

Radio Address by
Chester C. Davis
KSD -- 10:20-10:30 P.M.
March 26, 1943

ANNCR: At this time, KSD presents a farewell message to his fellow citizens of St. Louis by Chester C. Davis, President of the Federal Reserve Bank, Eighth Federal Reserve District, who leaves tomorrow for Washington to assume his new office as Administrator of Food Production and Distribution. Mr. Davis:

MR. DAVIS: Good evening. To say that I regret leaving St. Louis at this time, even temporarily, is an understatement. No man in his right mind would take joy out of laying down an unfinished job which he was enjoying, to take up such a task as confronts me now.

There isn't much I want to say about the new job that awaits me in Washington, beyond asking that we all calm down our attitudes on this food problem; that we depend on the American farmer to do his level best for us, as he will surely do.

On top of that -- pull for a good season for the farmer. That will be a boon for all of us, for our allies, and for the great cause that we must and shall win.

As the grim deadliness of this war comes closer home to us, it is all the more evident that we -- all of us -- have to make adjustments in our way of life. But those adjustments aren't made any easier by getting excited about them. In a spirit of calm resolve we can do what needs to be done -- and it is that spirit, I am convinced, that will prevail as we go ahead on our course to ultimate victory.

As I prepare to leave for my new task, however, my thoughts are still on the job here -- the job we all face in April. It is the job of financing the war, and it is something very close to my heart.

2.

At first thought, it might appear that there is little connection between my new assignment and the responsibility we all have of financing the war. Yet, I believe you will see there is a rather close connection when it is recalled that our success in assuring an adequate supply of food at fair prices for the basic needs of the country depends in no small measure upon our ability to place our war effort on a sound and adequate financial basis.

That is the objective of the Second War Loan in April -- the great campaign in which every citizen of St. Louis, as every citizen of every other community in America, has a direct responsibility. We are all greatly concerned about supplies of goods -- and about prices. Our country is bending every effort toward increased production of armaments and other supplies needed for our armed forces and for the fighting armies of our allies. At the same time, every effort is being made to maintain supplies sufficient for essential civilian needs.

The public is placing a great deal of reliance upon direct control of prices as the means for preventing increases in the selling cost of these essential civilian goods.

Yet -- in my opinion -- more than direct controls, more than governmental orders to hold prices to their proper level, more than price directives and appeals will be needed if we are to prevent runaway prices which would cause cruel hardships on all elements of our population.

Let me try to give you the picture as I see it. It is estimated that in 1943, the national income -- the payments to individuals -- will total one hundred and thirty five billion dollars. An income of that size is inevitable if we reach the war production goals we have set for ourselves.

This money is not disappearing into a void. When the Government spends money for airplanes, ships, tanks, ammunition and other tools of war -- these dollars are going into the hands of business, and is then distributed as wages or costs of raw materials -- going into the pockets and bank deposits of individuals.

3.

The big problem before the Government is to see that the available civilian goods are distributed equitably among the population -- and that in such distribution, prices are held down within reason. This cannot be done if there is a bidding among individuals for the goods available -- bidding that will be inevitable if every man and woman who has this surplus money tries to spend it.

That is what will send prices up -- to the inevitable harm of every one of us. All the orders or directives in the world won't stop it -- unless we, the people, do the one thing necessary to prevent it happening. That power does lie within our hands -- and in April, we must exercise it by using the Second War Loan as the outlet for this money that otherwise would go to bid up prices in the long and vicious spiral that leads to runaway inflation.

On the basis of the present tax structure, only about fifteen billion of the one hundred and thirty-five billion dollars of income will be paid in taxes.

Another eight billion will go for insurance premiums, debt retirement, and similar forms of savings.

About seventy-seven billion dollars worth of goods and services will be available for civilian consumption -- figured at the present level of prices.

Figure it all up, and you still find a surplus of thirty-five billion dollars in the hands of the general public.

That thirty-five billion dollars is the key to our success or failure in avoiding inflation. If we use it to bid against each other for goods and services, no power on earth can hold price ceilings in place. Those ceilings will blow like the top of an erupting volcano -- and we all will suffer in the ruin that follows.

On the other hand -- these same thirty-five billions of surplus dollars can be a tremendous force in fighting the war and in holding down prices.

The Government could draft all of these surplus dollars through taxes. Or you, the citizen, can enlist them by purchase of government securities. The latter course of voluntary action is the course we all can take in April during the Second War Loan Drive.

4.

I am particularly sorry to leave St. Louis at this time when this city, and the Eighth Federal Reserve District of which it is a part, are about to undertake the responsibility of this Second War Loan Drive. The national goal in April is thirteen billion dollars -- of which eight billion is to come from non-banking sources.

We all agree, I am sure that these thousands of volunteer workers in this drive will receive a patriotic welcome. Those workers -- and I know I am talking to many of them over the air now -- are devoting their time without pay to this vital war cause. To them all, I say -- a salute for the great war-winning job I know you will do. And to all of you who will receive them and respond to their appeal -- a salute for the way in which I know you will do your part in making St. Louis the first major city -- and the Eighth Federal Reserve the first district -- to go over the top in April.

As I leave for another phase of the war effort on the home front, I take satisfaction in knowing that the big task here is in capable hands -- with Walter W. Head as General Chairman of the Metropolitan St. Louis division -- Chapin S. Newhard as Campaign Chairman -- and the thousands of devoted and loyal men and women -- your fellow citizens -- who will carry this job through to completion and glorious success. An amazing job of thorough organization already has been done. An even greater job of carrying it through to final success will be done -- so that by the end of April, even though I will be immersed then in new responsibilities, I can sit back for a moment or so at least and say to myself, "St. Louis did it -- did it again, as it always does."

ANNCR: You have just heard a short talk by Mr. Chester C. Davis, who takes up his new duties Monday in Washington as Administrator of Food Production and Distribution.