obtaining the permission of the state legislature would, in many cases, have entailed special problems such as the calling of special sessions), seven expressed doubt that they could, while seventeen said they could. A second and related question must have proven just as disillusioning to the supporters of the amendment: Regarding the proposal that direct payments be made by the Director to the unemployed, thirty-five states, speaking through their governors or attorney generals, asserted that such an arrangement would disqualify workers from state benefits, seven said it would not, and the balance failed to reply. The Finance Committee, under Senator George's chairmanship, accepted the testimony from the states at face value and rejected the "mandatory provision," reaching the conclusion that "State laws, in the last analysis, must be interpreted by state officials and state courts."  

15U. S. Senate, Unemployment Compensation, Report No. 565. Among those states which asserted that payments would have to be reduced were Montana, the home state of co-sponsor Murray, West Virginia, the home state of co-sponsor Kilgore, and Missouri, the home state of another strong supporter of the amendment former senator and now President Truman! Los Angeles Times, September 6, 1945.
Supporters of the amendment were naturally unable to accept the conclusion which the Finance Committee reached. Some, like the younger La Follette (Progressive-Wisconsin), felt that the opinions which the states had rendered were only those of entrenched interests seeking to preserve the status quo and that the best course which Congress could take would be simply to ignore them. He asked Congress "... are we interested in what is the opinion of the governor's of the forty-eight states, or are we interested in the plight of the unemployed?" Additional remarks by La Follette indicate that he had concluded that since the unemployment of reconversion was a national problem it was up to Congress to initiate programs to ameliorate its effect and to forget about what the states might think.\textsuperscript{16}

Others had a more sophisticated legal answer to the states' claims that they could not participate. The minority opinion of the Committee on Finance, written by Joseph H. Guffey (Democrat-Pennsylvania), cited the legal opinion of the Social Security Board which found that provisions of all the state laws relating to the question were practically identical, and that these laws were not written with the intent of preventing supplemental payments, but rather to prevent duplicate payments. The Social Security Board

\textsuperscript{16}U. S., Congress, Senate, \textit{Congressional Record}, September 20, 1945, p. 8964.
concluded that, as a rule, the states did have the legal authority to participate in the program called for by Senate Resolution 1274. The minority position saw a dangerous precedent in the Finance Committee's decision to omit the supplemental payments provision on the basis of the assertion of those states which said they had no legal authority to participate—it was feared that no matter what the provisions of a Congressional proposal might be that the states could kill it simply by denying that they could legally participate. Guffey further argued that Congress must do what it could to provide all possible benefit to those states which said they could participate. If Congress implemented the program in those states which wanted it, then the states which gave adverse opinions would be allowed to review those opinions, and, in the event of a change of attitude, opt for participation in the program, calling special sessions of their legislatures if necessary to rid themselves of what Guffey termed "self-inflicted difficulties." 17 A minority report often represents fundamental disagreement, and these legal arguments were structured to defend the interests involved; so it is to the social arguments which were made that one must turn to gain a deeper understanding

of the issue.

Just how much unemployment was to be expected? The figures differed with the sources and quite naturally those who favored increasing federal assistance cited much higher figures: Labor officials and representatives of the executive branch testified before the House Ways and Means Committee and the Senate Finance Committee during the last week of April, 1945 that unemployment might reach eight million by the next spring before gradually reconverting industry would lessen the situation.\(^{18}\) The War Manpower Commission estimated that unemployment might reach seven and a half million during the year after V-J day.\(^ {19}\) Such estimates certainly provided data to support measures like the administration supported Murray-Kilgore Bill. Local situations also indicated serious increases in unemployment—in Murray's home state the Great Falls Tribune stated on December 17, 1945 that the number of unemployment claims had doubled in the previous two months and that local officials speculated that the increase was caused by war workers who were migrating back home after having left Montana to work in war production centers.

Those who were opposed to emergency measures like the Murray-Kilgore Bill had their own interpretations of the


\(^{19}\)U. S., Congress, Senate, \textit{Congressional Record}, July 17, 1945, p. 7715.
unemployment situation. The *Wall Street Journal* editorialized that the need for supplementary provisions "as an emergency measure is not at all clear." The states, the newspaper suggested, could likely handle any unemployment problems if Congress and executive agencies would concentrate their efforts on industrial reconversion.\(^{20}\) In another issue the editor stated that although the nation may have millions unemployed there were hundreds of thousands of jobs "going begging" and that already existing systems of unemployment compensation were, in part, responsible for these jobs being unfilled.\(^{21}\)

