

CHAMBER OF COMMERCE OF THE UNITED STATES  
WASHINGTON



JOHN W. O'LEARY  
CHAIRMAN, EXECUTIVE COMMITTEE

May 27, 1942.

Honorable Marriner S. Eccles, Chairman,  
Board of Governors of the  
Federal Reserve System,  
Washington, D. C.

My dear Mr. Chairman:

In your address on Monday before the District of Columbia Bankers Association you said you could imagine no more mistaken policy than that expressed in resolutions adopted by an organization of business at a convention in Chicago recently.

If you referred to the annual meeting of the Chamber of Commerce of the United States, which had its last sessions in Chicago on April 30, as some newspapers appear to have understood, I know you will want me to call your attention to the resolutions as actually adopted.

The first of the declarations which seems to have been incorrectly reported to you called for an amendment of the Price-Control Act "to cover all the elements that control prices, including salaries and wages", during war-time. You will recognize that the language is comprehensive. The text is enclosed.

As for the excess-profits tax, I hope the text of the declaration as made will have your entire approval. I am enclosing a copy.

As for the general attitude of the annual meeting, I believe you will find it fairly reflected in the paragraphs of the third declaration which I am enclosing.

The declaration in regard to labor relations I believe you will agree with me should be considered in its entirety. I am enclosing the text.

With kindest regards, I am,

Sincerely yours,

Handwritten signature of John W. O'Leary in cursive script.  
Chairman, Executive Committee

enclosures

CHAMBER OF COMMERCE OF THE UNITED STATES  
WASHINGTON, D. C.

**RESOLUTION**

Adopted at the Thirtieth Annual Meeting,  
Chicago, Illinois, April 30, 1942

*Price Control Act*

During wartime the Price Control Act which gives authority for establishment of maximum prices of commodities should be amended to cover all the elements that control prices, including salaries and wages.

## RESOLUTION

Adopted at the Thirtieth Annual Meeting,  
Chicago, Illinois, April 30, 1942

### *Excess Profits Tax*

An excess-profits tax is the most effective means yet devised for reaching any unusual profits accruing to corporations under war conditions, and profits due to efficiencies that are developed during the performance of war contracts. However carefully such contracts are prepared, the application of ingenuity and greatly increased volume production will often reduce costs, causing profits which were not intended, and should be returned or taken by taxation. It is of the highest public interest that war requirements be obtained at the lowest possible costs that include a proper return.

But it is improper to levy an excess-profits tax upon normal profits. The present excess-profits tax is faulty in many respects. There should be material improvement of the provisions relating to determination of the credits both on the basis of invested capital and of prior-year earnings, which are designed as yardsticks for measuring excess profits. There should also be improvement of the special relief provisions, and those relating to normal growth should be extended and applied retroactively.

There should be reversion to the practice of the 1940 Revenue Act under which normal income taxes were deducted prior to the application of the excess-profits tax. The bracket rates of the tax should be according to percentages of the excess-profits credit rather than

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dollar amounts.

To confine the tax to excess profits, the earnings to which it is made applicable should be an average of the war years. The present net loss and credit carry-over provisions should be extended to cover the war period, and suitable net loss and credit carry-back provisions should be adopted.

If framed with these modifications the tax would apply more nearly to true excess profits than the present law. There could then be applied steeply graduated rates, even approaching one hundred percent in the highest bracket.

With such an excess-profits tax a moderate rise in the corporate income surtax would substantially increase revenues. This combination of taxes upon excess profits and normal income, with encouragement to establish reasonable reserves for the post-war period, would enable corporations to contribute to a maximum extent to a successful prosecution of the war, and to prepare for transition to peace-time production.

CHAMBER OF COMMERCE OF THE UNITED STATES  
WASHINGTON, D. C.

RESOLUTION

Adopted at the Thirtieth Annual Meeting,  
Chicago, Illinois, April 30, 1942

*Labor Relations*

The rights of men were asserted in the Declaration of Independence, and set out in our federal and state constitutions. Since they have been so carefully preserved for us, we have a duty to maintain them and pass them on undiminished.

In defense of these rights the country is now at war, and every one has a personal obligation to contribute his full effort to winning this war.

Until recent years the right to work has not been seriously challenged in this country, but on this right there have now been successive encroachments that concern every American. In the face of national peril, these encroachments have impeded maximum war production. Neither labor nor management has a right to promote its respective interests at the expense of the general welfare, and least of all during war.

