

## THE ELEANOR ROOSEVELT PROGRAM

March 13<sup>th</sup>, 1951

Description: Recording quality is poor; some sections were inaudible and not transcribed. In the opening segment, ER and Elliott Roosevelt respond to a listener's question about the government loyalty program and whether communism could work in the United States. In the interview segment, ER discusses production problems, rationing and black markets with Michael V. DiSalle, the head of the Office of Price Administration.

Participants: ER, Elliott Roosevelt, Michael V. DiSalle

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[ER:] Good day, this is Eleanor Roosevelt. Every Monday through Friday, my son Elliott and I have the opportunity to visit with you here in my living room at the Park Sheraton Hotel in New York City. Each day it is our desire to bring interesting guests that we're hopeful you will enjoy meeting. Elliott, will you tell our listeners today's plans?

[Elliott Roosevelt:] Thank you, Mother. If you have a lot of questions about rising costs, and there aren't many people who haven't, they may be answered or at least explained on today's program. Mrs. Roosevelt's guest is Michael DiSalle, head of the Office of Price Administration in Washington, D.C. He'll talk about production problems, shortages, rationing, rollbacks, black markets, and many of the other factors affecting our price structure. Before Mother introduces Mr. DiSalle, we're going to take a look at the mail for today. We'll return as soon as there's been a word from the sponsors who make this recorded program possible.

[Break 1:06 - 1:18]

[Elliott Roosevelt:] Well, Mother, our first letter today uh seems to have uh come from a lady who lives at Cornwall Bridge, Connecticut. Uh I can't quite pronounce her name, but its spelled K-E-R-E-G-Y-A-R-T-O, and her question is as follows: "Since we have uh loyalty in the home and in the church, why can't we have loyalty in government? Your talk with Senator [Margaret Chase] Smith proves that harmony can be had between people of different political beliefs if they are willing to respect the other's viewpoint. Your talk with Senator [Owen] Brewster proves they're all not willing. I believe that in time of war government leaders should not bicker publically. The old saying, 'everyone wants to get into the act' applies whether they uh run the show or not. Some educated and otherwise intelligent and earnest leaders act like mean little boys who can't have a lollipop. I'm a Democrat, but I wish there were more Margaret Chase Smiths in the Senate. Here is something I'd to hear you talk about: would a people, educated and free as we are, uh meekly buckle under totalitarian rule? Would we plod through the fields, picking up potatoes that we had raised, and then pay them to the state for the privilege of raising them? Even if we lost the world war uh which-which threatens, do you think communism would work here?"

[ER:] Well, I've just been reading an advance article, which I think comes out in uh one of the big magazines this week, and it gives us a digest, a very careful analysis, by a very able man who has been studying communism for a long time. He's in one of the big universities for that purpose primarily.

[Elliott Roosevelt: Yeah.] And he analyzes carefully the whole background and the beliefs and the way that the Politburo must act if it follows the old doctrines of Lenin, and the writings of Stalin, and so forth. And as I read it -- I haven't quite finished it, so I'm still talking without complete knowledge of what his conclusions are -- but as I read it, I suddenly began to feel that this was all nonsense even for the for the communists, because these belief were uh stated and formed in a world that doesn't any longer

exist. [Elliott Roosevelt: Mhm.] They were created at a time when war could be envisaged as a almost a continuous process and that's what they did envisage. One war after the other, uh no matter--they said in fact that they might be defeated a hundred time, but uh -- and it wouldn't matter how many people they killed uh during--in purging their own people or in any other country, because when communism finally triumphed, the whole of humanity would be uh in clover for the rest of their of time [ER laughs]. [Elliott Roosevelt: Uh-huh, yeah.] But when there is uh the type of world we have today, where our mass destruction has developed to the point where it has, there will be no whole humanity. A two-- [Elliott Roosevelt: There will be no clover either.] there'll be nothing, you see, absolutely nothing. [Elliott Roosevelt: Yes.] And I think for that reason, that uh as I was reading I kept saying to myself, well but this was written in a world that doesn't now exist. [Elliott Roosevelt: Yeah.] This was thought out, very beautifully, for a world where you could fight wars, [Elliott Roosevelt coughs] and where if you fought wars somebody got something out of it. [Elliott Roosevelt: Yes.] But now-a-days nobody gets anything out of it. You could win the whole world but if it was all devastated what good would it do you? And if there were no people left in the world that you had won, there wouldn't be anybody to profit by what you'd done. And that's what modern warfare means. So I hope everybody will read this when it comes out and see whether they don't come to the same conclusion.

