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# Town Meeting



BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR

BROADCAST BY STATIONS OF THE AMERICAN BROADCASTING CO.



## How Can We Stop Rising Prices?

*Moderator*, GEORGE V. DENNY, JR.

### *Speakers*

CLINTON P. ANDERSON

OSCAR PALMER

HUBERT H. HUMPHREY

HOWARD H. BUFFETT

(See also page 11)

### COMING

—September 23, 1947—

Should We Accept the New Fashions  
for Women?

Published by THE TOWN HALL, Inc., New York 18, N.Y.

VOLUME 13, NUMBER 21



\$4.50 A YEAR: 10c A COPY



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### THE BROADCAST OF SEPTEMBER 23:

#### "Should We Accept the New Fashions for Women?"



The Broadcast of September 16, 1947, originated in La Loma Bowl in Albuquerque, New Mexico, from 8:30 to 9:30 p.m., EDT, over the American Broadcasting Company Network.

Town Meeting is published by The Town Hall, Inc., Town Meeting Publication Office: 400 S. Front St., Columbus 15, Ohio. Send Subscriptions and single copy orders to Town Hall, 123 West 43rd St., New York 18, N.Y. Subscription price, \$4.50 a year, 10c a copy. Entered as second-class matter, May 9, 1942, at the Post Office at Columbus, Ohio, under the Act of March 3, 1879.

# Town Meeting



BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR

GEORGE V. DENNY, JR., MODERATOR



SEPTEMBER 16, 1947

VOL. 13, No. 21

## How Can We Stop Rising Prices Now?

### Announcer:

To welcome America's Town Meeting of the Air to Albuquerque, here is the Honorable Thomas J. Mabry, Governor of New Mexico. Governor Mabry. (*Applause.*)

### Governor Mabry:

Good evening, friends. I am happy to welcome America's Town Meeting of the Air to our Land of Enchantment, which, you know, is the State of New Mexico. We of New Mexico believe in the fundamental principles represented by America's Town Meeting of the Air. We have watched it in operation for more than twelve years now. As one of the newest states to be admitted to the Union, we believe deeply in the principles of the early New England Town Meeting as a means of keeping our democracy strong and great.

We're proud to have on tonight's program our own Clinton P. Anderson of New Mexico, the

distinguished Secretary of Agriculture. I'm now happy to present the President of Town Hall, New York, and moderator and founder of America's Town Meeting of the Air, Mr. George V. Denny, Jr. Mr. Denny. (*Applause.*)

### Moderator Denny:

Good evening, neighbors, and our heartiest thanks to Governor Mabry for this fine welcome on our return to New Mexico. Here in the home town of the Secretary of Agriculture is a most appropriate place to discuss this subject which is on the lips of millions of Americans, "How Can We Stop Rising Prices?" I'm sure that the Secretary will get his full share of questions tonight from this Albuquerque audience, assembled by Station KOAT, the service clubs of this city, and the Albuquerque Forum.

Now you don't have to be an economist to understand tonight's discussion. Every housewife knows

that food prices have skyrocketed during the past year, and every businessman and laborer knows that his dollar continues to buy less and less of everything—except perhaps automobile tires.

Everybody is looking for a scapegoat and very few of us appear willing to consider what part our own acts play in pushing prices upward and thereby lowering the value of our dollar.

Does the housewife, for instance, who pays a dollar a pound for butter, realize that she is contributing to inflation?

Does a man who buys several hundred dollars above the established price of a new car in the used car market realize that he is helping to decrease the value of every dollar in his own pocket as well as ours?

Does the businessman, or corporation, who is deliberately holding back production to ensure immediate short-time profits realize that he is contributing in a big way to an economic "bust"?

Do those who speculate in the Nation's food and grain markets really consider that they are benefactors of the human race?

When labor demands excessive wages for less work, where does it think it's heading?

And what do special interest pressure groups think they're accomplishing by forcing government to give them special concessions out of public funds?

Those things simply don't make sense. If we're going to make our free competitive enterprise system work, we'd better face up to some hard, cold facts about ourselves, and do some very straight thinking tonight and every night. So that's why your Town Meeting has invited the Secretary of Agriculture the Mayor of Minneapolis, a leading industrialist of the Southwest, and a distinguished member of Congress from Nebraska to help us consider this urgent question. So, let's hear first from the young, vigorous, and popular Mayor of Minneapolis, a former professor of political science at the University of Minnesota, Mr. Hubert H. Humphrey. Mr. Humphrey. (*Applause.*)

#### Mayor Humphrey:

The time is long overdue for plain, honest talk on this matter of rising prices. We know now that the economic dislocation that came with ten years of depression and five years of total war cannot be solved by partisan political promises and expensive publicity by special interest groups.

We are in trouble. Every businessman, every labor leader, every citizen knows that it is high time we start preparing honest answers and proposing a program.

It was impossible to reconvert a nation geared for total war to a nation producing for peace with-

out some sort of orderly direction, but instead controls on wages were removed, OPA was abolished, the excess profits tax was repealed, restrictions on installment buying and consumer credit were done away with, and restrictions on commercial building were relaxed.

This was the program of the National Association of Manufacturers, and it was adopted by the Republican-dominated Congress, so here we are tonight asking ourselves again, "How Can We Stop Rising Prices Now?"

The result of this policy is in the daily headlines, you feel it in your pocketbook, ruinous inflation is on the way, prices have increased during the past year nearly four times as much as during the days of government control.

Net corporation profits have skyrocketed from \$8,900,000,000 in 1945 to \$17,400,000,000 in 1947. At the same time weekly wages in terms of purchasing power have declined between four and five per cent.

This inflation is not only doing us great damage here at home, but it is crippling our efforts to carry out a democratic foreign policy abroad.

I say, therefore, that the Congress should be reconvened at once to meet its domestic and its foreign responsibilities. Its first move should be to freeze prices, re-establish price control, and pre-

vent prices from rising any further.

I know — we love freedom. Surely, we love our economic freedom, but we must recognize that there are even greater dangers along the road that we are now traveling.

The hard truth is that we face a period of industrial strife, international chaos, and ultimate depression if prices continue to go up, and up, and up. Price control, however, is only part of the answer. We must utilize every possible means to increase production.

Both labor and business must forget their economics of scarcity and come to realize that we are living in a new day of tremendous demand for goods and services. The production bottlenecks must be broken, most especially the steel bottleneck. Now, I hope that Mr. Fairless and his associates of the steel industry will listen to the remarks of Secretary Anderson on this subject.

There is a desperate need for steel throughout the world, and an expanded steel industry is absolutely essential to an expanding American economy. Yet steel insists that this demand is only temporary and refuses to expand its capacity. I say that Government must step in and force steel plant expansion by guaranteeing a maintenance of demand or by doing the job itself.

