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NOVEMBER 11, 1947

Town Meeting



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BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR

BROADCAST BY STATIONS OF THE AMERICAN BROADCASTING CO.



What Should We Do To Check Rising Prices?

Moderator. GEORGE V. DENNY, JR.

Speakers

HAROLD E. STASSEN

LEON HENDERSON

Interrogators

PAUL S. WILLIS

ROBERT R. NATHAN

(See also page 14)

COMING

—November 18, 1947—

What Future for Germany?

—November 25, 1947—

What Future for Europe?

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Town Meeting



BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR

GEORGE V. DENNY, JR., MODERATOR



NOVEMBER 11, 1947

VOL. 13, No. 29

What Should We Do To Check Rising Prices?

Moderator Denny:

Good evening, neighbors. There is no subject we could discuss on Town Meeting that affects each of us more directly than the one we're discussing tonight, "What Should We Do To Check Rising Prices?" A well known adviser to businessmen says that there is greater confusion here than we've seen for many years.

There's one thing the public is not confused about. We know that prices have been rising sharply during the past year, and individually we seem to be able to do very little about it.

So tonight we're asking the counsel of two leaders in public life, who really should be able to advise us what we should do individually and/or collectively to check rising prices.

The first is an avowed candidate for the 1948 Republican nomination for President of the United States. He is a former governor of Minnesota, who just today pub-

lished a new book called, *Where I Stand*. From him we can certainly expect a clear and forthright statement on this question.

Our other principle speaker is the former administrator of the original OPA, now chairman of the Executive Committee of Americans for Democratic Action, who is equally well known for his blunt statements of facts as he sees them.

Our distinguished guest interrogators tonight are Mr. Paul S. Willis, president of the Grocery Manufacturers of America and Mr. Robert R. Nathan, economist and author of *Mobilizing for Abundance*. Now, your Town Meeting is pleased to welcome back to our platform, the Honorable Harold E. Stassen of Minnesota. (*Applause.*)

Mr. Stassen:

Mr. Denny, Mr. Henderson, ladies and gentlemen of the Town Meeting of America, at the very opening of my remarks tonight, I wish to make my position crystal

clear. I believe that when President Truman vetoed the OPA Extension Act in July, 1946, and thus suddenly ended the price controls, he committed the greatest economic blunder in the history of our country. (*Applause.*)

On the other hand, it is my view that we would be in an even more difficult situation today if the Congress had then followed the President's advice and had put on and held on rigid, complete, OPA controls down to the present day.

What was needed was a gradual, but definite easing off of the controls from wartime to peacetime conditions. This, Congress tried to do, but the President refused. A continuation of rigid controls would have meant lower production and less goods available.

You can all recall the low ceiling prices on butter with no butter to be had; the low ceiling prices on meat, with empty counters in the butcher shops; the low ceiling price on shirts, but no shirts to be found. In other words, the rigid OPA gave the American people a nice looking ticket to go to the cupboard, but when they got there the cupboard was bare.

But enough of that, enough of looking backwards, enough of post mortems. The question tonight is where do we go from here? Production today in America is high. It is excellent. It is the best of any place in the world.

We are turning out today in

America, almost twice as much in total products as we did back in 1939. Think of it. In spite of shipping goods and food abroad at the rate of about sixteen billion dollars a year to help that urgent distress there, we still actually have in our country more food and more products for the average American family than we had in 1939 before the war. But the prices are too high. We must stop their rise and pull them back down a bit, and we must stop this price spiral without cutting down our production.

It has been shown in many of the countries of the world since the war, that very rigid controls, holding down prices, and putting in the hands of men in government the decisions over what should be produced and what should be sold, results in low production, widespread black markets, and a bad condition for the people.

That is why I'm against re-establishing OPA at this time. I'm against putting general economic controls back in the hands of men in government. What they do is overstate the problem when a problem exists, and then ask for great controls, just as they said we'd have eight million unemployed a year after the war and then asked for a great problem to stop that unemployment.

If we do put on these complete controls, we will get some of the prices down, but we'll also lose

production and lose jobs in America. We'll not be able to give the great assistance to Europe that is so necessary and which can only come from very high production in America.

But there are some steps that we can and must take. We should re-establish consumer credit controls in America. Congress should pass a law prohibiting the very easy installment credit of "one dollar down and two years to pay" in this present situation. With part of the accumulated wartime earnings still left to spend, with some of the production losses from the long strikes in '46 still being felt, prices are further increased through consumer installment selling. This is a kind of control that government can put on and should put on and which will not result in lower production.

Second, we can get our foreign aid program under the direction and supervision of a high caliber American agency which will safeguard the effects of foreign shipments on our American prices. We should not have a continuation of British, and French, and Belgian, and Italian, and U. S. Army purchasing agents competing against each other and against the American people, forcing prices up and up. All of the purchasing for this essential foreign aid shipment, for the aid and occupation programs, should be coordinated and chan-

neled together in one new, businesslike American agency and the purchasing should be carefully conducted so that it does not push our prices through the top.

Third, the Government should carry on a vigorous program against monopolies, hoarding, and profiteering in America. (*Applause.*) For this purpose a new law against excessive inventories of scarce products, holding them off the market at excessive prices should be passed. It should be a strong law against hoarding and against profiteering and then this can be used to break through against this practice which endangers the economy. This is also a control that can be administered without damage to our production.

Furthermore, the people should be urged to resist high prices, be encouraged to buy products which are surplus, such as citrus and potatoes, and the save food program should be thoroughly backed and supported on its present voluntary basis.

Likewise, a voluntary drive to increase personal savings in 1948 is important.

Then, finally—and this is one of the most important things needed—that portion of our population whose incomes have lagged far behind, particularly the teachers and other white-collar workers, the clerks and stenographers and public employees should have their incomes brought up in line with

the rest of the population. (*Applause.*)

By these steps of limited careful controls, not giving great over-all power to government, I'm confident that we can maintain our very high production in America and, in fact, expand it still further.

We can level off our prices, bring down the prices of food and clothing a bit, stabilize our economy at a very high level with high employment and good profits, give essential aid to Europe under the Marshall Plan, and above all, maintain our individual freedom in America, which is the most important ingredient in the greatness of our country. (*Applause.*)

Moderator Denny:

Thank you, Harold Stassen. Now, we're going to hear some words of disagreement from the vigorous, two-fisted, cigar-smoking Leon Henderson, who is as accustomed to having his cigar as Mr. Churchill. He doesn't seem to have it with him tonight, though. (*Laughter.*) Oh, yes, he's got it! Mr. Henderson is a former OPA administrator and is now Chairman of the Executive Committee of Americans for Democratic Action. Mr. Henderson. (*Applause.*)

Mr. Henderson:

Mr. Denny, Governor Stassen, ladies and gentlemen. I've listened with amazement to Harold Stassen's program to check prices and, frankly, it will not do. Stassen

underestimates our danger so the remedies he proposes are superficial. The patient is suffering from galloping inflation and Harold Stassen wants to diagnose it as a pimple and put a little iodine on it.

I'm heartily in sympathy with his fine, generous proposal to raise low incomes, but we've got to face the fact that that is not an anti-inflation measure. In the absence of price controls, what we know from experience is that this would increase prices, not check them. We need price controls. The Governor's program is made up of worthy, social measures, but it is a limited plan. Farm tractors, a law against hoarding, some control of installment credit, the same old statement about monopolies, coordination of foreign purchases, and an appeal to hungry people to resist high prices is only a tilt at a windmill, and just a little tilt at a big windmill at that.

The Town Hall audience will remember that I said over a year ago on this same forum that conditions were not satisfactory for abandoning OPA. I said we ran a serious risk of what is actually taking place—runaway prices.