And, of course, it's horribly discouraging because it says uh, for instance: "No communist must ever be friendly. That if there is any friendliness in a foreign uh approach you must always be suspicious of it because you know that that it is done uh to uh defeat you." [Elliott Roosevelt: Yes.] And uh so that the approach, as far as I could see, must be an approach of complete power to equalize their power, because they say frankly they must never disarm, they must always be prepared for battle uh because they expect everybody to attack them. [Elliott Roosevelt: Mhm.] So I see nothing to do but to keep a balance of power so that they will not have a sense that they can attack with immunity or with any chance of winning, but on the other hand, how we are to get over this psychology unless they themselves come to realize that modern warfare is-is destruction for everyone. (7:08)

[Elliott Roosevelt:] Well, of course, I-I have this feeling uh people don't s-seem to have any idea as to where this is going to end. I feel that there's--there's a way that this will come to an end. Uh one, uh through what you have just said, which is by balancing with th-their power with great power of our own, but then uh the true answer comes in how we reach those people who are under the rule of the communists. Now they have taken over many millions of people in Eastern Europe who-- [ER: And in Asia.] and in Asia. Now the people in-in Eastern Europe uh got no benefits from the Communism that was imposed upon them. They are not any better off today than they were uh before.

[ER and Elliott Roosevelt overlap]

[ER:] Yes, I think the Pole's perhaps might be, because for the first time in taking over certain parts of Germany, uh they got an industrial section for Poland which balances their economy to a certain extent.

[Elliott Roosevelt:] Yes, but the Polish people were always uh a very proud people who were proud of their freedoms, and they fought for their freedoms over many, many hundreds and literally thousands of years. [ER: Yes, that's true.] Uh they -- in spite of the fact that they have industrialization now, which they didn't have before, they have lost their freedom, which is one of the things they cherished most. Now they are used to going under a foreign yoke and being uh beaten for a period of time, but they will rise up and fight as soon as they know that there is encouragement from the outside world to-to help them. And I believe that most of the breakup of-of the communist threat to the world, and the complete domination of the world by the small group of people in the Kremlin will come from within. And that we will find ways of reaching those people. There--there is ample evidence that there are hundreds and hundreds of people, in fact, many hundreds of thousands right in Russia itself.

[ER:] Well, I think it has to be in some way driven in to them that the things they live by were all coined in an era that no longer exists, and if that can be got home then [Elliott Roosevelt coughs] uh there is no point at all in what they're doing, no point at all.

[Elliott Roosevelt:] Well, I think that probably the answer to it lies in a series of demonstrations which uh will reach the people uh inside of those countries as to what the real destructive power is of modern war.

[ER:] Possibly, too, a series of demonstrations as to what we can do to improve. That's why I'm anxious that we should start as soon as possible uh in Korea to rehabilitate. I think a real uh example of how a country can be rehabilitated and that you really mean what you've said that you're going to do it uh would help an awful lot. (10:30)

[Elliott Roosevelt:] Well, I also feel though, Mother, th-that you got to go beyond Korea. [ER: Oh yes, we ought to be all over the world.] That we ought to take, we ought to take a country, that really that the government is on the fence, uh like India, uh and uh then another country who has been uh which has been very close to us in our attitude, which is the Philippine Islands. And we ought to move into those countries with a real uh program of development for the people in which we are not the gainers.

[ER:] I agree with you on that. I think there's absolutely, uh but we have to let them make the plans because after all uh they uh are a free people, [Elliott Roosevelt: Yes.] and then we have to help.

