

February 15, 1951.

The Honorable Warren G. Magnuson,
United States Senate,
Washington 25, D. C.

Dear Senator Magnuson:

Enclosed is a copy of a letter to Mr. George H. Bird of Spokane, Washington, which I wrote in reply to his letter to you of January 30. I hope my handling of this matter is satisfactory to you.

Sincerely,

M. S. Eccles

Enclosure
KSM:pvj

P.S. Thinking you may not have seen the full text of my statement before the Joint Committee on the Economic Report in its hearings on the President's Economic Program I am enclosing a copy of it herewith.

M.S.E.

Mr. George N. Bird,
Secretary-Treasurer,
International Hod Carriers' Building and
Common Laborers' Union of America,
W. 10th Third Avenue,
Spokane, Washington.

Dear Mr. Bird:

Senator Magnuson has referred your letter to me for reply. I appreciate learning your point of view about the matter of longer working hours that I discussed in testimony before the Joint Committee on the Economic Report. I am enclosing a marked copy of my testimony so that you may see exactly what I said since in many instances, newspaper reports are incomplete.

If the problem in your locality is one of lack of employment opportunities, I can see why you would think a proposal to work longer hours would be inappropriate. However, in the nation as a whole our problem is one of lack of workers, not lack of jobs. Unemployment is close to the practicable minimum and there are serious shortages for many types of skilled labor. At the same time, inflationary pressures are very strong and the cost of living and prices generally are rising rapidly. The basic reason for this situation is the rapidly expanding defense program which in the period ahead will place an increasingly heavy strain on the country and will require full utilization of every bit of industrial capacity and manpower available.

As you know, the workers who make tanks, guns, and other defense products as well as the men in the armed forces must be paid and must be provided with consumer goods. At the same time, these workers and members of the armed forces do not produce anything for consumers to buy. The inevitable result is that there is more income in the hands of consumers than there are goods to buy. In bidding against each other for the limited supply of goods, prices are driven up.

The only way to solve this basic problem is to reduce incomes generally by higher taxes, curtail buying on credit, increase personal savings, and at the same time, expand the supply of civilian goods as much as possible by everyone working harder and longer hours. A 44 hour work week will help to add to supplies and if it is paid for at straight time it will not add to costs and prices. If the longer hours are paid for at premium rates, however, they will raise costs and by increasing incomes more than output is increased raise prices generally. If by longer hours, higher taxes, and other means we can hold down the cost of living, everyone will be better off. Workers especially will be better off because they always lose when living costs rise sharply. They lose not only because their wages can not rise as fast as prices but also because their pensions and savings become worth less.

I realize this sort of program requires heavy sacrifices and that these sacrifices must be shared by everyone, not only by labor. That is why I am also in favor of a heavy tax on excess profits. My position may appear to you to be contrary to the interests of labor but I assure you that I believe my program is more to the advantage of labor generally than it is to most other groups. I hope that you will analyze my recommendations in this emergency period in the light of all the facts and in the light of my deep concern for the welfare of the whole country.

Sincerely yours,

M. S. Eccles

Enclosure
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