

ADDRESS ON THE
PRESIDENT'S SEVEN-POINT PROGRAM
TO FIGHT RISING LIVING COSTS

BY

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In his radio talk to the nation and in his Message to Congress, the President told you why we must not let the cost of living get out of hand. He told you of his seven-point program and made it clear that all of the program and not just some parts of it would be necessary to win this economic battle on the home front.

I have been asked to speak to you briefly tonight more particularly about the seventh point in the President's program. You will recall that this point stressed the importance at this time of discouraging credit and instalment buying and encouraging the paying of debts. Paying debts and not incurring new ones are an essential part of the program to keep the cost of living from spiraling upward. Those who comply with it will be grateful that they have done so when this war is over.

To this end, the Federal Reserve System has issued regulations with which you are familiar in a general way. You know that when you go to a store to buy something on instalments, you are asked to make a down payment in most cases of one-third of the purchase price and you are asked to pay for the article in full in twelve months or less. Or, if you have a charge account, you are asked to pay that account by the tenth of the second month. If you do not settle the account by that time, you are asked to place it on an instalment basis before you are allowed to charge any more articles. Those, in general, are the terms required.

The reasons for asking you to pay your debts and to refrain from buying unnecessarily, at this time -- the reasons why this is the time to save, to pay taxes and to invest in War Bonds -- should be made clear to you so that you will give your support to the President's program, for it is devised in your interest.

You are aware that national income is rapidly going up. It is going up because the Government is approaching an expenditure of 150 million dollars a day for war purposes. It is expected to increase to 200 million dollars a day before the year ends. It is this huge expenditure which is rapidly expanding national income, which is the sum of all wages, salaries, dividends, rents, interest and other income received by individuals -- and approximately two-thirds of it represents wages and salaries.

Today our national income is running at the rate of close to 110 billion dollars a year. It is estimated that it will soon reach a rate of 117 billion dollars a year. Even in 1929 national income was 30 billions less than it is right now. It is still increasing. And this is happening at the very time when there are fewer and fewer things for us to buy.

If we had the plants, the labor forces, the raw materials, to turn out more and more war supplies and at the same time turn out more and more civilian goods, there wouldn't be any problem. The more money you had, the more goods you could buy. But, of course, that is not the case because

there are limits -- including time limits -- on our ability to produce war supplies for ourselves and for our allies and at the same time produce for civilian consumption. Since our very existence is at stake, war production must have the right of way over everything else. That means more and more of our industrial resources and manpower must be used for war production, less and less for civilian production. It means more munitions, planes, ships, tanks. It means fewer automobiles, refrigerators, houses, and many other things that are available in peacetime.

Clearly, then, there is but one course open to us. We must go without things we can't buy. We should go without things we do not need to buy. There is no real hardship, no great sacrifice, in this. There is adequate food, clothing and shelter, and we can make things last longer.

One objective of the President's program is to see that what is available is as fairly distributed as possible. Another objective is to keep the rising pressure of spending power from flooding our markets and driving up prices -- not just the prices of civilian goods, but the prices of war materials as well. We must not let that happen. It would impair our war efforts. It would increase the costs of the war. It would make the financing of the war and post-war readjustments much more difficult. It would bring many other evils. Your pay envelopes, though they contained more dollars, would buy less and less. Instead of getting out of debt, instead of saving for the future, you would merely be exchanging more and more dollars for fewer and fewer things. How much better off you would be to get out of debt, to save those dollars until peace comes when our vast productive capacity can be turned from war to peace production.

Saving means deferred buying power. It is just common sense to defer the buying power we have now but cannot use without driving up the cost of living -- defer it until peace comes, when we will have the manpower, the machinery, to turn out the goods -- when your buying will help sustain full production and employment -- when, if we manage our affairs intelligently, we can produce the goods to meet the public demand without the upward spiraling of the cost of living. That is in your interest. That is why you are being asked not to buy anything you do not need -- why you are asked to put every dollar you can into War Bonds. You can make no better investment for your future welfare.

For the same reasons you are asked not to go into debt to buy things. You are asked to pay much heavier taxes than ever before because this not only helps pay for the war, as do your investments in War Bonds, but it helps keep your dollars from bidding up prices. You are asked not to seek higher wage rates, salaries, dividends, and other returns, and if you are a farmer you are asked not to seek higher prices, because such actions increase buying power but do not add to what you can buy.

If the Government's rapidly increasing expenditures and the consequent rapid rise in national income were accompanied by production of an equivalent amount of goods for you to buy, it would not be necessary to ask you in your own interest to comply with and support this program. But the Government's expenditures must go mainly for war production and not for the things for which you might spend your dollars.

Accordingly, the logic of the situation calls for Government policy designed to draw back into the Treasury out of this expanding national income an amount equal to what the Government is spending. And this can be done through taxes and through the sale of Government securities. So far as the Treasury can in this way get back as much as it spends for war, the financing of the war is readily accomplished.

More than that, however, the effects of this policy are three-fold. First, it draws off the market money that might otherwise bid up prices. Secondly, spending power is reduced in relation to the supply of civilian goods. Third, the Government is able to finance the war without borrowing from the commercial banks -- for such borrowing creates additional money, and may have highly inflationary effects.

It is not a sacrifice, but a privilege, as the President has well said, for all of us to do our part in supporting the Government's program for safeguarding the economic front at home. Because when we have won this war our tremendous productive power now engaged in making destructive things of war will be released to make the constructive things of peace. We will have the greatest technological development, the greatest industrial machine, the biggest army of skilled workers that the world has ever seen. Freed from diverting fifty per cent or more of our energies to war, turning those same energies to peace, we can have a far higher standard of living than we have ever known.

We will need only the will and the wisdom to realize this promise of a better day. That is what we are fighting for. Certainly we are not engaged in this agonizing struggle to preserve our democracy so that hunger, want and poverty may stalk through our land again. Certainly we are not asking our armed forces to risk and to give their lives for a peace that will permit the re-emergence in this world of the economic evils which have given rise to Hitler and his partners in human oppression.

We are fighting to preserve our democracy because it can, and it must if it is to survive, achieve not only the Four Freedoms of the Bill of Rights, but also the economic freedoms which the modern world demands -- freedom from involuntary unemployment; freedom from the fear of insecurity in old age; freedom from poverty; and freedom from want.