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Rep. Albert Gore

Good Morning, Friends:

The most important action in Washington during the past week was overwhelming passage by the House of a bill to extend the Reciprocal Trade Agreements Program for three years, striking out all of the hampering restrictions which the 80th Congress attached last year. The lop-sidedness of the vote in favor of the bill is a clear indication that this great program fathered by former Secretary of State Cordell Hull has become firmly imbedded in popular support. The passage of this bill and the heavy support it received will give assurance to other nations of the world who are cooperating with us that the American people, represented by their duly elected Congress, are consistently following and are still devoted to ~~the~~ a policy of international cooperation, economic colaboration and trade reciprosity. Restriction of the program last year was a disturbing influence in that it represented a set back, an about face, ~~so to speak,~~ in our developing policies of world economic leadership. The bill now goes to the Senate where it is calculated to meet with approval.

Meanwhile, on the Senate side, two significant committee hearings were under way. The Senate Labor Committee, after a week of day and night hearings on the administration bill to repeal the Taft-Hartley Act, voted to extend hearings until near the end of this month. The contention within the Committee is rife. The issues seem to be clearly drawn and thus far the battle appears to be about even. The administration bill ~~is~~ has not far~~ing~~ed ~~as~~ well in ~~current~~ the proceedings of the committee.

The sharp break in commodity prices has set up a din of conversations, conferences + hearings about the future of our national economics, ~~and~~ Two Senate committees started hearings on the general subject. The Agriculture Committee took particular notice of the severe drop in the price of grain, cotton, soybeans and other agriculture commodities.

Back in 1941, I worked and preached in favor of a rigid, effective~~d~~ price and wage control program which would have saved the nation from the headaches and strains that are the inevitable results of a rapid rise of and precipitant decline in certain basic commodities.

Let us look at what has happened with respect to a few of them. As is always the case, the farmer has been hit first and hardest. Perhaps the hardest hit farm commodity is corn. One year ago this month corn was selling on the Chicago market at $2.70 per bushel. During the past week, the price of May corn on the Chicago market sold for as low as $1.10 per bushel. Now, certain economists in Washington have been talking about a leveling off of prices. Well, some prices ~~ame~~ are leveling off and some are still going higher, but insofar as corn is concerned, I do not regard a drop in one year from a high of $2.70 to $1.10 a leveling off -- in my language, that is a precipitant fall.

The decline in the price of wheat is only a little less spectacular. In January of last year, May wheat sold at the Chicago market for $\$3.06\frac{1}{2}$ a bushel. During the past week, it sold for as low as $1.96 a bushel. That is no leveling off either.

These falls came in spite of the government price support program. Under the present agriculture act, the United States Government is committed to support the price of corn and wheat through non-recourse loans to farmers at 90 percent of parity throughout 1949. Normally, then, one would expect that the market price on the grain exchanges would be no lower than the so-called floor prices. However, with corn and also wheat in recent months dropping below the loan level, it ~~seems~~ is clear that the open market grain trade realizes that it ~~was~~ is not safe ~~to~~ to count on the government support prices as the absolute bottom.

Now there are reasons why the government price support program has not been more effective on prices on the open market grain exchange. First and foremost is the fact that the government does not have sufficient storage space to buy and store the grain. This, as you will remember, was an issue in the election last fall. The only effective way the government can support the price of wheat and corn at ~~the~~ a given price is to be willing and ready to buy wheat and corn at that given price. So, without sufficient storage space for the commodities, the price support program is considerably weakened. There are other reasons, however. The non-recourse loans by which the price support program is sought to be made effective is pledged to farmers alone. Therefore, once the commodity is sold by the farmer to a grain speculator it is then in the hands of an owner who has no guarantee from the government.

Also, there is a considerable quantity of grain that is not of sufficient quality to meet the test ~~of~~ for price support. This, of course, reaches the commercial markets and has a depressing influence. The knowledge that there is excess supplies of all grains is probably the most important influence on the open grain market. The trade realizes that these supplies ultimately will be made available. There is the further disturbing influence that the so-called long range agriculture bill enacted by the 80th Congress last year will take effect next ~~year~~ Jan 1, unless the present Congress does something about it, and the price support under that bill can go as low as 60 percent of parity to the farmer.

The price of hogs and cattle have experienced a considerable decline, though the drop in these prices has not been as sharp as in the case of grain.

Now, let us look at some other prices. Many of them are not coming down. In fact, some are going up. Metal and metal products for instance, rose nearly ten percent last year. Zinc, in particular, went up 44 percent, lead 42 percent, house furnishings nearly 4 percent. The price of steel soared.

~~Now~~ Building costs, which has had a steady rise for several years, ~~and will~~ continued its rise throughout 1948, is showing some signs of decline now. I am a member of a Committee of five that recommends to the Congress how much money should be recommended for Public Works Programs. General Fleming, the head of this Agency, was before my committee last Thursday testifying on the needs of his Agency. He gave us the interesting information that a ~~given~~ number of contractor bids on building contracts that had come in since January 1 had been as much as 15 percent below estimates.

Before still another committee the head of the government housing agency, Mr. Raymond Foley, testified that there are signs that the cost of building has turned downward. There has not been much ~~xxxx~~ change in the cost of building materials. As a matter of fact, they have risen a little in recent months, nor has there been any decided change in the wages ~~in~~ of labor in the ~~construction~~ building field. What seems to have happened is that with an increase in unemployment there is more competition for jobs and the workmen ~~seem to be~~ are turning in a little more production per hour. In other words, giving a better day's work for a day's pay.

~~Another~~ Another trend in the wind is the increase in the unemployment compensation loans in the various states. Still another is the fact that the New York Central Railroad laid off last week the greatest number -- 8100 people -- since the 1929 depression. So we see that some things are going down sharply, other things are up and still another catagory, perhaps the largest in volumn, seems to be in a process of leveling off.

Now government economists here in Washington do not view these developments as indicating a depression trend. They are not expressing alarm over any of these developments. As for me, and certainly my opinion does not amount to very much, but nevertheless, I have one, I am not unduly pessimistic, but I am convinced that we have not only reached ~~and~~ but passed the peak of inflation and that the bloom of the boom is off.