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The National Grange

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WASHINGTON 6, D. C.

May 15, 1946

Mr. Marriner S. Eccles, Chairman,
Board of Governors of the
Federal Reserve System,
Federal Reserve Building
Washington, D. C.

My dear Marriner:

I told you the other night how much I appreciated your forthright testimony before the Banking and Currency Committee of the Senate on the OPA.

I am enclosing copy of my testimony before that body upon the same subject which, though longer than yours, - and a bit more pointed in spots, indicates that the Grange is thinking along exactly the same lines as you.

Yours sincerely,

A. S. Goss, Master,
The National Grange.

ASG:meb

Enclosure

May 22, 1946.

Mr. A. S. Goss, Master,
The National Grange,
744 Jackson Place,
Washington 6, D. C.

Dear Albert:

I appreciate your thoughtfulness in sending me a copy of your prepared statement on extending the life of the OPA in which you, of course, deal with the problem primarily from the standpoint of agriculture. Naturally, I appreciate your favorable reference to my testimony and I can, in all sincerity, return the compliment.

Best regards.

Sincerely yours,

M. S. Eccles,
Chairman.

EF:mw

TESTIMONY ALBERT S. GOSS
MASTER, NATIONAL GRANGE
ON H. R. 6042
EXTENDING THE LIFE OF THE OPA
APRIL 26, 1946

1. There is no need to discuss the danger of inflation. On that issue there is no disagreement. However, there is wide disagreement as to what should be done about it. In recent weeks the contentions have become sharper and noisier.

Supporters of the OPA policies have not contributed to the solution of a difficult economic problem by carrying on an unprecedented propaganda campaign to the effect that everyone who does not approve of their policies are inflationists and lack in patriotism.

2. We are among those who disagree with some of OPA's basic policies. We have commended them for the good they have done, but we are convinced that some of their basic policies have been a major factor in causing the inflation we have. If these policies are continued we can see nothing but disaster ahead. If these policies which lead to inflation can be corrected, we want to see the OPA continued until we are through with the emergency resulting from many inescapable shortages, and we want to see it amply financed to do the kind of job it should do. If, however, OPA insists on continuing certain policies which have contributed to our shortages and have fed the fires of inflation, we believe the lesser of the two evils would be to abolish it now and accept the temporary upsurge of prices which would follow, in the expectation that the law of supply and demand would eventually restore sound economic balance.

3. On the other hand, if the law can be written to compel OPA to pursue sound policies, it can do much to prevent any such violent upsurge while at the same time begin to curb the causes of inflation instead of contributing to them as it has done throughout most of its existence. The problem therefore is twofold. First, to lay down sound principles, and second to compel the OPA to obey the law

when it is passed. The latter is the more difficult of the two problems. Since May of 1942 the OPA has ignored the law, and openly violated it.

4. Unless a way can be found to correct this situation, we believe the OPA should be abolished. If Congress can devise ways to assure itself that the law will be obeyed, we believe the provisions of Section 3 of the October 2, 1942 Price Control Act should be restated so clearly that no one can misunderstand them. Then Congress should provide safeguards to assure observance, and the timely discontinuing of the Agency. Then, and only then, its life should be extended for another year.

5. We must face the fact that we are still suffering from a shortage of goods, and that any such shortage, in the face of high purchasing power, presents an opportunity for profiteering on the part of those having access to consumer goods. It would appear to be a legitimate function of government to protect its citizens from such profiteering made possible by war conditions. As long as these are substantial shortages of needed goods, we need a price control agency to protect our people from such profiteering. That was the purpose of the OPA and if it would stick to that purpose we believe it should be continued as long as needed. We favor extending its life for one year if it can be made to stick to that purpose.

6. Something more is needed, however, than simply writing a mandate into the law. For four years the OPA has thumbed its nose at Congress, has violated the basic law under which it was created, and has pursued an illegal but politically expedient course which has fed the fires of inflation and tried to control the fire by stopping up the chimney. We will suggest more drastic remedy in our recommendations. The whole basic policy of trying to control inflation by price ceilings alone must be changed to hitting at the cause of inflation rather than the effect.

Unless steps are taken to put an end to policies which are retarding production, there will be no improvement and there will be further requests for extension year after year. The section of the law to which I refer is Section 3 of the Price Control Act of October 2, 1942 which provides that "Modification shall be made in maximum prices -- in any case where it appears that such modification is necessary to increase the production of such commodity for war purposes, or where by reason of increased labor or other costs to the producer of such agricultural commodity incurred since January 1, 1941, the maximum prices so established will not reflect such increased costs." This provision of law is clear and understandable, but has been ignored.