It is, therefore, most timely to state principles to which we adhere, and which we believe all Americans should support.

The right to work should not be curtailed, abridged, or denied, in war or in peace. This right extends to every lawful occupation. It is the fifth freedom in conjunction with the freedoms of worship, of speech, of the press and assembly.

Mutuality of interest on the part of employer and employees in the success of every lawful enterprise is an important asset of the enterprise, and means to

insure this mutuality of interest should be encouraged.

The right to organize voluntarily and to bargain collectively should be protected against threats from any source.

The right to obtain employment, and to remain in employment, should not be conditioned upon membership, or non-membership, in any organization, or upon any payment to anyone. There should be immediate legislation by Congress to protect this right.

The right to strike should never exist against government—federal, state or local. The right to strike should not be exercised against any public service until due precautions have been taken to safeguard services upon which the community is dependent. When the nation is at war the national interest would be served if the exercise of the right to strike were voluntarily suspended by all workers.

Provision should be made for fair and impartial mediation of labor disputes. In the negotiation of these disputes, local mediation should be encouraged and given preference.

Artificial limitations upon hours of work, whether imposed by statute with penalties for employers or by labor organizations with penalties for employees, should by law be suspended during war.

Every worker should have opportunity to better his situation by free and fair competition and to be recompensed on the basis of merit.

Authority to enact legislation respecting labor relations can usually best be exercised by the states, in order that there may be flexibility in adjustments under constantly varying local conditions.

As Americans, employees and employers have a mutual interest in the protection of these principles. In the interest of the war effort and industrial peace any legislation infringing on these principles should be modified and any new legislation that is needed should be enacted in conformity with these principles.

## RESOLUTION

Adopted at the Thirtieth Annual Meeting,  
Chicago, Illinois, April 30, 1942

### *Winning Freedom*

The foremost obligation of the Chamber of Commerce of the United States and every other organization and every individual in America today is dedication to the conclusive winning of the war.

In December this organization and its member organizations pledged unqualified support of the government in the war. That pledge this meeting of delegates reaffirms for the tasks of unprecedented magnitude that have now been made plain.

Cost what it may, take what time it must, require what individual and collective sacrifice it will, there can be only wholehearted, all-out devotion to the complete triumph of freedom.

While we have surrendered many of our freedoms temporarily as an essential contribution to this paramount cause, these freedoms have been relinquished only until victory is achieved. Otherwise, victory would be a hollow triumph.

When the war is won there must be immediate restoration of the full working of the system of free enterprise for the prosperity and happiness of our own people and also that the American Way may be an example and symbol to free men everywhere. For here in America we have achieved a wide distribution of education, comfort, and convenience. We have attained unprecedented living standards. The progress

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we have made is but a promise of what the American Way can contribute to our future in a world of free men, once the threat of the Axis philosophy of force has been overcome.

Great Causes are won by Great Faiths. The courage, the ability, to persevere regardless of losses, the will to win despite the odds, is only born from the conviction that the goal to be achieved transcends every other value.

The Chamber of Commerce of the United States in convention assembled declares that it is the inescapable duty and high privilege of business in all its phases to match, as fully as possible, the sacrifices made by our men in the armed services.



These articles are protected by copyright and have been removed.

The citations for the original articles are:

*Washington Daily News*, "In Again – the U. S. C. of C.," May 12, 1942.

Lawrence, W. H. "Closed Shop Ban Urged by Chamber." *New York Times*, May 1, 1942.

Vanderpoel, Robert P. "U. S. Chamber of Commerce Final Action Shameful." *Chicago American*,  
May 1, 1942.

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May 29, '42

Mr. Thurston

Forgive this informal manner of communication. But the Secretaries are gone, and this is my last day with the Board.

A good part of the statement deals with generalities to which nobody could take exception (improvement in the computation of excess profits credit and in the relief provisions #2 p 14.)

The suggestion for an extensive loss carry over (#2 p 15) is a very good one. and it is also true that it would be more equitable to graduate the tax according to percentages of excess profits credit rather than absolute amounts — although the effect of this would be to benefit large corporations (#1 p 15.)

The suggestion to revert to the 1940 practice of deducting corporation income tax before calculation of the excess profits tax (#1 p 15) should be taken warily.

The present method of first calculating excise profits tax and then deducting it from income for purposes of corporation income tax calculation results in substantially higher aggregate tax liability, and unless reversal to the former method were accompanied by a sharp increase of tax rates, it would just be a subtle way of lightning the corporate tax burden.

