

LETTER FROM WASHINGTON

Harris Ellsworth, M. C.
4th District, Oregon

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 and rigid enforcement have been made. Numerous orders have been issued, counter-manded, 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 to the Committee was by Allan 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, represents 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 is an inflationary factor.

When OPA was in flower, unsubsidized items were held down in price but were unobtainable except on the black market. Subsidies were paid on necessities—paid out of the Federal treasury—so that part of your grocery bill you paid to the grocer, the remainder you paid either directly or indirectly to the tax 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. That would mean a police state—dictatorship. Surely, after the experience we have already had, the people of our great country should be willing to face the truth about this subject.

Economic Highlights

It is common for great debates to generate more heat than light. That is true of the great debate over foreign policy which reached its explosive stage with General MacArthur's removal. In many minds, the real difference have been obscured by a passionate emotional feeling. No one seems to feel objectively toward General MacArthur. People either enormously admire him or heartily dislike him.

Fortunately, the two main figures in the latest stages of the great debate, General MacArthur and Secretary Marshall, did not descend to the type of argument in which personal rancor dwarfs logic. Those who read the hundreds of thousands of words of testimony these two men gave before the Senate committee had a rewarding experience. Both of them are soldiers of the highest rank, prestige and accomplishment. Both have had wide experi-

ence outside the military sphere. Both are patriots with the finest motives. And both answered the almost endless list of questions put to them frankly, clearly and effectively.

Some people think that MacArthur and Marshall disagree about practically everything connected with the Korean war, Eastern strategy, and the world situation in general. This is not so. The area of agreement is very much greater than the area of disagreement. But where they do differ, and sharply, is over four extremely important and absolutely fundamental questions.

First, General MacArthur believes that intense air and naval action against the Red China bases would bring the war to an end in the foreseeable future. Secretary Marshall believes this might have small influence on the conduct for the reason that Red China offers few important targets and has no major industrial concentrations.

Second, while not overlooking the importance of Europe, General MacArthur believes that Asia is the more important of the continents now, as it is here that the communists are making their bid for world supremacy. Secretary Marshall believes just the opposite—that Europe must come first and that nothing must be allowed to interfere with our military implementation of the North Atlantic pact.

Third, General MacArthur realizes the importance and desirability of allies, but thinks that, if necessary, we can and should go it alone in Asia. General Marshall believes it would be fatal to alienate our allies, most of whom seem to be willing to go to any length to avoid all-out war with China.

Last, but certainly not least, Gen-

eral MacArthur does not believe that attacks against Red China proper would necessarily lead to greater Russian intervention and the start of World War III on a global scale. General Marshall thinks it might very well do just that, on the grounds that Mac is Stalin's best friend and could not be abandoned without causing the U.S.S.R. to lose all prestige in nations where it has been making its most potent gains.

All the name-calling to one side, these are the issues—and these are the questions that only time can decide. The MacArthur dismissal brought them to a head. The MacArthur-Marshall testimony, buttressed by the testimony of a few others, has taken them out into the open.

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Visitors at the Truman Brenner home on Memorial Day were Mr. and Mrs. Sigurd Dahler and Mrs. Grazia Webber of Klamath Falls.

The general meeting of the Central Point 4H clubs was held Monday, June 4 at the Central Point Grange hall with sixteen members present. Entertainment and refresh-

ments were provided by the Forestry club.

Charles Newstrom of Grants Pass, grandfather of Mr. Lloyd Walch, was a visitor at his grandson's home recently. That evening his granddaughter from Lake Creek, Miss Betty Lou Walch came for him to spend Memorial day with his daughter and family, Mrs. John Walch.

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—PLUS—

Cisco Kid in

"The Girl From San Lorenzo"

NEWS — CARTOON

Sun., Mon., Tues.
June 10-11-12

Bob Hope—Lucille Ball in

"Fancy Pants"

(in technicolor)

—PLUS—

Ronald Reagan in

"Night Unto Night"

NEWS — CARTOON

Wed., Thurs.
June 13-14

Greer Garson—Walter Pidgeon

"The Miniver Story"

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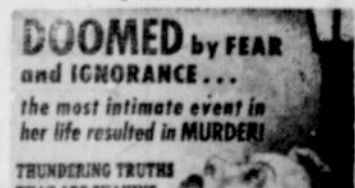
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