Mr. Truman Decided in Favor of Inflation

EXTENSION OF REMARKS

OF

HON. EDWARD J. THYE

OF MINNESOTA

IN THE SENATE OF THE UNITED STATES

Monday, February 12 (legislative day of Monday, January 29), 1951

Mr. THYE. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial entitled, "Mr. Truman Decided in Favor of Inflation," published in the Minneapolis Star of February 7, 1951. The editorial contains a number of questions which are answered by Mr. Arthur Upgren, economic consultant of the Star. It is a very thought-provoking editorial.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

MR. TRUMAN DECIDED IN FAVOR OF INFLATION

For months the United States Treasury and the Federal Reserve Board have violently disagreed about Federal money policy. Secretary John W. Snyder wants to support par prices for Government bonds. The Reserve Board wants to let the open market make the price of Government bonds.

When the disagreement broke out in a public argument, President Truman intervened and decided in favor of the Treasury Department. To throw some needed light on that decision, the Star got its economic consultant, Arthur Upgren, to answer the following questions:

Question. How important was the decision made by President Truman after the White House meeting last Thursday?

Answer. The decision was more important than any other in giving the United States another dose of inflation.

Question. Who will be hurt by that inflation as it comes?

Answer. The Treasury of the United States for a large amount, and the American people will be hurt by a still larger amount.

Question. Will the housewife find it more difficult to buy food for her family?

Answer. Yes; because more money will compete with her at the butcher's counter.

Question. Are you willing to guess how much more a $20 basket of groceries will cost Mrs. Consumer a year from now under these policies?

Answer. If she goes to the legitimate markets, $2 more; if she goes to the black markets, something more than that and an awful lot of trouble.

Question. What is inflation?

Answer. Rising prices.

Question. Then we are already having inflation?

Answer. Yes; we have had a considerable amount of it already—cost of living is up 3 percent since last March; wholesale prices are up 17 percent; the price of farm land is up 5 percent; city real estate is up 5 to 10 percent; farm products are up 24 percent; 28 important raw materials are up 48 percent. That is a part of the inflation we have already had.

Question. What causes inflation?

Answer. Too much money, especially when that money is in the hands of people who already thing prices are going higher.

Question. I take it you believe the decision at the White House last Thursday will mean still more money?

Answer. Yes; it can mean much more. That's what the idea of making this war production period another 2½ percent war means.