

My friends —

1.

Jan. 28, 1951

This country of ours is sorely pressed. At home that despised word control is on everyone's tongue because of the strict government order long in the making placing controls on prices, inventory<sup>ies</sup> essential materials, exports and many others; sorely pressed on the battle front where inadequately trained men face superior numbers in tough and distant terrain; sorely pressed on the world diplomatic front, where our allies falter and quake in the face of sad, tragic, forbidding realities.

As a free people, we detest excessive governmental regulation, control, or dictation. And yet, with scarcities appearing, we are now rapidly returning to the tight government controls that we experienced in World War II.



2.

Whether this yielding to ~~the~~ pressure will in the long run prove wise or unwise, the fact stands that in a democracy public will must be accommodated. As for myself, I have a very deep misgiving of attempts at price or wage roll backs. I am not attempting to say it would not be desirable to return to the levels of some given date. But, even if desirable, the attempt to roll back may very well create more inequities than it will solve. It will not be very many days before you will hear complaints on every hand - not many days before the mail of every Congressman will be filled with stories of hardship and pleas for adjustment and relief.

I fear it will not be very long before black market operators<sup>will be</sup>/dealing in such commodities as beef, pork and sugar. The complexities of our enormous, integrated, industrialized society are, indeed, forbidding.

But, the thing that to me seems to make over-all economic controls most difficult is the seeming unwillingness of the mass of our people to accept personal sacrifices and a lowering standard of

living, which is inevitable as a result of our plight, *unless we are actually in total war.*

Last Thursday night, I participated in an amateur show inaugurating once again the USO for the benefit of our men and women in the armed services. I was on the stage, a member of a choral group, when Secretary of State Dean Acheson came out to introduce what he described as the "most important man in the world". When he introduced him, Mrs. Barkley rolled on to the stage a young veteran ~~who~~ returned from the battle field of Korea without either of his legs.



Mrs. Barkley rolled him over to the microphone and he led the first stanza of the Battle Hymn of the Republic and then the choral group, that is, those who were not so choked up that they couldn't sing, sang the chorus. It was a very moving depiction of the very great sacrifices being made by so few in defense of the principle of freedom in the world. As I looked at his empty pants legs and tried to sing, I wished that every American could behold what was

before my eyes. Then maybe ~~at~~ there would be overwhelming sentiment to make whatever sacrifice necessary for ~~all~~ all out preparedness in the hope ~~to faith~~ that war can thereby be averted — or if impossible to avert then be ready for the worst.



4

There is keen disappointment in Washington over the threatened split between the Western powers. It is a rather strange fact that Secretary of State Acheson, whose critics have many times accused him of being an appeaser of Chinese Communism, is now accused in British, Indian, French and United Nations circles of ~~getting~~ *advocating a* ~~dangerously tough~~ *policy* ~~with the Chinese Communists~~ *that is dangerously tough.*

It is generally understood in Washington that Prime Minister Atlee returned to London from his visit to Washington in deep disturbance, if not disagreement, over the possibility of becoming involved in a long term so-called limited war involving economic sanctions with China. *for these conferences,* It is understood that Secretary Acheson was the strong advocate of dealing determinedly with China. During the last few days, Britain's Mr. Bevin and India's Mr. Nehru have made speeches highly critical of United States policy. Great Britain and France have joined with the Asia-Arab block of nations in the United Nations to forestall quick approval of the American resolution calling for the branding of Chinese Communists as aggressors.

So you see, that our Department of State under Mr. Acheson *now* is in the position of insisting upon dealing sternly with Communist China. I think it should be recognized that Mr. Acheson once subscribed to the school of thought which held that ~~the~~ Communist China *eventually* could be *won away from Communist Russia.* *by a policy of patience + understanding.* In fact, I attended a meeting one night at which Mr. Acheson expounded this theory, which



he seems now thoroughly to have abandoned. Of course, this is not the first Secretary of State who has been forced by Communist nations to abandon a policy. It was our former Secretary of State James F. Byrnes, now Governor of South Carolina, who changed from a policy of co-operation and patience with Communist Russia to a policy of firmness. Some people are inclined to say that Mr. Acheson has been forced into this position by his critics. I am rather of the opinion that <sup>the</sup> stark reality of close affinity between Chinese Communists and Russian Communists, <sup>the closely knit unity between</sup> indeed ~~all~~ all Communists, has gradually but inexorably forced Mr. Acheson into this position. How <sup>different</sup> ~~grave~~ would be our situation if from the beginning we had had this policy of firmness?



Of course, hindsight is far better than foresight and not much can be gained from crying over spilled milk. But at least we can recognize our mistakes for what they are in order better to select our future pathway.

Our State Department was confident that by reluctantly agreeing to the last cease fire proposal suggested by the Asia-Arab group, overwhelming support for a resolution branding Chinese Communist aggression for what it is would be obtained. What went wrong? Why all the hesitation? ~~I think~~ <sup>I think</sup> At the root of this question, we will find disagreement over two overweening problems. One is the very real and understandable feeling on the part of the nations of Western Europe that the United States and ~~all other members of the United Nations~~ should make whatever sacrifices necessary to keep from being tied down in Asia, ~~and~~ <sup>and</sup> thereby make of Western Europe a more inviting target for the Communist armies of central and eastern Europe. I believe our government clearly recognizes Western Europe as having priority of importance but is unwilling to sacrifice every principle and position <sup>by</sup> ~~complete~~ <sup>ment of</sup> ~~and appease Chinese Communist aggression.~~ <sup>China.</sup>

The other overweening fact over which there is disagreement, at least in degree of emphasis, is the method best calculated to assure the security of Southeastern Asia.



Concern over the worsening economic crisis here at home is second only, in the minds of national leaders, to concern over the international crisis.

Prices have been rising so fast in recent weeks as to cause more than a little alarm. This inflation alarm is twofold: First, because of its effect on the buying power of the defense dollar, and, second, because of its effect on the consumer dollar.

Defense mobilization will suffer a severe setback unless prices are reined back and held back to a point where the dollar is stabilized. The \$87,000,000,000 needed to speed 50,000 planes a year and 35,000 tanks off the assembly line will actually buy only a fraction of that number if prices aren't pegged promptly.

Then, too, with inflation taking a bigger and bigger bite out of consumer income, less and less is being left for the higher taxes that are going to have to pay for the bigger defense program.

Such was the mounting crisis that precipitated the sudden switch in the economic stabilization setup, with dynamic, Washington-wise Eric Johnston replacing the methodical former college president Alan Valentine as economic stabilizer.

With pressure on Congress and the White House for a halt to rising prices, with labor set to resist wage stabilization unless prices are leveled off, and with defense dollars slipping dangerously in buying power, the administration had to move.