

August 4, 1950.

Dear Senator:

I appreciated the opportunity of talking to you on the telephone yesterday.

In accordance with your request, I am enclosing herewith some material covering the desirability of using fiscal, monetary and credit policies under present conditions to prevent inflationary developments rather than the complete harness of direct controls. Even though direct controls may be ultimately necessary, they are not a substitution for functional controls of an adequate tax program and a restricted monetary and credit program. The material I am enclosing consists of a short statement which I gave to the Press when in Salt Lake City recently, covering the subject, and a complete and more comprehensive statement prepared by the Staff of the Board at Senator O'Mahoney's request for the use of his Committee, the Joint Committee on the Economic Report.

I am also enclosing a copy of a Salt Lake press report of March 31st, covering the views expressed by me in Salt Lake relative to our Government's foreign policy, which I branded as a failure. Recent developments have supported my views.

The Fulbright proposal, calling for a mandatory roll-back based upon a fixed increase in the cost of living, sounds alright in theory, but it does not make practical sense. The administration job would be appalling; the abuses and inequities would be staggering; the cure would be worse than the disease; you would be dealing with ^{basic} effects rather than causes.

Any time I can be of assistance to you, I will be glad to do so.

With kindest regards,

Sincerely yours,

Hon. Edwin C. Johnson,
United States Senate,
Washington, D. C.