Now I do not come here tonight to advocate full restoration of OPA controls. Personally, I hate controls. Sweeping across the board, OPA controls are evidently not required now, but they may be later if we don't take fore-

thought. But I do believe that one of the first obligations of the returning Congress is to determine the real seriousness of the peril of rising prices.

I believe Congress should pay most attention to the testimony of folks who have to spend their entire income to live these days. (*Applause.*) They ought to pay some attention to Senator Flanders who has been talking to some of these people. There may be easily ten million family units in this group that are using their entire income to live these days.

Now when the degree of seriousness is established, that will be the time to hear from the politicians and theorists and the technicians. I can say that because I guess I'm all three.

I never saw many inflation situations that could not be held in check just for a lack of a method or a technique, but I have seen failure from lack of moral courage.

If Congress determines we are threatened with further inflation, the country will demand, I believe, full power to head it off.

When extension of controls was up in 1946 only a few segments of the community had been harshly punished by that time by high and rising prices.

The OPA from 1943 through 1945, when I was not the Administrator, held consumer prices down better than any country at war did or ever did. But 40 per

cent increase in food prices—and that's what the rise has been since mid-1946—has shot low and middle income families.

Clothing is up 18 per cent, furniture is up 18 per cent. New housing is disgracefully high. Now many families believe that their savings have disappeared into the swollen profits of business. Families of America have had to go into consumer debt by an additional 5 billion dollars in recent months.

The American family is being advised by well-fed observers that prices will go up further, that the bust, when it comes, will be all the more violent for the rise, and that a third round of wages is almost inevitable. If wages go up, and prices are still free to rise, it's clear from recent experience that another spiral is started, because you have just had a wage increase, and the processors mark up so they get a higher price.

In the face of these threats, there's all kind of divided counsel. Some people, notably the big labor organizations, want to go back to OPA. Some want to try new controls, to rely almost solely on the allocation of scarce supplies. Another set says, quite truthfully, of course, that demand, coupled with money, still outruns supply. So bank credit ought to be drastically reduced, and the production of goods ought to be increased.

Well, what do I, the battle-

scarred veteran controller, suggest? I suggest, first, finding out the measure of the threat and then doing what it takes. It seems to me there ought to be a bi-partisan Republican - Democratic understanding.

Maybe the Congress could pass a law requiring each member to take one of those drugs that make you forget everything that has been said previously. That might be the first step.

Then I think Congress should create a new single agency, with full power—power, understand—over wages, rents, price allocating, rationing, consumer credits, subsidies, exports and imports, for a term of two years, so people wouldn't hold back.

Now Congress should grant full power and adequate funds for enforcement, which was never given to OPA. I think if the Republicans approve it they will approve enough money—they won't run the risk of nonenforcement.

The Administration, itself, should make clear to Congress that it only intends to apply these controls in a limited few areas in which there is real danger. Then, if a new threat bobs up, like a threatened increase in shoes, or copper, the control agency could go back to Congress and get authority to proceed. There are several mechanisms by which you could get prompt clearance.

The new agency should move

promptly to secure adequate supply of grains. It could, just for example, offer the farmer for delivery now the right to take any market price established before the next crop comes in, but guarantee no lower price than at the date of sale.

The agency could set ceilings on selected items that are threatening to rise in price—not on grains, but on steel, key building materials, and meat, as examples. It should start getting ready for rationing and other consumer price-controls in case these are needed.

Rent control ought to be extended, and consumer credit control should be re-established.

The agency should dicker with the top labor organizations for pledges of no further wage increases, conditioned on promise of reduction in the cost of living. If these assurances cannot be obtained, a ceiling on wages can be established.

Power could be given to the Federal Reserve Board to increase reserve requirements and to regulate speculative use of credit.

The agency should use its powers to increase the imports from other countries of oil, cloth, meats, and other scarce items. It can allocate the scarce materials produced here.

Congress can help by keeping taxes intact, at least until late spring. It should authorize the sale of government-guaranteed bonds to individuals to finance re-

construction in Europe. Congress can help by hearings on profiteering and monopolies before the Joint Committee on Economic Report. The individual can help by practicing moderation and by wasting less. (*Applause.*)

Moderator Denny:

Thank you, Leon Henderson. Well, we've had two pretty concrete proposals by these two speakers. Now it's time for a bit of specialized questioning by our two guest interrogators, Mr. Willis and Mr. Nathan. We're going to hear first from Mr. Paul S. Willis, President of the Grocery Manufacturers of America. Mr. Willis. (*Applause.*)

Mr. Willis: Mr. Denny, ladies and gentlemen. I listened with a great deal of interest to Mr. Stassen's proposal and Mr. Henderson's. I'd like to ask Mr. Henderson, and before doing so, he knows very well that he and I worked together in the OPA all during the years and that our objective was to keep prices down. I want to make one other statement, that so far as the food industry is concerned, we'd rather have low prices than high prices, because more people can buy the goods. Also high prices don't mean high profits, so that we have a very selfish interest from the business point of view, to try to get prices down.

I'd like to ask Mr. Henderson, that in view of our experiences

under the OPA—and he talks about re-establishing controls—at what levels would he fix the controls? Would he fix them at present levels? When we have food prices we have to take into consideration the prices we have to pay the farmers, the laborers, and all the other ingredients that make up the finished product. At what level, Mr. Henderson, would you fix the prices if you had to put them into a new OPA?

Mr. Henderson: I'm not going to be a candidate for the new OPA or any new agency. I think the new agency could determine what was a workable level. It would not be the level of 112 at which the OPA was maintained at the time of its decease, nor would it be 158 which you've gotten since its throat was cut. There are many commodities that could be worked back and if the forward thrust was stopped, you would get a substantial reduction in price, probably 10 to 15 per cent, to begin with.

Mr. Willis: Looking at the prices which make up the food prices, in 1939 we paid the farmers, for instance, at the rate of 65 points, in 1947 at the rate of 177—that's almost three times—and labor at 60 points, at 60 cents; and in 1947, at \$1.11.

The thing that bothers me about that is when you have wheat at \$3 and \$3.25 today and your wage rates are up there, just what

would you do about it, Mr. Henderson? Will you roll the prices back? We accept here that prices are too high so that we wouldn't accomplish anything by fixing the prices on the basis of the present costs. What would we do about getting these prices down? Would we again introduce subsidies or just how would we do that?

Mr. Henderson: I said before that any time we want a mechanism or a technique it's there. Anything that this country seriously determines it wants done can be done whether you use subsidies, whether you use the roll back, whether you use your buying power, or whether you use the whole kit of tools, is relatively unimportant. The question is whether you've got the moral guts to do it.

The thing is we had these things under control at one time, Mr. Willis, and the processors were making a good profit, the farmer was making a good profit, and the cost of living was not prohibitive.

Now I don't suggest that you can go back there. I do say, you don't get back there through the Stassen method though. (*Applause.*)

Mr. Denny: Mr. Willis, another question?

Mr. Willis: It's more of a statement than a question, Mr. Denny.

Mr. Denny: Go ahead.

Mr. Willis: This matter of \$3.25 for wheat. I'd like to throw this

in as one of the problems in this whole picture. The Government has been encouraging the price of wheat to go up to above \$3 for the reason that at that level it goes out of the price level where they can feed it to cattle and in that way we will move towards the conserving of 100 million bushels of wheat. The thing that bothers me about that is that while it is accomplishing the purpose of getting the 100 million bushels of wheat, it will be only a question of a short time when \$3.25 wheat will translate itself into a higher price for bread and higher price for cereals and all the other food products where wheat and corn are basic ingredients.

The thing that I think the American public should know is that this is with the encouragement of the Government, the Administration, that the price of wheat goes up and that so far as the food industry is concerned it is totally helpless when your price of bread goes up because the price of the \$3.25 wheat translates itself into the higher price of bread.

