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Metropolitan Club  
Washington, D. C.

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Dear

Dunn

REPL:

FILE: Messersmith

Please see reference to  
 Cible in Drew Pearson's  
 Column of today I am  
 enclosing.

Cordially & gratefully

George

Feb. 18, 48

# Price Breaks Viewed as Healthy

By Drew Pearson

When news of the stock and commodity market break first reached the White House, President Truman was deeply concerned.



He felt it might start wholesale dumping of securities by frenzied investors, which in turn might touch off an economic depression.

However, after the Council of Economic

Advisers had surveyed the market and reported to him in detail, Truman told one close adviser:

"I am now glad it happened—for two reasons. First, we scared a lot of speculators out of the grain market, and, second, prices are coming down to a level where they will be governed more by the law of supply and demand. That's where they should be."

The White House economic surveys show several significant things. Most important to the housewife is that the somewhat hysterical reductions in retail prices are the result of grocers' psychology. Actually, cheaper raw commodities couldn't possibly be passed down the line to bread and meat for several weeks. However, grocers have been scared into price reductions by headlines and the threat of competition. They are gambling on lower prices in their next wholesale shipment. Also the stocks of food on their shelves have increased—due to high prices and the fact that the housewife has simply cut down on her buying.

Another significant factor is that the stock market has remained fairly stable compared with the commodity market. In other words, commodities were price-heavy and toppled.

Presidential economic advisers have reported to Truman that there is little likelihood that the break in commodity prices will spread generally to industrial prices.

## Capital Chaff

Mrs. Perle Mesta, Oklahoma oil heiress and Washington hostess, has done such a good job raising money for Truman's campaign that she is being considered for treasurer of the Democratic National Committee . . . Inside reason for the gag order on Army-Navy officers is a bitter row between the Air Force and naval aviation. Forrestal doesn't want it to leak out. And he will be the censor! . . . John Wiley will be the new Ambassador to Iran, Monnett Davis the new Ambassador to Panama—both key posts . . . Carl Sandburg, famed Abraham Lincoln biographer, may be Henry Wallace's candidate for the Senate in Illinois . . . The United States has agreed to keep the American fleet away from Italy until after the Italian elections.

turn loose more than 40 million dollars worth of Yugoslav gold which the Treasury is still holding . . . Counting political chickens before they hatch, Harold Stassen's backers predict he will win Wisconsin in the April Republican primaries—even though MacArthur is rated there as a native son.

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## Parran Exit

The announcement of Dr. Thomas Parran's exit as Surgeon General was carefully wrapped in cotton wool so it wouldn't appear that he was being fired. But the inside fact was that he joined the long line of staunch Roosevelt career men whom Truman has recently liquidated.

Not only did Dr. Parran have a great record in the Public Health Service, but he had been an intimate, personal friend of FDR, having worked with Roosevelt when he was Governor of New York State. It was Parran who had the courage to call a spade a spade when it came to venereal disease and launch a Nation-wide campaign against it.

He was fired as Surgeon General, however, solely on the advice of one politician—Oscar Ewing, former vice chairman of the Democratic National Committee, now chief of the Federal Security Agency, of which the Public Health Service is a part.

Parran had refused to let Ewing run the Public Health Service and so got the meat-axe.

## Merry-Go-Round

President Truman has been promised that at least one prominent Republican Senator will be a surprise guest at the Democrats' Jefferson Day dinner this week. Senator Langer of North Dakota has a ticket . . . George Meany, shrewd AFL executive secretary, will run the AFL's Political Action Committee now that former Senator Burt Wheeler dropped out . . . Friends of Governor Dewey believe that Taft is whistling in the dark when he claims the Solid South. Dewey has just received word that a confidential poll of Alabama's Republicans gives him 42 votes as against only 17 for Taft . . . The Yugoslav government has retained John Pehle, former aide to Henry Morgenthau, to persuade the Treasury Department to