The main objection to the statement lies, however, not in what it says, but in what it fails to say. Both the Chairman and the Treasury have repeatedly pointed out that one of the main defects of the existing law is that it fails to tap adequately the earnings of corporations that were prosperous in the base period 1936-9. Such corporations are allowed to continue to earn 95

percent of these earnings — however high they were — without becoming subject to the excess profit tax. This defect of the present law is not mentioned in the statement. Possible remedies for it are (1) a ceiling — as percent of invested capital — upon profits that may be earned without becoming subject to excess profit tax (2) a sharp reduction in the percent of base period earnings that may be earned without becoming subject to excess profit tax.

George Jami

June 1, 1942.

Mr. John W. O'Leary,  
Chairman, Executive Committee,  
Chamber of Commerce  
of the United States,  
Washington, D. C.

My dear Mr. O'Leary:

This is to acknowledge your letter of May 27 in regard to my address before the District of Columbia Bankers Association. Inasmuch as I wished to state a principle and not to make an attack, I did not mention the Chamber of Commerce of the United States by name, but my reference was to the Chamber.

That reference was based on a number of newspaper accounts by trustworthy reporters. One was Mr. Robert P. Vanderpoel, Financial Editor of the Chicago American, with whom I am well acquainted. Another appeared in the New York Times. I enclose copies of both of these articles, as well as an editorial from the Washington News which more particularly emphasized the Chamber's attitude toward labor relations. My own references to the subject were more restrained than I actually felt.

Unfortunately, the declarations of the Chamber were not incorrectly reported to me. Had the resolution or declaration, a copy of which you enclosed, proposing control of "salaries and wages" been the only one offered to the Convention, it might be possible to construe it as being "comprehensive". But the facts were as I stated, that "men who dominated these councils" rejected the declaration recommended by the Chamber's Resolutions Committee which embraced not only salaries and wages but also "bonuses, commissions and compensation of all kinds paid to all employees for services rendered, including corporate officers, directors and managers." As the newspaper accounts reported, the Messrs. Strong and Du Pont objected to extending control to executive bonuses, commissions and other devices for paying compensation. I agree with Mr. Vanderpoel that this was "downright stupid" and "shameful". It is most unfortunate that the declaration of the Resolutions Committee was thus rejected for a poor compromise that in effect proposes control of labor but exempts capital. I did not address myself to other resolutions of the Chamber, including the equally short-sighted pronouncement on the closed shop issue at this time.



Mr. John W. O'Leary - (2)

June 1, 1942

Since you have drawn my attention to the declaration with regard to excess profits, permit me to say that much of this statement is in generalities to which nobody could properly take exception. The suggestion for an extensive loss carryover is a good one, and it would be more equitable to graduate the tax according to percentages of excess profits credit rather than to absolute amounts, although the effect of this would be to benefit large corporations. The suggestion to revert to the 1940 practice of deducting corporation income tax before calculation of the excess profits tax is more debatable. The present method of first calculating the excess profits tax and then deducting it from income for purposes of corporation income tax calculation results in substantially higher aggregate tax liability, and unless reversion to the former method were accompanied by a sharp increase of tax rates, it would just be a subtle way of lightening the corporate tax burden.

The main objection to the statement lies, however, not in what it says but, as in the case of the resolution on wage control, in what it fails to say. As the Treasury has repeatedly emphasized and as I have undertaken to point out from time to time, one of the main defects of the existing law is that it fails to tap adequately the earnings of corporations that were prosperous in the base period 1936-1939. Such corporations are allowed to continue to earn 95 per cent of these earnings, however high they were, without becoming subject to the excess profits tax. This glaring defect of the present law is not mentioned in the resolution.

From your own broad experience, I am confident that you would feel as I do about the importance above all in these critical times of broad-minded, generous leadership, particularly on the part of those who have the most at stake, the most to preserve in our country. The disclosure of the attitude reflected by those who unhappily dominated the Chicago meeting, the revelation of outrageous tax evasions and profiteering as presented to the Congress by the Secretary of the Treasury a few days ago and commented upon by the President, are disgraceful exhibitions of selfishness and blindness on the part of those who, much more than the common run of workers, should have the vision, the courage, and the intelligence for the right kind of leadership.

I appreciate the courtesy of your letter, and I wish to reciprocate your kind personal regards.

