THE ELEANOR ROOSEVELT PROGRAM

June 8th, 1951

Description: In the opening segment, ER awards a community service citation to Florence L. Harrison, director of the Service Bureau for Women's Organizations, for her organization's work in providing services to women's organizations in Connecticut. In the second segment, ER and Elliott respond to a listener's question about wage increases and the cost of consumer goods. In the interview segment, ER discusses political unrest in Iran with Max Thornburg, the former vice-president of Overseas Consultants Inc. and former oil advisor to the State Department.

Participants: ER, Elliot Roosevelt, Max Thornburg, Florence Harrison

(0:06)

[ER:] How do you do, this is Eleanor Roosevelt. Every Monday through Friday my son Elliott and I have the opportunity to visit with you here in my living room at the Park Sheraton Hotel in New York City. Each day, it is our desire to bring interesting guests that we are hopeful you will enjoy meeting. Elliott, will you tell our listeners today's plans?

[Elliott Roosevelt:] Today we are going to interrupt the series of programs which Mrs. Roosevelt recorded while she was in Europe to bring you a very timely discussion. Unless one is a current student of geography and political science, or a professor, it is difficult to keep up with the places in the world which gain prominence in the news these days, and without knowledge it is difficult to understand the whys and wherefores of their importance. So today Mrs. Roosevelt has invited as her guest a gentleman who has lived for many years in Iran, the latest seat of unrest. He is Mr. Max Thornburg [1892-1962], who until recently was Vice President of Overseas Consultants Inc. and at one time, oil advisor to the State Department. Mrs. Roosevelt will introduce Mr. Thornburg a little later on. And before we have our usual discussion of a question sent in by a listener, here is our announcer with some messages from the sponsors who make this recorded program possible.

(Break: 1:33-1:39)

[ER:] And now again it's time for this week's community service citation. In Hartford, Connecticut there is an unusual group: the Service Bureau for Women's Organizations-- to whom we are awarding this week's citation. It is supported by the Beatrice Fox Auerbach Foundation, and is created to serve all women's organizations of Connecticut without regard to color, race, or creed. The Service Bureau makes available to interested groups throughout the state, material and information needed to build their own programs, and develop leadership within their own group. It offers lectures and forums and training classes for program chairmen and discussion leaders in subject matter. It provides pamphlet materials relating to the subjects of the Service Bureau program, and it offers consultation and information on program material, discussion group techniques, public relations and other problems which regularly confront organization leaders. It is just as its name tells us, a service bureau truly serving the many women's organizations in Connecticut, and helping individual organizations offer more valuable programs to their own members. I'm very happy to welcome today Miss Florence L. Harrison, director of the Service Bureau for Women's Organizations. It is very good of you to come here today to accept the award, Miss Harrison, and I know we are all going to be very much interested in your story of the Service Bureau. (3:22)
[Florence Harrison] Thank you Mrs. Roosevelt, I want to tell you how much I appreciate this coming especially from you, because I know you've known about the Service Bureau for the last six years and we have leaned upon your understanding and interest--it's been a great asset to us. The- we in fact we've had three, what I call three principles assets. One has been of course the financial support from the Auerbach Foundation and the unflagging interest of its president in everything that we do. Another asset has been the interest of people like yourself. It's been perfectly amazing to me the amount of cooperation we've gotten from universities, from government agencies, from foundations, and I-I can't begin to express the uh feeling I have that anything we may have done as been largely because of the interest of these people who feel that we are a channel through which some of the things that they're interested in can become--uh can get to the grassroots. A third thing I really think is the cooperation we've had from the groups in our own state. It's been amazing. And there's one thing among the things that you mentioned that we do, that I think is very important and is an-has been omitted, that is we have furnished a sort of uh neutral standing place where people of all groups come together. (4:55)

[ER:] I am particularly glad to give this citation in recognition of your own work, Miss Harrison, and the work of the um Service Bureau-oh, but also in recognition of the fine civic conscience shown by Mrs. Auerbach.

(Break: 5:16-5:39)

[ER:] This is Eleanor Roosevelt speaking. Our program is coming to you from my living room here at the Park Sheraton Hotel in New York City. I'm very happy to have this little while with you each day, and I hope you'll enjoy the guest we've invited to be with us today. And now for a moment I'm going to turn the program over to Elliott.

