**REMARKS OF REPRESENTATIVE JOHN F. KENNEDY IN THE HOUSE OF REPRESENTATIVES, WASHINGTON, D.C., JULY 9, 1951**

**The Defense Production Act Amendments**

Mr. Speaker, I believe that the defense production bill in the form it has come before the House is wholly inadequate to accomplish the vital task of stabilizing prices, wages, and rents.

I am opposed especially to the following provisions of the bill:

First.  The prohibition of further rollbacks of beef prices.

Second.  The authorization of the 20-percent increase in rent over the 1947 maximum rent, plus the same 20-percent increase on all allowably adjusted increases since 1947.

Third.  The amendment to the bill, to be offered by the Education and Labor Committee, which would seriously hamper the Wage Stabilization Board’s tasks of stabilizing wages in a just and reasonable manner.

I am also opposed to these shortcomings of the bill:

First.  Its failure to require that public utilities and common carriers, which are not regulated by state, city or other municipal body, be subject to Federal price control. These entirely uncontrolled utilities and public carriers have raised their prices so high that many producers have asked the Office of Price Stabilization for price increases to be passed along to the public.

Second.  Its failure to authorize the Office of Price Stabilization to license businesses selling articles subject to price control. Ex-President Hoover has stated that this licensing power is essential if price control is to be truly effective.

Third.  Its failure to meet more realistically the food-price problem caused by the present law’s provision that no price ceiling may be set on agricultural products below the so-called parity level.

Fourth.  Its failure to permit more effective control over commodity speculation and profiteering.

My opposition to the prohibition of further roll-backs on beef prices is based on these facts. When the Office of Price Stabilization announced the first beef roll-back on April 28 beef cattle prices were 152 percent of parity. This first roll-back, amounting to 10 percent, went into effect on May 20, but was not felt at the consumer’s retail level.

In order to allow the meat industry to make adjustments to the change, the next announced roll-backs were staggered over several months. Roll-backs of 4½ percent each were scheduled for August 1 and October 1, at which time the consumer would finally obtain some relief from increasingly high beef prices.

Even after the scheduled October roll-backs beef prices would be higher than the highest ever paid before Korea, and would stand at 125 percent of parity.

Obviously, the roll-backs on beef would be reasonable and in the interest of the American consumer. What is more, they would be fair to the beef producers.

The provision in the present bill which prohibits these roll-backs is, in effect, a favor to a special-interest group, which is already being well taken care of by the Government. It should be stricken from the bill.

Prohibition of roll-backs will be a severe blow to our attempts to meet the threat of inflation, for increased food prices will result in demands for higher wages and the never-ending consequences of price-wage spirals.

The 20-percent increase in rents above 1947 maximum rents provided for in this bill, although seeming reasonable, would but add to the burden of those Americans already most heavily burdened by the present high cost of living – the lower- and middle-income rent payers.

In my own native city of Boston, for example, the Bureau of Labor Statistics says the average rent increase from 1941 till this year amounts to 25.7 percent. The average percentage increase in 34 large cities in the country amounts to 28.7 percent, the Bureau of Labor Statistics also tells us.

What harm, then, say the proponents of this bill’s 20 percent authorized increase over 1947 rents, can be done to the rent payers of the Nation if the average increase is already above 20 percent? The bill provides, they say, that any rent which has already been increased by 20 percent since 1947 will not be affected.

In checking into the statistics given by the Bureau of Labor Statistics, however, I have found these to be the facts in Boston – and housing officials have assured me that Boston is typical of the other large metropolitan cities in the country:

There are approximately 250,000 rental units out of the total 415,000 dwelling units in the Boston area. Of these 250,000 about 25,000 were never under rent control. Of the remaining 225,000 units, about 100,000 signed the 15 percent rent increase lease authorized a couple of years ago by the Congress. Some 40,000 individual rent increase adjustments have been made.

The only general increase that has been granted in Boston since 1947 was an 8 percent general tax increase allowance.

Thus, it is apparent that, taking duplication of those landlords receiving the 15 percent increase leases and those who have received individual adjustments into consideration, upward of half of Boston’s controlled rent payers have been increased only the 8 percent granted in the general tax increase.

Therefore, about 100,000 Boston tenants will, if the bill’s rent-control provision stand, have their rent increased by 12 percent.

I am bitterly opposed to such a rent increase at this time when we are struggling to keep the cost of living down. Consequently, I shall offer an amendment to the present bill cutting down the authorized increase from 20 percent to 10 percent.

The effect of the proposed amendment to abolish the existing Wage Stabilization Board and substitute a new board would be to strip the Board of its responsibility for day to day administration of wage stabilization controls and to confine and limit its jurisdiction.

The proposed amendment rolls back most of the dispute settlement authority granted by Executive Order 10233; and more, it freezes the authority of the President to deal with national industrial relations problems as they arise. It would prohibit any use of the Board in the solution of national industrial relations problems.

This bill, in its present form, will not do the job that vitally needs to be done. If passed in its present form, it increases the responsibility which the Congress and the President must assume for failing to meet the problems of inflation with the vigor that was required. The responsibility of the President rests with his failure to request full and complete powers to limit the rise in the cost of living at the beginning of the hostilities in Korea, and with his delay in using the limited powers granted to him.

The responsibility of the Congress rests with its failure to accept the recommendations of Mr. Baruch a year ago, and with its willingness – as in this present bill – to listen to the siren call of the special interest.

What has happened in the past year to the cost of living, when the full impact of the defense effort upon the economy has not been felt, is indicative of the necessity for strong action on all fronts in this war against inflation.

The facts are plain:

**Prices**

For the month ending May 15, according to the most recent Labor Department Consumer’s Price Index, the cost of living reached an all-time high of 185.4 percent over the 1935-39 average.

The following breakdown gives the comparative figures for May 15 of last year; June 15, 1950, just prior to the outbreak of the Korean war; and May 15, 1951: