

STATEMENT OF CHESTER BOWLES, ADMINISTRATOR
OFFICE OF PRICE ADMINISTRATION
BEFORE THE SENATE COMMITTEE ON BANKING AND CURRENCY
MARCH 15, 1944

Mr. Chairman:

In my appearance this morning before the Committee I assume that there is general agreement that the price control statutes must be continued. This assumption is warranted, I believe, by the fact that nothing has occurred in the two years since the enactment of the Emergency Price Control Act which lessens the force of the considerations which originally led to its passage. Quite the contrary.

Today our armies are poised and ready. Industry and agriculture are operating under a forced head of steam, under pressures greater than ever before known. If controls of the price and wage structure were wise in 1942, today they are imperative.

Have actual operations brought out defects in the law? Has experience during the past two years shown that revision and improvement of the statutes are necessary? These are the questions which I am sure the Committee will wish to examine with care.

In enacting the price control statute in January, 1942, the Congress acted in the light of our experience in the last war. The determination was made that this time war inflation and post-war deflation must be prevented. In the last war prices skyrocketed. Steel plates rose from 1¢ to 9¢ a pound. Petroleum went from 75¢ to \$3.50 a barrel. Wool increased from 61¢ to \$2.05 a pound. Industrial prices as a whole rose 165 percent during that period, enormously increasing the cost of the war. Out of the total war bill of \$32 billion, \$13½ billion represented inflated prices.

The cost of living skyrocketed too. Sugar, let me remind you, sold for 27 cents a pound. That's not a poor man's price. Butter sold for 78 cents a pound and eggs at more than 90 cents a dozen. There were millions of Americans who forgot the taste of eggs and butter.

In terms of the averages, retail food prices rose 126 percent, clothing rose 200 percent, and housefurnishings 179 percent. The cost of living as a whole, including everything, more than doubled. There were high-cost-of-living riots during this period, and the Government was bitterly criticised for having permitted prices to go through the roof.

And as always what went up came down. Prices went up fast, they came down hard. Not only prices, but wages and profits and farm incomes went into a tailspin. In 1921, for corporations as a whole, profits were completely wiped out. What is more, an 11 billion dollar loss on inventories washed out almost all the financial reserves that had been accumulated during the war. Farm prices were cut in half and farmers were left saddled with back-breaking debts for two decades. Four hundred fifty-three thousand lost their farms in the first 5 years alone. Factory payrolls fell 44 percent and employment 31 percent.

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That is the ugly story. That is the story which Congress had before it when these wartime price control statutes were enacted. It is against this background that we must judge the performance of the Office of Price Administration. The fact is that this time we have held the cost of living to an increase less than half as great as that which took place during the same period of the last war. We have held industrial prices to less than a quarter of their rise during the same months of the last war. The record shows that for the past 11 months we have held the cost of living and the wholesale price level without any net increase whatever.

Before tracing our actual performance in full detail, let me take up the matter of administration, for it is my conviction that it has been defects of administration, rather than of the statutes themselves, which have occasioned the criticisms of the Office of which the Congress is aware.

The administration of OPA—there is no gainsaying this—has frequently creaked and groaned. This, under the circumstances, was inevitable. These were the "growing pains" of administration. They grew out of the magnitude of the job, the short notice on which it had to be tackled, and the lack of experience to guide us. Many of the defects in our operations have already been overcome. On others steady progress is being made. The record that has been made in spite of these difficulties testifies to the wisdom of the statutes.

Let me devote a little time to these "growing pains." For while the point is easily made, the full significance of the administrative difficulties is not readily grasped unless some detail is given.

The Size of the Job

Everyone will agree that the OPA has a big job. But ^{no} one can fully realize how big that job is.

Today we control upwards of 8 million prices and our regulations reach into 3 million business establishments, at every level of production and trade.

There are 14 million rented dwelling units occupied by 45 million people covered by our rent control regulations.

Food rationing requires direct contact with 30 million housewives representing 132 million men, women and children.