7. There are a number of factors which have led us to the conclusion which I have stated.

8. First, the policies toward agriculture will either lead to a permanent subsidy program, or will augment the danger of inflation when abandoned. We will go into this in greater detail later.

9. Second, the activities of the OPA have not been nearly as effective as claimed, and the methods used are becoming less and less effective for reasons which we have pointed out to this committee several times before, but which we will also discuss later. Measuring the effectiveness of OPA operations by a "cost of living index" is almost meaningless when so many of the items making up the index are unobtainable, and consumers have to pay two or three times as much for substitutes;

when inferior qualities double the consumption; and when the actual prices paid by consumers for so many products are made in unrecorded black markets, too often the only place where necessities have been available. General Bradley is authority for a recent statement that between the time an appropriation was requested for twenty-odd veteran hospitals, and the passing of the appropriation, the estimated construction cost had doubled. This was less than a year, and indicates what is actually going on. An excellent job has been done of selling the public that the operations of OPA have been an outstanding success. There has been much good, but there has been much bad,-- very bad.

10. Third, ceiling prices held below production cost, have driven from the market many much needed products and actually resulted in raising the cost of living. For example, we all know that moderate priced shirts have been almost unobtainable for months, and consumers have had to pay two or three times as much for fancier shirts, when a relaxation of a few cents in the regulations would have permitted the cheaper shirts to reach the market. The general policy of OPA has been to hold the ceilings on low priced shirts below cost, and relax on higher priced products; then, by innumerable regulations and controls over operations and sales, to try to force the manufacturer to produce an adequate supply of cheap shirts and make up his loss by profits on other items. This, of course, involves a completeness and complexity of control over industry impossible to enforce without an enormous organization with almost complete dictatorial powers. The item of shirts is used to illustrate a general policy being pursued with reference to a great many items under OPA control. Inflation control should not be used as an excuse for general control of industry.

11. Fourth, recovery has been retarded by refusal to recognize rising production costs. Until very recently ceiling prices on common brick have been held so low that 85 per cent of the brick yards were closed down in spite of the

fact that brick has been one of the greatest bottle-necks in the construction industry. Contractors were forced to use faced brick in solid construction at a cost of three or four times that of common brick, with the result that we held the "cost of living index" level, but actual construction cost was materially increased, and much needed construction was stopped. Brick is but one example of many similar items.

12. Fifth, efficiency in production has been penalized. For example, a factory which may have kept running through the 1939 period, though unprofitably, has its prices restricted to its 1939 performance, while a new factory is allowed substantially higher ceilings on an identical product, or even an inferior product.

13. Sixth, we have developed black markets and law violation on an unprecedented scale. It is inevitable that some black market operations would result from rationing, because some greedy citizens will always try to get more than their share. However, when you add to this group the pressure from producers who would be forced to go out of production, or go bankrupt, because of ceilings, maintained below production cost, the pressure becomes irresistible. When producers, by edict of the OPA, are denied the protection of the law which requires ceilings to be adjusted to meet increased costs, too many of them feel justified in taking the law into their own hands, as a means of avoiding bankruptcy. Without attempting to condone such law violation we merely observe that lawlessness at the top breeds lawlessness throughout our economy.

14. The basic trouble with OPA has been that they have put almost their sole reliance on price ceilings which would hold their "cost of living index" steady, and too frequently have ignored the basic fact that production is the only real cure for that type of inflation caused by shortages. Too many officials in responsible positions have had no concern about supply, and have promulgated regulations designed solely to affect price. Such short-sighted policies have

merely served to aggravate the situation, but they have existed in the face of provisions of law expressly designed to prevent them, and emphasize the fact that in extending the life of OPA, effective means must be found for securing a complete reversal of some of the policies heretofore followed. With the power to hold ceiling prices below production cost in the name of preventing price rises, OPA would perpetuate its operations if it pursued present policies, for we would never produce a supply to meet the demand.

15. The study of the causes and effect of inflation is not new to the National Grange. We warned of its dangers years ago, and before Pearl Harbor sent a letter to every member of the Congress, calling attention to the seriousness of the threat, and urging a number of definite steps to meet the problem. For those who may wish to review it I am submitting for the record a copy of what was sent at that time. Inflation can be controlled if we have the will to do it.