But we must do more than con-

trol prices and expand production. We must eliminate waste and conserve food and clothing. A program of food conservation and voluntary rationing should be instituted without delay and organized to reach every family in the Nation.

Clothing conservation—say, I'll say we need it. Take, for example, the new dress styles for women. Textiles are one of our critical shortages, yet the stylemasters not only add six inches to the hemline, but they force your wife and mine to discard a vast portion of their wardrobes and, mind you, this happens just after we purchased many pairs of nylons at which we thought we were going to have a good chance to take a look. *(Laughter.)*

In addition, we must stand pat on taxes, because taxes do subtract from the total amount available for spending.

We should attempt to delay commercial capital investment in nonproductive facilities.

We should undertake an extensive nation-wide savings campaign on the scale pursued during the war.

Furthermore, speculating in food commodities must be stopped. Profiteering through food speculation is not only economic madness, but downright immoral when millions are starving. If the Government does not have adequate

powers to stop speculation, it must ask the Congress for additional authority.

We must continue — even increase—our aid to other nations, but in view of the price situation we must wisely plan our purchases of food for shipment abroad and should choke back such exports as are not essential for economic rehabilitation. At the same time, we should do everything to enlarge our imports.

The first job, of course, is to stop rising prices from going any higher. Prices are already too high. We've already had too much inflation. We know that this cannot last, that the bubble is bound to burst. This means that we must find a way to bring prices down in a manner that will not produce a rout. I think Congress should set up a price adjustment board with appropriate powers to do this job.

Now, there is my answer:

Stop rising prices the way we did it during the war by controlling prices.

Break the bottlenecks of production by direct government action if need be.

Stop wasting food.

Stop speculation in food.

Stand pat on taxes.

Encourage saving.

Plan purchases for shipment abroad and set up a board now to take the steps to protect us against a slump. *(Applause.)*

**Moderator Denny:**

Thank you, Mayor Humphrey of Minneapolis. Now, let's hear from a distinguished Republican Representative in Congress from the State of Nebraska, a member of the House Banking Committee, the Honorable Howard H. Buffett. Congressman Buffett. *(Applause.)*

**Congressman Buffett:**

As youngsters most of us had a lot of fun eating green apples only to wind up some hours later with a terrific stomach-ache. As a people today, we are now getting the rising prices that likewise must follow a prolonged diet of government spending.

Mr. Humphrey doesn't go back far enough. Back in 1933, we started munching the green apples of inflation. The President determined he was going to raise prices one way or another. So we went off the gold standard, primed the pump with WPA spending, and started experimenting with printing press money. Those first bites of inflation seemed to cause us no trouble. In fact, they tasted fine. Then the war came along and we really went to enjoying inflation's green apples in a big way, with war spending, double wages, profiteering, lend lease handouts, and all that.

Still we didn't get the payoff stomach-ache in rising prices. Why not? Because we were using a strong wartime narcotic — the

OPA. That deadened the painful rise in prices that always follows an outpouring of printing press money.

As the war ended we stuffed ourselves still further—UNRRA, Lend Lease, the British Loan, and our far-flung military ventures all dipped into our pocketbooks. With our own money, these exports have bid up prices of food, autos, and almost everything else.

On top of an already full stomach of inflation, these handouts have now brought on the severe pains of spiraling prices.

This comparison has this weakness. The inflationary poison now in our economic system is infinitely more dangerous than any illustration can portray.

Well, you ask, what can we do?

Mayor Humphrey proposes that we go back to that economic narcotic—the OPA. However, that drug could only operate as a painkiller while our condition became worse. Instead, we must get at the real cause of our distress. Curative medicine gets at causes. Sound economics follow the same rule.

The cause of inflation and high prices can be simply stated as too much money compared with the amount of available goods. Even Secretary Anderson will agree with me on this point.

Who created all this excess money? It was the Government itself. Now, the same Government



seeks to cover up its guilt by hol-  
lering, "Stop, thief," when prices  
run away.

Dare we let ourselves be fooled  
by this clever attempt to shift the  
blame? No! Every disastrous price  
rise in history—including German  
marks after World War I and the  
present inflation in China—has  
been caused by the Government is-  
suing too many bonds and too  
much money.

Fortunately, we are still a strong  
and productive people, so we can  
probably still prevent rising prices  
from overwhelming us. To do so,  
we must quickly get at their true  
cause. We must not get side-  
tracked on business or labor witch  
hunts.

Here are some constructive pro-  
posals: On the food price front,  
Secretary Anderson, exports of  
grain should end until the out-  
come of our corn crop is deter-  
mined. All exports on credit or  
public handouts to communistic  
lands or nations experimenting  
with nonviolent communism  
should be suspended. If foreign  
nations want socialism, that's their  
privilege, but its cost should not  
be tacked on our grocery bill, Mr.  
Humphrey.

Also, the Administration must  
stop playing "dog in the manger"  
on cutting expenses and cutting  
taxes. Tax reduction will leave in  
your paycheck more dollars to pay  
your grocery bill.

Moreover, an about-face in

Washington in favor of economy  
would stimulate production in all  
lines. In those cases where busi-  
ness or labor are accelerating price  
rises by profiteering or outlandish  
wages, vigorous policing from  
within their own ranks is impera-  
tive. Time prevents detailing other  
basic correctives, like the restora-  
tion of the gold standard and con-  
traction of bank credit. All the  
available time-tested brakes against  
money inflation should be used  
immediately.

Finally, let me point out that  
a quick or easy solution to this  
critical problem does not exist.  
Ordinarily, prices are determined  
by the natural law of supply and  
demand. However, our managed  
currency, huge debt, and gigantic  
spending experiments since 1933  
have upset the normal solution of  
this problem. Now this problem  
has been brought to a head by ex-  
ports. The American people are  
only 6½ per cent of the world's  
population. They cannot carry the  
burdens of the world indefinitely  
without tragedy at home. Today's  
rising prices are the proof of the  
pudding. (*Applause.*)

#### **Moderator Denny:**

Thank you, Congressman Buffett.  
Well, Mr. Secretary, the Congress-  
man has laid a heavy responsibility  
at the door of the Administration.  
Perhaps you don't want to tackle  
all of his points, but I know that  
our listeners and the Nation would  
like to have your answer to the

question, "How Can We Stop Ris-  
ing Prices?" We are happy to  
welcome to Town Meeting the  
Secretary of Agriculture, the Hon-  
orable Clinton P. Anderson. Sec-  
retary Anderson. (*Applause.*)

#### **Secretary Anderson:**

Mr. Denny, I'm surprised to  
hear Congressman Buffett talk  
about stomach-ache caused by eat-  
ing too many green apples in  
1933. I suppose those are the green  
apples the veterans sold on the  
street corners during a previous  
Republican Administration. (*Ap-  
plause.*)

One sure way to stop rising  
prices is production and more pro-  
duction. As long as acute shortages  
exist and buyers have the money  
with which to buy in a free  
market, high prices are inevitable.  
But as production comes up to  
demand, the selling competition  
begins and the way is paved for  
price adjustments. What experi-  
ence I have had convinces me that  
only abundant production gets the  
job done.