Mr. Denny: Thank you. Mr. Henderson has a comment on that.

Mr. Henderson: That's true. He's making the best argument for the old OPA that I've heard made on any forum. We had prices under control, but we don't want to overlook what the profits of the processors are either. The food profits, profits of the groups interested

in food were about twice as much as of all industry in 1946 and in the first half of 1947 they made another substantial increase.

Now I know they have not taken all the mark-up that they could take but we don't want to forget that there is such a question of profits in this picture and that some part of the roll back can come out of profits. (*Applause.*)

Mr. Willis: I am very glad that Mr. Henderson raised that question of profits and I think one of the studies should concern itself to establish where is this profit. I'll give you some facts. We made a study not long ago and we took the food manufacturers right across the line: the flour millers, the meat packers, and anyone you want to name, and we came up with this that in 1939 these same food manufacturers did five and a half billion dollars and they made 4.6 per cent on sales profits. In 1947 they did three times the volume and their net profit is down to 3 1/2 cents on dollar sales.

Now I'll tell you what that means to the family budget. Food manufacturers take 3 1/2 cents out of the dollar and your retail grocer takes about a cent and a half. That's five cents. So if we abandon all profits that would mean for you six tenths of a cent on a can of beans.

Now I say that if that will solve all the problems of high prices, let's ask the food manufacturers

and the distributors to forego all profits. But, of course, that wouldn't solve the problem and the point that I'd like to make is that when we discuss profits let's find out where they are and not point the finger at over-all, particularly the people who are trying to work in the public interest.

Mr. Denny: Mr. Willis as a bewildered Moderator at this point, I'd like for you and Mr. Henderson, if you can, to focus on the same point. Mr. Henderson used the figures of 1946 and says that the processors made a profit of twice as much as they did in 1939. Was that what you said?

Mr. Henderson: Twice as much. They made a bigger gain. Twice as big a gain as all industry put together.

Mr. Denny: All industry put together.

Mr. Henderson: That's percentage of gain.

Mr. Denny: Now, Mr. Willis, will you comment on that and then Mr. Henderson comment on the figures which you've used so that we can have the same thing.

Mr. Willis: We confuse the total net profits in dollars and cents with what you take out of the per unit package which is what you buy. That's really what counts. Now if the manufacturers do three or four times the volume, naturally their profits are larger, but the profit on the package which you buy in the grocery store, they are

taking now less than 3½ per cent profit on that package.

Mr. Denny: All right now, Mr. Henderson, will you talk about that.

Mr. Henderson: The customer who has been buying these products—and it isn't all due to the processor, it isn't all due to the farmer—has been taking a 10 to 15 per cent cut in his standard of living and despite this method of computation of profit, what it means is that the people who supply those goods have been getting a 10, 15, and up to 100 per cent increase in their budget. That's where one of the problems is. (*Applause.*)

Mr. Denny: Thank you, gentlemen. Now some questions from Mr. Robert Nathan, economist and author of *Mobilizing for Abundance*. Mr. Nathan. (*Applause.*)

Mr. Nathan: Thank you, Mr. Denny. Governor Stassen, you did a good detective job in finding that the sudden ending of price controls last year was the greatest economic blunder in the history of our country. To use your own words you said that was crystal clear. However, Governor, you made one crucial error—just a little error, but it's crucial. You pinned the blame on the wrong culprit. (*Applause.*) Everybody knows that it was the Republicans who killed OPA. (*Shouts and applause.*)

Now, Governor Stassen, you

said that prices are too high, and they must come down. That's fine. Your program is okay as far as it goes. But as Leon Henderson said, it doesn't go far enough. I can't for the life of me see how you can be confident that your warmed-over proposals will keep prices from rising further or will reduce them. Now why aren't you willing to reinstitute some price controls when you know that price control is the one sure way to achieve stability? (*Applause.*)

Mr. Stassen: In the first place, I have immediately to answer Mr. Nathan's assumption. The plain fact of the matter is that OPA ended for the first time because of a veto by the President of the United States, and unfortunately he was not a Republican when he vetoed it. (*Applause.*) At the time, the Democrats had the majority of the National Congress. Remember, this was early in 1946, before that November, 1946, election at which the people for the first time put in a Republican majority. (*Applause.*) Then that Congress, with a majority of Democrats, with Republicans cooperating, passed a new price control bill. It went in about 27 days after the President vetoed the first one.

That new bill ended because the President ended the controls. It didn't expire. The President took off the controls along about the time of the 1946 election because

all the meat had disappeared from the counters; because production was going down; and because the people knew that the way those controls were being operated was not correct.

I think that the approach of Mr. Henderson tonight has been typical of those who want Government to take over and get a lot of power. (*Applause.*) Think of it. Think of what he said. He said, "I think Congress should create a new single agency with full power over wages, rents, price allocation, rationing, consumer credit, subsidies, exports, and imports, for a term of two years." And he said that he thought Congress ought to be drugged first. Congress would have to be drugged first before it could do that. (*Applause.*)

Now they do say—and the question that Mr. Nathan asked implies this matter—that I'm not willing to go far enough. I agree I want only a small amount of power given to Government, and then I want that small amount of power used wisely. I'm against giving Government great sectors of overwhelming power over the American people. (*Applause.*)

It is very interesting that those who make this argument, if things look bad and prices are going to go down they say we want some great power to stop it; if it looks like prices might go up, they say

they want some great powers to stop it.

As a matter of fact, the last time I was on a program with Mr. Nathan, he said this—it was early in 1947—he said then "all this talk of a recession later in 1947 is an eye-wash." "Personally," said Mr. Nathan, then, "I think we are heading towards some real busts in business."

And Mr. Henderson, less than four months ago before the Committee of the Senate said this, "We must raise wages because these wage increases are designed to build up buying power and prevent the drastic decline in prices which might otherwise occur."

The point is that men who seek great power—and I do not want to reflect particularly on these gentlemen—but no one can be so all wise to have them given all the power and then they'll make better decisions.

We've got a price problem but it can be met, Mr. Nathan, by the carefully administered measures of a small amount of power used intelligently rather than the great power that other countries have used in their economies. (*Applause.*)

Mr. Nathan: Governor Stassen, I say, "Amen," to your general statement that we shouldn't give unlimited, unbridled power to government. There's no question about that.

Mr. Stassen: You mean you disagree with Mr. Henderson.

Mr. Nathan: No. No, I disagree with you. (*Laughter and applause.*) I disagree with what your conception is of great powers. If you will go over your own

proposals, Governor Stassen, you'll find that you literally haven't anything new. We've had control of installment credit, and now you are going to go back to it. Under that, we've had these tremendous price increases. We've had export

THE SPEAKERS' COLUMN

HAROLD EDWARD STASSEN — A former Governor of Minnesota but not at present in public office, Mr. Stassen is seeking the Republican nomination for President in 1948.

Mr. Stassen was born near South St. Paul in 1907. In 1929, he received both a liberal arts degree and a law degree from the University of Minnesota. He opened a law office in South St. Paul, and a year later became county attorney, a position he held for eight years. In 1938, he became the youngest Governor ever elected in Minnesota. He was re-elected twice but in 1943, resigned to enter the U. S. Navy. He was an aide to Admiral Halsey and was later appointed assistant chief of staff with the rank of lieutenant commander. He was cited for outstanding duty in the Second Battle of Philippine Sea, October, 1944.

Mr. Stassen was one of the eight official U. S. delegates to the San Francisco Conference of the United Nations in 1945. In November 1945, he was released for inactive duty. Mr. Stassen has been an outstanding member of the Republican Party. He is author of the recent book, *Where I Stand*.

