

OPA Head Chester Bowles Gives 1945 Price Outlook

(Ed. Note: The following is a statement by Chester Bowles, OPA Administrator, regarding the price outlook for 1945-46. His statement is in response to requests by radio and press for his outlook on the price situation and the danger of inflation.)

Approval by the Congress on June 30 for one more year, the OPA Act, it seems to me, is a very fine piece of legislation. I believe the amendments to it are constructive amendments.

While the bill was being debated I made a special effort to study each amendment carefully in the light of its effect on price control. My feeling is that the amendments which were finally adopted embody the best suggestions made during the full three months of hearings and debate.

Many groups came to Washington requesting drastic changes. I am told that only on rare instances have pressure groups and their lobbyists been so active. Every citizen with a complaint, justified or otherwise, had an opportunity to tell his or her story. The fact that a good act was finally passed is in my opinion, an unusual tribute to the functioning of our democratic system.

I am particularly pleased at the selection of Clinton Anderson as Secretary of Agriculture. I had a splendid talk with him earlier this week and we are working on a close program of day-to-day cooperation. I have assured him of the complete support and cooperation of the entire OPA organization in the difficult task which confronts him. He gave me similar assurance as to the Department of Agriculture.

OPA from the beginning has had a difficult and thankless task. Some people have told me that in their opinion our job from the beginning was theoretically impossible. It was their belief that inflation was an inevitable consequence of war, and there was little that could be done in a practical way to prevent it.

The fact remains that inflation has been controlled in the face of the greatest inflationary pressure that this country has ever seen, we have maintained a relatively stable price level and a sound and healthy economy through three and one-half years of all-out war.

But the real test will be in the next 12 months. It was just at this time that we lost the fight against inflation in World War I. Today, with more than three hundred billion dollars in liquid assets threatening our economic stability, we will need all our courage and good judgment if we are to come through safely.

Our problems are made tougher by the fact that the nation as a whole has grown somewhat weary of war and the regulations and red tape that go with war. We are tired of government regimentation, and wary of bureaucrats. As I see it, we have four major tasks ahead.

1. We must make sure that the prices on basic commodities which go to make up the cost of living are kept from shooting upward. That means rents, clothing, food and other essentials. If these prices move upward, wages must certainly follow

and an ever increasing inflationary spiral will most certainly result.

2. We must establish prices on items which are now going into peacetime production for the first time in three or four years. We have to make certain that these prices are fair to the public, and fair to the manufacturer, equally important, these prices must be established promptly so that there will be a minimum of delays and inconvenience.

The final answer to the inflationary dangers which confront us is production and more production. There will be inevitable bottlenecks in the process of reconversion. I would like to assure you again, that the OPA will not be one of them.

I must say, however, that regardless of how fair the prices set by OPA may be, or how promptly they are established, there will be some few groups which will use every possible means to force OPA to give prices which are completely out of line with the costs. Regardless of the prices which we establish, there will be some who will claim that these prices are unfair. They will make demagogic appeals to public opinion to force still further increases.

I have discussed this point with responsible business leaders. It is their feeling and mine that our best defense against this group will be the overpowering force of responsible business and public opinion standing firmly behind our efforts.

We are particularly concerned that small business receives all possible consideration. That is why we have allowed all reconverting firms under \$200,000 annual volume to set their own ceiling prices according to a formula which we are giving them. These firms make up 75 percent of all the firms which will be reconverting.

We must maintain the firmest possible grip on the Black Market situation. Black Markets, as you know, are the inevitable consequence of war shortages in all countries throughout the world. The fact that they have been a lesser problem in the United States so far is a real tribute to our people.

During the past year we have eliminated a dangerous Black Market situation in gasoline. During the last two months we have substantially reduced the Black Market in meat, with some 2700 cases already brought before the Federal Courts since the middle of May. More than 9000 Black Market slaughterers have been put out of business in the last six weeks.

However, our enforcement task is perhaps the greatest ever undertaken by a federal agency, and the staff available to us is small. I do not believe there is any more patriotic and hard working group of people in the United States than the OPA enforcement organization. I believe we can count on them to do more than their share in protecting honest businessmen and the general public against the wartime chiseler and the profiteer. Our efforts will have the full backing of the Treasury Department and other federal agencies.

Regardless of our best efforts,



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however, the final test on whether the Black market will be kept under control, or whether they will grow to dangerous proportions, rests with the general public itself. The final, complete answer to our Black Markets will come from the righteous indignation of our business men and from the general public.

We must drop controls just as rapidly as we can, and let me say right here with emphasis that there is no group which is quite so anxious to drop them as we in OPA are.

As our peacetime production is stepped up, supplies will gradually come in balance with demand, first in one field then another, as quickly as this occurs price controls in that field will be eliminated. Rent control will be dropped area by area as rapidly as circumstances permit. It is my belief that during the coming year you will see price control eliminated on many products. During the last few months of the fiscal year, you will probably see these controls dropped at a faster and faster rate.

Let me repeat that, in my opinion the next 12 months will constitute one of the greatest tests that we have ever faced. We are now on the last important stage as far as price control is concerned. In this last stage the final victory over wartime inflation can be either won or lost.

I wish I could promise you that rationing and price control could be made free from all irritation, and free from all possibility of hardship or inequity. Unfortunately, I can't. Our wartime economy is extremely complex. A lot of great forces are always exerting terrific pressures on that economy. If we push on it at one spot, we are pretty sure to get a bulge or two at some other spot. Frequently those of us who have responsibility for this vast program are forced to choose between relative evils rather than between clear cut alternatives of right and wrong.

I can assure you, however, that we will do our utmost. I can assure you that our approach will be one of flexibility and good sense, and that our procedures will be changed promptly to fit changing conditions.

But again I must repeat that we cannot do the job alone. Without the full support of the great majority of the people in business, labor, on our farms and in Congress, and backed up by the general public's acceptance and determination that inflation "will not happen here", our own best efforts will be helpless to stem the flood.

NEW YORK. — The domestic airlines of the United States are now scheduling more than 900 flights daily compared with 470 in May 1942 when sharply reduced schedules went in to effect because of the large number of planes turned over to the Army and Navy. The average airline transport is now in the air 11.20 hours daily as compared with 6.25 hours in 1941 before the Army and Navy requisitioned airlines planes.

LONDON. — Lady Elizabeth Bowes-Lyon, Queen of the British Empire made her first airplane trip when she and King George flew between the Channel Islands of Jersey and Guernsey.

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