

The arms embargo will be repealed. President has the votes. Some new ideas are brewing, varying somewhat from Hull plan of last session. These will stir resistance, but not enough to kill. Time of final vote: Probably around mid-October, hardly earlier. Roosevelt's motives will be treated gingerly by all concerned. Neither criticism nor support will be along party lines. But Roosevelt's judgment will be sharply questioned in debate. It will be said that sale of war arms is almost sure to lead to war.

Net result: We shall sell quantities of war stuff to Britain and to France, for they have Billions of their own funds here to pay, but none to Germans, who can't come and get it.

Business result: U.S. will make money out of European war. And that is an important underground influence on members of Congress. It means a higher degree of business prosperity here...for a while.

Short or long session of Congress? President wants it short, but our opinion is that it will drag along for a couple of months. There may be recesses, but practically the session may be considered an early start for next year's session. One reason for dragging it out is that many members are suspicious of the headlong rush toward war, and want to be on hand to watch it...and check it...if they can.

Session limited to neutrality? President says it should be, but other legislation will be taken up...not restricted to war.

War risk insurance for exports is certain to be discussed, to speed up sale abroad of farm surpluses and other goods.

Export-Import Bank will need and get more capital...ultimately. It's not sure as yet whether funds will be voted this session or next. This Bank COULD be used to supply credit to war-debt defaulting nations, getting around the Johnson act, raising a row in Congress. This is why the administration may wait a while before asking funds for the Bank.

Wage-hour amendments will come up again...prospects uncertain.

Probably no big price control law will be passed this session. Administration would LIKE to have it, but Congress is not willing.

Instead, other methods will be used against price profiteering:

(a) Presidential utterances, pointing out what he believes are unwarranted price boosts from time to time, emphasizing idea that to avoid hardships the price structure must be kept in careful balance.

(b) Similar utterances from other officials in situations which come under their jurisdiction. Example - Ickes on oil.

(c) And especially threats of antitrust prosecutions...Arnold.

The Arnold antitrust threats are likely to be fairly effective. He wields a club..."scare-&-indict"...to use against those price boosts which are largely speculative and monopolistic. He says his tactics appear to have worked on prices of milk, fertilizer, building materials. So Arnold is the chief of police against EXCESSIVE price increases, and traffic-cop at what he calls bottle-necks of distribution.

But higher price levels ARE expected, despite the policing.

Administration wants higher farm prices, and recognizes fact that many other raw materials are entitled to MODERATE price increases.

So the fears of higher prices are largely crocodile fears.