Thirty-nine million drivers have to be issued gasoline rations. Of these, 16 million hold B and C books which must be tailored to the needs of the individual and which are reviewed and modified every 3 months.

Fuel oil rationing adds another 12 million householders and building managers to our list of clients. Like the B and C gasoline rations, these too cannot be determined upon a uniform basis but must be tailored to individual needs.

Size of OPA Organization

To carry the enormous responsibilities of the Office we have at this time a total of 161,000 workers. Of these, 55,000 are paid employees and 106,000 are volunteers. The number of volunteers has been as high as 325,000 in connection with our major ration registrations.

Of this force, 141,000 serve on or with the 5,400 Local war price and rationing boards, 13,800 are in the 93 district offices, and 3,400 in the 9 regional offices, and 3,800 are in the National Office here in Washington. In the aggregate this organization constitutes the largest governmental establishment in our history, except for the armed forces themselves. Yet this wartime force, enormous though it is, still falls short of the job it has to do.

The responsibilities assigned to us were big and we were forced to shoulder the first of them almost overnight. Pearl Harbor cut off our supply of rubber. Tire rationing became a matter of overriding urgency. A program had to be worked out, the necessary forms had to be printed and distributed, thousands of local ration boards had to be established, manned and instructed.

All this was done in just 29 days. Of course there were mistakes. If we had had 6 months to do the job, it would have been handled with fewer errors. But a delay of 6 months then might have meant that hundreds of thousands of cars and trucks which today are providing essential war transportation would instead be off the roads.

While the agency was still wrestling with the problems of tire rationing and of local board organization, two more rationing programs were assigned to us. The growing shortage of shipping necessitated a quick reduction of civilian sugar supplies. To spread these supplies evenly a rationing system was needed quickly. In early April 132,000,000 individual sugar ration coupon books, one for every man, woman and child in the country, were distributed by the OPA to 30,000,000 American families.

In the meantime a crisis was brewing on gasoline. Sinkings off the East Coast had begun to choke off the supply of gasoline in the East. Unprepared and inadequately staffed, we undertook to ration because the alternative was transportation chaos throughout the industrial East.

An emergency system of card rationing of gasoline began in May. Scarcely had it been replaced, in July, by the more carefully designed coupon rationing than another major program was called for, this time in fuel oil. Between August and October a fuel oil program was worked out and put in operation in 30 states, and the District of Columbia.

In spite of everything we could do, there were plenty of mistakes in the fuel oil program. I know because as OPA Director of Connecticut I was right in the midst of it.

It was a bitter winter for hundreds of families along the East Coast. But had we not launched that rationing program, a responsibility for which we were still far from properly staffed, the heating situation in hundreds of thousands of homes might well have been desperate.

If the rationing staff of the OPA could have devoted its entire efforts to fuel oil rationing it would have been a difficult task at best. However, during those same months coffee rationing had to be introduced and gasoline rationing extended to the entire country. We had also been put on notice by the Agencies in charge of basic supplies that by spring the rationing of meats and processed foods would be imperative. This meant the development of a whole new consumer rationing program covering all the food items in the country. It meant the distribution of 132,000,000 new ration books to every family in the country.

What I am saying is that for 16 solid months -- from December 7, 1941, down to April 1943 -- we were under constant pressure. Hardly did we launch one rationing program before another was required of us. Those were hectic, feverish months. There was no time to iron out all the kinks in the programs. With the limited and inexperienced staff at our disposal, that simply had to wait until later.

In the price program it was the same story again -- urgency all the way. We were always at least one jump behind requirements. Regulations could not be issued rapidly enough -- and those issued could not be amended rapidly enough -- to keep up with the spread and growth of pressure on prices. Within 90 days of the passage of the Price Control Act we were forced by the pressures of the wartime program to abandon the piecemeal process we had been following and to bring virtually the entire economy under price control. The General Maximum Price Regulation covering most retail sales went into effect in May, 1942.