Sincerely yours,

(Signed) M. S. Eccles

M. S. Eccles,  
Chairman.

Enclosures 3

CHAMBER OF COMMERCE OF THE UNITED STATES  
WASHINGTON



JOHN W. O'LEARY  
CHAIRMAN, EXECUTIVE COMMITTEE

June 8, 1942.

Honorable Marriner S. Eccles, Chairman,  
Board of Governors of the  
Federal Reserve System,  
Washington, D. C.

My dear Mr. Chairman:

You will want me to assure you, I am confident, that you are in error in assuming the newspaper accounts which you enclosed with your letter of June first correctly report facts as to the session of our annual meeting held in Chicago on April twenty-seventh.

There is a complete stenographic record of the proceedings. Copies of this record were immediately made available to newspaper men.

(( This record shows that Mr. duPont, who is mentioned in the editorial article upon which you seem to have relied, at no time talked about bonuses of the kind alleged in the article. After the original declaration about the Price-Control Act had been adopted, he pointed out a possible inconsistency in a subsequent proposal that workers should have opportunity to be compensated on the basis of merit. The record shows most clearly that he at all times was referring to compensation of wage-earners. At no time in the discussion did he mention bonuses for executives or officers.

6/ The record is equally conclusive that the original proposal of the Resolutions Committee regarding compensation for services, after being adopted, was reconsidered only in the light of the point made by Mr. duPont and, after changes that extended the proposal to all items of overhead as well as all items of compensation, was finally adopted in a broader form than its first form. ))

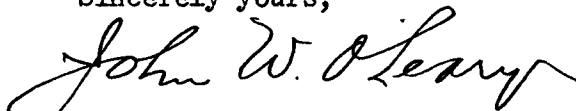
You are entirely right in assuming that I join with you in emphasizing the need in these critical times of broadminded and generous leadership. I know that you will denounce with equal emphasis misrepresentations of fact, and palpable distortions obviously made to create false and destructive impressions.

I am extremely sorry that you did not have before you the true facts, which were available, rather than the distortions presented by those writers who had access to the record, but ignored it.

I am most grateful for the discussions on other subjects which you were so kind as to include in your letter.

With kindest regards, I am,

Sincerely yours,

A handwritten signature in cursive script that reads "John W. Henry". The signature is written in dark ink and is positioned above the typed name.

Chairman, Executive Committee



June 10, 1942.

Mr. John W. O'Leary,  
Chairman, Executive Committee,  
Chamber of Commerce  
of the United States,  
Washington, D. C.

Dear Mr. O'Leary:

Your letter of June 8 prompts me to ask whether you could get for me a complete stenographic transcript of the proceedings. It is odd and unfortunate that two presumably responsible newspaper writers should have so misrepresented the facts as you understand them, and it is too bad that they were not immediately corrected before the impression was so widely broadcast that the men who dominated the Chicago meeting wanted themselves exempted from any curbs on their personal profits.

Needless to say, I certainly wish to do no injustice and appreciate the spirit in which you have written me.

Sincerely yours,

(Signed) M. S. Eccles

M. S. Eccles,  
Chairman.

ET:b

CHAMBER OF COMMERCE OF THE UNITED STATES  
WASHINGTON



JOHN W. O'LEARY  
CHAIRMAN, EXECUTIVE COMMITTEE

June 30, 1942.

Honorable Marriner S. Eccles, Chairman,  
Board of Governors of the  
Federal Reserve System,  
Washington, D. C.

Dear Mr. Eccles:

I hope you will not think me negligent in my failure to respond immediately to your letter of June tenth. Unfortunately, the letter was missent to the Department of Commerce by the Post Office and has just now come to my attention.

The transcription of that portion of the proceedings which was related to our correspondence is attached. This was the portion which was made available to the press immediately following the session. Many of the correspondents read it and gave a correct report of the proceedings. It is unfortunate that others did not state the correct facts.

With appreciation of your interest and the continued desire which you have always demonstrated to be fair in all of your expressions,

Sincerely,

*John W. O'Leary*  
Chairman, Executive Committee

July 14, 1942.

Mr. John W. O'Leary,  
Chairman, Executive Committee,  
Chamber of Commerce  
of the United States,  
Washington, D. C.

Dear Mr. O'Leary:

There is no point, of course, in continuing this correspondence about the intention of those at the Chicago meeting who struck from the resolution the references to bonuses, etc. However, you remark that "many of the correspondents" had not interpreted the proceedings as I did.