The *Washington Post* saw no need for increased unemployment compensation because of a number of economic factors which would contribute to post-war economic prosperity, including low money rates, increased agricultural production, increased residential construction, increased railroad business, and increased demand for civilian goods.\(^{22}\) An economist employed by the United States Chamber of Commerce in testifying against the use of federal funds to increase compensation predicted that "a great boom is pending." This boom would be the natural result of unprecedented purchasing power stored up during the war. "I am not predicting its indefinite con-

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\(^{21}\)Ibid., September 6, 1945.

tinuation, although I think it will continue for several years: Unwise reconversion and labor policies could do much to halt it.\textsuperscript{23} Since no one could say for certain how much post-war unemployment the country would experience it was difficult to say how badly unemployment compensation needed federal supplementation--at least insofar as it needed supplementation as an emergency measure within the reconversion program.

There was also considerable disagreement as to whether states possessed adequate resources to meet post-war unemployment problems. Proponents of the Murray-Kilgore Bill (S. 1274) tended to argue that state funds were inadequate, or that even if adequate the states would defeat the purpose for which unemployment compensation was originally established by hoarding the funds.\textsuperscript{24} Opponents, in turn, would argue that it was illogical for the federal government to provide supplementary funds since the national debt had increased during the war while the states had become more prosperous; and that state funds were entirely adequate, totalling some five billion dollars and increasing steadily.\textsuperscript{25} This question was obviously related to how much unemployment could be expected.

\textsuperscript{23}Philadelphia Record. September 5, 1945.


How adequate were the state benefits? Supporters of the Murray-Kilgore Bill and other similar measures thought an increase in both the amount and duration of payments was entirely justified. The Murray-Kilgore Bill would have established a $25 dollar per week maximum for a period of 26 weeks. Kilgore cited the existing benefits as ranging from $12 to $22 per week and called the situation harmful in that it allowed "the income of the many to fall too low." Testimony before the Senate Finance Committee indicated that a quarter of the states had not raised their standards for ten years. By establishing federal standards it was hoped that gross inequalities would be mitigated--average weekly earnings in the Territory of Alaska were $93.45 per week in 1944 while the unemployment compensation ceiling was $16; in California the average weekly earnings were $51.97 and the ceiling $20. Those who favored the $26 ceiling felt that the state increases had been very limited in real terms--that payments had not kept up with the inflationary spiral indicated by the Bureau of Labor statistics showing the cost of living index in May of 1945 some 28 per cent over the

27U. S., Congress, Congressional Digest, December, 1944, pp. 301, 303.
1935-1939 average. The need was seen as being even more urgent when it was realized that prices of food and clothing which represent a large part of the average family's expense had risen 30 and 44 per cent during the same period.30

Opponents of measures like the Murray-Kilgore Bill argued that states were taking care of the problem themselves and federal effort was not required--that forty-five state legislatures met in 1945 and that twenty-five had increased both benefits and the duration of those benefits, and that thirty-two had increased one or the other.31 They saw each state as being the best judge of its own conditions: Maryland officials noted that their legislature had rendered judgment that twenty dollars a week for twenty-six weeks was right and proper and that additional federal assistance was not necessary.32 If the liberals could argue that a federal supplement was required to keep up with inflation then the Wall Street Journal would have no trouble arguing against such a proposal on the grounds that it was inflationary in itself in that it increased federal spending.33 Inevitably the

30U. S., Congress, Senate, Congressional Record, July 17, 1945, p. 8963.
31U. S., Congress, Senate, Congressional Record, September 20, 1945, p. 8962.
argument that increased compensation would foster increased indolence appeared. A *New York Times* editorial read:

It has been pointed out that a benefit of twenty-five dollars a week is equivalent to sixty-three cents an hour for a forty hour week. In some states this is certainly going to be considered a pretty generous sum for not working six months of the year. The offer of a job, at, say 75 cents an hour will be regarded by many persons on unemployment compensation as an offer of only 12 cents an hour for actively working. It may be less than this, as unemployment compensation benefits are tax free, while the wages to which they are related are subject to income tax.\(^\text{34}\)

Who should be covered by state benefits? One of the provisions which President Roosevelt and Murray believed should have been in the War Mobilization and Reconversion Act was that deleted section providing for unemployment compensation for federal workers. This is one of the things for which Murray's amendment (Senate Resolution 1274) would have provided. As the Social Security System was then functioning only war workers employed by private concerns engaged in the execution of government war contracts were eligible to receive unemployment compensation. Workers in government-owned plants were not eligible because the federal government was not, and could not be, taxed in order to contribute to the fund for unemployment compensation. Workers in federal agencies not engaged in war production were in the same situation except that under Civil Service Regulations they might be able to

withdraw some of the funds which they had contributed to the retirement fund. Maritime workers were not able to draw unemployment compensation under the Social Security Act because it had been decided that it would be impossible to administer the system for them. 35