LEON HENDERSON — Mr. Henderson, former Director of the Office of Price Administration, received his A.B. at Swarthmore and did his graduate work in economics at the University of Pennsylvania. He was instructor at Wharton School (University of Pennsylvania) from 1919 to 1922, and assistant professor of economics at Carnegie Institute of Technology the next year. From 1925 to 1934, Mr. Henderson was director of consumer credit research for the Russell Sage Foundation in New York City.

Since 1934, Mr. Henderson has been associated with the Federal Government in many capacities. His services as an economist have been used by the NRA, the National Industrial Recovery Board, the U.S. Senate Committee on manufacturers, the Works Progress Administration, the Securities and Exchange Commission, the Advisory Committee to the Council of National Defense, the Office of Price Administration and Civilian Supply,

and others. Mr. Henderson resigned from his position as director of the Office of Price Administration in December, 1942. He is a former chairman of the Board of editors of the Research Institute of America, and is now chief economist for that group. He is also chairman of the National Executive Committee of the Americans for Democratic Action.

PAUL S. WILLIS—Born in Texas in 1890, and educated in his home state, Mr. Willis now resides in New York City. He is president of the Grocery Manufacturers of America, and former vice president and general manager of the Comet Rice Company of New York. Mr. Willis is a member of the National Food and Grocery Conference Committee and of the Committee on Unfair Trade Practices of the Business Advisory Council of the Department of Commerce.

ROBERT R. NATHAN—Chosen one of the ten outstanding young men in the United States by the Junior Chamber of Commerce in 1940, Mr. Nathan is also a former deputy director for the Office of War Mobilization and Reconversion.

Young in years, Mr. Nathan who was born in 1908, has a wide background of economics. He has taught at the University of Pennsylvania, been an economist with the U.S. Department of Commerce, and assistant director of research for the Pennsylvania State Emergency Relief Board.

From 1937 until 1940, Mr. Nathan was a consultant on state income studies made by the National Resources Planning Board. For two years, he was chairman of the Planning Committee of the War Production Board. He was acting director of the United States-United Kingdom combined Production and Resources Board. In 1945, he was made deputy director for reconversion, Office of War Mobilization and Reconversion.

In 1943, Mr. Nathan became a private in the United States Army. He has written several books, including *Mobilization for Abundance*, and many magazine articles.

control. We're going to continue. I agree with you on a tighter type of buying for foreign markets, but after all, we have limited our exports.

But you go down your list, and you don't add anything to what we've had over the last year when we've had the worst inflation in our history.

Mr. Stassen: Mr. Nathan, I have proposed inventory control. You do not have that now, do you?

Mr. Nathan: No, that's right. That's one thing.

Mr. Stassen: And the export control we now have has not been used, has it?

Mr. Nathan: No, I'm sorry, Governor Stassen, it has definitely been used. You cannot ship out of the United States any critical material without an export license which sets quotas quarter by quarter.

Mr. Stassen: Mr. Nathan, the point is that the permits have been granted almost completely without any actual exercising of restriction so that you have had heavy shipments going to areas that have not been in vital need of goods, and the all-time high has been reached in export shipments from America in the last quarter. Isn't that correct?

Mr. Nathan: Naturally, but let

me say this, I wish Governor Stassen would go down to Washington and try to get an export license in the Office of International Trade.

Mr. Stassen: I'm trying to get down to Washington. (*Laughter and applause.*)

Mr. Denny: Well, Governor, you seem to have a few supporters in the audience. Now, while our speakers get ready for our question period, I am sure that you, our listeners will be interested in the following message.

Announcer: Friends, you are listening to the nation's most popular radio forum, America's Town Meeting of the Air, originating in Town Hall, New York. We are discussing the question, "What Should We Do To Check Rising Prices?"

Perhaps you would like a copy of this entire broadcast, including questions and answers to follow, which is published for your convenience in our Town Meeting Bulletin. You may secure it by sending 10c to Town Hall, New York 18, New York, to cover the cost of printing and mailing. You may secure eleven issues for \$1.00 or 26 issues for \$2.35.

Now, for our question period, we return you to Mr. Denny.

QUESTIONS, PLEASE!

Mr. Denny: We're still trying to encourage our audience here tonight to ask good questions limited to 25 words. Town Hall and the publishers of the *Americana Encyclopedia* offer a \$210 set of the *Americana* to the person who in the opinion of our local committee of judges asks the question they consider best for bringing out facts and broadening the scope of this discussion. The committee reserves the right to make no award if no question is considered worthy or if the question they judge the best goes beyond 25 words. So limit your questions to 25 words.

Last week's winner was Mr. George Lunn of Brooklyn, New York. Now we start with the gentleman right here.

Man: A question for Mr. Stassen. Don't you think that some sort of a tax program could be used to combat inflation? If so, what kind?

Mr. Denny: That's another Town Meeting topic that we'll have to get the Governor on. But let's go ahead. Let's see what you can do in a couple of minutes.

Mr. Stassen: I would just say yes. Your tax program should counter the inflationary or deflationary moves of a free economy. As Mr. Denny says to give full specifications is a major evening

subject. But I agree with you that taxes should be used.

Mr. Denny: Thank you. Do you want to add something to that, Mr. Henderson?

Mr. Henderson: I was waiting to hear whether Mr. Stassen was going to say whether he's in favor of reducing taxes and whether he thought that would be inflationary.

Mr. Denny: Well, that's in the Governor's book. Are you going to say anything more about that, Governor?

Mr. Stassen: A reduction in taxes is inflationary taken in and of itself. It's a matter of how you reduce them, what its effect is then on production and on the expansion of capital goods.

Mr. Denny: Thank you. Now the gentleman over here.

Man: To Mr. Henderson. If over-all economic control is established, to what extent will industry and commerce participate in policy making?

Mr. Henderson: Well, I think the Congress of the United States would determine that. As I understand, everything is still intact in the old American system contrary to what Governor Stassen might have indicated. That is, we have debate. Things are still passed in a majority forum in Congress. They have to go up to the Executive for concurrence, and

you can override a veto. Any bill which they want to pass overwhelmingly can determine what the constitution of this agency is.

Mr. Denny: All right. Thank you. This gentleman down in the front row.

Man: In line with what Mr. Stassen just said about the use of taxation, I would like to ask Mr. Nathan a question and that is, why don't we employ tax exemption incentives for industry which adopts profit-sharing plans which have been repeatedly demonstrated to lower cost by increasing production?

Mr. Nathan: I would certainly agree that some kind of proposal today of profit sharing which would permit labor to get hold of these huge lush profits, and thereby not give them the incitement and the inducement to go ahead for persistent high wages, would be highly desirable. I think that any technique that would tend to give labor the opportunity to participate in these lush profits would be highly desirable and also would help fight inflation.

Mr. Denny: Thank you. Mr. Willis, here's a question that was sent in from Janesville, Wisconsin. "Do you think there's any real value in the Citizen's Food Committee program of meatless Tuesdays and poultryless Thursdays?"

Mr. Willis: As a member of that committee, I would like to say that

the program is rolling and we're moving towards that 100 million bushel goal. I think before long we will reach it. I don't care at this time to discuss Tuesday or Thursday "less" days because they are only a part of the total program and it doesn't make much difference what we think of them, but the total program is rolling and we'll make the goal. (Applause.)

Mr. Denny: Thank you. The gentleman on the aisle.

Man: A question for Governor Stassen. Do you favor congressional action to build houses to bring down rent prices?

Mr. Stassen: Yes, I do. I propose in *Where I Stand*, the book just issued, that the Federal Government go into a mass house building program in huge projects in the great metropolitan centers of this country and do it on a basis of developing the mass production techniques in housing that we've shown in automobiles and airplanes and so forth, but when the houses are built Uncle Sam shouldn't hold them as a landlord. Uncle Sam should turn them to private people to own or to rent. (Applause.)