[Elliott Roosevelt:] Today we are going to interrupt the series of programs which Mrs. Roosevelt recorded while she was in Europe to bring you a very timely discussion. Unless one is a current student of geography and political science or a professor, it is difficult to keep up with the places in the world which gain prominence in the news these days, and without knowledge it is difficult to understand the whys and wherefores of their importance. So today Mrs. Roosevelt has invited as her guest a gentleman who has lived for many years in Iran, the latest seat of unrest. He is Mr. Max Thornburg, who until recently was vice president of Overseas Consultants Inc. and at one time oil advisor to the State Department. Mrs. Roosevelt will introduce Mr. Thornburg a little later on. And before we have our usual discussion of a question sent in by a listener, here is our announcer with some messages from the sponsors who make this recorded program possible.

(Break: 7:06-7:17)

[Elliott Roosevelt:] Today Mrs. Roosevelt and I are borrowing a letter from our television department because it poses a good question. Dr. Vincent A. Del Vecchio of Ossining, New York writes: "This letter is in response to your television program of Sunday, April 1st 1951, in which one of your guest speakers stated that excess profits and not labor contribute to rising prices. To prove this statement he compared the increase in wages against the increase in prices. On the surface this looks as though you are right, but he has not fooled me and I hope he has not fooled the rest of the listening public. To reconsider the problem, therefore, if any comparison is made the relative increase in wages against the increase in prices, then we must first consider the manner in which the price of any item placed on the market for sale is arrived at. This means that the cost of labor required to produce the article is only a part and sometimes a minor part of the selling price, added to the cost of manufacturing the article and a fair profit for the manufacturer, you must add the cost of distribute ah-of distributing the article to the retailer. This cost is a great many times greater than the cost to manufacture and including wages of craters, truckers, railroad employees etc. Considering labor alone, therefore, if wages have increased by nine percent, for example,
in terms of any particular item, we have to multiple nine percent by as many different categories of labor involved in the placing the ar-the particular article for sale. In conclusion therefore, if we consider the labor cost of any particular item we must not consider the labor cost of manufacture alone against its selling price to the consumer, but we must consider all the labor costs from the time of manufacture to the time of selling the item to the consumer. Thank you for giving this matter your attention and for transmitting this opinion to the proper agency of government." (9:28)

[ER:] Well I think that um it should certainly be sent to the economists who uh work on those problems, but I would feel that um there was probably something not quite right about including every item-every item of-along the line that went in to the final price of a thing, uh where-where labor um was uh involved because if you did that, you could s-probably skyrocket um the amount that labor went um into the cost of any article-le and it isn't really um that way that you arrive at the um joint uh-at the distribution of um the-the relative um rise in-in wages and in uh price of article--

[Elliot Roosevelt:] Of course what I would like to do is to break this down a little bit, uh because you've got involved here the price of an article as represented by one hundred percent, being the selling price that is sold to the consumer for. And just for the sake of argument, if you say that the price of labor and the cost of manufacturing that represented twenty-five percent of the selling price and that the uh cost of the materials etc., the finished product itself represented a total of fifty percent and that the cost of distribution, advertising, and all the other media came to, for bringing that to the public came to uh the one hundred percent uh then uh it's very easy to see that if uh [ER: and the profit for when your--] for instance transportation goes up as a result of a nine percent increase in the cost of labor and every other phases of-of the labor costs, all the way down the line, averaged nine percent in increase, then the uh actual value of the article will go up somewhere in the neighborhood of nine percent, uh as represented by an overall of nine percent of the selling price. Uh but in actuality the price of goods has gone up far more in proportion--that is what the speaker said- that [Elliot Roosevelt coughs] whereas the general wage level has gone up nine percent, the overall price levels have uh-of uh selected list of-of uh cross-section products has gone up an excess of nine percent. And that therefore labor is not responsible in its entirety for the increases to the extent that they've gone. (12:45)

[ER:] No well that's n-that's always been true because the um uh actual raise in-in the amount received by labor is never um exactly the same as the raise uh in price. Um labor always lags a little bit behind um the actual cost of whatever the article is. I think it comes down to a very basic thing really, um we can quarrel about the ways of assessing this and the ways of- for a long while and I'm no economist and I could not uh do it on a detailed way, but I think there is a basic thing that probably has to be settled, and that is what proportion actually should labor have of the results, the final results of um of production. Uh--