Senator Wagner said that these categories of uncovered individuals totalled some three million federal employees and 150,000 merchant marines. 36 One of the reasons Murray favored extending coverage to federal employees during the reconversion period was because he believed it was the responsibility of the federal government to aid those who had engaged in war work. Had his amendment to the War Mobilization and Reconversion Act been accepted a transportation allowance to help workers relocate to new employment situations would also have been created. 37 The principal objection raised to the transportation allowances was that it would be impossible to determine who really needed such an allowance and thus prevent abuse of the system. 38

The final point of conflict was whether the proposed federal supplement would have meant increased federalization


36 Ibid., p. 296.

37 U. S. Senate, Unemployment Compensation, Report No. 565.

38 U. S., Congress, Senate, Congressional Record, September 20, 1945, p. 8962.
of the program over the long-run even though Murray and other sponsors had presented it as a temporary emergency measure. Murray acknowledged that in seeking an answer to unequal and often inadequate state benefits it was difficult to frame "adequate" legislation short of federalizing the whole program. Critics of measures like Senate Resolution 1274 argued that while such legislation was ostensibly designed to meet an emergency situation if it did pass, it would as a practical matter mean increased federal control. The Washington Post editorialized:

The Kilgore Emergency Unemployment Insurance Bill, not serviced and strongly supported by the Administration . . . is the forerunner of radical changes in the country's system of unemployment insurance . . . whatever the bills several objectives may be, it is undeniably a first, and a long step toward federalizing our unemployment insurance. This is an undesirable and unnecessary step, politically and industrially. The states have handled their administrative problems efficiently. The reconversion decisions which need to be made in the next three months--and in the next three years--had best be made by officials close to the local conditions. There is nothing in the record to support the view that authorities in Washington are nearly so qualified by experience and responsibility, to make these decisions as are the men on the spot . . . . There can be no national standards of benefits that does not lead surely and swiftly to national standards of wages and working conditions.


A New York Times editorial presented the same view:

Mr. Truman insists that this is merely an emergency program, which will leave unemploy­ment compensation with the states. No one who knows anything of practical politics can ser­iously believe that any state, once having its benefit payments increased or lengthened, could on July 1, 1947, in fact return to its former smaller or shorter benefit payments.

Those who wish a uniform scale of benefits throughout the country, with the federal government supplying funds to make it possible, should logically (and many of them do in fact) prefer an outright federalized system.41

Though it would seem to this writer that, given the context of Murray's political outlook, he would have favored federalizing the whole program he also realized that the only hope for increased benefit to the unemployed during the recon­version period was through the adoption of an "emergency" program.

One of the difficulties which beset the Murray-Kilgore Bill came in the form of an amendment sponsored by Senator Lucas (Democrat-Illinois) which would have returned all employment facilities and personnel of the United States Employment Service (U.S.E.S.) to the states. This action would have been in defiance of President Truman's expressed wishes to Congress;42 and that it was introduced by Lucas caught some off-guard since he was considered a strong

administration supporter and was on record as favoring federalization of the whole unemployment program! The states had loaned unemployment services to the federal government early in the war and Truman had specifically asked Congress to continue this arrangement until June of 1947 and had further requested that appropriations to these services be increased due to what he perceived as an emergency situation. The Lucas amendment would have required that with the passage of the Murray-Kilgore Bill the services of the United States Employment Service be returned to the states within ninety days. This was disconcerting to those members of Congress who thought unemployment had become a national rather than a state concern during reconversion. 43

When the War Contract Settlement Act was passed the liberal 'bloc' in the Senate had pledged that when Congress re-convened they would be able to do something about the "human problems" of reconversion. 44 Insofar as increasing unemployment compensation was one of their goals they failed. This failure was not only a failure for the progressive forces in the Senate but was the first major legislative defeat of President Truman who unequivocally favored federal supple-

43U. S., Congress, Senate, Congressional Record, September 17, 1945, p. 8874.