Mr. Denny: On the aisle there?

Man: Mr. Henderson. Why not use government stocks of food purchased under the price control program to force prices down to more reasonable levels when they advance excessively?

Mr. Henderson: I see no objection if the Government owns a supply of food, and the market started to run away, that it shouldn't use its market power, particularly as, in the getting of it, it had contributed somewhat to the upward price thrust. On the other hand, you need what stocks you have to make sure that when it comes next spring you're able to take care of the demands for poultry, for flocks, for dairy herds, and things like that, in case that there is a bad crop.

I would rather see the Government, instead of selling them to force down prices through the market which I understand you meant, keep them so that we've got a sense of security about the development of other foods like poultry and milk next spring before the new crop of wheat comes in.

Mr. Denny: Thank you. The lady in the box.

Lady: I want to ask Governor Stassen a question. Governor Stassen, do you agree with Senator Taft's statement made last night that if we want the Marshall Plan we cannot have lower prices?

Mr. Stassen: No, I do not agree with his statement as a whole. It's a major measure, and will require further discussion from me at another time, but taken as a whole, I do not agree. I do agree that the need of helping the rest of the world is one of the factors that

tends to push prices up. That's why we need to save food and hold back in our own use of products and keep our production high in order to do this essential job of helping in other parts of the world.

Mr. Denny: Governor Stassen, last Tuesday night, somebody quoted you here as saying that you felt that there should be some curbs put on the loans, or gifts, and it was not clear which—loans or gifts—to Europe, under the Marshall Plan. Would you care to clarify that for the sake of this radio audience?

Mr. Stassen: Well, I had emphasized that we should see to it that the aid we send is used for the purposes for which it's intended. That is, that it gets to the people and that it's a part of a program to expand their own individual freedom and not used as a means to clamp down controls on them.

You see, I feel it so strongly that we must realize that when you centralize in government extreme controls, the result is low production and a low standard of living. I saw the extremes in Russia. It is unbelievable what it does in holding people back when they have to first get a decision from a central government before they can move.

I saw in other countries of Europe that those that were free, like Belgium, Norway, the Nether-

lands, and Denmark, made the very best recovery since the war. The people were working the hardest, and they had the best standard of living since the war. (*Applause.*)

Mr. Henderson: I want to comment on the last question about Senator Taft. What he means is that if you don't control prices, and you have a high demand—send some abroad, even a little bit—prices will go up. What he forgets is that we spent during '43 and '44 and sent abroad billions and billions of dollars and under the OPA the prices only went up about one per cent. It can be done. (*Applause.*)

Mr. Denny: I ask this question only because it was sent in by about 28 members of a Town Meeting discussion group in Columbus, Ohio. Mr. Willis, you've been quiet over there for a while, so I'll hand it to you. As a Nation, should we move at once to help colonize needy people in the vast, highly productive regions of South America? That's signed by 28 different people in Columbus, Ohio.

Mr. Willis: I'm sorry. I can't answer that one.

Mr. Denny: Well, would anybody else like to take it on?

Mr. Henderson: Does it have to do with checking rising prices?

Mr. Denny: Well, it has to do with prices, yes. Do you want to comment on it, Mr. Henderson? I think the suggestion was made

as a measure of relieving the situation over here and creating markets abroad. No, it's a boycott. Okay. Then, we'll take a question from the lady right here in the fifth row.

Lady: I'd like to ask Mr. Henderson. He said the question was really, "Have we got the moral guts to do it?" Has *who* got the moral guts to do it?

Mr. Denny: You mean the Nation, or the Congress, or the people?

Mr. Henderson: All of them together. The community together is still determining, when we pass a law, how strict it is and whether we take it off and what are the standards under which they operate. That's the reason why I'm not afraid of my Government as some other people might seem to be.

As long as the majority still prevails, as long as the courts are open, as long as there is free speech guaranteed, I shall not be afraid of my Government doing in an emergency what it's done before.

I'm not scared of my Government, and I belong to a group politically that is far to the left of Governor Stassen and believes in the greatest amount of personal liberty and has dedicated itself far greater than he has, even in his very good book, to the idea of personal liberties and retaining those. (*Applause.*)

Mr. Denny: Thank you. The gentleman with the bow tie.

Man: Mr. Nathan, if Congress flubs the job again and fails to do anything about price control, what do you believe will happen?

Mr. Denny: As a prophet, Mr. Nathan.

Mr. Nathan: A prophet without credit. Personally, I think that for the immediate period ahead, because of the high foreign demand and the inventory decrction that is taking place, prices will tend to hold up and labor will come in and ask for a third go around in wages. As far as I'm concerned, I think they are fully justified in asking that to go around to wages. (*Boos and applause.*) Profits which are necessary and desirable in our system are so high today that I don't see how the distribution of income is such that workers can sit back and take it and not ask for further wage increase. You have got to have a cut in prices. You need some regulation to bring that cut in prices, then labor won't ask for wage increases. (*Applause.*)

Mr. Denny: Thank you. The gentleman over here on the right side.

Man: My question is to Governor Stassen. Do you believe that the rent extension law should be extended in the beginning of 1948 in order to curb a certain phase of inflation?

Mr. Stassen: Yes, I definitely be-

lieve that rent control should be extended for another two years. It's absolutely essential. (*Applause.*)

Mr. Denny: Well, thank you, very much, Governor. Now, while our speakers prepare their summaries of tonight's question, here's a special message of interest to you.

Announcer: Mr. W. A. Ayer of Middletown, Rhode Island, writes to us asking this question: "Your announcer each week describes your audience as a typical American audience. It would be of great interest to me and to other listeners, if you would describe how Town Meeting audiences are selected."

Here is your answer:

First, the tickets go to Town Hall members, which accounts for about 10 per cent of the audience. A block of tickets is given out through Guest Relations here in Radio City. A similar block is given out by our local sponsor, the *New York Herald Tribune*, when we are here in New York.

Now, three or four hundred are given to individuals who come to Town Hall in person and request tickets. A similar number are sent out through the mail. Others are given out to local educational or civic organizations. Now in the case of programs on clear-cut controversial issues, equal numbers of tickets are sent to representative organizations in these fields.

Remember, it is in our interest to have a well-balanced audience each week and we do our best to insure this.

Now, let's return to Mr. Denny for the summaries of tonight's discussions.

Mr. Denny: Now, let's hear first from Leon Henderson.

Mr. Henderson: As I see the differences between Governor Stassen and myself, they are, first, the assessment of the seriousness of danger and the other is the degree of control. I happen to believe that since we have gone to the so-called free market system in which competition is supposed to rule and in which every seller, whether it is of his wages or of his product is entitled to get the best price that he can, that we face the possibility of a third round of wages, which will result in another round of increased prices and we're in the familiar inflation.

Therefore, I have suggested a carefully guarded program, based upon what? First, that when you go after the power, that is, the plain understanding of people, that you recognize it as serious and that you are prepared to carry out with dignity what the Government has determined under democratic procedures.

Second, I suggested the two years because there ought not be the possibility of holding back as there was which increased the price of butter and meat.

Third, I think that we need to understand that we are facing something that we have never faced before in this country. (*Applause.*)

Mr. Denny: Thank you. Now a final word from Governor Harold Stassen.

Mr. Stassen: Mr. Denny, I think in summarizing, I would simply say that we do have a problem in this country, but that the tendency is to overstate it. It's not been denied tonight that we have the greatest production that we've had in peace times, and the greatest production that any country has ever had. That's going to make it possible for us to give essential assistance to the rest of the world.

