

WEDNESDAY, JAN. 8, 1947

Lower Prices Help Key To Prosperity of U.S.

Truman Puts 'Slow' Signal On Pay Raises

Holds Buying Power Must Be Kept High

By DAYTON MOORE
United Press Staff Correspondent

WASHINGTON, Jan. 8.—President Truman declared today that the nation's overall prosperity this year depends primarily upon price reductions, rather than general wage increases.

But he conceded that pay raises were justified in individual instances where wages and salaries "have lagged substantially behind the increase in living costs in the past few years or where they are substandard."

He said wage hikes also are warranted as a reward for increased productivity.

Ability to Buy Is Answer

Reviewing the outlook for 1947 in his economic report to congress, Mr. Truman said the basic answer to the prosperity question "hinges on purchasing power—the public's ability to buy all the goods produced."

"A major approach to bringing real purchasing power of consumers into balance with productive capacity this year must be through reduced prices," he said.

He urged business to reduce prices wherever possible.

But he said price reductions should be made with "discriminating regard for specific circumstances rather than on an overall national basis."

Reductions needed

Mr. Truman said price reductions were needed especially on many articles of food, textiles, clothing, house furnishings, housing and building materials. He said prices on these had risen out of line.

He also flashed a caution signal to labor.

"For its own advantage as well as that of the country at large," he said, "labor should refrain from demands for excessive wage increases that would require price increases or would prevent price reductions that are necessary to sell the capacity output of the product."

He estimated that, with employment remaining around the present record level of about 58 million, the flow of consumer goods this year would be larger than in 1946.

Production Up

Maximum production in 1947 was estimated at about 5 per cent above the level reached during the fourth quarter of last year—an annual rate of \$205 billion market value for all goods and services produced.

President Truman explained that consumer purchasing power could be increased to buy this greater output of goods through spending of savings, expanded credit buying, increases in "money" incomes or additional "real purchasing power."

He rejected all but the latter, saying spending of savings or expanding credit would be at best "only a temporary solution" and "certainly not a desirable one."

"An attempt to raise income by the amount necessary would mean such large increases in money wages and salaries at certain points as to threaten curtailment of production or wage-price spirals," he warned.

Can Point Out Dangers

The major approach, he said, must be through reduced prices.

Mr. Truman said removal of emergency price and wage controls had put the main responsibility for prices and wages on business, labor, farmers and consumers.

"The government can point out dangers seen from the perspective of the whole economy," he added, "but the correctives must largely be applied by others."

Farmers were told they could expect drops from "last year's exceptional farm prices" as world food supplies increase and more durable goods become available to compete for the consumer's dollars.

Reviewing last year's economic situation, he said it was plain that business profits generally were "exceptional" although they were "extremely uneven as between industries."

He reported that, because of price rises, workers' real earnings had fallen despite increases in average hourly wages and take home pay since last July.

He cited sharp price increases during the last half of 1946—15 per cent at retail and 24 per cent at wholesale.

Butler, Tri-State Get Surplus FWA Material

Butler university and Tri-State college both will receive surplus equipment from the federal works agency.

The FWA today approved the local school's application for furniture and equipment to be used in science laboratories. The Angola institution had asked for material to be used for a cafeteria, recreational facilities, aeronautical laboratory and library.

Butler officials said no additional students could be accepted, however, as a result of receiving the surplus property. A total of 4007 now is enrolled.

One Vessel Due, One To Leave N. Y. Today

NEW YORK, Jan. 8 (U. P.).—Ship movements scheduled in New York harbor today:

Arriving—Marine Werch, Genoa.

Departing—Westerdam, Rotterdam.

Congress Urged to Increase Social Security Benefits

Truman Holds Higher Cost of Living Makes Raise Necessary to Ease 'Real Hardships'

WASHINGTON, Jan. 8 (U. P.).—President Truman today urged congress to increase social security benefit payments immediately because of higher living costs.

He did not mention any specific figure. But he said in his economic report that an increase is necessary to alleviate "real hardship" which has been aggravated by higher living costs.

For long-range purposes, Mr. Truman also recommended a drastic overhaul of the social security laws, including a provision to finance part of the social security system out of the general funds of the federal treasury.

Recommendations

He recommended that the social security laws to be revised to:

ONE: Increase the amount and duration of unemployment benefits—"present unemployment reserve funds are ample to support such increases."

TWO: Include under unemployment compensation employees of all establishments, regardless of size, in industries not covered by the unemployment compensation tax act.

THREE: Extend benefit of old-age and survivors' insurance to occupational groups now excluded.

FOUR: Provide sickness and disability insurance for workers so they will be protected against loss of income and be able to have ready access to "essential preventive and curative medical services."

Employee, Employer Financed

In proposing that the federal government finance part of the social security system, Mr. Truman noted that the system presently is financed by employee and employer contributions.

"We must recognize, however," he said, "that the employees' contribution and the employers' payroll tax curtail mass purchasing power and increase businessmen's costs."

"From an economic point of view, it would be desirable to finance a part of the social security system out of the general budget. Therefore, I propose that the congress, in working out a system of financing an expanded social security program, give full consideration to the economic as well as the social import of various methods of taxation for this purpose."

Princess Is 'Quite Fond' of Philip

LONDON, Jan. 8 (U. P.).—Princess Elizabeth "really is quite fond of that young man"—Prince Philip of Greece—and "they do like seeing each other."

That was the word today from a responsible source with access to Buckingham palace circles. However, the question of a formal proposal of marriage has not arisen, the informant said.

Relatives of the princess were quoted as saying that the couple were "good friends, and they like each other very much."

"After all, she is young and there is no hurry. Also, she will be going off to South Africa shortly."

Clay Assures Germans, 'No Change in Policy'

STUTTGART, Jan. 8 (U. P.).—Lt. Gen. Lucius D. Clay, deputy military governor of Germany, assured the German council of states today that neither his appointment as theater commander nor the resignation of Secretary of State James F. Byrnes would mean a change in American occupation zone policy.

He said he and Gen. Joseph T. McNarney, outgoing theater commander, always had been in "complete agreement."

Wayne Fields Elected Glee Club President

Wayne Fields has been elected president of the Sahara Grotto glee club.

Other officers are Grover Grabbe, vice president; Glen Goeke, secretary; Francis Cones, treasurer; Lyman Faulconer, sergeant-at-arms, and George Brunson, parliamentarian.

MARRIAGE LICENSES

Robert A. Bridge, Royal Center; Martha C. Weddle, 4732 E. Washington.

George Collins, 218 Blackford; Patsy Mar-
trum, 218 Blackford.

A. Casion, 1702 Brooks; Maggie Johnson,
1915 Boulevard; Padoga; Sadie B.
Lynch, Washington, Ind.

Robert Oberon Cobb, 339 Blake; Nancy
Catherine Gartin, 2318 Manlove.

Loyal Edwards Daily, 2401 Corydon; Ad-
Margaret Dale, 2017 Lambert.

Abraham Dale, 241 W. 32d; Grace Vestal,
241 W. 32d.

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STRAUSS SAYS: "TRADITION WITH A TOUCH OF TOMORROW"



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to the cold world—and to save you
considerable money (folding money.)

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in various price brackets—there is
an especially strong clearance Sale group at

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