

The first meeting of the Economic Stabilization Board was held this afternoon in the office of James F. Byrnes, Director of Economic Stabilization. Director Byrnes made the following statement to the Board:

You are familiar by this time with Executive Order No. 9250, providing for the stabilization of the national economy. The language is plain and needs no interpretation by me. Its reading indicates fully what is expected of us.

We are a part of the machinery which must convert the peacetime economy of the country to a fully-controlled wartime economy. At present we are half and half.

In peace supply and demand is left to work. That requires time. In war the tempo changes. There is no time. Every man and woman, dollar and thing, everything must be utilized for the quickest winning of the war.

The war-making agencies must have what they need, when they need it. At the same time the welfare of those on the home front must be given consideration. Living costs must be kept from spiraling upwards so all of us can be free to contribute our utmost to winning the war. Reductions in living standards that the war will impose must be shared equitably by all of the people, without profiteering. If we are to avert a repetition of the collapse that followed the last war, we must prevent runaway price increases now.

Each of you occupies certain definite spheres of activity in the carrying out of these aims. For example, the Secretary of Treasury, among other things has responsibility for the sale of government securities, the raising of taxes, the siphoning off of excess purchasing power, and, of generally taking the profits out of war. For the control of salaries, I am looking for suggestions and guidance also to the Secretary of Treasury. Labor, wages and working conditions are within the province of the Secretary of Labor and the National War Labor Board. The Price Administrator has control of prices, including rents, rationing, etc. To the Price Administrator, the Secretary of Commerce and the Secretary of Agriculture, principally, I will look for advice on subsidies and related matters. To the Secretary of Agriculture I will look for guidance on the production of farm products and advice as to their prices. At times it will be necessary to invite the chairman of the War Production Board and the War Manpower Commission to meet with us.

And to all the members of the Board, I will look for suggestions to keep down the cost of living. While ours is an economy based on personal incentive and the profit system, we must at this time give more attention to keeping prices down than keeping profits up.

It is my desire that the Agencies and activities represented shall be increased in importance and not diminished in the least degree. It is not my intention to undertake any of the activities which lie within the province of your organizations, but rather to bring them together, to settle conflicts, to integrate all of the parts into one whole. I shall step in only where there are conflicts or where I think economic stabilization is threatened in any field.

As for the representatives of labor, industry and agriculture, we shall look to them to give us in all circumstances their suggestions, particularly in the fields in which they have become experts and to which they have given their life efforts. I know these gentlemen will present their views not as to what is best for any particular group but as to what is best for all of the people.

We shall meet here every fortnight. Discussions of interest to the members of the Board shall not be restricted, but I shall try in advance of meetings to note those questions on which I will want your advice.

In most cases common counsel should result in common agreement. But we are at war and we cannot wait upon the counsel of perfection. We will make mistakes. But in war, inaction is the greatest of mistakes. If after an adequate interchange of views, differences still persist, I shall resolve those differences and promptly communicate to you my decisions.

II

1. Let me here tell you what I have done to implement the Executive Order of the President.

a. I have arranged with the War Labor Board and the Treasury Department to bring all salaries under control. All salaries under \$3000 and those salaries up to \$5000 which are covered in wage agreements are to be regulated by the War Labor Board. For salaries over \$3,000, other than those handled by the War Labor Board as part of wage agreements, the Treasury Department is preparing regulations.

b. I have delegated to the Office of Price Administration the power to intervene in cases involving proposed increases in the rates or charges of utilities. The Office of Price Administration is the agency best suited to represent the interests of the consumer in these matters.

c. I have approved two regulations of the War Labor Board for exemptions from the wage provisions of the Executive Order. One regulation exempts special merit and promotion by length of service systems; the second exempts employers with not more than eight (8) employees.

Wage increases granted in such exemptions are not to be considered justification for increasing any price ceiling or cost of any Government Contract; or as an argument against any decrease in a price ceiling or Government Contract that might otherwise be thought necessary.

2. In addition to these regulations, I am working with the agencies concerned on regulations to cover these things;

Limiting salaries to \$25,000 after certain taxes and other permissible deductions.

Machinery for handling wage increases which may affect price ceilings. This necessitates close cooperation between the War Labor Board and Office of Price Administration. A liaison official has been appointed by each of these agencies.

Machinery for the control of agricultural prices. This necessitates similar cooperation between the Department of Agriculture and the Office of Price Administration.

3. I have also begun to review the situation with the various agencies to determine if there is need for additional legislation. One such omission was discovered in the matter of commercial rents. I have asked Congress to remedy this. The House with splendid cooperation has passed the Bill and I hope for prompt action by the Senate.

4. I also have asked the different agencies to furnish me with detailed reports on some of the problems that lie ahead.

The more important things on which I have requested reports are:

Compulsory savings and other proposed measures to control excess spending power.

Prospects as to future rationing needs.

The spacing of Military and Lend-Lease purchasing.

Prospective subsidy needs and considerations which should govern or limit the use of subsidies.

Wages of farm labor.

The effect of the stabilization of wages on manpower problems, particularly on the migration of workers.

If the members of the Board have any information or views on these matters, of course, I will be glad to receive them.

I intend to continue this practice of asking for reports on all likely problems that may arise in the future - in advance of the necessity for action.

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