We do have a problem in this price rash. But I say, if you give all this extreme control to government, you'll be trying to cure a rash by cutting off an arm, and that's not the way to operate a great free economy in America. (*Applause.*)

Mr. Denny: Thank you, Harold Stassen, Leon Henderson, Paul S. Willis and Robert Nathan for your counsel on this question. Now remember if you, our listeners, want copies of tonight's discussion, you may receive it by sending 10 cents to Town Hall, New York 18, New York, to cover the cost of printing and mailing. That's Town Hall, New York 18, New York.

Our next two programs will originate jointly in New York City and Europe in anticipation of the Conference of Foreign Ministers. Next week from Berlin we will hear Major General George P. Hays, Deputy Military Governor of Germany for the United States Zone and Karl Spiecker, Chairman of the Executive Committee of the bi-zonal organization, representing the German people. From New York, we will hear James P. Warburg, financier, author of the new book, *Germany, Battleground or Bridge?* and Sonia Tomara, former war correspondent for the *New York Herald Tribune* in China, Burma, and the European theatres and recently returned from Germany.

These speakers will discuss the subject "What Future for Germany?" which is the subject the foreign ministers are discussing, of course. Speakers at both points of origination will participate in the discussion period. Likewise, members of the audience in Berlin and New York will be able to ask questions on opposite sides and will be replied to instantaneously.

This is the first time since the end of the war that the German people have been heard from in this way, and Dr. Gregor Ziemer, Town Hall's educational director, is in Germany now and will be our moderator there.

On Tuesday, November 25, which is the day the Foreign Ministers Conference begins in London, our program will originate jointly in London and New York and the subject will be "What Future for Europe." Our speakers in London will be the Honorable Robert J. G. Boothby, Member of Parliament, and the Honorable Herve Alphand, Chief of Economic, Financial, and Technical Affairs of the French Foreign Ministry. In New York, we'll hear from Senator Hatch, Democrat from New Mexico who has just returned from an inspection trip of Europe, and Kodne Zilliacus, a Member of Parliament of the British Labour Party, who is on his way to the United States for a lecture tour.

So friends, plan to be with us next Tuesday and every Tuesday at the sound of the crier's bell.
(Applause.)



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NEWS from TOWN HALL

123 WEST 43rd STREET, NEW YORK 18, N. Y., WISCONSIN 7-5800

PLEASE RELEASE ON OR AFTER
8:30 P.M., EST., Tuesday,
November 11, 1947

"WHAT SHOULD WE DO TO CHECK RISING PRICES?"

GOVERNOR HAROLD E. STASSEN

First Avowed Candidate for 1948 Republican Presidential Nomination; Author of new book, "Where I Stand"

Delivered at Town Hall, New York, at "America's Town Meeting of the Air" by the Town Hall, Inc., and the American Broadcasting Company, Inc., broadcast on Tuesday, November 11, 1947, over the American Broadcasting Company coast-to-coast network (WJZ, New York), 8:30 P.M., EST. Other Speaker: LEON HENDERSON. Guest Interrogators: PAUL S. WILLIS and ROBERT R. NATHAN. Moderator: GEORGE V. DENNY, JR.

Mr. Denny, Mr. Henderson, Ladies and Gentlemen:

At the very opening of my remarks tonight I wish to make my position crystal clear.

I believe that when President Truman vetoed the OPA Extension Act in July 1946, and thus suddenly ended the price controls, he committed the greatest economic blunder in the history of our country.

On the other hand, it is my view that we would be in an even more difficult situation today if the Congress had followed the President's advice and had put on, and held on, rigid, complete OPA controls down to the present day.

What was needed was a gradual but definite easing off of controls from war time to peace conditions. This Congress tried to do, but the President refused.



A continuation of rigid controls would have meant lower production and less goods available. You can all recall the low ceiling price on butter, with no butter to be had; the low ceiling price on meat, with empty counters in the butcher shops; the low ceiling price on shirts, but no shirts to be found. In other words, the rigid OPA gave the American people a nice looking ticket to go to the cupboard but when they got there the cupboard was bare.

But enough of that, enough of looking backwards, enough of postmortems. The question tonight is, where do we go from here. Production today is high. It is excellent. It is the best of any place in the world. We are turning out today almost twice as much in total products as we did back in 1939. Think of it, in spite of shipping goods and food abroad, at the rate of about 16 billion dollars a year, we still actually have in this country more food and more products for the average American family than we had in 1939.

But the prices are too high. We must stop their rise and pull them back down a bit. And we must stop this price spiral without cutting down our production. It has been shown in many of the countries of the world since the war that rigid controls holding down prices and putting in the hands of men in government the decisions over what should be produced and what should be sold results in low production, widespread black markets, and a bad condition for the people.

That is why I am against reestablishing OPA at this time and I am against putting general economic controls back in the hands of the men in government. If we do that we will get some of the prices down but we will also lose production and lose jobs. We will not be able to give the great assistance to Europe that is so necessary

and which can only come from very high production in America.

But there are some steps that we can and must take.

We should reestablish consumer credit controls. Congress should pass a law prohibiting the very easy installment credit of one dollar down and two years to pay. With part of the accumulated war time earnings still left to spend, with some of the production losses from the long strikes in '46 still being felt, prices are further increased through consumer installment selling. This is a kind of a control that government can put on and should put on, and which will not result in lower production. Later on when production catches up to demand we can ease up on these consumer credit controls and help prevent a drop in our economy.

Second, we can put our foreign aid program under the direction and supervision of a high caliber American agency which will safeguard the effects of foreign shipments on our American prices. We should not have a continuation of British and French and Belgian and Italian and U. S. Army purchasing agents competing against each other and against the American people, forcing prices up and up. All purchasing for foreign shipments of the aid and occupation programs should be coordinated and channeled together in one new business-like American agency and the purchasing should be carefully conducted so that it does not push our prices through the top.

Third, the government should carry on a vigorous program against monopolies, hoarding, and profiteering. For this purpose a new law against excess inventories of scarce products, held off the market at excessive prices, should be passed. This can be used specifically to break through against hoarding or profiteering which dangers the economy. This is also a control that can be

administered without damage to our production.

Government should move promptly to order some farm tractors and farm equipment for the depleted areas of Europe to be available in the Spring so that they have a reasonable chance of a better crop next year. It should also give high priority to getting more coal out of the Ruhr and out of England so that we do not have the extreme drain on American coal for shipment to Europe.

Furthermore, the people should be urged to resist high prices, be encouraged to buy products which are surplus, such as citrus and potatoes. The "save food" program should be thoroughly backed and supported on its present voluntary basis. Likewise a voluntary drive to increase personal savings in 1948 is important.

Finally, that portion of our population whose incomes have lagged far behind, particularly the white collar workers, the clerks and stenographers and public employees, and teachers should have their incomes brought up in line with the rest of the wage earners. Average weekly factory earnings today are over fifty dollars a week, which is about double the 1939 average, but the salaries of teachers and white collar workers as a whole have not gone up to an equal extent.

By these steps I am confident that we can maintain our very high production and, in fact, expand it; level off our prices, bring down the prices of food and of clothing; stabilize our economy on a very high level, with high employment and good profits; give essential aid to Europe, and above all maintain individual freedom, which is the most important ingredient in the greatness of the United States of America.

TEXT OF TALK DELIVERED BY MR. LEON HENDERSON ON "AMERICA'S TOWN MEETING OF THE AIR" Tuesday, November 11, 1947, at Town Hall, New York, New York.

The Town Hall audience will remember that I said over a year ago on this same forum that conditions were not satisfactory for abandoning O.P.A. I said we ran a serious risk of what has actually taken place - runaway prices.

I do not come here tonight to advocate full restoration of A.P.A. controls. I hate controls. Sweeping, across-the-board O.P.A. controls are evidently not required.