16. If inflation is to be controlled, some steps will be necessary outside the province of the OPA. If these are not recognized, and the whole burden is placed on OPA to stem the tide, that agency will have been assigned an impossible task. In such circumstances they will probably go right on trying to treat the effects of the disease instead of the cause. Inflation already has a good start. If the tide is to be turned, and disaster avoided, it will be necessary for every branch of government concerned with the problem to do its part in providing the remedy. The OPA cannot do the whole job. We, therefore, feel it advisable to review some of the basic principles involved, and the steps necessary to effect a cure, so that there may be assigned to OPA only those tasks which it can logically handle, while pointing out what else needs to be done outside the province of the OPA.

17. Basically inflation is caused by the pressure of an oversupply of money on a shortage of goods. The remedy must be applied from both ends.

18. From the money end, hold increase in volume of immediately expendable money in check as far as possible by:

- A. Increasing the income tax.
- B. Directing surplus funds into long time savings.
- C. Holding Government issues of money and securities at a minimum.
- D. Balancing the budget.

19. From the standpoint of meeting the shortage of supplies, the remedy should be:

- E. To secure maximum production. Inflation cannot exist where supply equals demand unless a nation deliberately refuses to balance its budget and depresses the value of its currency.
- F. Where it is not possible to maintain a supply equal to the demand, the demand should be adjusted to fit the supply through rationing.
- G. Profiteering made possible by shortages should be controlled by price ceilings, but if ceilings are used, two precautions are necessary.

(1) Equity demands that all be treated alike.

(2) Ceilings must be kept above cost, else production will be strangled.

20. This may seem like a complicated program but there is no simple way to control inflation in a complicated economy when war creates shortages.

21. Let us see how closely these related principles have been followed, and measure the results.

22. A. Increase the Income Tax. The income tax was increased, exemptions lowered, and escapes greatly reduced through the "pay as you go" policy. Unfortunately political pressure has caused relaxation of this effective but disagreeable remedy when it is most needed. This responsibility lies in another committee.

23. B. Direct Surplus to Savings. A commendable record has been set in diverting a substantial portion of our national income to long time savings. Regrettably, an over large number of those who bought war bonds through wage deductions or bond drives cashed them in without delay, so the number of those who still hold them is smaller than desired. Part of this arose through necessity, but more because of selfishness and lack of personal responsibility or interest in the public welfare. On the whole, however, the savings job has been commendable. This responsibility lies with the Treasury.
24. C. Restrict Government Debt. Little attempt has been made to hold government expenditures to a minimum, resulting in unnecessary and unprecedented increases in government debt. The evidence is so overwhelming on every hand that no further comment is necessary. This responsibility lies with all of us.
25. D. Balance the Budget. The budget has not been balanced for 15 years, and no serious effort has been made to balance it. On the contrary, tax income is being reduced, while government expenditures are being increased by many billions for hitherto undreamed of luxuries such as (a) subsidies to pay part of the food bill of people better able to feed themselves than any people in history; (b) social benefits in an ever increasing stream; (c) world-wide charities on a scale to stagger the imagination; (d) veteran benefits and pensions which will inevitably increase for at least fifty years; (e) public works of various kinds; and (f) military and a host of other expenditures. Some are necessary, others not, but the amount expended is measured more by our desires than by our ability to pay the bill. As long as we fail to balance the budget, so long will we continue to increase the dollars in circulation, and so long will inflation grow, expand and strengthen the upward spiral which may lead to complete economic collapse. While this responsibility also lies with all of us, some phases of it lie directly with this committee.

26. E. Secure Maximum Production. Instead of pursuing a price policy designed to secure maximum production, we have tried to hold down inflation by a price ceiling method which too often has strangled production as pointed out in paragraphs 10, 11, and 12. This is a responsibility lying directly with this committee.
27. F. Adjust Demand to Fit the Supply by Rationing. Rationing was conducted quite successfully for a while, and not only prevented want, but had a wholesome effect on price. However, coupled with a policy of holding ceilings below cost, black markets developed to such an extent that rationing has been almost abandoned. A producer who found ceilings below cost, was confronted with the alternative of going broke or selling in a black market as pointed out in paragraph 13. Rationing could have been preserved by complying with the law which required price adjustments to recognize increased costs and the maintenance of maximum production. This phase of the problem lies directly with this committee.
28. G. Confine Price Ceilings to Control Profiteering. Price ceilings have not been confined to prevent profiteering as has been outlined under paragraphs 10, 11, and 12. This phase of the problem is the responsibility of this committee.
29. G.(1) Treat all Alike. Neither have all been treated alike. From the outset a policy was adopted to freeze everything except labor, and the Price Administrator fought every effort to control increases in labor, until the rapidly rising cost structure finally forced him to abandon this ridiculous position. On the other hand, many prices on farm commodities were rolled back to less than cost, and in some instances to less than the prewar average. This an OPA responsibility and therefore falls with ⁱⁿ the province of this committee.
30. G.(2) Keep Ceilings Above Cost. Instead of keeping ceilings above production cost to encourage production, the standard used has been to hold ceilings to preserve a meaningless cost of living index. To the extent that this has occurred

inflation has been fostered rather than controlled as pointed out in paragraph 11. This is a responsibility of this committee.