Congress could be called back  
into session as Mayor Humphrey  
suggests, but I don't forget that  
six months after the original price  
control act was passed, only 5 per  
cent of the value of all commodi-  
ties was under control.

I don't forget that every time  
that act came up for extension it  
took six months to get an exten-  
sion passed and after the war  
ended, every time Congress acted,

price control was further crippled.

I don't forget that when bread  
rationing was proposed, when  
OPA boards were actually in  
existence all over the country, with  
machinery ready to move at once,  
it was estimated it would take 100  
days to put in the rationing pro-  
gram. Now with OPA out of  
existence, it would take three to  
four months to set up an organi-  
zation. Voluntary rationing, yes,  
but to call back the same Congress  
that sought the end of all controls  
except rent, would be futile un-  
less food prices keep mounting for  
a few more weeks and public senti-  
ment reaches the boiling point.

So that's why I say that produc-  
tion is the only way to bring prices  
down. Can we find some ex-  
amples to show that abundant  
production is the most effective  
weapon against high prices? First  
of all, take wheat.

As high as wheat is today, where  
would our domestic prices go in  
the face of present world short-  
ages if our 1947 crop had been  
at the '36-'45 average of 890,000-  
000 bushels? Instead our farmers  
have given us in 1947 a wheat crop  
of 1,408,000,000 bushels—58 per  
cent over the ten-year average.

We can't ship abroad enough  
from that abundance to bring us  
down to the level of our pre-war  
consumption of wheat. We will  
consume about half our record  
wheat crop for food, feed, and  
seed. That will leave 650,000,000

bushels. We might ship 350,000,000 bushels abroad. The remaining 300,000,000 bushels will save us from continued soaring prices.

Wheat speculators should take a look at what happened to the raisin and prune market when the export demand stopped. The 1946 farm price on raisins was \$312, and on dried prunes, \$266 a ton. That's last year. Today, due to the heavy carry over and big production, growers would be tickled to get half that price.

Let's take a look at a product where determination of man increased the output. We find an example in coconut oil, a commodity related to our supply of fats. We would have had outlandishly high prices and an acute world shortage of fats and oils today if it were not for the fact that the United States took the initiative and the risk to expand production not only at home but also in the Philippines.

Through incentives to farmers, we in the United States have been able to increase our production of vegetable fats to a point where, during the war, we became the world's leading exporter of fats and oils instead of being a major importer as in pre-war.

The United States undertook to revive copra production in the Philippines. In 1946, copra production climbed to an annual rate of nearly 800,000 tons compared

to 100,000 tons the year before. This year the rate is 1,000,000 tons and exceeds the pre-war annual production. As a result, copra prices are now about a fourth lower than they were about a year ago.

The world's fats and oils supply situation has eased greatly due to increased production and along with it we find prices of fats and oils lower now than they were a year ago. That's the only sure way to combat rising prices.

I hope that record in coconut oil production becomes a challenge to industry within the United States. Many of our basic commodities govern or greatly influence the prices of other commodities.

Coal price increases have pyramided one on the other. In steel, we have high production but not nearly enough. We're getting 85,000,000 gross tons a year but manufacturers who use steel need about 100,000,000 tons. Increase steel production 15 per cent and we would get more automobiles, more tractors, more consumer goods, but of importance to all of us, more farm machinery which should mean more food and before long additional relief from the pressures that can now send grain prices skyrocketing.

It is not enough to say that steel production is high as long as it is inadequate. Our factories, like our farms, have to be in tune

with what we now use and require, not with some pre-war sufficiency. Industry and agriculture must keep production rolling if the pressure of inflationary prices are not to sweep over our economy. (*Applause.*)

#### Moderator Denny:

Thank you, Secretary Clinton Anderson. Now we're going to hear from a very busy industrialist, and I think a very happy and successful one from Phoenix, the Regional Director of the National

Association of Manufacturers for Arizona and New Mexico, Mr. Oscar Palmer. Mr. Palmer. (*Applause.*)

#### Mr. Palmer:

Mr. Denny, you asked me how to stop rising prices now. Mr. Humphrey wants us back to OPA. Congressman Buffett proposes a suspension of food shipments abroad until the corn crop is determined, tax reduction and retaining the gold standard. Secretary Anderson calls for production

## THE SPEAKERS' COLUMN

**CLINTON PRESBA ANDERSON**—Secretary of Agriculture Anderson was born in Centerville, South Dakota, in 1895. He was a student at Dakota Wesleyan University and at the University of Michigan. He has an honorary L.H.D. from Dakota Wesleyan. From 1918 to 1922, Mr. Anderson was a newspaper reporter and editor in Albuquerque, N.M. From 1922 to 1924, he was manager of the insurance department of the New Mexico Loan and Mortgage Co. He has been owner of an insurance company in Albuquerque since 1925.

Mr. Anderson has been state treasurer of New Mexico, administrator of the New Mexico Relief Administration, and chairman and executive director of the Unemployment Compensation Commission of New Mexico. In 1939-40, he was managing director of the U.S. Coronado Exposition Commission.

Mr. Anderson was a member of the 77th to 79th Congresses (1941-47) but in June, 1945, he was appointed Secretary of Agriculture.

**HUBERT H. HUMPHREY**—At the age of 36, Mayor Humphrey is one of the youngest men ever to serve as chief executive of a large metropolitan city. He was elected mayor of Minneapolis in 1945 and re-elected in 1947. He received his B.A. from the University of Minnesota in 1939 and an M.A. degree from Louisiana State University in 1940. He is a former official of the War Manpower Commission and also was a professor of political science at MacAllister College in St. Paul. He previously was

a member of the University of Minnesota political science staff. In 1945, Mayor Humphrey was chosen as the outstanding Minneapolitan, Man of the Year in Minnesota, and Outstanding Young Man of the Year in the state. He is widely known for his projects of civic improvement. He is a member of the executive committee of the American Municipal Association, executive committee of the National Public Housing Conference, Board of Directors of the National Conference of Christians and Jews, and a member of the Advisory Board of the Inland Waterways Commission. He also is a member of the National Organization Committee of Americans for Domestic Action.

