

February 28, 1946.

Dear John:

As the press seems to be trying to manufacture an issue between us as to how much the cost of living may rise, I am venturing to send you this note so that there may be no doubt in your mind as to what I actually said during my testimony before the House Banking and Currency Committee on last Monday.

I did not predict a 10 per cent rise, but in answer to a question by Wright Patman as to how far I thought the rise might go, I said it might possibly reach a maximum of 40 per cent, but that if it did we still would have done a fairly good job, all things considered. Since the official figure of the inflation to date seems to be 33 per cent, even if we reach that top of 40 per cent, it would only be 7 per cent and Chester Bowles' estimate is that it will be 5 per cent. So, if there is any difference in our testimony, it is a difference of 2 per cent in what obviously must be a guess at best. For your information, I am quoting from the official transcript as to exactly what I did say:

"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."

The matter may not be of any great importance, but I didn't want to let it pass without advising you as to what the facts are.

Sincerely yours,

The Honorable John W. Snyder,
Director, Office of War Mobilization
and Reconversion,
Washington 25, D. C.