

January 9, 1947.

*Mr. Ecker*

To: Mr. Thurston

From: Mr. Morrill

Since it has occurred to me that you might not have had time to pick up particular phrases in the Economic Report of the President, I thought it might be helpful to you if I called your attention to the following quotations:

Page 10. "Although consumer credit has not yet reached prewar levels, it has already expanded greatly, and still freer use might build up difficulties for the future. The rate of net savings, as shown elsewhere in this Report, has receded to a point below which it can hardly be expected to fall. Increasing consumer purchasing power in this way could at best be only a temporary solution, and certainly not a desirable one."

Page 13. "Another element in current trends is the rapid increase in instalment and credit buying during recent months. Consumer credit totaled almost a billion and a half dollars more in November 1946 than in March. But undue extension of deficit financing on the part of millions of American families can gravely hurt our business system and lead in the end to deficit financing by the Government. In the long run, consumers must rely on current incomes for purchasing power."

Page 32. "I have directed the Council of Economic Advisers and the other appropriate Government agencies to make a continuing study of the stabilization devices that may become necessary and to recommend their being placed in operation in ample time to insure the anticipated effect.

"Among these devices are a well-integrated program of employment stabilization; improvements in the process by which workers find jobs and employers find workers; improvements in the tax structure; wise management of the public debt; and a flexible credit policy."

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