**HOWARD BUFFETT**—Republican Congressman Howard Buffett was born in Omaha, Nebraska, in 1903. He was educated in the Omaha public schools and at the University of Nebraska from which he has an A.B. degree with a certificate in Journalism. He had jobs as an advertising copy man and as a bond salesman before becoming president of Buffett and Company, an investment concern, and South Omaha Feed Company. He also has farming interests in northeastern Nebraska.

Congressman Buffett has served on the Board of Education and has been a member of Congress since 1943.

**OSCAR PALMER**—Mr. Palmer is a Phoenix industrialist and is regional director of the National Association of Manufacturers.

and more production by both industry and farmers.

Well, I'm not in favor of another OPA. I find myself pretty well in agreement with Congressman Buffett and I can agree with my old friend, Clinton Anderson, that we need more production.

But how are we going to get more production if we are stopped in every turn by strikes?

What group is complaining loudest about high prices? Is it those who are hurt the most—the white-collar group, the annuity and pension people?

No, it's the union labor leaders, the same ones who insisted on 48-hour pay for 40 hours work at the end of the war. Those whose strikes stopped a million car production in the four months' General Motors strike. Those whose Allis-Chalmers strike prevented the completion of the massive motors for the new, big continuous steel mill in Bethlehem.

Only a week ago, a small wild-cat strike of 1,800 men stopped 30,000 other workers in a steel plant. They were demanding 50-cent hourly increase. We lost steel production for 8,000 automobiles and 1,000 boxcars per day, affecting every producer, all vitally needing steel to operate. Figure out something to overcome that, Mr. Secretary and Mr. Humphrey.

Yes, you and I will pay for that strike, as we do all strikes. It's another cost. Every cost must be

computed in business in establishing prices. The 15 cents they finally got will be reflected in more demands.

Weekly wages are now up 106 per cent above 1939. More than double the average unit cost of labor in products produced is now 79 per cent higher than prewar.

If labor leaders really want to help their members and the public to lower prices, they would encourage more production per man. Industry can pay for more production without changing prices, if the workers actually produce more. But increased wages without increased production, will increase prices.

When management suggest short cuts to reduce labor costs, labor leaders should go along with them. They should encourage more productivity as it will reduce the price of the product. It will keep the price of the product within reach of the lower income bracket people. It will insure job security.

Price control will not help, Mr. Humphrey. It will essentially mean rationing. Everyone would be told exactly when and how to spend his money. Totalitarianism would be inevitable. Americans would not want Britain's controlled economy.

High taxes, up to a certain unknown point, encourage more government spending and is, therefore, inflationary. Tax reduction

would alleviate higher wage demands—I hope—and help the forgotten white-collar group and the pension-annuity people.

Reduced taxes, Mr. Secretary, would stimulate venture capital to buy more and better machinery to make more goods. Incidentally, Mr. Humphrey, a billion dollars is being spent now in increased steel facilities and the steel plant construction requires a lot of steel now vitally needed to turn our wheels of industry.

It's the consumer, government and labor leaders, who determine prices, and not the producer. Take the automobile industry for example. In spite of strikes, material shortages, and other handicaps, it has manfully tried to turn out the cars it needs at a price in keeping with present conditions. What happens? The car is resold by a speculating purchaser. It is sold again in a used-car lot for a thousand dollars more than the original price.

This condition is created by the gap between the disposable income, or spendable money, which is 110 per cent more than in 1940, while the living cost is only 60 per cent more than in 1940. Naturally, when almost 50 per cent is available he is bidding for a more expensive living.

As a comparison, the consumer is now spending 2 1/3 times more than he was during the same period after the last war. That's

part of your answer, Mr. Humphrey.

This program classified me as an industrialist. Actually, I am a small manufacturer employing 200 men in the State of Arizona. I know many of America's top-flight men of industry, their sterling character. I know of their fine record of reducing costs decade after decade, producing 2 1/2 times more goods now at 10 per cent less than during the same period after the last war. I am proud to be called an industrialist. (*Applause.*)

#### **Moderator Denny:**

Thank you, Oscar Palmer. Well, gentlemen, you've indicated that you have some questions to ask each other, so let's get down to cases and start with the Mayor of Minneapolis, Mr. Hubert Humphrey. I believe you have a question for one of the speakers.

**Mr. Humphrey:** I surely have, Mr. Denny. I'd like to take on Mr. Palmer here, right away in view of his own statements that what we need is more production and also that apparently the whole trouble rests with the consumer and the labor leaders—they're the ones that can relieve the trouble here.

All right, how do you rationalize these facts, Mr. Palmer, in view of your argument? The Federal Reserve Board Index of Production points out that the 1945



to 1947 individual worker productivity went up 11 per cent. The Bureau of Labor Statistics points out that in the first half of 1947, there were one-third as many strikes or hours of work lost by strikes as there was in a comparable period in '46, and yet with fewer strikes, with increased productivity per man, the prices are skyrocketing. Now, how do you add that up? (Applause.)

**Mr. Palmer:** Mr. Humphrey, the increased production is due a lot to the increased facilities of manufacturers investing their money in the industry of the United States to make a better place for all of us in which to live. In 1945, our production per man was very low—too low—after the war period of readjustment. We must go much higher in productivity per man. (Applause.)

**Congressman Buffett:** I want to add something to that. The Mayor mentions the Federal Reserve. Just about a year ago, the Federal Reserve Board said, through one of its studies, that the wage situation is rapidly becoming the primary source of inflationary pressure. The present national policy, said the Federal Reserve study, is "to encourage and support demands for higher wages even though such increases may necessitate higher prices." That's the Federal Reserve's official statement on the subject.

**Mr. Denny:** Thank you. Do you

have something to add to that, Mr. Mayor?

**Mr. Humphrey:** I sure do. First of all, I want to take Congressman Buffett on one statement here. He said that the productivity of the workers had slipped terribly right after the war, but the Federal Reserve Board points out that productivity was on a scale of 112 in 1944 and it's up to 125 right now.

**Congressman Buffett:** You are a little previous there. I said no such thing.

**Mr. Humphrey:** Well, pardon me, I mean Mr. Palmer. I also would like to call your attention, Mr. Buffett, to this. You point out that the main problem is increased wages. Well, let's take a look at it now. From 1945 to 1947, using it as the base period, the total wages and salaries and compensation of all employees in America, rose only from 123 billion dollars to 125 billion dollars, while corporate profits rose in the same period from \$8,900,000,000 to \$17,400,000,000. Now if somebody wanted to reduce prices, I'd say there was a chance. (Applause.)

**Congressman Buffett:** There are a lot of naughts in those figures, Mayor. The official figures of the Legislative Reference Service show that since 1939, wages are up 73 per cent and profits are up 78 per cent. Now those are not so far apart. (Applause.)

