

20,000 pounds of...
The Truman-Snyder Inflationary Program

EXTENSION OF REMARKS

OF

HON. FRED L. CRAWFORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 6, 1951

Mr. CRAWFORD. Mr. Speaker, for extension in the RECORD, I herewith submit copy of a radio address delivered to the good people who have given me the honor to represent them in the House of Representatives.

Perhaps the two greatest disturbances which daily aggravate you consists of: First, the declining buying power of your wages and your accumulated savings; and second, the contributions you have to make in the form of human flesh and blood and money to the war effort.

At the outset let me emphatically say that since 1933 the policy of the previous and present administrations has been directed toward a higher cost level, a higher wage level, and a higher selling price on the goods and services which you purchase.

This fact cannot be successfully denied by anyone.

In making these presentations it will be necessary occasionally to use a few figures, as much as we dislike to be burdened with them.

As citizens we cannot escape the fact that the sheer management—and here I am not referring to the payment—I repeat, the sheer management of the present Federal debt of \$256,000,000,000 presents economic forces which, at times, literally guillotine your personal capital structures, and your buying power. At this very moment President Truman and Secretary of the Treasury, Mr. Snyder, are pursuing an inflationary

policy, with respect to managing and financing this devastating Federal debt.

This inflationary program, sponsored and administered by Messrs. Truman and Snyder, is so inflationary and highly destructive that you cannot rely for adequate relief on the other program of price controls, rationing, and allocations.

Price controls and rationing cannot possibly offset the damage of the inflationary program. I urge you not to be misled by political statements which so often come to you to the effect that price controls will make your economic pathway one easy to travel.

Too much of this Federal debt, to which I have referred, was sold by the Federal Treasury to the Federal Reserve banks and the commercial banks of the country.

Too much of this debt consists of short-term paper.

Too much of this debt consists of what is known as call paper. By this I mean to say that all of you who hold savings bonds can take those bonds to the banks and cash them any time during business hours. Thus you can call upon the Treasury to pay the savings bonds upon your option. Thus you determine the due date. You make the call on the Treasury. And the Treasury must stand ready to answer when you call.

The administration and the Treasury followed an unsound and dangerous fiscal policy in financing this debt in such a manner. Against this dangerous policy I have for years protested. I am here protesting again.

As a matter of fact, Mr. Truman and Mr. Snyder have, just recently, established a policy which literally converts the Federal Reserve Banking System and the commercial banks into an engine of inflation.

Therefore, the buying power of your savings declines daily.

This is a terrible fact which you now face. This is a fact you must understand. This is a fact you must help change, or we face financial disaster in this country such as other countries have suffered.

Not only do these constantly advancing prices reduce the buying power of your liquid savings and your current wages and salaries, but in addition the dollar value of your life-insurance policies are being destroyed.

Furthermore, here is another terrible fact: Everything the Federal Government purchases in connection with the defense program, or otherwise, carries a premium in price due to inflation which you, as taxpayers and bond buyers, must bear.

President Truman and Mr. Snyder excuse their action on the basis that they are holding down to a low level the interest rate on the Federal debt.

However, it would be much easier for the people of this country to pay \$2,000,000,000 more per annum as interest on the Federal debt than it is for them to pay annually \$25,000,000,000, or more, as a premium on what the citizens purchase and what the Government purchases for the defense program.

And, of course, you would much prefer to be burdened with a somewhat higher interest rate on the Federal debt than to have the value of your savings and insurance policies reduced more and more each month and year just as they have been reduced for the past several years.

These reductions have occurred by reason of the inflationary and unsound fiscal policies pursued by the administration in the form of deficit financing, easy money rates, too much Government lending and selling bonds to the banks and having the Federal Reserve banks guarantee the market price of the bonds.

Now, my fellow citizens, what I am saying to you today is not a clash of personalities, or a case of Crawford versus Truman and Snyder.

The one thing that is clearly at stake now, today, and which is of far greater importance to you than the position of any individual involved, is the buying power of your dollar.

Whether or not you have confidence in the American dollar at this moment is of supreme importance.

Do I need to tell you that the purchasing power of your dollar is rapidly shrinking right now. It has been shrinking for so long a time that we are faced with these makeshift proposals known as price controls, rationing, allocations, wage controls; and all with which the President is making so little progress.

Let this shrinkage continue and I assure you that public confidence in the American dollar will be destroyed. When that day arrives public credit will likewise be destroyed.

And when public credit is destroyed in this country, our individual enterprise system or capitalist society is done for. Then, you may rest assured, whether we like it or not, that we will move into some kind of a tightly regimented socialistic state.

This calendar year many billions of dollars of the Federal debt mature. The Treasury does not have on hand tax dollars with which to meet those maturing bonds. To get those dollars the Treasury must first sell more bonds which will mature at some future date. And to whom will the Treasury sell those bonds? To the Federal Reserve banks, or the commercial banks, or to the individual citizens?

If these refunding bonds are sold to the banks at a very low interest rate in conformity with the policy of the President and Secretary of the Treasury, you will witness more and more inflation, regardless of the price-control program.