Even this did not give us a breathing spell. Wages and farm prices continued to move up with no slackening of pace. Under these pressures and ^{the} cost of production and the cost of living, the Office was forced continuously to amend and to add to the price regulations. It was these circumstances, as this Committee will recall, which led to the passage of the Act of October 2, 1942.

This Act greatly broadened our power to stabilize farm prices and at the same time provided a statutory basis for the stabilization of wages. Yet the accumulation of pressures preceding the passage of the Act was so great as still to drive the Office from amendment to amendment and from new regulation to new regulation. It was not until the end of June 1943 that the price structure was finally brought under control and this was possible only because at key points subsidies were thrown into the breach.

Thus, both in rationing and in price control -- and the story could be duplicated for rent control as well -- the early story of OPA is the story of a job whose magnitude and urgency were unprecedented, a job that had to be tackled with an organization built from scratch, using techniques which were new to all, and operating under conditions which did not permit of anything properly called training. If ever an organization had to learn the hard way, that organization was the OPA.

Consequences of Rapid Growth

What was hard on the OPA was hard on the country too. It was just about this time when the agency was finally in position to get on top of its job, that public dissatisfaction with the OPA reached its peak. This is not difficult to understand. The defects of administration which were the cause of this dissatisfaction were the price we paid for the speed of our growth during that year and a half.

First, there was the complexity of our regulations and of the forms which businessmen were required to submit. While many of these regulations and most of the amendments were necessary to provide relief from increased costs, in the aggregate, their complexity was vexatious in the extreme.

Second, there was the failure adequately to consult with the industries affected by the regulations. While many industry committees had been set up and were consulted, the coverage was spotty, the committees themselves frequently were not properly representative, and contact with them was not sufficiently continuous. In my judgment, the widespread feeling among businessmen that they were being inadequately consulted, their sense of non-participation, was the most serious element in the dissatisfaction of that time.

Third was the over-centralization of the agency. This meant the unnecessary over-burdening of the central staff. It meant too that powers were withheld from the 9 regional offices and 93 district offices to do their job properly. Thus operations suffered both in Washington and in the field as well.

which they needed

Fourth were defects of internal organization. Last June, the OPA was not organized with clear and simple lines of responsibility. It was shot through with a system of checks and balances.

The line of operating responsibility, to be sure, ran clearly from the Administrator through the deputies for price, rent, and rationing to the division directors and their branch chiefs. But paralleling this there was an independent line of responsibility from the Administrator through the Chief Counsel to the counsels of departments, divisions, and branches. And a third line of responsibility ran from the Administrator through the deputy for professional services to the economists and accountants.

This arrangement, with its heavy underscoring of caution, meant over-meticulous consideration of action. It meant red tape and delay.

Fifth, there had developed a serious imbalance in personnel. Although a high proportion of the Washington staff in the lower ranks had been recruited from business, there were relatively few businessmen of wide experience at key posts. Coupled with inadequate industry consultation, this was a source of profound misgiving. It was not only that the agency did not "talk the language" of business; it did not fully make use of business experience in the positions where such experience could be most useful.

Streamlining the OPA

It was just at about this time, when the period of growth and of rapid extension of control was coming to an end, with its inevitable accumulation of strains and defects, that I came to Washington as general manager. For two years I had been in the field organization of OPA, as state director in Connecticut. I had seen the organization grow up from scratch, taking on program after program.

I knew at first hand how big the job was and how much had already been done. I came to Washington with the keenest appreciation of the accomplishments of the Office. My job, as I saw it, was to iron out the kinks which had developed and which had caused so much irritation and dissatisfaction. I saw it as my job to put the organization on a businesslike...or if you prefer, on a workmanlike...basis.

Since last August great changes have taken place and others are in the making.

(1) A great many of our regulations and forms have been simplified. Let me cite as an example the community dollar-and-cents food program, which provides the simplest kind of price control for the food merchant, as it does for the consumer too. Our financial reporting forms, which have been cut from 21 to 8 pages, are another example. One corporation executive informed me recently that it took them only one hour to fill out these questionnaires.