Since my last letter I have obtained copies of all of the newspaper accounts I could find and it seems to me they uniformly construe the proceedings exactly as I did. For example, the Chicago Daily Times headlines read, "Curb Wages, Not Bonuses, C.ofC. asks". The Chicago Sun headline was, "Business asks Law to Curb Wages -- U.S. Chamber Omits any Reference to Executive Earnings". The Journal of Commerce headline was, "U.S. Chamber asks Salary, wage Ceiling -- Omits Mention of Bonus . . .". The Chicago Daily News headline was, "Place Ceilings on Wages, too, Business Urges -- Chamber of Commerce of U. S. Kills Plea for Bonus Curb". The Chicago Tribune headlined the closed shop issue. A reading of all of the accounts that appeared in Chicago papers bears out the headlines and confirms the interpretation, right or wrong, which I attached to the meeting.

You may be entirely right that it was not the intention to draw this sharp line of discrimination between labor and the operators and owners of business. If so, it was highly unfortunate that the matter was not made clear beyond any question of doubt since the issue is of such crucial importance, or that the misinterpretations, if such they be, which appeared in the press were not promptly corrected.

I do indeed wish to be entirely fair about it and I agree that a careful reading of the stenographic transcript which you sent me leaves the matter in some doubt, yet the impression it gives is one of discrimination, and that is most unfortunate to say the least.

Sincerely yours,

(Signed) M. S. Eccles

M. S. Eccles,  
Chairman.

ET:b

DISCUSSION ON PRICE RESOLUTION

MR. LAMMOT duPONT: Mr. Chairman, I can't help calling attention to an apparent conflict here. This resolution calls for compensation to workers on the basis of merit. The resolution just previous to this called for a limitation of compensation by law. I think those two are in conflict.

MR. CAMPBELL: I think the one, Mr. DuPont is related to the Price Control Act to maximum ceilings. Under the Control Act they have no power to fix anything but ceilings on wages and compensation.

MR. DuPONT: If you fix the ceiling, you can't compensate a man more highly than that, no matter what he does. He may merit more. The law will prevent paying more.

PRESIDENT HAWKES: Mr. DuPont, will you be good enough to make a little clearer to the Chairman just the point that you are raising? I think I understand it, but I want to be sure.

MR. DuPONT: This resolution states that every worker should have an opportunity to better his situation by competition and being recompensed on the basis of merit. That seems to imply that there is no limit to a worker's compensation, provided he merits it. The other resolution provides for a limitation on salaries and wages by law--a ceiling on wages and salaries. Those two things do not seem to me to be consistent.

MR. CAMPBELL: I think the Price Control Act does not give the right to the Administrator to fix the salaries or commissions or compensations of any individual.

PRESIDENT HAWKES: Could you amend it to include say, "wages, bonuses, commissions, and compensation of all kinds paid to all employees for services rendered, including corporate officers, directors, and managers? I think your point is, Mr. DuPont, that as that reads it covers the wages of every workman and under that those wages would be stymied, is that the idea? And under this other thing, while we are talking about paying a man according to merit, and so forth-- Couldn't we cure that little defect so that there won't be any ambiguity or misunderstanding in the situation by making the last resolution--that particular paragraph that refers to compensation in that last "right to work" resolution--apply to all normal times under all normal conditions? Won't that do what you are talking about? Because you and I both know that we believe in paying a man the kind of a salary that we think--that the Board of Directors thinks--he is entitled to as to what he delivers. We think pretty much the same, I'm sure, on wages and all that. But we do recognize--at least I do--that in this wartime there has to be some regulation; and I am willing to submit to that if there is any way to see to it that it will be restored to us when normalcy returns.

MR. DuPONT: May I make an observation, Mr. Chairman? I think the trouble is in the resolution in regard to the Price Control Act. The intent there is to control the factors which enter into cost and, therefore, into pricing. But by accident the language has been so worded as to prohibit higher compensation even though that reduces the cost and the price. You can pay a man, particularly

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a supervisor, a higher rate, get better service, and thus reduce the cost. That is where the trouble lies.

MR. SILAS STRAWN: Couldn't the difficulty be eliminated if we move to reconsider the Price Control Act and vote on that again? I think it is a very dangerous statement and it puts this Chamber on record in a very dangerous position. Are we going to turn over to the Government the running of our businesses and the fixing of the salaries of everybody? That is a violation of the Constitution with respect to contracts. And I move that that Price Control Act be reconsidered and it be voted down and then the labor action follows.