But on the other hand, if the public—that means you—have little faith in the purchasing power of the dollar—its real measure of value—do you believe that the Secretary of the Treasury can sell to you and other private citizens forty or fifty or sixty billion dollars' worth of those bonds this year?

In no way do I mean to influence you against buying Federal bonds. Let me say that I, too, have some of these bonds—both marketable and savings. I have seen the "hound of inflation" eat up the buying power of my savings just as you have.

We should invest our savings in Government bonds to help finance what we believe is sound. But in turn, Mr. Truman and Mr. Snyder should have great respect for the rights of the citizens and be dead sure they advocate and support a sound fiscal policy of Government so that we will have faith in those bonds and so that our investment therein will not disappear through inflation.

Just why are you running away from the ownership of dollars into the ownership of goods? Simply because each day the dollar buys less. And for this good reason you hesitate in purchasing long-term Government bonds at a very low rate of interest because the experience of the past 10 years teaches you that your dollars buy less when your bond matures and you receive back your money, than it would buy when you bought the bond.

Thus the destructive hand of inflation writes on. President Truman and Secretary Snyder advocate a cheap money policy operating through the open market committee of the Federal Reserve banks and the member banks of that system.

The net results of such a policy allows for vast sums of speculative loans made by banks to individuals and corporations with which to go into the market place and bid up the prices on basic and raw materials, manufactured goods of all kinds, foodstuffs, fats, and fibers.

Thus, the whole banking system becomes an engine of inflation—and against this policy I protest.

Mr. Oscar Bledsoe, one of the leading cotton farmers of the South, the other day observed that—

The strongest ally that communism has is inflation of the monetary system of this capitalistic Nation caused by the flagrant violation of the natural law of supply and demand, as if it did not apply to money. The Treasury Department is directly responsible by floating and supporting our tremendous Government bonded debt with our monetary system.

Mr. Bledsoe also said:

The building of a price control dam down stream is no cure. . . . The morale of this Nation is the lowest in its history, with the loss of confidence in the dollar. The Treasury is now paying off its 10-year D savings bonds. The \$75 investment is receiving \$100 that will buy, as of date of investment, about \$55 of goods, which is a loss of \$20 of the original investment, plus the \$25 interest.

The Washington Evening Star in commenting on this policy of Messrs. Truman and Snyder only a few days ago had this to say:

It is interesting, however, that a group of economists from the University of Chicago have expressed the opinion that the price rise of the last 6 months could almost certainly have been largely or wholly avoided . . . if the Federal Reserve System had kept its holdings of Government securities unchanged instead of adding to them by \$3,500,000,000.

In conclusion, let me remind you that years ago the Congress approved the Federal Reserve Act and brought forth the Federal Reserve banks designed to regulate the credit structure and to provide the necessary flexibility in our sup-

ply of money and credit to meet the economic needs of the people. Congress made this an independent agency and intended that the system be free of political domination. The system is charged by law with the duty of promoting commerce and industry, of conducting its operations with a view to the broad interests and needs of the national economy as a whole. This recent attempt of the President to dominate the system is the boldest attack yet presented by any Chief Executive since Congress approved the original law.

Let us hope that the President and the Secretary of the Treasury will immediately withdraw their demands and discontinue the policy which so many experts charge as being responsible for the destructive inflationary forces that now eat into your savings so disastrously.

Business Week in its editorial headed "Down the Inflation Road" had this to say:

The Federal Reserve System is at a crisis point. Contrary to the intent of the Federal Reserve Act, the Federal Reserve Board faces the loss of its independence to the executive branch. It has three courses open to it: (1) It can acquiesce; (2) it can resign in protest; (3) it can seek to get a public review of the issue.

My fellow citizens, I think the board should get the public—that means you—to review the issue. That is why I am presenting this case to you. I agree with Business Week when it says:

What is at stake is no less than the preservation of our economy from the ravages of inflation.

Controls Hamper Government's Revenue Intake

EXTENSION OF REMARKS OF

HON. E. C. GATHINGS

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 6, 1951

Mr. GATHINGS. Mr. Speaker, under leave to extend my remarks, I include a statement by William C. Hope, legislative and market analyst of Robert Moore & Co., New York City:

CONTROLS HAMPER GOVERNMENT'S REVENUE INTAKE

(By William C. Hope)

A glaring example of how controls militate against one of the Government's major objectives at a time of international stress—that of increasing its revenue—is furnished by the cotton industry, an industry second only in importance to that of steel. Some 14,000,000 people are dependent upon cotton for a livelihood. Therefore, one can well imagine what will happen to an overwhelming majority of these people should the ESA adhere to its plan of placing a ceiling on raw cotton or should it fail to clarify its present freeze order on cotton—an order that has resulted in chaos and a complete stagnation of the cotton industry.

It is a recognized fact that the merchandising system applied to raw cotton is the most complex and intricate one in our economic structure. This is due primarily to the fact that hundreds of different grades and staples have to be dealt with. Therefore, any kind of control over this commod-

ity—other than one at the mill level, accompanied by a liberal escalator clause—results in confusion and stagnation. Such stagnation prevails at present. Everyone in the industry—including grower, shipper, merchant, and futures broker—has remained bewildered and immobile since the promulgation of the ESA freeze order on January 26. The only sales reports received from the 10 southern spot markets since the institution of the freeze order show a total of merely 33,000 bales changing hands, compared with 776,000 bales changing hands in the month immediately preceding this order. (December 27, 1950-January 26, 1951.)

