

February 28, 1946.

Dear Paul:

The newspapers, for reasons that only they can account for, misrepresented my testimony before the House Banking and Currency Committee on last Monday by trying to make it appear that the observation I made in answer to a question by Wright Patman as to the expected rise in the cost of living made an issue as between myself and OPA. So that the matter may be clear, I wanted to call your attention to what was actually said. My exact words as taken down by the stenographer were:

"Well, of course, there is a good deal of argument as to what our inflation has been. Measured by the increase in the cost of living, I think the Office of Price Administration figures that it is about 30 per cent inflated. Which is as good a job as any country has done. I think maybe Canada has done, if anything, a little better job than we have. But with other countries, there has been a greater inflation than that. I would expect that with increased wages and prices on your new wage-price policy, that we will get some further increase. It is estimated that there is a possibility of it reaching as high as a maximum of 40 per cent. I would think, if the cost of living can be held to 40 per cent above the prewar level, that we will have done a fairly good job considering the size of this public financing that has been undertaken."


Using the 33 per cent figure which seems to be the most authoritative measure of the degree of inflation so far, there would be a rise of 7 per cent if the 40 per cent top which I rather tentatively suggested is in fact reached. I think Chester Bowles estimated that the rise might be 5 per cent as against my guess of 7 per cent, so that the difference between us would be 2 per cent at the most. And, of course, I was not making any production but merely saying that there is a possibility of its reaching a high of 40 per cent, but that if it did we would have done a pretty good job, all things considered.

The matter may not be of great moment, but I didn't want to leave any doubt in your mind as to what the actual facts were. Certainly there is no issue except as the press tries to concoct one.

With best regards,

Sincerely yours,

The Honorable Paul A. Porter,  
Administrator,  
Office of Price Administration,  
Washington 25, D. C.

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