**Mr. Denny:** All right. Thank you. Mr. Secretary, what are you so quiet for, back there?

**Secretary Anderson:** Well, I was just thinking about the suggestion Congressman Buffett made that we suspend the export of grain until the outcome of our corn crop is determined. That's easy for him to say, but that's not a very nice thing to say to the person who, day by day, measures hunger around the world and knows that these exports of grain must continue if there is not to be chaos all over this earth. (Applause.)

May I only add one or two things to my good friend from Nebraska. I have heard export of meats being blamed for the prices of meat today. We only allotted about 17 million pounds of meat and every bit of it to Latin American countries that are normal purchasers of this meat. Hardly a pound has gone to Europe where people are in desperate need of something like fats to sustain them when they have only bread to eat.

Then, again, we have this problem of exports, yes, but we've already cut down exports greatly, because of large shipments early in July and August. We were shipping in August at the rate of a 1,900,000 tons—a record shipment. The shipments for October will probably be in the neighborhood of something under 800,000

tons. That's not too much if you see conditions in Europe. (Applause.)

**Congressman Buffett:** This morning the Secretary told us that you could buy with a carton of cigarettes, in Germany, a ton of wheat. Now if a ton of wheat is so plentiful in Germany that it will only buy a carton of cigarettes, there's something wrong with this business of these food exports.

Now I want to get another point that the Secretary might like to comment on. In 1938, France imported 34,000 tons of grain. In 1946, France imported 1,200,000 tons of grain.

Why the difference? Because the farmers in France in 1937 were planting eleven million acres of wheat but in 1946 they only planted six million acres of wheat because a socialist regimenting government was driving them into despair and restricting their production by its price control schemes. (Applause.)

**Mr. Denny:** Mr. Secretary, you have both barrels to answer to that.

**Secretary Anderson:** All right. As to Germany, it's true that because there is not a satisfactory currency, you can trade a ton of wheat for a carton of cigarettes or, conversely, a carton of cigarettes for a ton of wheat. But there is a desperate shortage of wheat in Germany. Anyone who



recognizes the German situation realizes that Germany lost a large share of its agricultural land. Then, on top of that, the part that remained in Germany, that was under Russian domination, was a surplus food producing area. The result is that the remaining areas in Germany are terribly hard hit. Now there's a shortage of wheat that can never be overcome by the German people themselves. The arable land does not exist to produce the wheat to supply the German people.

As to the farmers of France, the amount of land that they actually had in wheat—that produced wheat—in 1946 bore a direct relationship to a storm and a drought which they had which took out of their production tremendous quantities of their farmland. But remember that they do not possess the fertilizer, they do not possess the tractors, they do not possess the horses. They were plowing in France with cows, and you don't put in farmland under those circumstances. (*Applause.*)

**Mr. Denny:** Thank you. Mr. Palmer, do you have a comment or a question?

**Mr. Palmer:** Mayor Buffett—

**Mr. Denny:** Mayor Buffett? (*Laughter.*)

**Mr. Palmer:** Mayor Humphrey. I'm trying to get in between a lot of politicians here anyway. I'm kind of getting "the squeeze." (*Laughter.*) The corporate profits

were \$6,213,000,000, while the wage increase was more than double. In other words, wages went up 106 per cent, to correct you, according to the Department of Commerce, while the corporate profits went up less than 100 per cent. I think the corporations should start picketing—they haven't got their raise. But anyway, I'd like to ask you, Mayor Humphrey—you're from a farming state—somewhat farming—if you know that the farmers made 15 billion dollars last year and the corporations made only 12 billion?

**Mayor Humphrey:** Well, first of all, I'd say that it's not unusual for a representative of the N.A.M. to be in the midst of some politicians. (*Laughter and applause.*) I'd like to answer that last question of Mr. Palmer's. Taking 1935-39 as 100 per cent, average weekly earnings of factory workers rose 193 per cent in 1945, and 190 per cent in 1946. It stood at 214 per cent in July, 1947.

Now during the same period, net corporate profits, after taxes, rose 241 per cent in 1945, climbed further to 338 per cent, and increased again to 470 per cent in July, 1947. It doesn't look to me as if we need to spend any money on picket signs for corporations right now. (*Applause.*)

**Mr. Palmer:** The corporate profits in 1947 is presumably 16.8 per cent according to latest re-

ports—that is for the first half. The corporate profits for last year were 5.6 per cent. The average over 18 years was four per cent. The 16.8 per cent is primarily represented by inventory and inventory can vanish like the melting snow. Any drop in price or value of inventory will lose the profits. The year is not over yet.

**Mr. Denny:** Now, gentlemen, I'd really like, in the interest of the radio audience here, to see if you gentlemen agree on these statistics. This morning when we were discussing the statistics, I believe you did agree. Does that 16.8 per cent that you referred to in relation to the corporate profits of last year, does that mean the same thing as the profits—the figures quoted by Mayor Humphrey here just now. Let's clarify that.

**Secretary Anderson:** I think, if I may, that the two figures are not the same thing but they point to the same relative index. The statement was made that they were about four per cent originally, in 1935-39, and for the first six months of '47, running at the rate of about 16 per cent. Now Mayor Humphrey has said that they have increased 470 per cent and from four to sixteen is about 470 per cent.

**Mayor Humphrey:** Well, Mr. Secretary, I'd just like to say this. When we start getting up in the billions, I don't like this per-

centage business. I can well understand what \$8,900,000,000 worth of profit means in 1945 and I can well understand what \$17,400,000,000 worth of profit means in 1947. Those are clear figures. This percentage can mean anything. Anybody can use percentage figures on this.

**Congressman Buffett:** I'd like to answer some of those billion dollar figures. In 1939, federal taxes took a little less than 5 billions, and corporation profits took a little less than 5 billions. In 1946, profits have gone to 12½ billions, but federal taxes have gone to 43 billions. In other words, one went from 5 to 12, the other from 5 to 43.

Now, we are seeing here the very thing that I predicted, in my discussion, that we are going off on a labor or business witch hunt. If a drunken driver goes up on the sidewalk, and hits a lot of people, and other folks run over each other in getting out of the way, you don't blame them too much. You look for the drunken driver. The Government in this case is the drunken driver. (*Applause.*)

**Mr. Palmer:** In regard to the profits of corporations, few of us realize that corporations only make 3.1 per cent of the whole national income. It can't hurt too much.