(2) Full consultation with industry has become the rule. Three hundred eighty-eight industry advisory committees have been set up. Their total membership comes to 5,025. They are consulted regularly. In a recent 5-week period a total of 2,499 meetings were held with these formal committees and with informal committees of businessmen here in Washington and in the field.

(3) Our operations have been greatly decentralized. Increased responsibility has been given the regional administrators and district directors and the functions of the local War Price and Rationing Boards have been increased. To match this shift of responsibilities, 4 million dollars was shifted from the Washington and regional office budgets to those of the district offices and local boards. A program of increased help, supervision, and information for the local boards has been launched.

(4) A separate department of field operations has been established to provide direct and rapid intercommunication between Washington and the field. Most of the blockages between the central office and the field organization have been eliminated.

(5) The organization in Washington has been streamlined to provide a single clear line of responsibility from the Administrator through the deputies for price, rent, and rationing to their division directors and branch executives. The legal and professional services departments have been abolished. The lawyers, accountants, and economists are now responsible to the administrative heads of the operating units to which they are assigned. While this permits of full review of the facts and of the law in the preparation of regulations, it fixes responsibility upon the operating heads and enables decisions to be made with a minimum of delay.

(6) Coupled with this clarification of operating responsibility, a separate enforcement department has been established, in which is vested sole and full responsibility for this aspect of our work.

(7) A sharp line has been drawn between enforcement and compliance, the one calling for punitive action, the other for explanation and education. Price panels have been established in the local boards whose function it is to provide friendly explanation of price regulations by local people to local merchants to improve compliance with the regulations.

(8) An extensive restaffing of the agency has been accomplished. Forty-six successful and experienced businessmen, practically all of whom left jobs paying several times their Government salaries, have been placed in the policy-making positions. Furthermore, a thorough weeding-out operation has taken place and every effort has been made to find the right man for the job and the right job for the man. While much remains to be done, the present working force is well balanced and is working with high efficiency and morale.

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(9) Cooperation with other Government agencies has been vastly improved and machinery has been set up for continuous collaboration.

(10) Our Information Department has been reorganized and largely re-staffed. Great strides have been made in putting before the country the facts about our scarce supplies, the reasons for rationing, rent control and price control and the part the average citizen must play in stamping out our black markets, and the part each citizen must play if the wartime job of stabilization is to succeed.

(11) There has been considerable reshuffling of the budget in line with the change in programs and work load.

These changes, and others, have vastly improved our administration. Together with the fund of know-how which we have accumulated, they have gone a long way toward eliminating many of the annoyances and irritations and vexations of last spring. The country knows this and we observe the difference in the news and editorial treatment, in our mail, and in the communications we receive from Capitol Hill. This Committee will be interested, I think, to learn that since February 1943 the weekly total of Congressional letters received in our Washington office has declined 56 percent.

The Accomplishments of OPA

I have spoken frankly of the inadequacies of our administration. Let me be equally frank in speaking of our achievements. In the cooler perspective of the post war years the job that has been done by the Office of Price Administration will, I believe, be recognized as one of the best jobs done during the war.

Let us examine the details of the performance, which as I earlier indicated stacks up so amazingly against the performance in the last war. And let us not forget that, in terms of the pressures upon prices, the last war was a skirmish in comparison with this one. The entire war last time cost the Treasury \$32 billion. In this war we spend that much just about every 4 months. Last time war took a quarter of our output for a year and a half; this time it is taking one-half and we are well into the third year of fighting.

Despite the fact that the pressures were so vastly greater, wholesale prices are currently only 38 percent above their level just before the outbreak of war in 1939. During the same period of the last war they rose 103 percent. If we exclude foods and farm products, the prices of which were abnormally low in 1939, the contrast is even more striking. Industrial prices have risen 22 percent this time as against a rise of 95 percent in the last war. Thus, with pressures which we will all accept as far greater than during World War I, the total price rise on war materials has been held to less than a quarter as much.