31. Subsidies. In the case of agriculture, it soon became apparent that the fixed ceiling price was threatening our food supply, so subsidies have been paid to keep farmers in production, in spite of the fact that the law expressly provides that in such circumstances "modification in maximum prices shall be made" to secure necessary production. The result is strongly inflationary.

32. (a) Although we are enjoying the greatest income in history and paying the lowest percent of that income for food, and though one of our greatest causes of inflation is surplus spending power, we are deliberately increasing that spending power by more than a billion and a half dollars a year by paying that part of the nation's food bill in subsidies, and at the same time are encouraging the maximum consumption of food which is so desperately needed in a starving world. In other words, we are making it possible for people to buy food at a billion and a half dollars below cost, leaving them that much more money to buy other items which are in short supply. If present policies are continued we can look for a sharp increase in subsidies.

33. (b) We are increasing the public debt by an extra billion and a half a year, and increasing the failure to balance the budget by a like amount.

34. (c) We are unnecessarily increasing the money in circulation by over a billion dollars annually.

35. (d) To the extent the subsidies have failed to meet production costs, like in butter and some meats, we have either curtailed production or forced the product into black markets where the consumers have paid far more than they would have paid if there had been no ceilings at all.

36. Summarizing the Subsidy situation.

a. We are short of food.

We further reduce production and encourage excessive consumption by holding food prices below cost.

b. We are suffering from excess spending power.

We increase this spending power by reducing prices and creating billions of new money through our subsidy program.

c. We have a dangerously high federal debt.

We increase this debt by billions and increase the amount by which we fail to balance the budget.

d. Our supply and demand economy is badly out of balance.

We throw it more out of line every day as long as we refuse to adjust prices to production costs, and thereby increase the probability that it cannot be brought into balance without an economic collapse. We do all this in the name of controlling inflation.

37. Let it be said right here that farmers would not gain a nickel by abandoning subsidies and adjusting price ceilings to compensate. Our sole interest and concern in the problem lies in the effect of such an unsound program upon our economy. We can see no program for getting rid of them, and believe that their inflationary effect will sooner or later prove truly disastrous.

38. Instead of directing its policies toward curing the basic causes of inflation, the OPA has built its major program around trying to change the effects of inflation by regulation. It can be done for a little while, but if the basic cause is not soon cured, the mounting unbalance reaches uncontrollable proportions, and the whole effort breaks down. We believe that our price control efforts are now approaching such a situation.

39. Let us look at the facts.
- a. We set out to control inflation by price ceilings.
 - b. There have been inevitable and increasing break-throughs.
 - c. Labor's demands for a substantial break-through have recently been granted and a general wage increase of from 15 per cent to 20 per cent seems to be a certainty, with the hope that such increases will hold for a year.
 - d. When necessary to maintain profits, a corresponding increase in prices will be allowed.
 - e. Farmers are asked to support the OPA as is, under promise that subsidies will be abandoned and prices adjusted to compensate for them at the end of a year.
40. What does such a course hold for the future?
41. a. A general upping of all production costs and prices. There may be some absorption by industry, but this will probably be offset to a considerable extent by the compounding of increases as products move through the channels of trade.
42. b. Farm costs will increase sharply both because of increased cost of supplies, and heavy increased labor costs. Labor is as difficult to obtain on farms today as at any time during the past 5 years. Workers won't go to farms when they can get more money for shorter hours of easier work in industry, with Social Security benefits, and with higher pay for unemployment than they can get for farm work. Either farmers must get enough money to pay wages which compete with industrial labor, or there will be a sharp reduction in food production.
43. c. If food costs are held down, sharply increased subsidies will be necessary to secure production.

44. d. At the end of a year of rising costs, when these new labor contracts expire, the removal of subsidies and the adjustment of prices upward to maintain production would be just the springboard labor would need to demand another general wage increase and add an irresistible boost to the whole upward swing. It could all be most conveniently blamed on the farmers.