[Elliot Roosevelt:] You mean what percentage of the profits belong to?--

[ER:] What percentage of the profits should belong to labor, um we've--in the past of course, we've never thought about that particularly because wherever a man set up his business, he would decide um what labor should have um according to what the skill was he was asking for and labor would accept that, uh or if they didn't agree there would be a fight between them but, it was never assessed from the point of view of how much a profit was set entirely aside-ide and not considered. But now as we are developing um we find more and more that labor is saying "without me you could have none of these things. Therefore, I have an interest in the profit that is made out of what I produce. [Elliot Roosevelt: Mhm.] It's true that you provide management. It's true that you obtain capitot. It's true that you um obtain materials, that's part of your management. But if I didn't do the work there wouldn't be anything. Therefore um I consider that when the price of what I give is assessed, it should be assessed on what the profit is, rather than just on what you think my particular skill is worth." [Elliot Roosevelt: Well isn't there?--] And that is beginning
to be, really, the basic difference [Elliott Roosevelt: between labor and] between labor and the management] capital management. (15:50)

[Elliott Roosevelt:] Well uh isn't there another point that should be considered, and that is uh taking an index of the profits of uh representative industry, we find that the uh in proportion to investment that profits have steadily risen and in spite of the fact that taxes likewise have risen, the return on investment has increased uh very much more percentage wise than [ER: wages have] uh than wages have, and that is where the-the primary argument is advanced uh and the bitterness [ER overlapping: by labor] is advanced by labor against uh the fight made by management against their representation in uh and control uh of prices.

[ER:] But you see um nothing is gained if you raise wages and prices go up. That is the thing which is um uh unfortunately eh the difficulty today, because this is a matter of distribution of income um within the uh process of getting a thing to market. If the price goes up in the market area, then even the man who gets more wages hasn't made any gain, neither has the um th-the person who put in the capital or the-or even management because we're all consumer, so the minute that ultimate price goes up we've all lost. [Elliott Roosevelt: mhm] Um it's really um-um a matter of decision within the um manufacturing an-and getting to market area of how this income should- how this profit should be distributed. (17:59)

[Elliott Roosevelt:] Mhm. Well I think our listeners have heard two uh laymen trying to discuss uh very high [ER overlapping: highly technical question] highly technical economics, and uh maybe we ought to have the doctor come on and talk about his conception of this [Elliott Roosevelt laughs] as some future program. Well thank you very much and I think we must go on to another part of the program, and then Mother will be back with her interview of today.

(Break: 18:27-18:43)

[Elliott Roosevelt:] Few of us probably realize the importance to the United States of the present crisis in Iran: the part the United States is playing and why. For a clarification of the facts surrounding this crisis, Mrs. Roosevelt has invited one of the leading experts to discuss the subject with her. Mother, will you introduce your distinguished guest to our listeners?

[ER:] I'm very happy to have with me today, Mr. Max Thornburg. Mr. Thornburg was formerly oil advisor to the State Department, and has lived for many years in Iran. Very recently he resigned as Vice President of Overseas Consultants Incorporated, which handled the Seven Year Plan for Iran. It gives me great pleasure to introduce to you Mr. Max Thornburg.

[Max Thornburg:] I'm very glad to be with you again today, Mrs. Roosevelt, and shall be happy to answer any questions that I can about the Persian situation.

[ER:] Well, of course, Mr. Thornburg this is a very uh touchy situation at present in which I think everybody is very deeply interested. So I'm going to begin by saying, why is the present troubled situation in Persia important to the United States? (20:04)

[Max Thornburg:] Well I should say for a number of reasons. Uh the Persian situation involves most of the critical questions which are facing the world today. For example, the question of communism, of United States-British relations, of oil supplies, of United States foreign policy, and in general the struggles of all backward peoples in the world, for freedom and a decent living. Because of Persia's geographical situation, with Russia next door, each one of these issues is especially critical to us.
[ER:] I can see that. Um Well now according to the current news, the present trouble there rose immediately out of uh the nationalization of the--of their oil wells, um the Anglo-Iranian oil wells. To what extent was this due to the communists do you think?