44U. S., Congress, Senate, Congressional Record, September 19, 1945, p. 8888.
mentation of welfare payments both as President and as a Senator.\footnote{Thomas Stokes, Editorial, \textit{News} (Washington, D.C.), May 31, 1945.}

Murray was convinced that dismissal wages were not the answer to the unemployment problems of reconversion—he feared that dismissal wages would discriminate between war workers and others in an unfair manner.\footnote{Memo, May 3, 1944, Murray Papers.} Strengthening the unemployment compensation system with federal funds was only a partial answer to unemployment problems, designed as an emergency measure it would only increase the workers security for a temporary period. What Murray envisioned was an employment act which would guarantee every worker a job. He viewed it as a companion bill to increased unemployment compensation. Here, too, the liberals were to see a main focus of their effort pass away without gain as the provision providing for a guarantee of a job was sacrificed to the forces of compromise.\footnote{The original version of the Employment Act of 1946, section 2 (b) read: "All Americans able to work and seeking work have the right to useful, remunerative, regular and full-time employment, it is the policy of the United States to assure the existence at all times of sufficient employment opportunities to enable all Americans who have finished their schooling and who do not have full-time housekeeping responsibilities freely to exercise this right." Bailey, Appendix A, p. 243. When Truman signed the bill into law it had been changed to read, "The Congress hereby declares that it is the continuing policy and responsibility of the Federal government to assure the existence at all times of sufficient employment opportunities to enable all Americans who have finished their schooling and who do not have full-time housekeeping responsibilities freely to exercise this right."}
Murray and other liberals thought federal action was necessary to correct the disparity between the payments of the states and to raise the standards of those payments. Since only one state had acted towards development an unemployment compensation system prior to the Social Security Act of 1935, why, they asked, should it be expected that the states would provide adequate benefits? The problems which would stem from raising benefits through federal legislation without federalizing the entire program were also clear to Murray. He realized how difficult it would be politically for the states to lower benefits once they had been significantly raised.

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CHAPTER V

CONCLUSION

John Snyder, Director of War Management and Reconversion, stated in an October 1, 1945 report to Congress that "There can be no doubt that thorough preparation by both business and Government has saved us months of time and billions of dollars; it will reduce the amount of unemploy­ment."¹ There can also be no doubt as to the significant role James Murray played in this success. It is also true that Murray and other liberals failed to achieve some of the goals which they thought should have been a part of reconversion policy. Of the three areas with which Murray was most concerned it seems clear that he and other liberals were usually successful in shaping policy the way they de­sired in war contract termination and surplus property dis­posal; however, these were matters on which there existed widespread consensus on what policy should be established. This is to say that although Murray was influential in develop­ing policy in these areas, the policy that he did help to develop was not radically different from what someone more

¹U. S. Office of War Management and Reconversion, Pro­duction Jobs, Market, 4th Report to the President, the Senate and House of Representatives by the Director of O. W. M. and R. John Snyder, October 1, 1945.

73
to the right of the political spectrum would have presented had he been in Murray's position. In regard to increasing unemployment compensation with federal funds, an issue which was considerably more controversial, the failure of the liberals seems equally clear.

There were a number of perspectives from which Murray viewed reconversion: He saw it as a struggle between the interests of big business vs. small business and labor. He repeatedly voiced fears that "special interest groups," which he most often equated with big business, would influence adjustment policy unfairly in their favor. He betrayed a deep suspicion of what has come to be known as the "military mind" and its influence on public policy. With Murray one sees an individual interested in a continuation of the New Deal political philosophy into the post-war world. One frequently sees a legislator limited by the "system"--of a very liberal ideology straining at the limits of tradition, at the limits of what public opinion will tolerate.

Compromise is endemic to the American political process but it seems to have been demonstrated in a particularly graphic manner in Murray's case as he worked hard for a temporary federal supplement to unemployment compensation while really favoring complete federalization of the entire program; as he eliminated unemployment compensation from the War Contract Settlement Act because he realized it was the only way it could
be passed even though he favored an omnibus reconversion bill which would have attacked all the problems; as he helped to produce the type of legislation needed to keep the economy in high gear, and yet was largely stymied in his efforts to create that "human side" of reconversion which he felt was more important. Murray would have liked to have seen government planning on a much larger scale but he realized that the public was not yet prepared to accept such extensive planning.

In Murray's opinion the pendulum of executive-legislative power had swung too far towards the executive during the war years and the problems of reconversion were something that Congress should have the final say on in order that the legislative branch might regain its proper law-making function. In some part this increased Congressional initiative stemmed from executive failures--Murray did not want a repeat of the chaos which accompanied the World War I experience when the executive branch controlled reconversion, and he did not favor some of the principles and priorities which he thought an all too business-oriented executive apparatus was utilizing in the termination of World War II contracts. Senate war-time subcommittees like those of Murray and Truman did a good deal to point up these executive inadequacies.

