

The Inflation Problem

EXTENSION OF REMARKS

OF

HON. HARRY L. TOWE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, February 26, 1951

Mr. TOWE. Mr. Speaker, I ask unanimous consent to insert in the Appendix of the Record a letter received from my constituent, Mr. Remsen Brinckerhoff, of Englewood, N. J.:

FEBRUARY 9, 1951.

HON. HARRY L. TOWE,

House of Representatives,

Washington, D. C.

DEAR Mr. TOWE: I am writing as one of your constituents regarding the manner in which the President and Secretary of the Treasury are stimulating inflation by black-jacking the Federal Reserve Board, a body created by Congress. This Board was established by Congress to curb inflation (and deflation when it exists) by taking measures to control the money supply. After all, what is inflation but an increase in the amount of money in relation to the goods and services it can buy. Simply the old principle of supply and demand.

It is not a rise in prices any more than a temperature of 102 is the grippe. Those are but the resulting symptoms of the basic disease. And to think that it can be cured by freezing prices is just about as likely to succeed as trying to cure pneumonia by packing the patient with ice to cool him off. The basic fallacy is the same—attacking the symptoms and not the cause.

But not satisfied with that, they are going one step further and making the patient even sicker by continuing to force more germs into him—or more dollars into circulation. At the same time they hog-tie the doctor (Federal Reserve Board) who wants to try to eliminate the overbalance of pneumonia virus that makes the patient sick. It is like fighting fire with gasoline.

I hope you see the vicious circle. In an economy already containing a number of inflationary forces, such as the large national debt and the war emergency, this administration policy of pouring more money into circulation to peg the price of low-interest (cheap money for the Government) bonds, creates a continuous additional inflationary force. The inevitable result for an increase

of money supply occurs—prices rise. Then the President screams politically about war profiteers, puts ice packs (ceilings) on the patient in an alleged effort to cure the disease he has created, disregards the doctor's advice, and tells him to be a nice fellow and cooperate, and then asks us to dig down in our pockets in terms of increased taxes to pay for the rising costs he has by his and the Treasury's policy created. In the meantime his policies continue and the same spiral or vicious circle goes on. He must realize this subconsciously, because he is already anticipating a further tax rise to pay for it in June.

Let's see the Congress put the trained doctor (Federal Reserve Board), whom it created for this very purpose, back in his job in place of the medicine man who is usurping it, before the patient becomes permanently injured.

Yours respectfully,

REMSEN BRINCKERHOFF.

INFLATION—RESOLUTION OF BOARD OF DIRECTORS OF NATIONAL LIFE INSURANCE CO., MONTPELIER, VT.

Mr. FLANDERS. Mr. President, I present for appropriate reference a resolution adopted by the board of directors of the National Life Insurance Co., of Montpelier, Vt., at a meeting held on January 30, 1951, relating to inflation; and I ask unanimous consent that it be printed in the RECORD.

CONGRESSIONAL RECORD

DATE 2/28/51

169

There being no objection, the resolution was referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

RESOLUTION ADOPTED BY THE BOARD OF DIRECTORS OF NATIONAL LIFE INSURANCE CO. AT MEETING HELD ON JANUARY 30, 1951:

"Be it resolved, That the directors of the National Life Insurance Co., charged with the administration of the funds of more than 200,000 policyholders located in every State of the Union, view with grave concern the operation of inflationary forces, and the threat of further loss of purchasing power of the dollar. Inflation deprives the thrifty of just rewards for their prudence and effort; stifles initiative, imposes a hidden capital levy, and threatens to destroy the American system and heritage which have produced the highest standard of living the world has ever known. We most respectfully urge you in behalf of this company's policyholders and their beneficiaries, to take cognizance of the gravity of the situation without further delay and to initiate effective measures, such as further credit control, the elimination of unnecessary Federal spending, and review of the Federal tax program in order to deprive inflationary forces of their potential before further harm is done to the Nation's people and be it further

"Resolved, That the secretary of the company be directed to send certified copies of this resolution to President Harry S. Truman; Secretary of the Treasury John V. Snyder; Director of Defense Mobilization Charles E. Wilson; Economic Stabilization Director Eric Johnston; Chairman of the Board of Governors of the Federal Reserve System Thomas B. McCabe; Senators George D. Aiken and Ralph E. Flanders, of Vermont; Senator Kenneth McKellar, chairman of the Senate Appropriations Committee; Senator Burnet R. Maybank, chairman of the Senate Committee on Banking and Currency; Senator Walter F. George, chairman of the Senate Finance Committee; Representative Winston L. Prouty; Representative Clarence Cannon, chairman of the House Committee on Appropriations; Representative Brewster Spence, chairman of the House Committee on Banking and Currency; Representative R. L. Doughton, chairman of the House Committee on Ways and Means; and Lee J. Emerson, Governor of the State of Vermont.

I hereby certify that the above is a true copy of a resolution adopted by the board of directors of National Life Insurance Co. at meeting held at the home office in Montpelier, Vt., on Tuesday, January 30, 1951.

A. J. BLACKBURN, Secretary.

INCREASED TAXATION AND REDUCTION OF EXPENDITURES—RESOLUTION OF CITY COUNCIL OF LAKEWOOD, OHIO

Mr. BRICKER. Mr. President, I present for appropriate reference and printing in the RECORD a resolution adopted by the city council of Lakewood, Ohio, in regard to the proposed increase in taxes and a reduction of nonmilitary expenditures.

There being no objection, the resolution was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

Resolution 4473

Resolution urging the Senate and House of Representatives of the United States, in their consideration of the proposed increase in taxes, to require nonmilitary expenditures to be reduced to the end that all nonessential Government services shall be eliminated.

Whereas in the opinion of this council numerous activities are engaged in by the Federal Government and its agencies which