[Max Thornburg:] I don't believe it was basically due to communism at all Mrs. Roosevelt. In my opinion, oil nationalization was the explosive consequence of a good many forces which have been building up for a long time in Persia.

[ER:] Well now um I have heard it said that there is no government in any of those near eastern countries that could really be called a um a basically um good government in the sense that it was strong and just and incorruptible. Um Now that condition alone always leads to um a certain amount of feeling among the people-- that they are being badly treated if they don't feel confidence in their governments. Um Would you say that that criticism which I had heard um was at least partially true and that perhaps the young Shah has not been able to control sufficiently to make the reforms he evidently wants to make? (22:34)

[Max Thornburg:] Yes, Mrs. Roosevelt, I think you've really put your finger on what I consider at least to be the basic trouble, not only in Persia as you suggest, but in uh most of the other Middle East countries. Uh as for communism itself, the uh Tudeh Party of course has been powerful in the past and it may be again. And it no doubt aggravates the conditions which uh have produced the terrorist activities we've been hearing about. The communist technique in the Middle East and in Persia is about the same as it is in uh most other countries. Uh just the same I-I would put the communists somewhere down the list of causes of Persia's present troubles and would assign most of them to the lack of a responsible authoritative central government. (23:30)

[ER:] Um, well communism-- uh the communists I imagine are taking advantage of um of that lack which is one of the things they usually do and, therefore, um the Tudeh Party, I suppose, is a threat in Persia. Um I-I suppose they were, in a way, responsible for the terrorism uh which lead to that recent wave of assassinations and other types of violence weren't they? And that of course is a-is-a communist technique.

[Max Thornburg:] Yes. They of course, have taken advantage of all the weaknesses in Persia and uh of the developing situation, to aggravate the trouble and dissension and they have contributed uh about the only organization of anything that there is in Persia. Never the less, I still say that uh only a gifted communist could implant a single new subversive idea in the mind of a Persian peasant.

[ER:] Well, what in great part is the population of Persia? Is it largely a um an agricultural or um perhaps uh a roving population? Or is it a settled population?

[Max Thornburg:] Generally speaking the seventeen million people in Persia live off the land. They're agrarian people--agricultural or livestock. They live in uh poor small villages, uh five to thirty families perhaps. [ER: Yes.] With uh no schools, no hospitals, no doctors uh-uh none of the things that we associate uh with farm life in this country.

[ER:] Well uh that must be the thing, then, which um must be among the plans that the government, if it's going to be strong, must carry out uh a change in the living conditions of the people.
Max Thornburg: Yes, but if we're going to seek a solution for what's wrong in Persia, Mrs. Roosevelt, we have to get back to what is fundamentally wrong with it. Now uh-uh if you like I-I uh will uh very briefly characterize these conditions which I think are at the bottom of Persia's trouble. (26:13)

ER: Well I'd like that very much. I'm sure our audience would.

Max Thornburg: After that I think uh the course that we might possibly take will be uh clear enough. ER: Mhm.] And also I think we'll understand the story of nationalization a great deal better. I would group these basic causes under four heads, uh Russian activities, British activities, American activities and the activities of the Persians themselves. I can characterize these uh very briefly. First is for the Russians, uh there has always been uh-historical pressure uh of Russian expansionism against the north of Persia. Uh in recent years, perhaps uh the last twenty-five years, uh the communists have been applying their own techniques uh aimed at their own uh objectives. They're no-not particularly different in uh-uh Persia than they are anywhere else. About the only thing we need uh remember particularly about uh-uh Russian activities there is that, while the communist are certain to be the only ones to profit out of a disintegration of the Persian economy, they are not the ones who produce the conditions which have led to the present trouble. Now as for the British interest and activities, the uh traditional British policy in the Middle East and particularly in Persia, grew out of its uh long interest in India and in late years has been focused upon the vastly important oil resources of southern Persia. They have uh found it necessary to safeguard those uh interests, reasons which are clear enough, and the technique through which they've chosen to do this is the application of political influence over Persian affairs.

