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The Old Question

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3-4 minutes

Is the boom about over? After a summer lull in public speculation, the pundits took up the question again.

Harvard's sage, grey Sumner H. Slichter, who had rightly warned of inflation dangers while others mistakenly worried about a recession, finally thought that the boom was tapering off, but he saw no bust in sight. There were plenty of signs of the boom's end, he told the Mortgage Bankers Association in Manhattan, "in the slackening rate of increase in spending, in the slower rise in prices and wages, in the halt of the increase in bank credit, and in the drop in the net export surplus."

Did this mean that a serious recession was in sight? No, said Slichter. He doubted that many prices would ever drop far toward prewar levels. Any drop in business spending, he thought, would be quickly made up by a rise in buying by consumers and by state and local governments which still have "great [unfilled] needs." Never had there been a boom of comparable magnitude "accompanied by less optimism and less speculative buying." Even after three years of it, the country as a whole is still in a "remarkably sound position," although eventually there will probably be a price adjustment. Slichter thought it would last twelve to 18 months.

¶ In Chicago, A. W. Zelomek, president of the International Statistical Bureau, Inc., took a gloomier view. Recession, he said, is ahead. He foresaw 1949 as "a year of deflation," one which, while not as severe as the 1920-21 postwar collapse, would last longer.

¶ In Maine, New York University's Professor Raymond Rodgers told a bankers' meeting: "We are at, or very near, the end of the long upward swing."

¶ In Milwaukee, Morris Sayre, president of the National Association of Manufacturers, told reporters that he thought inflation had already passed its peak.

¶ In Louisville, Secretary of the Treasury John W. Snyder, who evidently does not share President Truman's fears that a Republican administration would cause a depression, told a bankers' meeting that he expected continued prosperity for years ahead. Said Snyder: "We have only begun to tap the billions of savings built up during the war years."

Some figures still favored the more optimistic prophets. In the second quarter, reported the Department of Commerce, the national income reached an annual rate of \$221.4 billion, \$18.9 billion higher than the 1947 rate. Despite the drop in farm prices, the Bureau of Agricultural Economics estimated that farmers' actual purchasing power would remain twice as high this year as in 1935-39. It looked as if the boom, however long its life might be, still had a lot of zip.