P.S. to the NEWS
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FAILURE OF PRICE CONTROL

Most elections are dominated either by the personality of a candidate, or local problems, or a mix of issues. But there were two national elections of the 20th century which constituted clear-cut referendums on a single issue. In 1920, the election of President Warren G. Harding was not really a victory for him, but a national mandate against the Woodrow Wilson foreign policy and League of Nations.

In 1946, the Republican victory in the Congressional elections represented a stunning rejection of price control. The voters sent a message loud and clear in the words of the Republican slogan: "Had enough!" During World War II, the American people accepted even the drafting of their sons with better grace than the fixing of prices by Federal bureaucrats of the hated OPA -- the Office of Price Administration.

Twenty-five years later, a whole generation had died off and an entirely new generation had entered the ranks of voters. The American people had forgotten that lesson of 1946.

It seems there are two kinds of people in the world: those who must make their own mistakes, and those who read history and learn from the mistakes of others. By 1971, the former group was in the majority and the American people were demanding price controls to cope with inflation. President Nixon responded to the roar of the crowd instead of to the still small voice of reason, and ordered price and wage controls.

Well, controls didn't work. Prices went up anyway, and we ex-

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perienced shortages of many essential goods. Finally, in President Nixon's recent news conference, he frankly admitted: "The answer to higher prices is not simply controls -- controls have been tried -- and controls have been found wanting."

A recent WALL STREET JOURNAL survey of business executives showed that, whereas three years ago business executives were demanding price and wage controls, today the consensus is against controls of "any type." They've had a bitter lesson and now concede that "controls really do all the horrible things that conservative economists said they would -- everything from discouraging investment and drying up supplies to creating black markets and generally disrupting orderly business."

One of the many bad results of price control is that it encourages the exporting of vital goods, as producers seek to sell for higher prices overseas. For example, this is what is now happening to our "clean" American coal, so necessary to the production of steel.

While our steel workers are being laid off because the mills cannot get enough coal, our Appalachian coal is being shipped to Europe, Asia and Latin America where it can be sold at a higher price. Even Communist Rumania and Yugoslavia are importing our coal today.

When President Nixon admitted the failure of price controls he concluded that "the answer to higher prices is to get up the supplies. That will bring the price down." It will, indeed. But the way to "get up the supplies" is to remove price control so that producers are stimulated to increase their output, seek new resources, and stop exporting. Just as removing price controls from meat ended the meat shortage, so removing price controls from coal and oil will end those shortages.

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