THE CONGRESSIONAL FRONT.
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THE STORY OF OPA

Today's Congressional Front is devoted entirely to the story of the Office of Price Administration. Scattered through a host of squat, gray, two-story temporary buildings in various sections of the nation's capital, which were built in 30 days and which are often referred to as "30 day wonders" is a host of executives, experts, specialists, clerks, secretaries and stenographers who comprise the Washington force of the Office of Price Administration under the direction of an energetic, forceful and resourceful gentleman named Leon Henderson. This staff is implemented with a force of executives, directors, specialists, clerks and stenographers in all sections of the country who are commonly referred to as the field force. This organization has been charged by the Emergency Price Control Act of 1942 which became law on January 30th, 1942 with the administration of that Act.

PURPOSES AND OBJECTIVES.

In a general way, the first section of that Act provides for the stabilization of prices, to prevent speculative and unwarranted increases in prices and rents, the elimination of profiteering, the prevention of a post-war collapse in the price structure, and a cooperative effort between the Office of Price Administration and other agencies of government in securing a stabilization of prices, fair and equitable wages, and cost of production.

THEORY OF APPROACH TO THE PROBLEM.

Reduced in its simplest terms, the problem may be stated as follows: It is estimated that national income for the year 1942 will reach the astounding sum of $177 billion dollars. It is also estimated that those who receive this income will pay taxes, buy bonds and in other ways save about $31 billion, leaving the sum of $86 billion to be expended for available goods and services. It is also estimated that as a result of the war effort and the demand for materials and supplies for that effort, civilian and ordinary goods of all kinds which can be purchased will have a value of $69 billion. This leaves $17 billion excess funds for which there are no goods or services to be purchased. This excess, says the Office of Price Administration, if left to itself without control will bring about an estimated increase in living costs amounting to 25 per cent in 1942. To prevent such an increase in living costs, it is contended that a number of things are necessary. Mr. Henderson stated to Congress that price control depends on the amount and nature of the new taxes to be imposed on the country, the degree to which wages will be stabilized, the course of farm prices, and the speed of the war effort.

ACTION OF THE OFFICE OF PRICE ADMINISTRATION.

As its contribution toward the control of prices and commodities, the OPA has done four things. First, it issued orders to place ceilings on the prices of a selected list of commodities. Secondly, it initiated a rationing program on sugar, gasoline (eastern section of the U.S.) motor cars, tires, and typewriters and intimated that 15 other major groups of commodities would have to be rationed within the next year. Third, it issued a general price regulation on April 28, 1942 placing a ceiling on the prices of a substantial majority of commodities in ordinary use. Fourth, it issued a rent order to control the course of rents in 366 defense-rental areas.
MAGNITUDE OF OPERATIONS.

The general price order affects about 2,200,000 retail, wholesale and manufacturing firms and embraces the whole field of food products, textiles, leather, clothing, fertilizers, industrial materials, iron, steel, copper, aluminum, zinc, lead, tin alloys, chemicals, industrial machinery, rubber and rubber products, paper products, lumber and building materials and a host of other items. Rent control covers 366 defense-rental areas embracing 89,000,000 people in 772 counties. Rationing applies to motor cars, tires, sugar, gasoline, typewriters and is expected to cover 15 other major groups of items within the next year and some before the end of the present year.

THE QUESTION OF MONEY.

To administer this program, the Office of Price Administration estimated that for the fiscal year 1943 it would require a total of 74,176 permanent employees together with voluntary and part-time employees at a cost of 144 million dollars. Travel, supplies, rents, communications and other items would cost an additional 52 million making a total of 195 million for administrative costs in the next fiscal year. When this request went to the Budget Bureau, it reduced the estimate to a total of 161 million which would provide 66,230 employees at a cost of 123 million dollars and provide about 38 million for other expenses.

DISTRIBUTION OF PERSONNEL.

The 66,230 employees recommended by the Bureau of the Budget would be distributed as follows: There would be 8,158 in Washington, 31,230 distributed among 9 regional offices, 52 state offices, 230 district offices and 323 defense-rental offices, and the remaining 25,000 on 5200 local boards. In addition to this list of permanent paid employees, the OPA proposed to use 17,666 temporary employees and 2,000,000 volunteer workers.

CONGRESSIONAL ACTION.

A sub-committee consisting of 11 members of the Appropriations Committee of the House first considered this proposal and took several hundred pages of testimony. This sub-committee proposed to reduce this estimated expense from 161 million to 95 million which is a reduction of 41 per cent. When the bill was reported to the full Committee on Appropriations, it reduced the amount to $75,000,000. This figure was finally approved by the House of Representatives. In this reduced form, the bill now goes to the Senate where an effort will be made to have the funds restored which were reduced by the House of Representatives. If the full amount is restored, the Office of Price Administration would be the largest non-war agency in government and have about three times as many employees as the War Production Board.

ONE OTHER WEAPON.

In any line of business, one finds that some folks do business at less expense than others. If a price ceiling is set to enable the operator with higher expenses to continue on a profit basis, it gives a longer advantage to the chap with lower overhead. On the other hand, if a price ceiling is set to enable the business man with lower costs and expenses to continue operations at a reasonable profit, it might serve to work a genuine hardship on the one with higher overhead and in fact crush him out of business. To keep the whole structure of price ceilings intact and at the same time avoid the hardships that result from a ceiling which unfairly penalizes the business man with higher costs, OPA proposed to use subsidies voted by Congress to subsidize or aid the chap who may be disastrously affected or hurt by the price ceiling. These subsidies plus the large policing and administrative force are the weapons on which OPA relies to effectively keep prices in line. There is however no way of estimating the ultimate burden on the Federal Treasury if a system of subsidies is used to eliminate the hardships that might result over the whole business structure of the country and Congress has been reluctant to start the country on that course because it might require untold sums for many years. The subsidies have not been voted and the administrative funds have been reduced on the ground that volunteer efforts can be procured throughout the country to chock on prices and there the matter stands until the Senate acts.