[Elliott Roosevelt:] Well, do you want to comment just before we close on this letter uh on the uh question of the bickering between uh those of differing political views?

[ER:] I don't think it does us the slightest harm to have different uh views as to how we do things. Now, I don't know whether Margaret Chase Smith would want to do everything exactly the way I would want to do it, but I'm quite sure that her motives and objectives are uh very similar. [Elliott Roosevelt: Yes.] She wants uh -- s-she might want to do them in a different way, a-and uh I don't think it does us harm to discuss method if all of us are doing it uh not for our own interest alone [Elliott Roosevelt: Uh huh.] but uh with a real desire to reach um uh a solution which will be for the w-the--really for the betterment of other countries and the people.

[Elliott Roosevelt:] Yes, well I think that uh gives us as full of a discussion as possible on this particular letter so I think now we should move on to another part of our program.

[Break 12:33 - 12:48]

[ER:] Now talk of price stabilization measures and the effectiveness of these measures in halting cost of living is a puzzling picture. Just what is being done and what is being planned for future control is of interest to every citizen. So on a recent trip to Washington, I was very pleased that Mr. Michael DiSalle consented to be my guest to explain some of these complex matters [ER laughs] to us. It gives me great pleasure to introduce to you Price Administrator Mr. Michael DiSalle.

[Michael DiSalle:] Well, thank you very much, Mrs. Roosevelt, for giving me this opportunity to explain. I feel that the American people will cooperate with our pro-program, but it's our job to have them understand what the program is. (13:40)

[ER:] Certainly is, sir, and one of the first questions, I think, many of us are asking is since the national production is at a record peak, how does it happen that we need price controls in what is supposed to be a peacetime economy? [ER laughs]

[Michael DiSalle:] Well, I would think that calling this a peacetime economy is rather an exaggeration. I don't believe that the boys in Korea would hardly appreciate us calling it a peacetime economy. [ER: I don't either.] And I don't suppose their families here would call it a peacetime economy.

[ER:] But from the point of view of the economy, a lot of them think of uh that we haven't really uh [Michael DiSalle: Um, yes.] got a big war on our hands

[Michael DiSalle:] Yes, that is true, but we are diverting a great deal of our resources to defense production and the-the planning for defense production. For example, just the other day we announced another curtailment in steel allocation for the automobile industry, and we know about that because it seemed -- it loomed so important in our national picture, but there are many other of those diversions. Until the time comes that our economy can not only produce for defense but also for civilian supply, I think the controls will be a necessity.

[ER:] Controls uh -- that real answer is that we're not in a peacetime economy we're in a uh period when we have to divert materials to important things. Well now, the other question that I hear asked uh most frequently is why didn't you roll back prices to the pre-Korean level and establish a general freeze on prices at that uh level?

[Michael DiSalle:] It was uh a decision that was debated back and forth a great deal, and it was considered administratively infeasible to roll back prices at the time we issued our general freeze order. As most people realize, whenever we take a-a flat across-the-board action, certain inequities are committed, and uh rolling back of prices would just be the compounding of those inequities. We hope to effect rollbacks by a business-like and tailored approach to the general problem, by issuing regulations covering various segments of business and specific industries. We feel that way that where prices have increased inordinately and beyond the historic markups of those industries, and we'll be able to achieve uh an equitable uh adjustment without committing additional inequities.

[ER:] I see. Of course, there are always two sides to these questions and it was brought to my attention the other day, and I'd like to ask you about it. Uh from the point of view of the consumer, not rolling it back is ineffective in the whole inflation picture, but I had a letter, for instance, from a very small business, uh a man and his wife who had a small uh business, and who said that if prices had been rolled back through last June uh they operated on such a narrow margin that they would have been ruined and not only they but a great many other small businesses. Now did that enter into your consideration?

[Michael DiSalle:] That's one of the uh one of the [ER coughs] considerations that we had to uh-uh take uh at the time we took our action.

[ER:] I suppose big business could stand it, but small businesses would find it harder.

[Michael DiSalle:] Well, that's right, and, of course, and even in some of the uh larger businesses uh where there'd been voluntary compliance with our standards, they might have been harmed by a rollback.

[ER:] I see, uh and I suppose on the whole it's better for the economy to have uh as few failures as one [ER laughs] can have at a time like this.

[Michael DiSalle:] Well, we discovered that in the early '30s. [ER: What?] We discovered that in the early '30s.

[ER:] Yes, yes, well we read stories about hoarding in the newspapers. Are there really any shortages of the everyday needs? (18:05)

[Michael DiSalle:] Actually, Mrs. Roosevelt, there are no shortages today of the everyday commodities, or even other commodities. Supplies seem to be ample. But there are always in times like these, uh people who seem to think that they ought to provide and have more than they actually need, and those people are the people who will make it difficult for us to maintain an adjusted economy.

[ER:] Well, I liked your statement very much that you would go after any people who hoarded uh or who bought in black markets, because uh I remember in the last war that uh people really boasted sometimes that they could get things, uh and people paid utterly ridiculous prices for-for black market goods. And I felt at the time that if one could have made it uh really uh something everybody looked down upon that people wouldn't have done it, that really the social uh stigma was more important than almost anything else. And I wonder what you think creates black markets, and what are you going to do about it?

[Michael DiSalle:] Well, of course, shortages combined with the avarice-avarice of people create black markets. Black markets cannot operate unless uh there's the inducement of extraordinary profits. And we're, first of all, going to attempt to maintain supply lines through different channels. For example, the action we took last week of limiting the number of slaughter control points was done for two purposes: one it makes it easier to enforce the our meat control program, secondly it uh enables us to channelize meat through the legitimate channels. Now, during the last war there were uh an in -- there was an increase in the number of slaughterers from about four thousand to better than twenty thousand, [ER: Hmm.] just during that short period, [ER: Goodness!] and uh those are the things that we're attempting to avoid this time.

[ER:] Well, of course, one thing that I suppose is that if the price of feed goes up very much and the uh price of meat is very high uh people feel that they must uh slaughter. Is that the reason?

[Michael DiSalle:] Well, it isn't that, uh the supply is about the same. But uh anybody with a rope and an automobile used to go out and slaughter and bring it in at higher prices around the legitimate supply channels.

[ER:] I see. Well, uh do you think uh we'll have to have ra-rationing?

[Michael DiSalle:] I-I can't see the need for rationing any time in the immediate future. In fact, there are so many rumors going around the country that I'm awfully glad you asked that question. Lot of people say that the ration books are either being printed or they're in the safe. [Michael DiSalle laughs] There's been no such action taken. In fact, the rationing under the Defense Protection Act of 1950 has been reserved for the president, and as far as I know has not been delegated to any authority whatsoever.

[ER:] No authority has the right? [Michael DiSalle: That's right.] I see. Well now, would it make your job easier to have rationing?

[Michael DiSalle:] I-I don't believe it's necessary at this time. Rationing would be necessary if we had to divide up the supply, [ER: Yes.] but the supply is ample right at the moment. (21:45)

[ER:] So all you really need to do is to uh make people feel that they don't want to have more than anybody else, that they really they want to share with their neighbors.

[Michael DiSalle:] Well, that's what we'd like to have them feel. Of course, as you mentioned before, last time it seemed to be stylish on the part of the people to be able to boast that they could get more. Uh this time I know it isn't going to be stylish.

[ER:] Well, I can't help feeling that if we could get across the fact that uh if we have a war, there's no place for anybody to hide and everybody's going to have to share and share alike, uh perhaps we could start right in now in [ER laughs] order to prevent a war in order -- by making them do that, have that feeling.

[Michael DiSalle:] Of course, uh I heard uh General [George] Marshall yesterday uh emphasize the fact that this preparation was a preparation of--for the maintenance of peace, rather than the preparation for war.