**Secretary Anderson:** I just wonder in connection with Congressman Buffett's remark that the

Government is a drunken driver, if he ought not to state whether he did or did not vote for more than 30 billion dollars worth of appropriations in the last six months? (*Laughter and applause.*)

**Mr. Denny:** All right, Congressman.

**Congressman Buffett:** Boy, I'm glad you asked that question. I voted the low dollar on every appropriation bill that came before Congress, and, to the best of my

knowledge, not one amendment was offered from the Democratic side of the House to reduce a single appropriation during that whole six months. The Administration played dog in the manger all the way through and that's the reason government expenditures and inflation are still going full blast. (*Applause.*)

**Mr. Denny:** I thank you. I am going to ask to play dog in the manger now while we get ready for our question period.

## QUESTIONS, PLEASE?

**Mr. Denny:** For tonight's best question, someone in this Albuquerque audience will receive a \$210-set of *Encyclopedia Americana*. A local committee of judges will award the set to the question it considers best for bringing out facts and broadening the scope of the discussion. In order to give our judges time to make a fair decision, we'll announce the winner on next week's Town Meeting in this same spot.

The winning question on last week's program was, "How can the United States work toward a world government on the basis of the present organization of the UN?" asked by Peter Lee of San Diego.

Now for tonight's questions we'll start with the gentleman on the front row here.

**Man:** My question is directed to

Congressman Buffett. Since there is only one element common to the make-up of all prices, namely manpower, isn't it logical to start price control with wage control?

**Congressman Buffett:** I don't think that wages are the only factor in prices. The way I studied it in the economics books, supply and demand plus the quantity of money is what makes up prices. Now certainly for my part I don't care about seeing wage control in this country. They have it today all over Europe, with the exception of three countries—Portugal, Spain, and Switzerland. And incidentally, those are the three countries in Europe that are going ahead with postwar recovery.

**Mr. Denny:** Thank you. The gentleman over here in that handsome striped shirt.

**Man:** I'd like to pose a question

to Secretary Anderson. Why does the Government buy tons of potatoes, and I read recently eggs, too, to just dump them or burn them, to keep prices up?

**Secretary Anderson:** Well, as a matter of fact, the Government is not keeping potato prices up, today. You ought to read your quotations—you'd find they are far above support prices. The Government bought in certain areas quantities of potatoes which they were not able to ship abroad and which were not taken by any charitable organizations—that follows an act of Congress requiring the Department to buy it. As long as I am the Secretary of Agriculture, I will follow the requirements of the law.

**Man:** Well, if those potatoes and eggs were put on the market wouldn't they drive prices down on all eggs and potatoes on the market now?

**Secretary Anderson:** Yes, and result in the Government buying all of the potatoes produced in the entire United States. We dumped some 7,000 bushels in that area, out of 460 million bushels produced last year. You have to know the whole picture on potatoes. It's an interesting one.

**Mr. Denny:** I was sort of curious about that myself, Mr. Secretary. I wish we could have a whole program on potatoes. Do you want to say anything more about the potatoes, Mr. Secretary?

I think the whole country is interested in that. Are you acting as Secretary of Agriculture under a law passed by Congress, which says that you must buy those potatoes and destroy them?

**Secretary Anderson:** No, the law does not say that we must destroy them. It is the Steagall legislation, and it says that certain crops, for which increased production was required during the war, shall be supported at 90 per cent of parity until two years after the cessation of hostilities. Now, in the furtherance of that we have had to buy potatoes; but I say, that whatever the potato program cost, it has not represented cost to the American taxpayer, in the first place, because we disposed of potatoes to distilleries for alcoholic beverages and the alcoholic taxes were far in excess of what the potatoes cost.

But remember that that same principle of support prices is the thing that is responsible for giving you a large wheat production, and it is large production that keeps down prices. Though the price of wheat got up to \$2.25, even to \$3.00 last year, remember that the Argentine Government, which had not by incentives increased production, had its wheat on the market at \$5.00 a bushel. Our wheat today, at three dollars a bushel, is regarded as a bargain by every country in Europe.

**Mr. Denny:** Thank you. Now,

the gentleman back in the middle of the hall.

*Man:* Mayor Humphrey. You suggest that we go back to price control. Don't you feel that would only be 50 per cent of the problem licked? How about the people who can't afford to buy when black markets come in, when there are price controls? What are we going to do to control the black market?

*Mr. Humphrey:* That's a good question. I want to say that the prices which exist today are beyond what the black market prices were under control. Today, actually, what you have is a new type of rationing. It is a rationing by the cost of the commodity. I say, it's a whole lot worse to have white shirts on the counter, and to have the items that we used to not be able to get, so that when the worker today doesn't have the money to buy those shirts, at least he feels a whole lot worse when he sees them at the present time.

May I say this that I didn't only recommend—I take real exception to some of the comments here tonight. They say Mayor Humphrey recommends only price controls. Well, let's take a look at what I recommended.

I said stop rising prices the way we did it during the war by controlling prices, break the bottle-necks of production by direct government action if need be, stop

wasting food, stop speculation in food, stand pat on taxes. I don't want any of that business where I get \$30 a year tax reduction for myself, and someone else gets a \$100,000 a year and they call it equity. That didn't sound very good to me—that last tax plan. (*Applause.*)

I also suggested, let's plan our purchases for shipment abroad. I suggested that because there isn't anyone, I dare say, on this platform tonight, that would say that we ought not to help feed the starving people of Europe. If they are willing to say that, then what they are willing to say in substance is, "Let Communism take over Europe," and I'm not willing to say that, tonight. Now I have given you a program—not just by controlling prices. (*Applause.*)

*Mr. Denny:* You've got Congressman Buffett wanting to speak there, Mr. Mayor.

*Congressman Buffett:* I think we ought to get this business of communism in Europe straight. At the present time, through our shipments to England, France, and other parts of Europe, we are underwriting and financing and sweetening the transformation from free enterprise and capitalism into what you might call British communism or French communism, but at any rate it's socialism. It is abolition of private property.

That's going on today all over

Europe, and you're paying for it. Now, the American people don't know that, the truth hasn't got to them, but they are beginning to find it out now. The British loan a year ago was promised as the cure for their troubles. Today they're further in communism than they were then and they're hollering for help louder than ever.

The trouble in Europe is that they are always either rattling the sword or rattling the tin cup and I say its time for us to stop financing that twin procedure. (*Applause.*)

*Mr. Denny:* Now, Mr. Congressman, you've got the Secretary on his feet.

*Secretary Anderson:* I just want to say that I don't subscribe at all to that in any way, shape, form, or fashion. In July I had dinner with President Remadier. I talked with members of his Cabinet. I talked with French people in the streets. I talked with people all over France, and they are combating communism as strongly as they can. To be sure, they are being undermined but the President of France today stands as a stalwart foe of communism in that area. He stands with his hand united with us in trying to make sure that there shall exist, along the edges of Europe, a group of nations that is able to resist communism and strong enough to do it.

The same thing, I think, applies to Britain. I was privileged to

have luncheon with the Prime Minister. I don't say he's the greatest man I ever met, but I say, he is one of the most honest, sincere men I have met in a long time. I know there isn't a trace of communism in his makeup, I'd stake my reputation on that. (*Applause.*)

*Mr. Denny:* Thank you. Now Mr. Humphrey.

