



By Harris Ellsworth, M. C.

When the bill to authorize a loan to the government of India for the purpose of buying grain was on the floor of the house, I took part in the debate. In the course of my remarks I made the following statement which, I think, sums up the whole proposition: "Mass starvation in India is a grim threat. The government of India has asked us to help them. We have recently helped other nations in identically the same way, with loans, when there was no starvation to be considered. But in this instance the government of a country which has not heretofore come to us for a loan states that they now need a loan of money with which to buy grain for starving people. Mr Speaker, we cannot now, in the face of starvation, suddenly reverse a benevolent policy which we have followed for several years. We must make this loan and send this grain in the hope, first of all, that it will prevent starvation; and, secondly, that the people of India will understand that we really think as well of them as we do of the other peoples of the world."

I recall that in the fall of '47, Western Europe suffered drought and loss of a high percentage of their food crops. That was before the Marshall plan was adopted. The congress quickly passed legislation for interim aid to Europe to prevent hunger—and communism. I see no difference between the situation in Europe in 1947 and in India now, unless it might be that the situation in Asia now is a little more tense than it was in Europe in 1947.

The bill (introduced by me and three other house members) to authorize the construction of access roads for the harvesting of timber, has been reported by the

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sub-committee to the full committee on agriculture. I am still hopeful that the bill will be favorably reported by the committee and that we may get final house action on it this year.

There is the fact that the drive for economy may cause some members to oppose this bill. They do not realize, and it is difficult to get the story across to them, that access roads represent an actually money profit to the government in the long run. Timber made available by such roads can be sold to much better advantage. In addition to the money gain from the access road program is the further gain in value by the harvesting of mature and over-ripe trees which will otherwise rot back into the soil.

War materials made in the U. S. and Western Germany continue to pour into Communist China according to evidence obtained by a congressional committee and according to on-the-spot observations by American war correspondents in Japan and Korea.

The senate sub-committee on export controls has received testimony that strategic materials valued in millions of dollars are and have been going from West Germany to Red China during the past months. This evidence came from Kenneth R. Hansen, of the committee's staff, who recently returned from Germany. Hansen told the committee that he found "bribery and forgery" were used to clear the way for the shipments of vital materials to Chinese and European Reds. Hansen testified that an entire power plant was shipped to Manchuria from West Germany. The committee investigator said that the value of the goods shipped from West Germany to Red China increased from \$4,000,000 in the first nine months of 1950 to \$7,000,000 in the last three months of this year.

Robert N. Golding, assistant ECA administrator for East-West German Trade Affairs, told the committee that "nobody could dispute" the accuracy of Hansen's findings.

Senator O'Connor, Democrat of Maryland, committee chairman, termed the flow of war materials from West German to the Reds as a "shocking and sickening" story. O'Connor also said that the purchasing mission from Red China is now in East Berlin to try to buy more strategic materials from West Germany.

Just before starting to write this letter I spent a couple of hours in the House Banking and Currency Committee hearing room listening to testimony and questions and answers on the bill to continue price and wage controls. The present law expires June 30th. Perhaps you had not become very acutely aware of the fact but the price control law has been on the books for nine months. The administration has fussed and fumbled and fumed over it. Dire threats of roll-backs rigid enforcement have been made. Numerous orders have been issued counter-mender, and re-issued. The program is presently costing about two million dollars a month. So far as I can find out the net result of it all has been to artificially stimulate price increases. Certainly prices have advanced more rapidly during these last nine months than in any similar period. Certainly, also increased prices have not been due to government defense buying because the full impact of that program has scarcely begun. Meanwhile, reliable statistics show that both consumer and trade inventories have increased enormously. Meanwhile, also production of goods of all kinds has increased sharply. Swollen inventories and high production will help make it possible to absorb even the peak

of defense buying without too much difficulty.

Nevertheless, and in spite of the amazingly bad record thus far, the Administration is now asking Congress to continue the price control law and add further and more sweeping control powers to it.

One of the best statements made Committee was by Allen B. Kline, president of the American Farm Bureau Federation. Here is one Succinct paragraph from his testimony:

"In the interest of getting the production we need for defense and to preserve our freedom at home, we must drop the pretense that price and wage ceilings can control inflation and concentrate on measures which really can do the job. With few exceptions, ceilings have not yet had a substantial effect on prices or wages. There never will be a better time to drop these unworkable controls."

As I have said many times during and since the OPA days, price control by law in our free economy is unworkable. To attempt it, in my opinion, repre-

sents the height of cruelty in political deception and demagoguery. The argument for price controls is that they are necessary to control inflation. But high prices are the result of inflation, not the cause of it. If the government will adopt sound fiscal and tax policies aimed at controlling inflation, it can almost automatically prevent price increases without a vast police bureaucracy which of itself an inflationary factor.

When OPA was in flower unsubsidized items were held down in price but were unobtainable ex-

cept on the black market. Subsidies were paid on necessities—paid to the grocer, the remainder you paid either directly or indirectly to the collector. It cost us as taxpayers nearly four billions of dollars to provide the illusion that we were buying our food at low controlled prices.

It seems to me that some things are worse than high prices which, after all, can be controlled by working harder and producing more goods. To have price controls that really work production, profits, wages and people must also be controlled.

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