

HUGH W. SANFORD,
FIDELITY BUILDING,
KNOXVILLE, TENN.

November 28, 1947

Mr. Marriner S. Eccles, Chairman
Federal Reserve Board
Washington, D. C.

Dear Mr. Eccles:

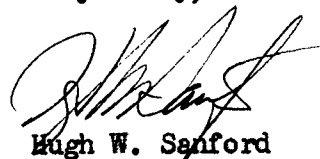
I wish to add my note of congratulation to the many approving letters that you have doubtless received in reference to your proposed way of stopping inflation.

In the pamphlet that I wrote last June, a copy of which I sent to you I believe, I stated that it seemed to me the only way of preventing inflation was to have a rigid control of wages in each industry. The price situation will take care of itself in the long run, owing to the competition for business. During the interim of a year or two, when a lot of things are very short, profits that might be made when the price is too high in relation to the wage cost during the period might be controlled by taxation. Namely, the Government could confiscate all profits of corporations that exceeded the percentage of profit made on sales over, say, the years 1946 and 1947.

Your remarks refer to a moratorium on wage increases. I do not believe that such a moratorium would be effective unless it was legally enforceable.

All manufacturers agree that the country would be better off if the men worked more diligently and longer hours per week. The standard of living could be greatly improved by this means, but labor does not look at it this way. Therefore, while I approve of your plan completely and think it is the only way of stopping the inflation boom that has already gone quite high, I still am afraid that you cannot get the laws passed to make it effective. If enough public men, however, would bring out the necessity for the control of wages at this time, perhaps public opinion would be changed, and perhaps such measures could be legalized by Congress.

Yours very truly,


Hugh W. Sanford

HWS:R

*Copy of
Statement*

December 5, 1947.

Mr. Hugh W. Sanford,
Fidelity Building,
Knoxville, Tennessee.

Dear Mr. Sanford:

This is to thank you for your letter of November 28 with reference to my recent testimony. Because of your interest, I am enclosing a copy of the complete text of my statement last week before the Joint Committee on the Economic Report on the current inflation problem.

Sincerely yours,

M. S. Eccles,
Chairman.

Enclosure

ET:b