[ER:] Well, that's what-that's what I think. It's important for us to emphasize that what we are really trying to do is to uh-uh keep-keep peace, and to do that we must have our uh economy at uh at a stable rate, and people must try to uh live up to uh the feeling that nobody wants to have more than anybody else. [Michael DiSalle: That's absolutely correct, and uh--] Could you get, I've often wondered if you couldn't get a group of women clear across the country uh-uh to find people in every community who would start groups refusing to do that.

[Michael DiSalle:] Well, that's certainly going to be part of our program.

[ER:] You are going to try to do that?

[Michael DiSalle:] Oh, absolutely.

[ER:] Because it seems to me that on that basis you might succeed in uh in really getting it down into the smallest of places and-and have it uh one of the things women can do. Women are asking you all the time: "What can we do?" Well, there's one of the things they can do.

[Michael DiSalle:] I understand there's a group of women up in uh Stanford, Connecticut, that started out on that basis. Just voluntarily to organize a program to ask people not to buy the things they don't need and not to buy-- pay prices that are high.

[ER:] I saw that. And uh I'm sorry we have to stop this for a minute uh and uh let our announcer have a word, but we'll come right back in just a minute.

[Break 24:24 - 24:44]

[ER:] And now we can resume our discussion with Price Administrator Mr. Michael DiSalle. And the first thing I want to ask you, sir, is if prices are not stabilized soon, how can you expect labor to desist from asking for wage increases?

[Michael DiSalle:] Well, one of the primary purposes of attempting to stabilize prices is to hold off the pressure of increased uh wages, because uh it's been one of those spirals where prices increase and wages increase to meet the price increases and then wages increase again to meet the additional price increases, and so there's no stopping point unless we do stabilize prices.

[ER:] So that's-that's one of the things you really hope to do. But now it seems to me that certain food prices are continuing to rise despite your general price freeze, is this because of parity regulations?

[Michael DiSalle:] Uh that's so, Mrs. Roosevelt, uh under the first Presidential Act of 1950, it was stipulated that we could not control prices below parity or the highest price uh for the commodity during uh the-the period from May 24 to June 25. The Department of Agriculture would make the determination of what the legal minima is in each instance, and so there are uh number of food commodities, in fact, a great many more food commodities below parity than above parity.

[ER:] There's a great many people find it also hard to understand what parity really is, could you give a brief clear explanation?

[Michael DiSalle:] Well, I-- it would take several hours. And I understand that the man who figures parity in the department of agriculture does it a little more by himself --

[26:30- 29:00 Recording is inaudible]

[ER:] --to continue all our production?

[Michael DiSalle:] That wasn't our experience in the last war. I remember now, uh or at that time, the great production hike that we achieved during-during-during that period, and even now agriculture and labor and industry point back with great pride to the great production effort of that-of that period. So evidently price controls certainly didn't affect-did not affect our incentives for production at that time, and I see no reason why it should now, especially with prices being considerably higher than they were during that period.

[ER:] Well, uh I think one of the things that uh proved an incentive was the fact that we were actually in a war and everybody felt that uh that they were actually working for their own actual protection at the time. Now uh if we can get people to feel that they are again working for their protection against a war, I can't see why one shouldn't get the same amount of patriotism and, therefore, the same amount of production -- of real production effort.

[Michael DiSalle:] Well, that's a point I've made on several occasions. That we have to put our eyes on this new incentive, incentive for self-preservation, protection of the nation, and the protection of free nations everywhere.

[ER:] And prices are so high that it would seem to me that in a uh -- that even uh fixing them where they are everybody would make a fairly good profit.

[Michael DiSalle:] Well, uh-uh case in point has just come to light within the past few days. We've had little disturbance with our ceiling on raw cotton, and the argument has been made that the ceiling on raw cotton would interfere with the-the incentive for production. Just yesterday, one of the newspapers carried a story about the cotton rush in California, where doctors and lawyers and merchants are buying additional acreage for the purpose of planting it in cotton, that the forty-five cents, which is now the ceiling price on raw cotton, has proven a great incentive for people that-that want to plant cotton, it's almost uh five times the pre-war price of cotton.

