

MICHIGAN C. I. O. COUNCIL

AUGUST SCHOLLE, *President*

BEN PROBE, *Secretary-Treasurer*

October 30, 1941

Mr. Elliott Thurston
Special Assistant to the Chairman
Board of Governors of the
Federal Reserve System
Washington, D. C.

Dear Mr. Thurston:

I have your letter of October 18 regarding my editorial in the Michigan CIO NEWS in which I was highly critical of Governor Eccles. I hoped when I read the transcripts you sent me, that I would find myself entirely wrong. I admit that what the Governor said did not call for such vehement treatment on my part, but it must be remembered that I am dependent on the daily newspapers for information as to what Governor Eccles is saying or doing.

Despite that admission on my part, I must now say that I will let the record made by Governor Eccles in discussing the price control bill speak for itself.

Referring to the excerpt on pages 1166-7-8, I must say I am in violent disagreement with Governor Eccles' statement regarding the suspension of the 40-hour week. Does Governor Eccles know that there are in the United States approximately five million persons unemployed and that approximately one hundred and fifty thousand of these are in the Michigan area? These figures are taken from the Michigan Unemployment Compensation Commission's record and by no means represent our total unemployment here. We have, unfortunately, a great number of workers who have sunk so low in their own self-respect that they lack the initiative to register for work. I am not cynical when I say that it wouldn't do them any good to register in view of the present long list now on the books.

Governor Eccles states at the conclusion of this excerpt that he may be sounding academic. I do not believe there is the slightest doubt of it. It is easy to sit on the sideline and visualize a 48-hour work week with the conclusion that production would be that much increased. As a practical matter, and Governor Eccles knows this is true, our mass production industries would meet any such concession on the part of labor by at once laying off one-sixth of the total working force. Labor has to be practical in the premises and it has learned its practicality by bitter experience.

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I agree with General Fleming of the Wages and Hours Division that the solution to greater production is to work the machines in our plants 168 hours a week in 40-hour shifts. When that is done and all of our employables are back at work, I will be willing to consider Governor Eccles' suggestion that the work-week be increased to 48 hours. I feel safe in stating that labor will gladly do its part when the occasion arises. It will not do it when the 48-hour week means continued and even greater unemployment of men who are able and willing to work.

In this same excerpt, Governor Eccles implies that there is free play in the market as to wage scales. Here again, he is stating a theory. There is a control on wages and it has been in effect for a long period of time. Labor has been forced to plead, cajole, beg, threaten, and strike for every penny of higher wages it has been able to obtain. I do not believe Governor Eccles will hold that the same reasoning is true with regard to profits that are to too great an extent the result of a monopoly.

Governor Eccles says that tying wages to the cost of living index will not solve the problem. Why does he not go further and say that a worker's share in industrial production should be based on his productive ability and not on what it costs to keep him breathing and working. He is not a horse; he is a man.

I object, as all responsible men in the union movement object, to any purely economic point of view. I feel that Governor Eccles falls occasionally into the error of separating economics and morality. From the purely economic point of view, we should put to death any helpless or unemployable individual. This is unthinkable, of course, and I intend no reflection on Governor Eccles. There is no point at which a line can be drawn between economics and morality.

Let me suggest that you obtain for Governor Eccles a copy of the CIO Murray Plan for Industry Councils. I believe he will find in that document a workable plan for stabilization of industry through complete cooperation. I might point out that this plan is now some ten months old; that President Roosevelt and his cabinet and all members of congress have been for that time fully apprised of it.

Each passing day makes clearer the imperative necessity for some such plan of united social action. We must think in terms of the future as well as of the present and decide what the course is to be when the present made state of war comes to a conclusion.

I may have appeared in this letter to be unduly critical of Governor Eccles but I hope no such interpretation is put upon what I have said. If there were more like him I believe we would arrive at a solution of our social ills much more quickly.

Yours very truly,



August Scholle
President
MICHIGAN CIO COUNCIL

AS:kj

November 1, 1941.

Mr. August Scholle, President,
Michigan C. I. O. Council,
803 Hofmann Building,
Detroit, Michigan.

Dear Mr. Scholle:

This is to thank you for your thoughtful and considerate letter in regard to Mr. Eccles' views. I realize from many years of editorial experience that it is necessary to depend upon reports in the daily press and I certainly am not holding you accountable on that score or, for that matter, on any other. For while I would not expect you to agree with all of Mr. Eccles' views, particularly what he said about the 40-hour week, I did not want to have you gain the impression that he was just another typical anti-labor banker, because his record, I think, is reasonably clear on the other side. I intended to send you another excerpt in which he referred to his past attitude on matters of particular interest to labor and I am taking the liberty of enclosing that now.

As I remarked to you, he had not expected to be pressed so hard by the Committee on labor matters, and began by saying he was speaking off the cuff. The reference to the 40-hour week was a surprise to me and obviously was based entirely on economic considerations alone. So far as I am concerned, I know what a struggle it has been to gain recognition of this principle and how difficult it would be to get it back if it were once suspended.

I know that he would agree with you entirely that you cannot leave out of account the cost of living index, but the point here is again an economic one, namely, that if you adjust not merely labor wages but all salaries as well simply and exclusively on a cost of living index, there is no end to the upward inflationary spiral, speaking of the economy as a whole, because general wage and salary increases keep forcing the index up.

With regard to the helpless and unemployables, Mr. Eccles has, publicly advocated for a long time that both the unemployment insurance and social security coverage be greatly broadened and the benefits increases. His contention has been that the Government

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should assure full employment and not merely provide insurance for the unemployed. In fact, his head is bloody but unbowed from the attacks from ultra-conservative sources on this score.

I shall get a copy of the Murray Plan and appreciate your suggesting it. I did not want to impose upon you to prolong this correspondence because I know you are busy, but I did want to send you the enclosure and to let you know that your letter and attitude are appreciated. I have passed your letter along to Mr. Eccles and speak for him as well in thanking you for your courtesy.

Sincerely yours,

Elliott Thurston,
Special Assistant
to the Chairman.

enclosure

ET:b