

July 27, 1950.

Honorable Tom Connally
Senate Office Building
Washington, D. C.

Dear Tom:

It is not too much to say that the whole future of this country rests on decisions to be made by Congress and President Truman in the immediate future. There is not much the President can do toward the mobilization of our resources and minimizing the dangers of further inflation unless and until Congress grants him the necessary authority. There should be no quibbling about the extent of authority granted.

I am sure the President does not desire and will not permit himself to be coerced into imposing more economic controls on the country than are absolutely necessary. My concern, frankly, is that his inclination will be to not go far enough.

I agree heartily with Mr. Baruch's thesis that no system of priorities can work effectively without price control, in turn, must include wage controls.

Our democratic processes are necessarily slow, but this puts us at some disadvantage in dealing with totalitarian governments. Witness the length of time it has taken to enact the bill ending restrictions on the size of our armed forces. Most everyone agreed that this was a necessary measure, but it took time to get it through the legislative mill.

In view of this and the danger that the military situation might worsen suddenly, let's give the President full authority on a standby basis and not repeat the mistake of trying to do this job on a piecemeal basis.

Enclosed herewith is copy of a telegram we are sending the President.

With regards and best wishes,

Sincerely,

AGC:mmm