Furthermore, due to the hundreds of grades and staples concerned should a ceiling be placed on the raw commodity, we would be confronted with one of the most stupendous black markets ever witnessed in the annals of the United States. Thousands of taxpayers would be eliminated from the tax rolls while, at the same time, the United States Treasury would lose millions of dollars through these black-market operations.

As mentioned above, the cotton industry is so complex, it is doubtful that it could be successfully controlled, even after years of study on the part of the would-be controllers—be they men of the industry or be they politicians grasping for a higher rung on their own political ladder.

The present ESA freeze order reminds the writer of the sane advice given by Confucius when he stated:

"The men of old, when they wished their virtues to shine throughout the land, first had to govern their states well.

"To discipline themselves, they first had to set their minds in order.

"To set their minds in order, they first had to make their purpose sincere.

"To make their purpose sincere, they first had to extend their knowledge to the utmost.

"Since knowledge is acquired through a careful investigation of things.

"For, with things investigated, knowledge becomes complete.

"With knowledge complete, the purpose becomes sincere."

Examining the present situation in the light of the above rationalization, no reason is found to challenge the sincerity of the ESA freeze order on cotton, as it is fully realized that it was promulgated with the intent of placing a damper on inflation. However, there is ample reason why the method should be challenged. As long as the United States Treasury insists on a low interest rate of 2½ percent on Government bonds, the price of goods will be bid up to and above any line established by a wage-price freeze. There is also reason to question the knowledge upon which the ESA freeze order, insofar as it applies to cotton, was based. When the end product of such knowledge results in the complete stagnation of a major industry while, at the same time, posing a threat to ample production in that industry, it is time for the economic stabilizers to stop, look, and listen.

Justice for Poland

EXTENSION OF REMARKS OF

HON. PHILIP J. PHILBIN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 6, 1951

Mr. PHILBIN. Mr. Speaker, under leave to extend my remarks in the Record, I include therein an excellent and thoughtful radio address recently delivered by Mr. Eugene Lyons, roving editor of the Reader's Digest, under the

auspices of the Polish-American Congress for western Massachusetts.

This speech and this sponsorship offer striking proof of the unyielding determination of the advocates of the cause of a free Poland never to give up the fight for Polish freedom until justice has been done and Poland's freedom regained.

I shall continue to be in the vanguard of that fight.

The address follows:

Ladies and gentlemen, most of you, I'm sure, have heard of the strange new game called Russian roulette. In a pitch-black room, men shoot at one another—and sometimes someone is killed. They do it just for the fun of the thing, to titillate their nerves.

But let me tell you of another such game of chance, which we might call "Russian roulette for freedom." It is far more dangerous—and it is not played for fun. I refer to the grim game that has been going on since the end of the war in 1945—in which liberty-loving men and women stake their lives for the chance of winning freedom.

This tragic yet inspiring gamble goes on day after day along 2,000 miles of land and water frontiers that divide Stalin's part of Europe from the rest of that Continent. Every one of those miles is fortified and guarded, by border police, electrified barbed wire, police dogs, speedboats. But despite all barriers of danger, thousands of people—Poles and Germans, Hungarians and Rumanians, Baltic nationals, and even Soviet citizens—take the gamble of attempting to escape.

They know when they start that the odds against them are frightening. According to refugee officials who have watched the gruesome business, only 1 in 12 can expect to make it in the Balkan areas; only 1 in 6 in the Baltic areas. At best, in the German and Austrian occupation zones, where the attempt is easier, the chances of winning—that is to say, of getting safely through the iron curtain—are about 50-50. And the penalties for losing are concentration camp, torture, and most often death.

Nevertheless, there are no lack of players. The awful game that began 5 years ago is still under way. From two to three thousand escape every month from under the iron heel of Red despotism. This means that at least eight or nine thousand make the try—and fail. Singly or in groups of two or three, these men, women, and children—yes, even children—match their courage and ingenuity against the terrific might of Stalin's secret-police and frontier-guard forces.

To reach the world of freedom—the world which you and I accept as a matter of course—these refugees from communism have crawled through swamps and trudged through forests. They have cut a path through barbed wire and hovered between life and death for days on flimsy rafts or in rowboats.

It is for these heroes of our world in chaos that I am here to speak. In staking their lives for liberty, they have given proof of the grandeur of the human spirit. They have established a powerful claim on our conscience. In simple truth they are fighting not only their own but our battles in the world-wide struggle between human freedom and totalitarian slavery.

Every one who succeeded in escaping has behind him a nightmare journey across hundreds of miles bristling with machine guns, booby traps, poli dogs, informers. But what do they find when they reach our side of the iron curtain?

The sad fact is that after surviving the Russian roulette for freedom, those people generally face another nightmare. They face the ordeal of finding themselves homeless, hungry, unwanted surplus humanity—part