*Mr. Humphrey:* Well, I am somewhat alarmed to see that the Congressman from Nebraska has his definitions somewhat mixed up. He seems to feel that democracy and free enterprise is synonymous. Now, I'm a free-enterpriser. I believe in it. I don't think we can be an island of free enterprise. I think we have to help some other parts of the world live, and the only way they are going to live is to have something to eat.

What the world needs right now is a good meal, and just a little bit less advice. If we give them a good meal for a while, then we'll have a chance to give them some advice. The Congressman from Nebraska continually brings to our attention that we wasted our money on UNRRA, that it was one of the reasons that we had the spiral of prices, and now he tells us that British socialism today is communism. Apparently, there doesn't seem to be any distinction between the job that is being done there in the



preservation of civil liberties and the Gestapo or the OGPU and the concentration camps under a dictatorship. To me, there is a great difference and I surely object to that kind of reasoning. (*Applause.*)

*Mr. Denny:* Thank you, Mr. Humphrey. Congressman Buffett?

*Congressman Buffett:* As long as they want foreign policy we'll get some facts. A million workers in Italy, agricultural workers, were on strike last week. They couldn't have been very hungry or they wouldn't have gone on strike. Now, about this business of socialism in Europe, or nonviolent communism, or some other name. Let's get the facts. In France, since V-J Day, the government has taken over the Bank of France, the branch banking institutions, the coal fields, the electric and gas companies, 54 large insurance companies, and others. That's abolition of private property, and that's what Lenin said communism is.

In England, the government has taken over the Bank of England, Civil Air Service, the coal industry, tele-communications, all transport, including railroads and trucking, and bulk cotton purchasing. That's socialism. That isn't what we stand for. The American people shouldn't be underwriting that in Europe.

But that still doesn't answer the question as to how these exports

are causing rising prices. Let them get on the question if they want to stop rising prices. (*Applause.*)

*Mr. Denny:* Thank you. I think we'd better get a question in here from the audience now. Yes, the gentleman on the aisle.

*Man:* I have a question for Mr. Palmer. As an industrialist, aren't you afraid that since high prices usually mean high profits that lower prices will mean lower profits for you?

*Mr. Palmer:* Not necessarily. It depends entirely upon the cost, and the cost can change overnight. These profits we built up, if we did build up profits, as has been stated—and I'll agree that we do have more profits for the early part of '47 than usual—these profits can be lost in one strike. One strike like the General Motors would wipe out every bit of profit, and if we do lose that profit, they'll bless those corporations for trying to save and conserve to protect the jobs of the workmen in the plants.

*Mr. Denny:* Thank you. Congressman, do you want to say a word here on communism and socialism to clarify that.

*Congressman Buffett:* Certainly, I'm glad to clarify that because I think the American people need some clarification on that and if I'm wrong, I hope somebody clarifies me. The Union of Soviet Socialist Republic is the official name of Russia. The only difference be-

tween socialism and communism, as I see it, is that one starts out quiet and proceeds to the roughhouse, and the other one starts out with the roughhouse and that's where you wind up. (*Applause.*)

*Mr. Denny:* Mr. Humphrey's gotten on his feet now.

*Mr. Humphrey:* I disagree with that very definitely. There's a great deal of difference. We're not here arguing the merits of communism and socialism, but the fundamental tenets of democracy are not the dollar sign. The fundamental tenets of democracy are the preservation of civil liberties, free speech, free press, freedom of religion, freedom of assembly, and in Great Britain today under the British Labor Government those things are preserved.

May I say this to the Congressman from Nebraska, how about those little Scandinavian countries—they haven't been doing so badly. Norway, Sweden, Denmark—they have a good deal of nationalization. They have co-operatives. They have a blending of what you'll have in Great Britain. (*Applause.*)

*Mr. Denny:* Thank you, and now while our speakers prepare their summaries of tonight's question, here's a special message of interest to you.

*Announcer:* Just before we hear the summaries of tonight's discussion, let me remind you of the one important thing about Amer-

ica's Town Meeting of the Air. Week after week for more than twelve years your Town Meeting has discussed the leading controversial question before the Nation and the world.

It's not the purpose of the Town Meeting to solve these great problems. Our purpose is to bring you the best expert opinions we're able to secure in order to help you—the American people—to find the right answers yourselves.

Some of our not too gentle critics sometimes remind us that we have not answered the question raised on our program. Of course we don't. We present the opinions of four qualified spokesmen on each subject—usually two on the affirmative and two on the negative. The rest is up to you. If these problems could be solved by our discussion, they would not be the major issues they are.

So, when you listen to the Town Meeting of the Air, please remember that our aim is to help you find the right answer and not to tell you what we think or what you should think.

Now, for the summaries of tonight's discussion, here again is Mr. Denny.

*Mr. Denny:* Here is the first summary by Oscar Palmer.

*Mr. Palmer:* OPA would mean more government controls, more government employees, more taxes—and black markets. We just won't be regimented; we never

have been in peacetime. Government interference in steel industry would be worse—more tragic than government interference in the coal industry. Uncle Sam would come out with his boots blacker than he did. Industry needs help in the way of labor cooperation, and it won't be long before we'll have plenty of production.

*Mr. Denny:* Thank you, Mr. Palmer. Now, Secretary Anderson, please, a final word from you.

*Secretary Anderson:* Well, I still feel that we didn't talk much about how to control prices. I still feel that abundant production is the safest guide for us to have. Price control, I've found out, was very difficult when the war ended. People who thought it was a fine thing while we were at war and while their boy was overseas, changed their minds once the war ended. So I think the safest way to hold prices in line is to have plenty of goods at competitive prices.

*Mr. Denny:* Thank you, Mr. Secretary. Now, Congressman Howard Buffett.

*Congressman Buffett:* After the Democrats have been fifteen years at the steering wheel and have now driven America into the quicksands of rising prices, the Mayor and the Secretary turn to us Republicans in the back seat and say it's all our fault. Now, that's the way that you can sum up that testimony.

The fact is that 61½ per cent of the world's population, which is America, can't carry the burdens of the world. Let's help those that are willing to help themselves and solve our own problems here by stopping our exports beyond our capacity. (*Applause.*)

*Mr. Denny:* Thank you, Congressman Buffett, and now a final word from Mayor Humphrey.

*Mayor Humphrey:* I say that I have presented a comprehensive plan and I've heard no fundamental attack. I said re-establish price control. The only reply is that it's difficult, that it'll take time, but no one says that it won't check rising prices now, and I say that it will.

I've also been told that what we need is abundant production, and I agree with you, but rising prices kill production. I cite, as an example, the housing construction.