PRESIDENT HAWKES: What is your pleasure, ladies and gentlemen? Any second to that motion?

... The motion was regularly seconded ...

PRESIDENT HAWKES: It has been moved and seconded that we reconsider the Price Control Act which we have adopted just previously. Any comment? All those in favor say "aye"; contrary "no." So ordered.

Now the thing to do is to put it back in with a motion.

MR. STRAWN: Then I move that that be deleted--that that section be deleted.

PRESIDENT HAWKES: In other words, don't touch it--let it alone. As the old colored fellow said, "It don't belong to us."

MR. STRAWN: Nature will take its course on those.

... The motion was regularly seconded ...

PRESIDENT HAWKES: It has been moved and seconded, ladies and gentlemen. Any comment? The motion is that the paragraph regarding price control be deleted.

MR. MILLER: In view of what the Chairman just said a few moments ago, whether this body would take any action which might raise a warning sign to the "warriors," as he described them down in Congress, I wonder whether this motion would be wise?

This paragraph on price control, as I get it, is designed to fortify the proposition that if a ceiling is to be placed on everything else, it should also be placed upon wages; that you can't control in all consistency one thing and not another in a total effort.

The "warriors" of whom the President speaks in Congress have been endeavoring, as some of us see it, to be consistent in all these things. If you are going to strike out this proposition on price control, then you are serving notice upon Congress that this body, the Chamber of Commerce of the United States,

is not interested in placing a ceiling upon wages. That is what I interpret this proposition to be. Now, does the United States Chamber of Commerce desire to be in that position?

MR. STRAWN: The answer to that has been made by Mr. DuPont, I think, when he stated that it isn't definite to indicate the elements to be considered in fixing compensation, wages, and so forth. It is a matter of negotiation, and everything should be taken into consideration when you are fixing price controls. And I think we are treading on very dangerous ground to adopt that resolution, and it is something that is going to embarrass us hereafter every time we have any controversy with the Government on that.

MEMBER: I would suggest that in this price control paragraph we insert the words "during the period of war and for six months thereafter."  
(Applause)

Gentlemen, if something is not done to control wages and prices, we will have a period of inflation that will practically ruin this country. We might just as well face it. Personally, I am perfectly will to see prices fixed or frozen as they are today during the period of the war. I don't care whether I make a cent of money or not. I want to win this war.

PRESIDENT HAWKES: Mr. Harveston, will you be good enough to just repeat what you have just said?

MR. HARVESTON: Insert the words "during the period of war and for six months thereafter."

PRESIDENT HAWKES: Why six months thereafter? Why not say "during the period of the war" and let it go at that?

MR. HARVESTON: The only thing is that following the war it takes some time to---

PRESIDENT HAWKES: How about saying, "during the period of the war and not to exceed six months thereafter"?

MR. HARVESTON: All right, fine, that is my suggestion: "not to exceed six months thereafter."

PRESIDENT HAWKES: As I said this morning, ladies and gentlemen, I am not having my own way very much in the world today, but I am perfectly willing to give it up if I will have assurance that I will get part of it back so that I will have a little something to say about things.

I think that what Mr. Strawn has said is very good and what Mr. DuPont has said is very good. I do feel there is something in what these gentlemen have said. I have been sitting down there and I have heard Leon Henderson before the War Labor Board, and he is the only man in the United States with up-to-date

guts to go before the War Labor Board and tell the labor leaders that they cannot keep on raising their wages and sapping the economic strength of the nation. And he told it to them in such a way that they called him such names as I won't repeat here for several weeks thereafter.

As much as I dislike it, I believe in price control, in the control of our lives--I think that we are a messy group of human beings, and there are some things that have to be done, and I think we have got to find some way--- I must agree with this gentleman over here: I think that if the Chamber fails to say anything about this thing, it will fail to back up these men in Congress who are trying to do a job; and they have a tough enough job, and they are not having their own way, and they are not going to have it. Nobody is. We are going to have a composite of the thing, and we want to have it as decent as we can.

Now what is your pleasure? Mr. Strawn, does that correction help you at all?

