

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA
WASHINGTON

March 5, 1943

Mr. Marriner S. Eccles, Chairman,
Federal Reserve System,
Twentieth and Constitution Avenue, N. W.,
Washington, D. C.

Dear Mr. Eccles:

Because of your interest in post-war readjustment problems, I thought you might like to see the enclosed Bulletin No. 1 in a new series which we are publishing.

Yours very sincerely,



EMERSON P. SCHMIDT,
Economist and Secretary,
Committee on Economic Policy

1170/619
Enclosure



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Washington

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WASHINGTON MARCH-----Desirability of immediate attention to the subject of post-war planning is emphasized in the first of a series of bulletins on "Post-War Readjustments" issued by the Chamber of Commerce of the United States.

"Why Plan for the Post-War Period?" is the title of the first bulletin, which is the work of Dr. Emerson P. Schmidt, economist and secretary of the Chamber's Committee on Economic Policy, who is on leave from a professorship of economics at the University of Minnesota. The committee is headed by Edgar V. O'Daniel, vice-president of the American Cyanamid Company, New York City, as chairman; and J. Cameron Thomson, president of the Northwest Bancorporation, Minneapolis, as vice chairman.

Present consideration of a program of study and action designed to bring about a high level of production and employment in the post-war period is urged upon individuals, corporations and organizations, both governmental and private, to such extent as it will not interfere with the war.

In listing reasons for attention to post-war planning, Dr. Schmidt stresses needless dislocations which followed the last war, points to the magnitude of the post-war reconversion task ahead, and says that maintenance of private enterprise is essential to preserve freedom from compulsion of body and mind.

Referring to widely differing conceptions of the meaning of the word "planning", Dr. Schmidt says that the series of bulletins will be concerned primarily with essential conditions for economic expansion. It is proposed to appraise maladjustments which interfered with active business in the pre-war period, with a view to correction of obstacles which then stood in the way and which in the post-war period may stand in the way of a sustained high level

of output.

"Planning", as Dr. Schmidt uses the term, does not contemplate assumption by the government of major responsibility for economic activity, public ownership and operation of the facilities of production and distribution, or the grafting of a new kind of state-enterprise system upon the American economy.

Discussing the role of the private enterprise system in post-war readjustments, Dr. Schmidt says:

"After the war, we must determine whether private business is to resume its historic role of providing employment and output, or whether we will impose upon government these responsibilities and risk the loss of the great human values for which this country was founded -- freedom from governmental compulsion of body and mind.

"Thus it should be clear that, entirely apart from any personal interest which the business man may have in preserving his business, the issues are much deeper; our American way of life with its freedom of mobility, the press, and expression, are going to be threatened unless the conditions essential for industrial expansion are created.

"If government is made responsible for employment it must have the necessary freedom and authority to operate; likewise, if business is to resume its historic role, it must be provided with reasonable freedom to act; above all, those political and economic conditions -- stability and effective cost controls -- must be provided if it is to produce results.

"This does not mean complete license for business; that would be anarchy. But it does mean that the economic climate favorable to expanded employment and output must be created simultaneously with the forward step of business.

"One of the weaknesses of democracies is that they do not act until a crisis overtakes them; the preservation of the American way of life is one issue which we cannot afford to postpone until it reaches the crisis stage. If we do,

it will probably be too late; the Italians in 1922 when Mussolini took over, and the Germans in 1933 when Hitler took over, did not know what was in store for them. The stakes at issue are high but we cannot afford to gamble on the future; if enough people understood what is involved in the post-war period, we can get the kind of society which most people really desire.

"When we entered the war in 1941 we had not solved the basic maladjustments which plagued us in the 1930's. Unless we take sound steps now, during the war, to set our house in order, these maladjustments may drive us to take desperate steps in the post-war period, once the boom from banked-up 'savings' and 'deferred demand' subsides."

In a preface, Chairman O'Daniel, of the committee, expresses the hope that the bulletins will advance thinking and action a step along lines fundamental to industrial expansion.

Ralph Bradford, general manager of the Chamber, in an introduction, says:

"Emerson once declared that the end pre-exists in the means. While nearly all planning groups are united in their objectives -- free society, high levels of employment and output -- whether the planning of any group will further or hinder the attainment of the ends sought will depend upon the means employed. If we employ the wrong means we will not enjoy the right ends.

"These bulletins are intended to help point to the things that must be done if we are to have the largest degree of individual freedom and the best standards of living."

The Committee on Economic Policy will meet in New York City March 9. Its members represent varied types of industry and agriculture.

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March 12, 1943.

Dr. Emerson P. Schmidt,
Economist and Secretary,
Committee on Economic Policy,
Chamber of Commerce of the
United States of America,
Washington, D. C.

Dear Dr. Schmidt:

Chairman Eccles, who is temporarily absent from the city, asked me to acknowledge your note of March 5 enclosing a copy of the first bulletin which you have prepared on post-war problems.

Because of the interest in and the attention which the entire Reserve System has in this vitally important field, the work you are doing is of particular interest and I trust that we may have the privilege of receiving subsequent bulletins which are contemplated.

Sincerely yours,

Elliott Thurston,
Special Assistant
to the Chairman.

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