45. e. The result would be that the promises would be forgotten again when the pinch came. The demand would be for bigger and better subsidies to prevent inflation, although subsidies have constituted one of the most inflationary influences in our whole price control program. We all know what the result would be.

46. Somewhere we must take a stand. Now is the time, or it may be too late.

47. Labor, which has been the dominant group in demanding food below cost through subsidies, has just had an unprecedented boost in wages, and is now better able to pay its food bill than ever before.

48. The OPA has shown itself completely void of practical ideas on how to get rid of subsidies. The only proposals are to maintain them until surplus production forces prices below present ceilings, which are admittedly below cost, (otherwise there would be no need for the subsidies). With farmers' costs rising by leaps and bounds, this policy means a deflation drive on agriculture, just as was done following the last war with such disastrous results to the whole nation.

49. Very definitely the whole question of subsidies is the responsibility of this committee, and in its consideration of them, the committee should recognize that some practical plan must be worked out to get rid of them or we are almost sure to have them with us in increasing amounts until our whole economy breaks down from the unnecessary burden.

50. This brings us down to the remedy. We have a number of definite recommendations, some of them directed at the provisions of both S. 2028 and H. R. 6042.

51. We recommend the extension of the life of the OPA for one year, provided ways can be devised to write definite safeguards into the bill with adequate penalties to assure that the purpose of Congress is carried out. Our reason for recommending one year is to avoid uncertainty on the part of producers, dealers, the public and the employees of OPA. H. R. 6042 provides extension in part for one year and in part for nine months. Either would be acceptable although we see nothing to be gained by the shorter term if Congress will provide adequate safeguards to put an end to OPA's illegal practices. If this cannot be done, we favor no extension. We suggest the following safeguards for your consideration:

52. A. We recommend writing into the law a section setting forth the policies which OPA should employ to control inflation. These policies should be designed to secure maximum production. No ceilings should be maintained below cost in the expectation that the producer will make up his loss on other more profitable items. Sound and reasonable administration of the law would not necessitate any restrictions on this point, but the practices followed have created such shortages that we believe it necessary to do something about it.

53. Under the "cost absorption" theory the OPA has held ceilings at unprofitable levels on many low cost products and tried to compel manufacturers to produce them at no profit, or at a loss, and make up for the loss on other more profitable items. The result has been that the manufacturer has taken advantage of the unlimited demand and quit making the low priced item and concentrated on the items on which he could make the most profit. Cost absorption is fine in theory but in practice has proved impractical unless the control takes over almost complete management of industry. Section 2 of H. R. 6042 is an attempt to prevent the abuses which have

arison under this policy. The OPA contends that it is unworkable because it would necessitate an examination into the costs of each party concerned, individually --- practically an impossibility.

54. If OPA is to be continued, it must not be given orders impossible to carry out. We, therefore, recommend adding the word "average" after the word "the" in line 2, page 2. We recognize that even then the amendment would be difficult to administer, for the allocation of costs to different items must be a matter of more or less arbitrary determination, and these costs may be excessive on first models. It would be quite possible that the OPA would find its hands tied by suits and injunctions by the thousands compelling them to prove that ceilings were above costs. Frankly, we do not know of any way to compel reasonably sound decisions on such matters on the part of an agency which has openly defied the purpose of Congress for four years. Had the record been one of endeavoring to follow the law, we would recommend that Section 2 be confined to a statement, "It shall be the policy of the OPA so to adjust maximum prices that such prices will return to the average producer, processor or distributor the sum of the average cost as determined by the established commercial accounting practice of the industry plus a reasonable profit thereon." However, in the light of the complete ignoring of the mandate of Section 3 of the Price Control Act of October 2, 1942, we are inclined to feel that Section 2 of H. R. 6042 amended as we have suggested provides the lesser of two evils.

55. B. All ceiling prices should be abandoned when it becomes apparent that the supply of any commodity under price control equals or exceeds the demand with reasonable prospect that ample supply will continue to be available. As far as foodstuffs are concerned, this decision should be made by the Secretary of Agriculture who is in the best position to know the facts. We believe Section 4

paragraph (b)(4)(A), line 22 page 4 to line 5 page 5, and paragraph (c) lines 16 to 22, page 5, cover this very well.