MR. STRAWN: No, it doesn't. I think that where you regulate the price, it necessarily takes into consideration the elements that go into the commodity, and that contemplates what the cost of production was, the wages, which includes, also, the salaries of executives. But when you try to start out and go into it backwards and fix the compensation of corporate officers and executives .... that is a pretty big order. It gives an opportunity to any corporation to arbitrarily dictate what wages they shall pay--- , and what they shall pay their employees, and what they shall pay their directors.

PRESIDENT HAWKES: Before you sit down, will you tell me, whether you are opposed to fixed prices during the war period?

MR. STRAWN: I think that is probably inevitable, but I don't think it ought to extend to the taking over of all of a man's business, so that the bureaucrats in Washington can dictate all the elements that are to go into his business.

PRESIDENT HAWKES: I am sorry for labor, but I think this thing is very important. You see, I am one who has been saying that it is perfectly foolish and ridiculous--- I learned in the last war an amazing thing. We took 30 commodities and we found out that labor was 65 to 85 per cent of the total of those things. Now here we are trying to fix price ceilings and prices and we are leaving out of consideration, up to date, that thing which is 60 to 75 or 85 per cent of the total cost--and it just can't be done, gentlemen.

We must remember that there are two sides to this thing; the employer who gets the price jammed down his neck--the ceiling on the top of his neck; and then labor and wages come in and squeeze him between the two jaws of the ---- and there is very little hope for him. We have been discussing that very freely and very frankly. I think you are going to have price fixing. I know you are going to have it--well, I mean, you are going to have it even much further than you've got it now. It is going to have to go through all the vital and important things in the country. And I do think that this Association, whether this is expressed rightly or not--I think this Association must go on record to the

effect--and if I can have anything to do with it, I want to see it go on record to the effect--that you can't fix a ceiling on prices without controlling the cost factors and the cost of the thing you are selling. (Applause)

MR. DuPONT: Mr. Chairman, I agree with what you have just said. The point in here that irks me most is not this idea of not being allowed to pay extra compensation for more and better work. That idea is involved in the word "bonus." Now I would suggest that this resolution be amended by striking out everything which follows "salaries, wages," so that it will read: "should be amended to include salaries and wages."

PRESIDENT HAWKES: I would go along with you 100 per cent on that. I think that is a very, very good suggestion. I think practically everybody in this room will go along with you on that.

Does anybody second Mr. DuPont's motion?

... The motion was regularly seconded ...

MR. TATE: It seems to me that this final wording might improve it a bit: "During war times the Price Control Act, which gives authority for establishment of maximum prices of commodities, should include all the elements which control prices, and this would include compensation for services rendered."

PRESIDENT HAWKES: I like Mr. DuPont's suggestion. I think that he has made a very specific statement. "Salaries and wages"--that is the thing that is in the minds of the public. I think Mr. DuPont has a very good point: "including salaries and wages."

However, your suggestion, Mr. Tate, is also very good. It really covers the same point made by Mr. DuPont. "The Price Control Act, which gives authority for establishment of maximum prices of commodities, in order to be effective, must include the control of salaries and wages." Is that all right with you, Mr. DuPont?

MR. DuPONT: I would like very much to accept Mr. Tate's suggestion. I second the motion.

PRESIDENT HAWKES: All right, have you got it? A motion has been made and seconded, and in order to get it along, are there any comments? If not, all those in favor say "aye."

MR. STRAWN: Will you please read Mr. Tate's suggestion again?

MR. TATE: The way I read it was this: "During war times the Price Control Act, which gives authority for establishment of maximum prices of commodities, should include all the elements which control prices, and this would include compensation for services rendered." Perhaps it is better to say, "and this includes salaries and wages." It seems to me that "compensation for services rendered" does include salaries and wages very definitely.



MEMBER: And bonuses.

MR. TATE: You think we had better make it "salaries and wages"? Well, to get it before the house, I would move that it read that way, Mr. President.

PRESIDENT HAWKES: Mr. Tate, I might say to you, and you know quite as much about the thing as I do, in going about the country, that there are common observations in regard to salaries and wages, and I think we ought to keep our language in the common observation so that it hits the common average mind. That is the only reason I would say "salaries and wages."

Will you second that, Lamot?

MR. DuPONT: As regards the phrase that Mr. Tate has brought in there, "the elements which affect prices," a bonus doesn't affect prices; it reduces the cost. I believe he put that language in there, or something to that effect. That saved the day!

PRESIDENT HAWKES: Well, now, it has been moved and seconded. All those in favor say "aye"; contrary "no." Thank you very much. You have all been very helpful.

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