The cost of living comparison tells the same story. After 53 months of World War I the cost of living was up 65 percent. In January of this year, 53 months after August 1939, the cost of living had risen only 26 percent, less than half the rise in the last war. Food has increased 56 percent as against 83, clothing by 34 as against 112 percent, and housefurnishings by 27 percent as compared with a rise of 99 percent last time.

If we hold fast to the levels now prevailing we shall wind up this war with a rise in the cost of living only one-fourth as great and a rise in industrial prices only one-fifth as great as that which was reached at the peak of inflation of World War I.

There are few who would deny that prices and the cost of living have been effectively stabilized under the present price control statutes. There is no blinking the fact that three-fifths of the rise in the cost of living since August 1939 occurred before the passage of the Price Control Act; that since May 1942 when the first controls were placed on prices at retail the cost of living has risen only 7%; that since last April, 11 months ago, the cost of living has shown no net change whatsoever and the level of wholesale prices is actually 1/2% lower.

Price Control and Production

There is, I say, no question that prices have been stabilized. But some voices are occasionally raised to say that price stability has been secured at the expense of production, that prices have not always been generally fair and equitable, and that farmers and small business has suffered under price control. Such charges as generalities are without foundation.

Industrial production has more than doubled since 1939. Notice that I am now talking, not about prices, which can be marked up overnight, but about production, which can be got only by toil and sweat. During the last war industrial production increased by only 25 percent, one-quarter as much. A comparison of these increases with the price movements in the two periods brings out an interesting reversal. In World War I, prices doubled while production increased by only one-quarter. In this war it is production which has doubled and prices which have risen by less than a quarter.

Farm production in 1943 was 21 percent greater than in 1939 and 32 percent greater than the average of 1935-1939. In the last war farm production increased only 5 percent. Since farmers operate close to capacity in bad years as in good, this increase measures an increase in capacity itself and is as notable as the more dramatic rise of industrial output.

Price Control plus Prosperity

Since 1939, corporation profits before taxes have increased from 5.3 to 23 billion, or 336 percent. In spite of the excess profits tax and the increase in the rate of normal tax, profits after taxes increased from 4 to 8.5 billion, or 110 percent. These represent the highest levels of earnings, before or after taxes, ever reached by American business. They in themselves belie the basic charge of unfairness.

Small business, too, is doing better today than ever before. Not only are profits at record levels, but business failures are at an all-time low and the small concerns in the field of retailing are steadily improving their position as compared to the chains.

The net income of farm operators has increased \$9,240,000,000, or 182 percent, since 1939. Since 1941 the increase has been \$6,150,000,000, or 93 percent. While everyone recognizes that farm incomes were depressed before the war, at their present level they stand nearly \$4 billion above 1919 which for more than 20 years stood as the all-time high.

This Committee will understand that neither I nor any other man can stand here and defend each one of 8 million prices as being perfectly and justly set. That is beyond all possibility. But I do say that the record shows that price control has been effective. It also shows that price control has not interfered with production and that it has been generally fair to farmers and to business large and small.

Achievements of Rent Control

The record of performance in the control of rents is even better than that on prices generally. With disposable consumer income, income after personal taxes, running at twice the level of 1939, rents have risen only 3.6 percent since August 1939.

I think it not too much to say that this control of rents constitutes the most important single achievement of the agency. Despite the magnitude of the job and despite the wide diversity of conditions under which it has had to operate in every section of the country, this program has been carried out with less friction than any other major program undertaken by the Office.

The contribution it has made to the stability of the cost of living and the protection it has afforded to war workers in crowded centers and to the families of servicemen near army camps cannot be over emphasized. In many areas rent control was introduced upon the urgent request of the armed forces and the managers and executives of war industries, harrassed by labor turnover. They tell us it is not possible to place a value upon the contribution which rent control has thus made directly to war production.

That there is deep satisfaction with rent control on the part of tenants goes without saying. What is the case with landlords? While rent control has not been easy for landlords to take, it has worked no hardship upon the great majority.