But I do believe that one of the first obligations of Congress is to determine the real seriousness of the peril of rising prices. I believe Congress should pay most attention to the testimony of folks who have to spend their entire pay to live these days. There may easily be 10,000,000 family units in this group.

When the degree of seriousness is established, then will be the time to hear the politicians, the theorists, and the technicians. I guess I'm all three. I never say many situations that could not be held in check for lack of methods. I have seen failures from lack of moral courage.

If Congress determines we are threatened with further inflation, the country will demand, I believe, full power to head it off. When extension of controls was up in 1946, only a few segments of the community had been harshly punished by high prices. The O.P.A., from 1943 through 1945, when I was not its administrator, held consumer prices down better than any other country at war did. A 40% increase in food prices, which is the rise since mid-1946, has shocked low and middle income families. Clothing is up 18%, furniture is up 18%, housing is disgracefully high. Many families believe their savings have disappeared into the swollen profits of businesses. The families of America have gone into

consumer debt by an additional five billion in recent months.

The American family is being advised by well-fed observers that prices will go up further, that the bust when it comes will be all the more violent, that a third round of wages is almost inevitable. If prices are free to rise, it's crystal clear from recent experience that another spiral will be started.


In the face of these threats, there are divided counsels. Some want to go back to O.P.A. Some want to try new controls, - to rely almost solely on allocation of scarce supplies. Another set says, quite truthfully, that demand, coupled with money, still outruns supply, so back credit should be drastically reduced, and production of goods increased.

What do I, the battle-scarred veteran controller, suggest?

I suggest, again, - finding out the measure of the threat, and then doing what it takes.

It seems to me there should be a bi-partisan, Republican-Democrat, understanding. Maybe the Congress could pass a law requiring each member to take a drug which would make him forget everything he said previously.

Then, I think Congress should create a new, single agency with full power over wages, rents, price, allocation, rationing, consumer credit, subsidies, exports and imports, for a term of two years.

Congress should grant full power and adequate funds for enforcement, which was never given O.P.A. 

The Administration should make clear to Congress the few areas in which it intends to apply selective controls. Then, if new threats bob up, like shoes, or copper, the control agency could go back to Congress to get authority to proceed. There are several mechanisms which would provide prompt clearance.

The new agency should promptly move to secure adequate supply of grains. It could, just for example, offer the farmer the right to take any

market price established before the next crop comes in, but guarantee no lower price than at the time of sale.

The agency could set ceilings on selected items that are threatening to rise in price. Not on grains, but on steel, key building materials, and meat, as examples. It should start getting ready for rationing and other consumer price controls in case these are needed.

Rent control should be extended, and consumer credit controls should be re-established.

The agency should dicker with the top labor organizations for pledges of no further wage increases, conditioned on promise of reduction in the cost of living. If these assurances cannot be obtained, a ceiling on wages can be established.

Power could be given to the Federal Reserve Board to increase reserve requirements, and regulate speculative use of credit on the commodity exchanges.

The agency should use its powers to increase the imports of oil, cloth, meat, and other scarce items.

It can allocate the scarce materials produced here.

Congress can help by keeping taxes intact, at least until late Spring. It should authorize the sale of government guaranteed bonds to individuals to finance reconstruction of Europe. Congress can help by hearings on profiteering before its Joint Committee on the economic report.

Business can help by restraining and reducing prices, by special inducements to labor for increased production.

The individual can help by practising moderation, and by wasting less.

File in Town Hall

Memo to the Governor:

Following are excerpts from letters received by this office as a result of your November 11 Town Hall broadcast. Interesting.

Increased Salaries

(Utah) "...On the Town Meeting you proposed that all salaries be brought up to the new levels. That is fine, but how about the large number of people whose incomes cannot be so adjusted: people living on pensions, annuities, accumulated savings, interest on bonds, etc...."

(New York) "....As the editor of a trade-union publication for civil service employees of the New York State Insurance Fund, all of whom are finding it quite difficult to maintain a decent American standard of living because of soaring prices, I need hardly say that I agree with your statement.....Our organization is this year calling upon Governor Dewey to grant us a \$600 wage increase. Last year Gov. Dewey, despite an average state salary of \$2000 per year, told us we were "well paid" and granted us an average increase of 96¢ per week....."

European Aid

(Ohio) "...I listened again to your broadcast last night and I singled you out as our next President..... You advocate helping Europe, a good deed, yet our Government tells us to tighten our belts and conserve food....."

Inventories

(New York) "...You should have been careful to explain that you mean curtailing inventories of finished goods, not raw materials....."

Price Control

(Texas) "...Until recently I have agreed with you on practically everything you said because you have always seemed to shoot straight from the shoulder. I do think you committed a serious blunder when you accused the President of killing O.P.A.....I will likely vote for you but please don't let we people down who think of you as a straight shooter....."

(South Carolina) "...You find today, with high prices and high wages they are living on pound cake and choice steaks, whereas on lower wages it took all of their wages to live and they lived on fat-back and cornbread. Which to you think they would prefer: high wages and plenty or low wages and sorry living....."

(New Jersey) "...I enjoyed hearing you speak.....However, there is the question of whether or not the high cost of living is merely a rash or a serious illness, and the question whether or not a governmental agency to deal with it is 'cutting off an arm' or the application of a needed remedy....."

(New York) "...Wouldn't labor be wiser to demand reduction in the selling price of the item they are producing rather than an increase in wages? What do laborers want: high wages or a high standard of living....."

(New York) "...Your statement that we can put high prices today on the President's veto: with that I do not agree...."

(Ohio) "...I heard you state 'the Democrats with the aid of the minority Republicans put O.P.A. out of existence.' I just wonder how gullible is the lay public...."

(New York) "...You at least concede that we should have continued controls on rent. What difference between rent emergency controls and food, clothing, etc. Something drastic must be done now to stop rising prices...."

(New York) "...As to controls, it makes me ill to hear all those lies and arguments as to how prices were held down during the war..."

Rent Control

(Arizona) "...Do you know that under control, the auto courts could and did charge, etc, etc,....."

(New York) "...So am I in favor of continued rent control, but you said 'controls curtail production.' Won't curtailment of rent increases curtail production of new housing?....."

(California) "...I Heard you on Town Meeting last night and was very much disappointed because you said you favored the extension of rent control...."

(New Jersey) "...On Town Meeting you said you were in favor of continuing rent control, but you did not qualify your remark by saying: subject to proper adjustment, giving the landlord fair deals..."

(California) "...I liked your talk tonight excepting one point. I would like to respectfully ask you what you mean by rent control and the need of continuing it for another two years. Do you mean the present evil, unfair, unjust, unequal, rent control law?...."

(Oregon) "...You, of course, know that many rents are reduced 50% of the purchasing power received at depression low, that raises in pay received by tenants in many cases are many times their total rent.....that two more years of dictatorship would be followed by another extension...."

General

(New York) "...By most economists your remarks at the Town Meeting this evening will be sharply criticized as inadequate. I should like you to know however, that there was at least one economist in your audience who found your program sound and constructive..."

(Missouri) "...We feel the way you conducted your part in the program ought to make all thoughtful people take heed..."

(New York) "...Keep up the good work, and keep fighting those who want the government to have more power..."

Washington Office of
Harold E. Stassen
1028 Connecticut Ave., N. W.
Washington, D. C.

Confidential for the Press and Radio

For Release at 8:30 P. M., EST, November 11, 1947.

AUTHORIZED ADVANCE OF STATEMENT OF HAROLD E. STASSEN OF MINNESOTA ON
THE TOWN MEETING OF THE AIR, NEW YORK CITY, NOVEMBER 11, 1947, AT
8:30 P. M., EST.