This has taken two forms. One in connection with the foreign uh political affairs which has been manifested chiefly by uh the uh Anglo-Russian agreements establishing the zones of influence-the Russian zone in the north and the Persian zone in the south. The second way that they've exercised this influence is over the internal political affairs of the country in their efforts to maintain a manageable government-that is to say a ma--a government is manageable from their point of view. To safe guard this vastly important oil interest. This political interference in Persia as uh-uh-uh would have been true in any other country, has uh had the-the effect of making it practically impossible for a strong, responsible, independent Persian government to develop. Now I don't condemn the principle of political interference, because in uh quite as many cases uh the British political interference has resulted in benefits as in damage, but in this particular case of Persia it has had the damaging effect of precluding the development of an independent government dedicated to the welfare of the people. Now the American activities can be disposed of very briefly, so far as I know there is no United States policy in the Middle East, only talk and shallow sideshows. (29:53)

ER:] That of course is a rather damaging thing, because we ought to have a policy. We have interest there too. That um--

Max Thornburg:] Well, we shall have to discuss that again in a moment uh Mrs. Roosevelt, when we come to a possible solution to this uh situation.

ER:] Alright. Well then uh we will now uh stop for just a minute, and let our announcer have a word and then we'll come right to this discussion.

(Break: 30:22-30:30)

ER:] Now we'll come back to our discussion with Mr. Max Thornburg and uh we will come to what you think of the Persian government's role.
[Max Thornburg:] Well the Persian situation- of course we could spend a long time on but uh I'm only-
only going to say now a few words about it. In Persia's long history, there's really never been a strong
independent government. Persia has always been what we think of uh as a feudal society. But particularly
since the last war and several years of allied occupation, the government administration has been
incompetent and corrupt and completely indifferent to the welfare of the people. The young Shah on the
other hand, is a man of sincere goodwill toward his people and would like nothing better than to have a
proper democratic government in his country. He has devoted himself to reform programs social,
legislative, and economic for several years, but thus far has been able-unable to uh bring them into being.
Now that gives us I think the static background against which we have to look at what's gone on in the
last few weeks--

[ER:] Well now I'd like to know, uh what- uh what about nationalization? [pause] That came as a result of
this feeling on the young Shah's part?

[Max Thornburg:] Yes uh no-not uh feeling on the Shah's part but as a result of the conditions which I've
just been uh [ER: Describing] outlining, yes.

[ER:] Well then what can we do about it? (32:24)

[Max Thornburg:] Well uh first uh Mrs. Roosevelt, let me tell you something about the situation leading
directly up to the oil [ER: yes] nationalization, because there's where we find the answer. Uh during the
past few years the Persian people, like practically all other backward people of the world, have been
waking up to the fact that it's no longer necessary to live like slaves. They don't know exactly what to do
about it, but they're ready to be shown. Uh The weight of that new life that they've had in mind has
seemed to be opening up through the Shah's promised reforms, the Seven Year Plan promised benefits,
and the United States promised aid programs of many kinds, and the promise of greatly increased oil
revenues from the long awaited negotiations between the government and the company. By last summer,
a-about a year ago, every one of these hopes seemed to be extinguished all-all at once. Instead of reforms,
for example, the government administration went from bad to worse. Instead of producing the uh
blessings expected from the Seven Year Plan, it uh turned out to uh-uh merely provide another means for
politicians to uh-uh pocket more money. Instead of the grandiose American talks uh materializing into
loans and uh other tangible aid programs, uh it ended in uh nothing. Added to these was a severe business
depression, shutdown factories and unemployment, the national treasury and Seven Year Plan were
bankrupt for cash they couldn't even meet their payrolls.

Now you can imagine what uh a sullen and disheartened atmosphere this produced in the country.
This is a year ago that I'm talking about. Now it-in to this sullen and disheartened atmosphere the
extremists and subversive elements of the country uh launched their attack-this was their opportunity for
the fanatical and religious uh groups of the country, and for the frenzied nationalists and the communist
agitators. They all went to the people with their uh various reform programs. It was only uh [Haj Ali]
Razmara's [1905-1951] firm hand as prime minister that uh-uh kept the uh situation from growing into
complete chaos, last summer while an effort could be made to provide a new basis for public hope an-and
uh confidence. Then toward the end of last year, the proposal of the oil company which uh had finally
been made acceptable so far as financial terms, but which contained completely unacceptable terms uh
otherwise, was rejected by the parliament uh with finality. The directors of the company seemed to be
blind to this uh wall of antagonism that uh was being raised against them in the country an-and deaf to the
pleas of the Prime Minister to other uh observers, and refused to make even moderate changes in the form
of that program. This stubbornness on their part gave the rabble rousers the battle cry they needed to
sweep the country. This was oil nationalization. At that time, no one stopped to analysis what oil
nationalization meant and even the conservative people in the country refused to oppose that. They said
"this threat is necessary in order to bring the uh-uh company to reason."
[ER:] Well now I noticed um in [ER coughs] hearing uh-- what they said that they were willing to cooperate with the British and to keep their technicians, so that leads me to ask you whether you believe it's possible to find a practicum formula [ER coughs] for operating the Persian oil industry under nationalization? (36:36)