Foreclosures are at an all-time low. A recent survey covering 25 cities discloses that after one year of rent control net operating income of apartment houses, before interest and depreciation, is up 27 percent from the level of 1939. For small structures, the corresponding rise is 45 percent. Figures are not available for net income after all expenses.

However, because interest and depreciation charges are stable, net income must necessarily have risen even more. In large part this has been due to the practical elimination of vacancies and to diminished renovation.

Of the 14 million rental units subject to maximum rent regulations, no less than 2,800,000, or twenty percent, have received individual treatment by the rental area offices. When one considers what is involved in the individual consideration of 2,800,000 rentals, this stands out as a remarkable operation.

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Rationing Accomplishments

The rationing operations of the Office today embrace the following commodities, listed in the order in which they were brought under control. Coffee has been dropped from the program, as the Committee is aware.

Tires and tubes	Coal and oil heating stoves
Automobiles	Shoes
Typewriters	Processed foods
Sugar	Meats, fish, fats, oils, cheese
Gasoline	Canned milk
Bicycles	Firewood
Rubber footwear	Coal
Fuel oil	Jellies and preserves

Each of these programs is in itself an operation of very real magnitude. This follows from the fact that every one of them reaches into every community in the land. Taken together they directly affect every man, woman, and child in the country and impose a gigantic workload upon the agency. On the occasion of the registration for these programs the volunteer staff of the agency has been swelled to a total of 325,000.

These rationing programs are today operating smoothly, and this in spite of the fact that in all cases it is not possible to treat everyone on a uniform basis. For example, in the gasoline program there are 16 million B and C books which not only must be "tailored" to match individual need, but must be reviewed and reissued every 3 months.

The improvement in the administration of these rationing programs after our two year's of hard experience must be as evident to the members of this Committee as it is to us. The early barrage of complaints have dropped to a minimum. In a recent survey, 93 per cent of American housewives stated their belief that food rationing is being administered in a manner fair to all.

The rationing job is essentially a job for the local rationing boards, staffed almost completely by volunteers. I spent two years with these men and women in the State of Connecticut, and I know how greatly their tact and understanding, their unselfish devotion, have contributed to this end result.

Needless to say we are not satisfied that even today the programs are functioning as smoothly as we would wish. The operations of the local boards are being continually reexamined and every effort is being made to diminish the burden of rationing, not only upon the consumer, but upon the merchants.

Our ration banking system is being continuously improved and we have recently introduced tokens, which will greatly facilitate both change-making and coupon accounting. This will save millions of hours for hard-pressed merchants and clerks and materially reduce the shopping time of American housewives.

Renewal of the Statutes Without Significant Change

Mr. Chairman, I appear before this Committee to ask that the price control statutes be extended substantially as they stand today. While I have been frank to say to you that the administration of the law has been faulty in many respects, the progress we have made in administration bears considerable promise for the future. But regardless of past and even future errors, the past stands at that. Under the statutes as written by Congress and with the powers granted by them we have carried out the mandate of the Congress to stabilize prices and rents. For the past 11 months the cost of living has been held without any net increase whatever.

In the course of these hearings you will undoubtedly hear many complaints of hardship under our regulations. When you hear of these hardships, which I know exist, I hope you will bear in mind that these hardships today, in time of war, are fewer in number than they ever were in times of peace and that industry and agriculture are in general more profitable than at any other time in our history. And I would ask this Committee to remember that, to the limit of our manpower, we are seeking to alleviate these hardships.

In the course of these hearings you will learn of specific annoyances and irritations, of occasional rudeness and occasional arbitrary exercise of power. I know that these, too, exist. I hope that as you hear of them you will bear in mind that the Office of Price Administration numbers, in paid and volunteer staff, 161,000 men and women, that every week we make or receive $4\frac{1}{2}$ million telephone calls, and write $2\frac{1}{2}$ million letters.

Now the most reasonable of us are on occasion arbitrary, the best natured among us have our moments of irritability. In every large number of people, no matter how carefully selected or how frequently weeded over, there will be some who will be inconsiderate, thoughtless, or rude. Indeed I think it fair to say that for every complaint you hear there are hundreds which you do not hear.