Much of the controversy which has surrounded the proper balance between legislative and executive power of administration
stems from ambiguities within the Constitution. The type of Congressional surveillance of the executive that appeared in the War Contract Settlement Act became the stated legal responsibility of all committees with the Legislative Reorganization Act of 1946:

To assist Congress in appraising the administration of the laws . . . each standing committee of the Senate and House of Representatives shall exercise continuous watchfulness of the execution by the administrative agencies concerned of any laws, the subject matter of which is within the jurisdiction of such committee.

Essentially what Murray wanted to see was that same responsible Congress which Woodrow Wilson had argued for in Congressional Government:

If the people could have, through Congress, daily knowledge of all the more important transactions of the government offices, an insight into all that now seems withheld and private, their confidence in the executive, now so often shaken, would, I think be very soon established.

Unless Congress have and use every means of acquainting itself with acts and the disposition of the administrative agents of the government, the country must be helpless to learn how it is being served; and unless Congress both scrutinize these things and sift them by every form of discussion, the country must remain in embarrassing, crippling ignorance of the very affairs which it is most important that it understand and

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The importance of reconversion had become very clear to the public in the presidential campaign of 1944, and it continued to be an issue through 1952 when Eisenhower claimed that the Korean situation had, in part, been caused by Truman's demobilizing too fast. (The criticism loses some of its power when it is remembered that the Republican candidate in 1948, Thomas Dewey, had suggested that demobilization was not taking place fast enough.) Although reconversion remained an issue through the 1952 election its importance had dwindled: Robert E. Lane believes it to be clear that the reason the 1944 election was seen as a much more important contest than the 1952 election is because people were so concerned about economic questions which hinged upon reconversion issues.

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6Ibid., p. 111. This is not to say that Eisenhower's statement is completely invalidated by Dewey's earlier remarks--Eisenhower's remarks must stand on their own merit--rather it means that there was a loss of power in terms of the validity of the statement as an attack on the Democrats. (The intent here is to note a logical contradiction, and not to make any sort of assertion about a real loss of political power which may, or may not have occurred--it is not known how many of the voters in 1952 were aware of Dewey's remarks of four years earlier, or how they logically related the two statements if they were aware of them.)

7Robert E. Lane, "The Politics of Consensus in an Age of Affluence" in Political Man (New York: Free Press, 1972), pp. 228-229. "The implication is clear: people were carrying
importance of reconversion is further emphasized by Harold Stein's observation that in 1944 "practically all the chief participants in the reconversion controversy were mentioned, publicly or privately, as Vice-Presidential nominees."\(^8\)

This list of individuals who were seriously considered included Truman, who had become recognized as a very effective Senator through his role as Chairman of the Special Senate Committee to Investigate War Management and Reconversion. It seems reasonable to assume that Murray would have received some consideration for the Vice-Presidency had he not been ineligible under the Constitution, having been born in Canada and

into the 1944 election--when postwar reconversion anxieties loomed--their sense of partisan alarm learned in the 1930's. In 1952, with the war in the Far East still unresolved, and the cold war in full swing, the sense that the country's welfare hinged on the election nevertheless dwindled drastically."

The following table is used by Lane to summarize the data he has collected from several sources regarding this question of voter perception of the importance of the elections of 1944 and 1952:

<table>
<thead>
<tr>
<th></th>
<th>1944</th>
<th>1952</th>
</tr>
</thead>
<tbody>
<tr>
<td>October</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very important to the country:</td>
<td>54</td>
<td>21</td>
</tr>
<tr>
<td>Country will be better off:</td>
<td>34</td>
<td>40</td>
</tr>
<tr>
<td>Some difference; it depends:</td>
<td></td>
<td>42</td>
</tr>
<tr>
<td>Won't make much difference; no difference:</td>
<td>9</td>
<td>32</td>
</tr>
</tbody>
</table>

Lane seems right in stressing the importance of economic anxiety in making the election of 1944 one of such great concern. However, if further data were available in the form of questions which separated the economic from other possible influences in making the election of 1944 one of greater concern then Lane's case would be a stronger one. Was not World War II a source of greater concern to the average American than the Korean War? Can it be assumed that the only criteria that the voters judge presidential candidates by is their position on economic issues? In over-stating his argument Lane seems to be sweeping other sources of public concern under the rug.

become a United States citizen through naturalization.\(^9\)

Murray's work in reconversion should be considered a very important part of his career in the Senate (1935-1961). Murray was the most important figure in Congress insofar as reconversion policy is concerned. His record, however, was one of mixed results. His ability to shape policy about which basic consensus prevailed testifies to the significant position which he occupied in the Senate; just as the rejection of measures which provided for federal supplementation of unemployment compensation seems to signal an indication of a failure to induce Congress to take certain steps which Murray and other liberals regarded as important in terms of promoting social justice during the reconversion period.

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