

Brief Summary of Remarks of B. M. Baruch

1. I don't believe in piece-meal price fixing. I think you have first to put a ceiling over the whole price structure including wages, rents and farm prices up to the parity level -- and no higher, and then to adjust separate price schedules upward or downward separately, if necessary, where justice or governmental policy so requires.

2. I don't believe that you can treat price control as a separate effort. It must be intimately tied up and move in step with all other war controls, wage and rent control, priorities, conservation, commandeering, war trade, war finance and so forth. They are like the fingers of a hand. Without all together, the job can't be done satisfactorily.

We have talked for years of taking the profit out of war. Price control is one of the ways to do it. The inflationary process affords an opportunity to many to reap huge rewards, while the average person with a fixed income must tighten his belt.

Price control is essential if government salaries and appropriations are to have any meaning. What will happen to the teachers, war veterans, Social Security beneficiaries, policemen, firemen, all the hundreds of thousands of government employees, federal, state, county and city if prices are allowed to run wild? Will the federal, state and city governments advance the wages of these people to meet increased costs of living? Or do they propose to leave them victims of fortuitous circumstances?

Again with appropriations, so much is voted for guns, tanks and airplanes. Before they have been produced prices have jumped and to get the same number of tanks and guns and airplanes additional appropriations are needed. Many members of Congress, worried over the size of government expenditures, have been urging economies in non-defense expenditures. I say to them that no action could effect

greater savings in the cost of government than to prevent inflation. Billions -- 20 percent or more of all appropriations -- can be saved. There is no better form of economy than price control.

Unless America has a low price structure when the war ends, we may win the war only to lose the peace.

When peace comes as it eventually must, what will be our position at the peace table and in world trade? If ours is a high price structure, the lean and gaunt nations, which have learned to do without, even if defeated, will be able to undersell us in the markets of the world. The economic and social dislocations that would result in this country might destroy all of the freedoms for which we say we are fighting. With a low price structure, America can hold her own and demand as a price for economic collaboration just terms of peace.

In conclusion I want to say again that I am strongly in favor of the object of the bill and of the full power being given to the President who, as commander-in-chief of the Army and the Navy, must in modern war have control of all our economic forces. There should be one man as administrator -- not a board. Then we will know where the responsibility is and look there for results. Whatever risk is involved in such control must be taken with provision for the ending of those risks when the emergency is over.

The control of prices is essential for the successful conduct of our national defense, for avoiding social and economic aftermaths of war, for taking the profits out of war, for the maintenance of morale, the stoppage of inflation and the placing of America in the dominating place at the peace table. As I said before, with such great stakes we cannot afford an ineffective program of price control. Some persons, while admitting that everything I have said is true, have argued that the public is not ready for such drastic measures, that various interests have

to be pacified at the expense of others, that the best law that can be had is a

stop-gap measure with compromises, one which while unable to prevent inflation will keep prices down somewhat. To them I recommend the words of George Washington to the members of the Constitutional Convention. As you know, the delegates to that convention originally were supposed merely to patch up the Articles of Confederation. They could have done just that and told themselves we will do more patching later on, and on, and on. Happily the delegates chose to be guided by Washington's advice.

"It is too probable", he told them, "that no plan we propose will be adopted. Perhaps another dreadful conflict is to be sustained. If, to please the people, we offer what we ourselves disapprove, how can we afterward defend our work? Let us raise a standard to which the wise and honest can repair. The event is in the hands of God."