

Thursday April 19

Dear Sumner,

With each passing day it becomes increasingly that our country is returning to a constitutional form of government and to the recognition that one man does not rule the land. It will take time to project that latter idea across with the younger folks who have known only one President for over twelve years and who have looked upon him as the Great White Father, the dispenser of government funds, and the one who laid all the plans, issued all the orders, and carried them out. It will take more than a day and a week and a month to make the younger generation realize that the Congress of the United States is the only law making body and that the Supreme Court of the United States is supreme in the field of interpretation of Federal legal questions; and that ours is a government not by one but by three. Now that is not assophomoric as it may read. The younger generation had definitely reached the stage where they looked upon the President of the United States as the supreme law of the land and the older generations were gradually being lulled into a sense of reliance upon the President for the cure of all ills. Yesterday we had a practical example of the beginnings of the return to our historical form of government. Senator Taft headed a committee of eight Republicans to offer cooperation to the Executive in any attempt to smoothe the way wherever possible. It was a hand of fellowship and a readiness to offer cooperation to the Executive if he in turn will recognize the rights of the loyal opposition. From all accounts it was a most cordial meeting and all newspapers gave it front page publicity because of its implications. Furthermore, the statement by Taft that this is the first time that he had been in the White House since the days of Hoover has a point beyond the personal hatred of the former President. It proves that despite political differences there is a point and a place for cooperation between the Executive and both parties in the Legislative halls, when the Chief Executive does not presume to be both the Legislative and the Executive. To-day the Democrats in the Senate caucus for the same purpose, to extend to the Executive the hand of cooperation in legislative matters before they come up for debate. In other words, President Truman is obviously not presuming to be the master of all he surveys. He may lack the spark and not be spectacular but he will contribute something substantial if he recognizes the peculiar responsibilities of the Legislative and Judiciary and keeps within his own sphere of being the Executive.

Personally, I like his idea of staying at home and not going to the San Francisco Conference. It may be that he came to that decision because he knew he was uninformed on international affairs and that it were better to leave the judgment to the men of experience in the international field. I like to believe that something more than that prompted him to remain in Washington and to extend his greetings to the Conference by radio. I think he wants to impress upon the delegates of the world that it is America that is being represented at this conference and not a personality of America. I have an idea too, that an American delegation united in their decisions and without the personality of the President to dominate, Russia and England will appreciate and respect the solidity of the country and will have less confidence in their ability to sway that delegation of ours, whereas if Roosevelt were alive, they could direct all their guns upon the one man who would assume, as he had heretofore that he was speaking for all America. There is unquestionably a magnetism and a charm about a great personality like Roosevelt, but by the same token there is the danger that lies in the smile and the look of the attractive siren. In a word America will be much stronger at San Francisco than she might otherwise have been. For that, Truman deserves a lot of credit.

We are coming now to what may prove to be great debates in the Senate on tariff legislation and on the ratification of the Bretton Woods Monetary agreement. On the tariff question, I personally have long ago abandoned the

Republican philosophy of high tariff. I do not see how we can maintain an international economic equilibrium without bartering with the other countries. If we put up a high tariff wall we will prevent imports and it is the imports that must pay for the exports. Not that I would do away completely with tariff walls for we must be realistic and recognize that without a tariff differential we would be swamped with imported goods manufactured by cheap labor; but we can carry that idea to the point where we will have no customers abroad. Just where the line is to be drawn is for the expert to decide, provided that that expert believes that a peaceful world future must depend on an exchange of trade as one of the sustaining factors. It is not beyond the realm of possibility that some day the world may have an economy based on free trade. That day is far, far off, but we should point in that direction. In a definite sense a high tariff wall is an indication of a smug, isolationist spirit. It will be interesting to follow not only the debates but the expressions of opinion of our labor leaders.

On the Bretton Woods Monetary Agreement, I am as unimpressed with the pronouncements of the representatives of the American Bankers Assn. as is PM whose editorial I am enclosing. Not that I know anything about the soundness of the arguments one way or the other, but that in the past 11 years I have come to know something of the attitude of that segment of the banking population which has its center in the sacred sanctum of State Street in Boston. The more I see of them, and I have had occasion more than once to be in touch with them on matters of business, the less impressed I am with their downright business abilities, let alone their philosophies. I have seen bank after bank, whose directorates contained august and brahmin names, go down in the crash of 1932-33 without vitality to bounce back, while at the same time the humble and lowly and comparatively poor Loan and Bldg Assn with directorates consisting of friends and neighbors with absolutely no experience in the field of finance reopen their doors the moment the bank holiday was over, because they were built on sound foundations and were able to weather the storms. In the whole state of Maine only one Loan and Bldg Assn could not reopen, whereas few banks had the courage or the resources with which to stage a come back. It has been almost pathetic to have observed the reluctance with which banks have accepted the change that was going on right before their eyes, and the methods by which to meet the change if they were to remain in business. I speak from first hand knowledge when I tell you that my bank, the last in the field, is the most progressive in the city. We have made such a good record that during the past month when we increased our capital stock by offering 8000 shares at \$30.00 a share to our stockholders, we have had a thirty three and a third per cent over subscription and this without any publicity, save the single letter that went out to the stockholders offering this new issue. Only last Friday an investment house called me up and offered me 50 shares of Casco at \$36. That is a terrific increase any way you look at it. Our book value is a little over \$40.00, and, giving effect to the new issue, we will have a total of capital, surplus and undivided profits amounting to one million eighty thousand dollars. That is not bad for a bank that was not in existence 12 years ago and started under the great handicap of the existence of four banks which were serving the city adequately. Also it is interesting to note that there is not a single 'big name' on our board. Now, that is quite a digression from what I started to say, but it is obvious that my point is that when it comes to broad-mindedness and farsightedness don't look to the bankers as a class for leadership. That is too bad, for it should be just the opposite. The men who help to rule our national economy should be the men with the greatest vision.

These are optimistic times though we will always be beset with trials and errors. The German phase as organized resistance must soon come to an end. Then there will unquestionably be changes at home which will definitely trend towards a conversion to peace time economy. I hope that the Pacific phase will come to an end shortly after the European situation has petered out. That may not be just wishful thinking.

Affectionately,

Saddy