[Max Thornburg:] If there were a responsible central government, Mrs. Roosevelt, I should say this could be done in an afternoon.

[ER:] You really would. Well now how can uh the-- how can we get a responsible government um because it's of interest to British, it's of interest us, it's of interest in the whole um hope of keeping the Near East part of a free world, so how-how can we all help to do that?

[Max Thornburg:] Well that is the question. And it's the only first question, because until we have that government we can't find a solution to any of Persia's troubles including oil nationalization. The question is how can the United States and uh Britain use our vast joint resources to help bring about a-a strong independent government in Persia, without incurring the very danger of course from political meddling that uh was so largely responsible for the weaknesses of that government in the past. The Shah I'm sure wants nothing so much as a good government for his country, but his recent experience with uh us and his long experience with Britain uh certainly makes him wary of our uh joint uh intentions.

[ER:] Why have we not carried out um our uh, as I understood it, our desire to give the government help there?

[Max Thornburg:] I can't answer that, Mrs. Roosevelt, uh without knowing more about what's uh gone on in Washington during the past couple of years. The failure did not occur in Persia, it occurred in Washington. So far as our economic aid program, [ER: Mhm.] if that's what you refer to?

[ER:] Well then what would be your plan?

[Max Thornburg:] Well, what we must do is find some way to aid the Shah in establishing an independent government. That is-that's our only remaining hope, and uh it's the only hope of settling the oil question and of settling Persia's other problems. To say that uh this task is beyond our statesmanship uh is pretty bad, that uh that gives us a very dismal portent of uh our destiny in a world which certainly is going to expect a great deal from that statesmanship. (39:11)

[ER:] Well I don't think it's beyond our- [ER laughs] our um statesmanship, but I think that it's um uh beginning to look as though the United States was going to be expected not to provide all the money in the world, but perhaps all the leadership and all the planning for the uh rather underdeveloped countries, uh because quite evidently what you are suggesting um is that the United States and Great Britain, instead of trying to compete with each other make up their minds to cooperate with each other. And that's the first step of course, [Max Thornburg: Yes] and then after that, that they actually have a plan for the good government of Persia and cooperate with the Shah.

[Max Thornburg:] Yes. Uh the support that the Shah needs is essentially moral support to begin with. He must know that--

[ER and Max Thornburg Overlap]

[ER:] Oh yes. This is a case where they have enough money, isn't it? if it's properly administered--
[Max Thornburg:] and-and enough money and armed forces for the internal security of the country. It doesn't militarily nor financially.

[ER:] Mhm.

[Max Thornburg:] We must assure uh the Shah that he can be free from political meddling in his country, and give him the opportunity to establish this country his government.

[ER:] Well what do you call political meddling because that will not mean a great deal to outsiders. (40:38)

[Max Thornburg:] I mean using influence from the outside to uh--

[ER:] Strengthen the forces that are against him.

[Max Thornburg:] Well perhaps, but I mean more specifically for example uh if anyone outside Persia uses its influence to keep deputies from attending a parliament session, so that there will not be a quorum at a critical session, I consider that political intervention.

[ER:] That's a very good example, and I think points up the difficulties because that's certainly is no business of ours or Great Britain's or anybody outside of Persia. I think this is a question which we could uh discuss for a long time, and I'm sorry to say our time has run out. But uh I think you have pointed out some of the background and the difficulties, and given our audience a great deal of food for thought, so thank you very much, Mr. Thornburg, for being with me today.

(Break: 41:43-42:05)

[Elliott Roosevelt:] And now it's time to close the program and to remind you that you've been listening to the Eleanor Roosevelt Program, which comes to you each Monday through Friday at this same time, and this is Elliott Roosevelt speaking and wishing you all good day.

(42:20)