But let me add that for every witness you will hear making such complaints there are tens of thousands who would bear witness if they could to the courtesy and the fairness of our staff as a whole.

Some of the witnesses who will appear before you will suggest amendments to the statutes. I hope that later, before these hearings are concluded, you will give me opportunity to comment upon such suggestions and give you my best judgment on how these proposed amendments would affect our operations.

If the powers as they exist today are continued, we shall do our utmost to hold the cost of living and the price structure in general at their present levels. To do this it will be necessary to continue to use the various techniques which have been developed through trial and error over the past two years. These include subsidy payments.

This Committee has recently heard my views on the use of subsidies and since that time the Congress has expressed its disapproval of the subsidy program. Let me again emphasize this all-important point. For the past 11 months the cost of living, for the first time since it began to rise, late in 1940, has been held to a net increase of exactly 0.

I will not say that this result is entirely attributable to the use of subsidies, but I would remind the Committee that in spite of firm price control after the spring of 1942 and even firmer price and wage control following the passage of the Stabilization Act, the cost of living continued to climb month by month. If the cost of living had continued to increase during the past 11 months at the rate at which it was increasing in the months prior to April 1943, today it would stand 9 to 10 percent above its present level.

This would have ~~already~~ cost consumers 8 to 9 additional billions, in higher retail prices for goods and services. In addition, if this increase had spread to other prices--and in the light of our experience no other conclusion is possible--the cost to the Government of the war program would have been increased by a minimum of ~~6 to 7 billion dollars~~. The expenditures we have made in subsidies are dwarfed by these savings. ~~through 1943~~

6 to 7 billions a year.
If the powers we now possess are continued, I can promise this Committee that the months ahead will witness even greater improvement in the administration of the program than the months that are past.

We shall further simplify our regulations, we shall speed up our procedures, we shall improve our staff. Through making businessmen better acquainted with our regulations, we shall reduce vexations to business while at the same time providing real savings to consumers. Our progress in stamping out the black market will continue.

Above all, if the powers which we now possess are continued, I can assure the Committee that inflation during the war will be prevented and that the Nation will come out of the war with a sound and balanced price structure. I can conceive of no greater contribution than this to the strength and vitality of the American economy, once the war is won.

Let me conclude with just a word about changes that may be expected in the programs themselves and in their coverage. All our programs are today being constantly reviewed to determine whether they are essential in every important respect. As this Committee knows, one rationing program ---- coffee --- has already been dropped. Discontinuance followed promptly upon adequate improvement of the shipping situation.

Similarly, in rent control, changing circumstances have already permitted us to decontrol in two rental areas.

The time will come, no one can say how soon, when the present drain on our supplies will be reduced and when new production will be added to the resources of the United Nations. As demand and supply come more closely into balance, first,

in one field and then in another, the relaxation of price controls will be not only possible but wholly desirable.

At the same time, it is, of course, quite impossible to stake out a schedule--much less a time table. What I see, however, is the lifting of controls, first on this commodity or groups of commodities and then on that, as the available supplies increase and circumstances warrant. Step by step, and no one hopes more earnestly than I that the steps will follow closely together, we can lift our price controls.

In short, we shall find ourselves retracing the route which brought us from selective control of certain prices to general control of all prices. It was rising pressures which made us extend our controls across the board. As those pressures diminish we shall at some stage be able to begin the reverse of the process.

The responsibility of preventing inflation during the war and of insuring a smooth transition after victory to peacetime production is a heavy one. I want to leave this Committee with the assurance that the agency which I head is fully alive to those responsibilities. As we look ahead our thinking is not only of how effectively we can do our job today. We are preparing to make our contribution to easing the American economy from the restrictions which war makes necessary.

We are prepared to do our part in easing the hazards of reconversion until once again -- the strength and vitality of its economy safeguarded -- the Nation is upon the road of full peacetime production.

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