Mr. Denny, Mr. Henderson, Ladies and Gentlemen:

At the very opening of my remarks tonight I wish to make
my position crystal clear.

I believe that when President Truman vetoed the OPA Extension
Act in July 1946, and thus suddenly ended the price controls, he
committed the greatest economic blunder in the history of our country.

On the other hand, it is my view that we would be in an even
more difficult situation today if the Congress had followed the President's
advice and had put on, and held on, rigid, complete OPA controls down to
the present day.

What was needed was a gradual but definite easing off of
controls from war time to peace conditions. This Congress tried to
do, but the President refused.

A continuation of rigid controls would have meant lower
production and less goods available. You can all recall the low ceiling
price on butter, with no butter to be had; the low ceiling price on

meat, with empty counters in butcher shops; the low ceiling price on shirts, but no shirts to be found. In other words, the rigid OPA gave the American people a nice looking ticket to go to the cupboard but when they got there the cupboard was bare.

But enough of that, enough of looking backwards, enough of postmortems. The question tonight is, where do we go from here. Production today is high. It is excellent. It is the best of any place in the world. We are turning out today almost twice as much in total products as we did back in 1939. Think of it, in spite of shipping goods and food abroad, at the rate of about 16 billion dollars a year, we still actually have in this country more food and more products for the average American family than we had in 1939.

But the prices are too high. We must stop their rise and pull them back down a bit. And we must stop this price spiral without cutting down our production. It has been shown in many of the countries of the world since the war that rigid controls holding down prices and putting in the hands of men in government the decisions over what should be produced and what should be sold results in low production, widespread black markets, and a bad condition for the people.

That is why I am against reestablishing OPA at this time and

*million unemployed
to prevent
the price spiral*

I am against putting general economic controls back in the hands of the men in government. If we do that we will get some of the prices down but we will also lose production and lose jobs. We will not be able to give the great assistance to Europe that is so necessary and which can only come from very high production in America.

But there are some steps that we can and must take.

We should reestablish consumer credit controls. Congress should pass a law prohibiting the very easy installment credit of one dollar down and two years to pay. With part of the accumulated war time earnings still left to spend, with some of the production losses from the long strikes in '46 still being felt, prices are further increased through consumer installment selling. This is a kind of a control that government can put on and should put on, and which will not result in lower production. Later on when production catches up to demand we can ease up on these consumer credit controls and help prevent a drop in our economy.

Second, we can put our foreign aid program under the direction and supervision of a high caliber American agency which will safeguard the affects of foreign shipments on our American prices. We should

not have a continuation of British and French and Belgium and Italian and U. S. Army purchasing agents competing against each other and against the American people, forcing prices up and up. All purchasing for foreign shipments of the aid and occupation programs should be coordinated and channeled together in one new business-like American agency and the purchasing should be carefully conducted so that it does not push our prices through the top.

Third, the government should carry on a vigorous program against monopolies, hoarding, and profiteering. For this purpose a new law against excess inventories of scarce products, held off the market at excessive prices, should be passed. This can be used specifically to break through against hoarding or profiteering which endangers the economy. This is also a control that can be administered without damage to our production.

Government should move promptly to order some farm tractors and farm equipment for the depleted areas of Europe to be available in the Spring so that they have a reasonable chance of a better crop next year. It should also give high priority to getting more coal out of the Ruhr and out of England so that we do not have the extreme drain on American coal for shipment to Europe.

Furthermore, the people should be urged to resist high prices, be encouraged to buy products which are surplus, such as citrus and potatoes. The "save food" program should be thoroughly backed and supported on its present voluntary basis. Likewise a voluntary drive to increase personal savings in 1948 is important.

Finally, that portion of our population whose incomes have lagged far behind, particularly the white collar workers, the clerks and stenographers and public employees, and teachers should have their incomes brought up in line with the rest of the wage earners. Average weekly factory earnings today are over fifty dollars a week, which is about double the 1939 average, but the salaries of teachers and white collar workers as a whole have not gone up to an equal extent.

By these steps I am confident that we can maintain our very high production and, in fact, expand it; level off our prices, bring down the prices of food and clothing; stabilize our economy on a very high level, with high employment and good profits; give essential aid to Europe, and above all maintain individual freedom, which is the most important ingredient in the greatness of the United States of America.

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But enough of that, enough of looking backwards, enough of
postmortems. The question tonight is, where do we go from here.
Production today is high. It is excellent. It is the best of any

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But the prices are too high. We must stop their rise and pull them back down a bit. And we must stop this price spiral without cutting down our production. It has been shown in many of the countries of the world since the war that rigid controls holding down prices and putting in the hands of men in government the decisions over what should be produced and what should be sold results in low production, widespread black markets, and a bad condition for the people.

That is why I am against reestablishing OPA at this time and I am against putting general economic controls back in the hands of the men in government. If we do that we will get some of the prices down but we will also lose production and lose jobs. We will not be able to give the great assistance to Europe that is so necessary and which can only come from very high production in America.

But there are some steps that we can and must take.

We should reestablish consumer credit controls. Congress should pass a law prohibiting the very easy installment credit of one dollar down and two years to pay. With part of the accumulated war time earnings still left to spend, with some of the production losses from the long strikes in '46 still being felt, prices are further increased through consumer installment selling. This is a kind of a control that government can put on and should put on, and which will not result in lower production. Later on when production

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Second, we can put our foreign aid program under the direction and supervision of a high caliber American agency which will safeguard the affects of foreign shipments on our American prices. We should not have a continuation of British and French and Belgium and Italian and U. S. Army purchasing agents competing against each other and against the American people, forcing prices up and up. All purchasing for foreign shipments of the aid and occupation programs should be coordinated and channeled together in one new business-like American agency and the purchasing should be carefully conducted so that it does not push our prices through the top.

Third, the government should carry on a vigorous program against monopolies, hoarding, and profiteering. For this purpose a new law against excess inventories of scarce products, held off the market at excessive prices, should be passed. This can be used specifically to break through against hoarding or profiteering which dangers the economy. This is also a control that can be administered without damage to our production.

Government should move promptly to order some farm tractors and farm equipment for the depleted areas of Europe to be available in the Spring so that they have a reasonable chance of a better crop next year. It should also give high priority to getting more coal out of the Ruhr and out of England so that we do not have the extreme drain on American coal for shipment to Europe.

Furthermore, the people should be urged to resist high prices, be encouraged to buy products which are surplus, such as citrus and potatoes. The "save food" program should be thoroughly backed and supported on its present voluntary basis. Likewise a

voluntary drive to increase personal savings in 1948 is important.

Finally, that portion of our population whose incomes have lagged far behind, particularly the white collar workers, the clerks and stenographers and public employees, and teachers should have their incomes brought up in line with the rest of the wage earners. Average weekly factory earnings today are over fifty dollars a week, which is about double the 1939 average, but the salaries of teachers and white collar workers as a whole have not gone up to an equal extent.

By these steps I am confident that we can maintain our very high production and, in fact, expand it; level off our prices, bring down the prices of food and of clothing; stabilize our economy on a very high level, with high employment and good profits; give essential aid to Europe, and above all maintain individual freedom, which is the most important ingredient in the greatness of the United States of America.

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The "save food" program should be thoroughly backed and supported on its present voluntary basis. *Of the same theme*
Rehearse a voluntary drive to increase personal savings in 1948 is important
Finally! That portion of our population whose incomes have lagged far behind, particularly the white collar workers, the clerks and stenographers and public employees, and teachers should have their incomes brought up in line with the rest of the wage earners. Average weekly factory earnings today are over \$50.00 a week, which is about double the 1939 average, but the salaries of teachers and white collar workers ~~ix~~ as a whole have not gone up to an equal extent.

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