56. C. When the supply of any commodity is unequal to the demand, and it appears that such shortage may continue for 90 days or more, and that consumers may be seriously inconvenienced by reason of such shortage, it shall be the general policy of the OPA to invoke rationing in order to spread the short supply as equitably as possible. This should be set forth in the statement of policy we recommended in paragraph 52. H. R. 6042 provides in paragraph (d)(I) and (2) pages 5 & 6, a method of restoring price controls if shortages appear. This should give sanction to treating the symptoms only, and we doubt the necessity for, or the wisdom of, such additions. If the Committee desires to use them, however, they can be made to serve the purpose we suggest by adding the words "establish rationing" after the word "may" in line 12 page 6, and by adding at the end of the paragraph the words: "It shall be the policy to use rationing rather than maximum prices, or in conjunction with maximum prices, where ever deemed practical.

57. D. In the case of agricultural commodities upon which subsidies are or shall be paid, a plan for the progressive abandonment of such subsidies beginning within 30 days after the passage of this measure and ending not later than December 31, 1946, should be formulated and put into operation. Such a plan should provide for the concurrent adjustments in ceiling prices sufficient to compensate for all subsidies thus removed. We believe Section 7 of H. R. 6042 covers this situation adequately although we suggest two amendments as follows: Page 10 line 4, strike the second word "of" and insert "reduction in". Page 11 line 1, add a comma after word "products" and insert "and such other commodities as the Secretary of Agriculture shall request". We understand that the OPA contends that the figures to carry out the provisions of paragraph (b) are not available. If true, this is

certainly an indictment of the administration of that agency, for the paragraph is merely a restatement of a provision of the Price Control Act of October 2, 1942 with the added clarification of the "Regional basis". If the Committee finds that after all these years the OPA has not assembled the figures necessary to administer the law, it may be necessary to qualify the "regional basis" provision by a clause "as far as practicable." However, I feel I should repeat that the mandate under discussion is the one which the OPA has completely ignored to date, and the main problem is to determine how to get it to pay attention to the law as it stands.

58. E. We favor a section which would provide that no ceilings may be established or maintained on any agricultural product, without the approval of the Secretary of Agriculture. At least once every 90 days he should review the case of all food items under ceilings to determine the merits of the case, because of constantly changing conditions. In case of appeal to the Director of Stabilization, if the decision of the Director is adverse to the decision of the Secretary, the Secretary should have the right to appeal to the Director of War Mobilization and Reconversion, and said appeal should stay the decision of the Director of Stabilization. Either that, or the decision of the Secretary should be final.

59. We do not believe it is wise to set up an arbitrary standard by saying that price controls shall be eliminated when production reaches a level of 1940-41. Our consumptive demand may be either greater or less than it was five years ago. The war has brought too many changes to warrant adopting such prewar standards. Except those paragraphs which we have approved above, we would not favor Section 4 of H. R. 6042.

60. We have no recommendation to make with reference to Section 5 of H. R. 6042.

61. We believe that our recommendation with reference to subsidies takes care of the provisions of Section 6 of H. R. 6042 and Section 3 of S. 2028.

62. We see no objection to Section 8 of H. R. 6042.

63. We do not care to comment upon Section 9 of H. R. 6042 for frankly we do not understand fully what the effects would be upon the maximum average price regulations of the OPA.

64. Section 10 of H. R. 6042 appears to do for the wool and cotton industry what Section 2 would do for all industry. If Section 2 is enacted, we see no reason for Section 10. If Section 2 is not enacted, we believe Section 10 justified.

65. We have asked the OPA from time to time to outline its plan for the removal of food subsidies, and for general decontrol. So far no plan has been submitted which seemed to us workable. Putting it another way, all we could see would be the indefinite extension of controls and subsidies. We believe that progress might be made if the measure contained a provision requiring the OPA to submit to the Congress definite recommendations for a program for winding up its operations.

66. The whole question of inflation and price control is so complex, dealing as it does with scores of thousands of items, that it is impossible to write detailed instructions into the law. General principles must be outlined and much left to administrative discretion. Because this has not proved satisfactory in the past, some new method of compelling the administrators to heed the will of Congress should be devised. We believe that either the bill should contain a policy section in which the basic principles for controlling inflation are set forth, or that the report of the committee should set them forth in terms which could not be misunderstood. We would then limit the appropriations to amounts sufficient to carry on the work for 90 days at a time, clearly setting forth the intent and purpose of Congress to continue to provide ample funds if the policies of Congress are carried out, but to cut off the funds if the policies are ignored or openly violated. In case Congress might not be in session, the approval might stand until Congress convened. It seems that if some way were provided to cut off the funds when the law is violated, we might expect that the provisions of law designed to carry out the will of the Congress would be observed.

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