

Jan. 26, 1951

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

Dear Sir:

What are you going to do
with the millions of people who
are out of work and can't get
any because they are
over 35 years of age? When
work is so scarce companies
will not employ persons over
35, why is it necessary to
increase the weekly work hours?
Are you going to personally
employ them? You should.
R. W. Herzog

February 16, 1951.

Mr. R. W. Herzog,
6912 S.W. Alden Street,
Portland 19, Oregon.

Dear Mr. Herzog:

It was very thoughtful of you to take time to write me about my testimony on January 25, before the Joint Committee on the Economic Report in its hearings on the President's Economic Program.

In your letter of January 26 you indicated that there is a scarcity of jobs at the present time and that a longer work-week is not desirable. Statistics on the employment situation indicate that for the nation in general there is a shortage of workers rather than a scarcity of jobs, although perhaps in the local area where you live conditions may be somewhat different. In any event, as the rearmament program progresses there will certainly be a general shortage of manpower.

No doubt what you saw was a newspaper report which did not give the correct interpretation of what I said about the 44-hour work-week.

No # I am enclosing herewith a copy of the full text of my statement. I believe you will feel differently about my remarks on the 44-hour week after you have read the entire statement. The only way to solve this basic problem of inflation is to reduce incomes generally by higher taxes, curtail buying on credit, increase personal savings, and at the same time, expand the supply of civilian goods as much as possible by everyone working harder and longer hours. A 44-hour work-week will help to add to supplies and if it is paid for at straight time it will not add to the cost and prices. If the longer hours are paid for at premium rates, however, they will raise costs and by increasing incomes more than output is increased raise prices generally. If by longer hours, higher taxes, and other means we can hold down the cost of living, everyone will be better off. Workers especially will be better off because they always lose when living costs rise sharply. They lose not only because their wages can not rise as fast as prices but also because their pensions and savings become worth less.

Sincerely yours,

M. S. Eccles.

enclosure

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