[ER:] Yes well, I should think at the present time that what one could make was uh quite incentive enough really. I-I don't see why anyone should stop producing because they weren't making enough, it seems to me that's uh--

[Michael DiSalle:] Well, that doesn't that's never been the case with the American people. There's always been a rather a pride in the achievements--

[ER:] Well, of course, I think that's what we are, our-our -- uh um that's our salvation today, our ability in-in-in production. Well, in combating inflation will price controls be the answer, or is there something more we as a nation need to do?

[Michael DiSalle:] Uh price controls are only a small part, uh possibly the least important part of an integrated program that's needed. Uh as the country keeps spending for defense, the mass purchasing power, of course, increases tremendously, and so we're going to need a rather stringent tax program, that's over in the mill now. Uh secondly, the indirect credit uh -- the direct credit controls are proving helpful. I don't think we've felt-have felt the full effect of those controls as yet. And then uh there's been the suggestion of enforced savings plans, which I myself think would be a great boon at this time. Where people some people's earnings might be deferred to a period, where uh their incomes might be lowered in a post -- uh conversion period. I think all those things are necessary, and there may be other steps necessary to-- (33:20)

[ER:] Well, you mean an enforced savings plan would mean that out of people's earnings uh they would have to buy a certain amount of bonds or something of that sort?

[Michael DiSalle:] Either the purchase of bonds or the savings program of some kind--

[ER:] Well, that proved uh a value after the last war, I mean the-the uh -- but also a detriment because they were ready to buy too-too soon, really, for the peacetime production. [ER laughs] You really have to uh set a limit so as to not to uh upset your post-war uh or post-period of stress economy.

[Michael DiSalle:] That's right. Well, that's one of the great problems of government. They tend to integrate these programs, defense programs with civilian supply, and then the re-the restoration of civilian supply programs with the lowering of defense requirements.

[ER:] You have to keep in mind the uh makeup of the American people; we don't seem to be as uh ready to accept controls ordinarily. For instance, we-we shunted off our controls and our rationing after the last war much too quickly for a peace-- for the good of a peacetime economy. Uh and uh we're not uh--the-the British I suppose realized that their whole economic life depended on accepting the austerity program that they've kept but uh--

[Michael DiSalle:] Well, a natural inclination of the American people towards independence I think has been uh in a great many cases more beneficial than it is detrimental to the nation.

[ER:] What have been the effects of inflation on our defense mobilization?

[Michael DiSalle:] What have been the effects? [ER: Yes.] Well, they've been tremendously uh-uh strong. In-in some cases, for example, defense appropriations have been dissipated 75 percent by the increase in prices. [ER: They have?] There been even cases where the Secretary of uh Defense has said 90 percent has been dissipated.

[ER:] Well, then it's very important really uh that we take all measures possible to keep down inflation isn't it? [Michael DiSalle: Oh, there isn't any question about that.] Because in the end, it will cost us the people uh far more if we don't do that uh for what we have to do.

[Michael DiSalle:] Oh, one of the-the big helps to us this time is that more and more people, including the average person, realize the effects of inflation and are certainly willing to join us in our effort to stem it.

[ER:] Well, thank you so much, I'm sorry our time has come to an end, but you are awfully kind to come this morning and I'm very grateful to you, Mr. DiSalle.

[Michael DiSalle:] Well, you are the one who is kind to give me the opportunity.

[Break 36:18 - 36:40]

[Elliott Roosevelt:] Everyone knows about the four freedoms, but how many of us really live them? Girl Scouts do. When they work and play together, Girl Scouts are friends free from fear. By learning to make the most of what they have, they lay the foundation for freedom from want. Freedom of religion is respected, and freedom of expression is encouraged whenever Girl Scouts meet. On their Thirty-Ninth Birthday, the Eleanor Roosevelt Program is proud to salute the Girl Scouts, truly a growing force for freedom. And now it's time to close the program and to remind you that you've been listening to the Eleanor Roosevelt Program which comes to you each Monday through Friday at this same time, and this is Elliott Roosevelt speaking and wishing you all a good day. (37:36)

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