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A FEW WORDS ON PRICE AND RENT CONTROL.

GENESIS OF PRICE CONTROL.

Suppose that in any one year, there was available for purchase one hundred million dollars worth of goods and services in our country and only fifty million dollars in cash and credit with which to buy those goods and services. The price ration would then be 1 to 2. Now suppose that some kind of an emergency like preparation for a war suddenly struck the country and it became necessary to buy and build vast quantities of war materials. This of course would mean an increase in jobs and paychecks and profits so that instead of fifty million, there would be one hundred million dollars available to buy ^{goods to available} one hundred million dollars worth of goods and services. The ratio of available cash would then be 1 to 1 instead of 1 to 2. What would happen to prices? Well, that's what is happening.

SIPHONING.

Several ways could be employed to meet this situation. First, one might siphon off some of this increased purchasing power by increasing taxes. If the folks who had this extra purchasing power to spend for goods and services had to pay higher taxes on incomes, luxuries, etc., they would have less money to spend for such goods and services. But the trouble is that if taxes go too high, they curtail production and incentive and do as much harm as they do good. Another thing that could be done would be to increase the so-called reserve requirements on banks. If you deposit \$100 in a bank, a certain amount of that deposit must be sent to the Federal Reserve Bank as a kind of reserve for contingencies. If at present a bank must send \$13 out of each \$100 of deposits to the Federal Reserve bank and that requirement is increased to \$20, it means less money in the community for general spending purposes. But suppose that despite increased taxes and increased reserve requirements, prices still continue to go up to a level that causes hardship and carries with it a threat of future deflation and disaster, then what? Then it would appear that some legal device must be found to keep prices and rents within reasonable bounds.

THE MANUFACTURE OF A PRICE BILL.

If it is proposed that there be a law to control prices, the law should state it's general purpose so that when cases under that law go to the courts, the judges can determine just what Congress had in mind in enacting such a law. So the first thing to be set down is a statement showing that the purpose of the law is to stabilize prices, protect the value of our currency, protect people with fixed incomes such as pensioners, holders of annuities, etc.

TIME LIMIT

Since the proposed law deals with an emergency, it is not expected that it will operate permanently. If it is not intended to be permanent, just how long shall such a price control law operate. This makes it necessary to pick out a date when the law shall terminate.

AN ADMINISTRATOR

Laws do not administer themselves. There must be a person, a Board, a commission or some sort of agency to wield the power and make the law

operative. So you pick out an Administrator, give him a title, a salary the right to select assistants, clerks, stenographers, attorneys, experts, rent office space etc so that the law can be administered.

AUTHORITY

But an Administrator without legal authority would be like a soldier without a weapon. So the Administrator must be clothed with authority. He must be given power to issue orders, decrees, regulations. He must be given power to issue orders, decrees, regulations. He must be given power to compel witnesses to testify. He must have power to subpoena books and document and records so that he can procure all the facts necessary in making a decision on prices that will be fair to all parties concerned.

GUIDES AND YARDSTICKS.

An Administrator who is clothed with power to issue orders and decrees without some guide or yardstick to determine how he shall go about the business of fixing prices or without some limit on his authority would not only have a difficult time in fixing prices but would find himself in the courts constantly for having acted arbitrarily. So the bill must set out a kind of guide. It must indicate in a general way what he is expected to do in fixing the price of commodities, ceilings on rents, ceilings on farm price commodities and it must also state what he cannot do. Thus a substantial portion of the proposed law must be devoted to a definition of his authority and what he is expected to do about prices.

REVIEW

If the Administrator were as old as Methuseleh, as wise as Solomon, as good as Justinian and as eloquent as Demosthenes, he would still make mistakes. Moreover, there will be criticism and complaint about the orders which he issues and if there were no place to take these complaints for a review, the Administrator would be quickly charged with being a dictator. When neighbors have a controversy, they can have it adjusted in a court of law. So the proper place to have a controversy between the Administrator and someone who is affected by one of his orders reviewed and adjusted is in a court. It is therefore necessary to set up a court and also define the method by which a grievance over prices can be brought before the court. Provision is therefore made for review by a court.

ENFORCEMENT

Suppose the Administrator issues an order placing a price ceiling on some commodity like silk and after review by the court, it is found to be fair and equitable. Suppose further that some dealer in silk refuses to obey the order. What then? Obviously there must be a provision whereby he can be compelled to obey the order. This can be done in two ways. The positive way would be to have the court issue an injunction, compelling him to obey or rather to stop disobeying the order. The other way is to impose a fine and imprisonment for violating the order.

DEFINITIONS

After the Administrator has issued an order, some person who has continued to violate the order is brought into court to show cause why he did violate it and tells the court that he didn't know the order applied to him because there were no definitions of terms in the law and there was no way for him to know that he was violating the order. So, it becomes necessary to include definitions in the law to plainly indicate just what the various words and terms mean.

APPROPRIATIONS

The Administrator and his staff consisting of thousands of people must be paid for their services. Office space must be rented and paid. Books, office supplies, telephone service and a host of other things must be procured. This takes money. So there must be an appropriation with which to administer the act.

REPORT

How shall Congress know what the Administrator has been doing from time to time. How shall it know how many people he has on his staff, what it costs to administer price control, how effective his work has been, how many times, his orders have been challenged in court and whether or not he has carried out the purposes of the act. The answer is simple. Compel him to make a report to Congress every 90 days.

THE END PRODUCT

And there you have the law. There you have an Administrator, clothed with authority, provided with guides to his official conduct, armed with enforcement powers, equipped with necessary funds, confined by certain restrictions, and subjected to court review, for the purpose of administering one of the most far reaching pieces of legislation which ever found it's way upon the statute books.