The program is: break the bottlenecks of production, stop wasting food, stop speculation in foods, stand pat on taxes, encourage savings, plan purchases for shipments abroad, and set up a price adjustment board which no one has attacked tonight to take the necessary steps to protect us against a slump. (*Applause.*)

*Mr. Denny:* Thank you, Mayor Humphrey, Congressman Buffett, Secretary Anderson, and Oscar Palmer. Thanks also, to our host, Station KOAT, the service clubs, and Albuquerque Forum.

Sept 16, 1947

## AMERICA'S TOWN MEETING OF THE AIR

### "HOW CAN WE STOP RISING PRICES?"

The time is long overdue for plain, honest talk on this matter of rising prices. We know now that the economic dislocation that came with ten years of depression and five years of total war cannot be solved by partisan political promises and expensive publicity by special interest groups. We are in trouble! Every businessman, every labor leader, every citizen knows that it is high time we start preparing honest answers and proposing programs. War time profits, war time savings, pent up demand, foreign food and rehabilitation requirements inevitably have created a high priced market in the period following the war. It was impossible to re-convert a nation - geared for total war - to a nation producing for peace without some sort of orderly direction. Instead, controls on wages were removed, OPA was abolished, the excess profits tax was repealed, restrictions on installment buying and consumer credit were done away with, and restrictions on commercial building were relaxed. This was the program of the National Association of Manufacturers and adopted by the Congress, so here we are asking "How can we Stop Rising Prices Now?"

The result of this policy is in the daily headlines! You feel it in your pocketbook! Ruinous inflation is on the way! Prices have increased during the past year nearly four times as much as during the days of Government controls. Net corporation profits have sky-rocketed from 8 billion 9 hundred million in 1945 to 17 billion 400 million in 1947!



At the same time, weekly wages in terms of purchasing power have declined between 4 and 5%! The over-all cost of living has gone up approximately 58%. Food items have increased almost 98%, house furnishings are up over 80%, fuel costs are up approximately 20%, and the cost of clothing has increased between 85 and 90%. These figures represent the increased cost of living since the beginning of the war emergency through 1947. If we add to this that during the last year wage earners' savings in America have dropped 45%, we get some idea of what is happening to the price structure and the purchasing power of the American consumer.

All of this has taken place despite the fact that never in our history have we produced so much nor at any time in our history has the individual worker had such a record of man-hour output. The Federal Reserve Board's index of production reveals that the factory workers' efficiency has gone up from 1944 with an index figure of 112 to the first half of 1947 with an index figure of 135. The argument often used that worker efficiency has lagged is clearly disproved by this official report. The argument that production alone is the answer is surely not substantiated in view of the remarkable achievements of American industry and the farm in the productive process.

This inflation is not only doing us great damage at home, but it is crippling our efforts to carry out a democratic foreign policy abroad. The one hope of economic rehabilitation in Europe lies in such a forward-looking program as outlined by Secretary Marshall, known as the "Marshall Plan." Europe does not need money alone. It needs dollar credits to purchase American goods. The value of these dollar credits is destroyed by the vicious spiral of inflation.

The outstanding example lies in the purchasing power of the recent loan which was made to Great Britain.

I say, therefore, that Congress should be reconvened at once to meet its foreign and domestic responsibilities. A concrete program should be adopted to fulfill the basic economic rehabilitation needs of Europe. Secondly, the Congress should freeze prices, re-establish price control and prevent prices from rising any further. I recognize that we do not at this moment feel psychologically prepared for the re-establishment of controls. I know that we love our freedom. We have a fear of bureaucracy, but we must recognize that there are even greater dangers along the road we are now traveling. The hard truth is that if prices continue to go up we face a period of industrial strife such as we have never known before. We face international chaos and the spread of totalitarianism, along with ultimate depression, bankruptcy and unemployment at home. Price control is only part of the answer, however. At best the answer to our problem requires a great measure of unselfish action on the part of the individual and a courageous program on the part of our leaders in government, business and labor. We must utilize every possible means to increase production. Both labor and business must forget their economics of scarcity and come to realize that we are living in a new day of tremendous demand for goods and services. The production bottlenecks must be broken - most especially the steel bottleneck. I hope that Mr. Fairless and his associates of the steel industry will listen to the remarks of Secretary Anderson on this subject. There is a desperate need for steel throughout the world and an expanded steel industry is absolutely essential to an expanding American economy. Yet, steel insists that this demand is only temporary and refuses to expand its

capacity. I say the Government must step in and force steel plant expansion by guaranteeing a maintenance of demand or by doing the job itself!

But we must do more than control prices and expand production. We must eliminate waste and conserve food and clothing. A program of food conservation and voluntary rationing should be instituted without delay and organized to reach every family in the land. Clothing conservation? I'll say we need it! Take for example, the new dress styles for women. Textiles are one of our critical shortages, yet the style masters not only add six inches to the hem-line, but they force your wife and mine to discard a vast portion of her wardrobe. And, mind you, this happens just after we had purchased many new pairs of nylons at which we thought we were going to get a chance to look!

In addition, we must stand pat on taxes because taxes do subtract from the total amount available for spending. We should attempt to delay commercial capital investment in non-productive facilities. Construction of housing and industrial plants should have top priority. We should undertake an extensive, nation-wide savings campaign on the scale pursued during the war.

Furthermore, speculation in food commodities must be stopped. Profiteering through food speculation is not only economic madness, but downright immoral when millions are starving. If the Government does not have adequate powers to stop speculation, it should ask the Congress for additional authority.

We must continue - - even increase - - our aid to other nations, but, in view of the price situation, we must wisely plan our purchases of food for shipment abroad and should choke back such exports as are



not essential for economic rehabilitation. And at the same time, we should do everything possible to enlarge our imports.

The first job, of course, is to stop prices from rising further! Prices are already too high. We have already had too much inflation. We know that this cannot last - the bubble is bound to burst. This means we must find a way to bring prices down in a manner that will not produce a rout.

I think that Congress should establish an Economic Adjustment Administration equipped with full legal authority to deal with all elements of the price situation. It is too late for "moral suasion" alone. Whether all pervasive price control patterned on the war experience is necessary may be open to debate, but the Economic Adjustment Administration must be empowered to make that decision on the basis of all of the facts.

Voluntary price reductions, as shown by experience, will not do the job. A government agency armed with authority is needed to see to it that price reductions are made which benefit the consumer, and that the burden of such reductions is distributed equitably at all levels of production and distribution.

There is my answer. Stop rising prices the way we did during the war by controlling prices. Break the bottlenecks of production, by direct government action if need be. Stop wasting food. Stop speculation in food. Stand pat on taxes. Encourage saving. Resume credit controls. Plan purchases for shipment abroad and set up an economic adjustment board now to take steps to protect us against a slump!



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