

ON FILE COPY

October 1984

AD-A207 729

PRICE STABILIZATION  
IN A NATIONAL SECURITY EMERGENCY

State and Local Guidance

Prepared for

Federal Emergency Management Agency  
Washington, D.C. 20472

Contract EMW-83-C-1253

DTIC  
ELECTE  
MAY 09 1989  
S E D  
Cb

This document has been approved  
for public release and sales in  
distribution is unlimited.

Center for Planning and Research, Inc.

89 5 05 039

# PRICE STABILIZATION IN A NATIONAL SECURITY EMERGENCY

## TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION	1
A. Purpose	1
B. Objectives of the Stabilization Program	1
C. Responsibilities	2
II. PLANNING ASSUMPTIONS	3
A. Operational Conditions	3
B. Islands of Survival	3
C. Economic Stabilization Measures for Various Conditions	5
D. Price-related Problems Following an Attack	7
III. GENERAL POLICIES AND AUTHORITIES	9
A. General Policies	9
B. General Instruments of Control	9
C. Authorities	11
IV. THE EMERGENCY ORGANIZATION AND ITS RESPONSIBILITIES	13
A. Federal	13
B. State and Local	13
C. Local	14
V. CONCEPT OF OPERATIONS	15
VI. IMPROVING READINESS PRIOR TO CRISIS	16
A. Planning	16
B. Organizational Development	16
C. Recruitment and Training	17
D. Resource Planning	17
E. Review of Authority	18
Appendix 1	1-1

Accession For	
NTIS GRA&I	<input checked="" type="checkbox"/>
DTIC TAB	<input type="checkbox"/>
Unannounced	<input type="checkbox"/>
Justification	<i>per</i>
By <i>AP</i>	
Distribution/	
Availability Codes	
Dist	Avail and/or
	Special
<i>A-1</i>	

This document has been approved  
for public release and sale; the  
distribution is unlimited.



# PRICE STABILIZATION IN A NATIONAL SECURITY EMERGENCY

## I. INTRODUCTION

### A. Purpose

> The purpose of this document, Price Stabilization in a National Security Emergency, is to provide guidance to State and local government leaders, Federal agency regional staff, and private sector NDERs on price stabilization during a national security emergency following a nuclear attack on the United States. The guidance covers basic authorities, the emergency conditions, planning assumptions, general policies, concept of operations, and the price stabilization organization and its responsibilities. The document provides the basis for improving the readiness of State and local jurisdictions for undertaking economic stabilization programs. The guidance is intended to be sufficiently flexible so that modifications can be made to meet any variations and unique requirements and situations which may prevail in the various States and localities.

### B. Objectives of the Stabilization Program

~ Under the conditions of severe economic dislocation attendant to a national emergency that results in an attack on our nation, the primary objective of economic stabilization would be to maintain and protect the surviving economy as part of the overall effort directed toward national survival and recovery. Stabilization strategies would be applied to: financial and monetary systems; wages, salaries, and benefits; prices; rents; and rationing of essential goods. These measures are designed to maintain public confidence in our market and financial systems and their institutions so that general inflation can be controlled, scarce resources conserved, and the recovery effort supported so that the most efficient use is made of human material and capital resources to bring about national recovery as rapidly as possible. ~ The stabilization program is also meant to encourage the equitable sharing of the available supply of goods and services for consumption purposes.

- 100 -

The specific objectives of price stabilization are to discourage unwarranted increases in prices and wages and to discourage profiteering, hoarding, speculation, and

other disruptive practices that would result in severe inflation and the destruction of our market system. In controlling inflation, however, maximum feasible reliance will continue to be placed on selective individual prices to guide production, consumption, and the allocation of essential goods and services. Thus the objective is to limit inflation, thereby preserving the purchasing power of the medium of exchange while at the same time allowing relative prices and wages to reflect underlying supply-demand forces.

C. Responsibilities

The Federal Government is responsible for the implementation and administration of nationwide economic stabilization measures in time of emergency. However, in the event of nuclear attack, the Federal Government may be forced to rely upon State and local governments to implement various emergency stabilization measures and to oversee their immediate post-attack administration. States and localities will be assisted in this effort by regional Federal agency personnel, private sector National Defense Executive Reservists (NDEs), and, to the extent feasible, by Federal national personnel.

The State Government's responsibilities are to:

- a. Disseminate guidance for post-attack stabilization of the local economy to local operating levels.
- b. Determine requirements and establish procedures, including the administrative and organizational requirements for stabilization at the State level.
- c. Ensure maximum program uniformity by providing appropriate administrative and technical price stabilization guidance to each local operating level organization.

In the event that no Federal emergency economic stabilization program is implemented, local operating level organizations are responsible for developing, in accordance with State economic stabilization plans, a capability to administer emergency price stabilization (as well as rent stabilization and consumer rationing programs) immediately after a nuclear attack on the United States.

## II. PLANNING ASSUMPTIONS

### A. Operational Conditions

Economic stabilization programs operative during peacetime and non-war emergencies must be modified and extended for implementation in any of the operational conditions that might arise as a result of a national security emergency. While price stabilization and, more importantly, consumer rationing would be required on a local basis following nuclear attack on the United States, such stabilization measures might have to be instituted by the Federal Government prior to an attack. The present guidance focuses on the stabilization programs for intense strategic crisis or post-nuclear attack in the event that no Federal emergency economic stabilization program has been implemented.

Figure 1 depicts the range of conditions for which preparations should be made. The figure shows an "intensity of emergency" profile developing over time for a possible scenario. Increases in intensity could occur if an international event is clearly recognized as an overt and immediate threat. The intensity could continue to increase through various stages of U.S. defense mobilization, possibly leading to a national security emergency and possibly a nuclear attack on the United States. On the other hand, the confrontation might be resolved at any level of intensity short of attack. To meet these conditions, economic stabilization measures and other emergency actions must be responsive to the increased levels of readiness and the nation's capability to respond as the situation changes, while minimizing the disruption to normal economic activities.

### B. Islands of Survival

Following a nuclear attack, the nation could consist of "islands of survival" interspersed among areas of widespread damage. These islands could include part or all of a State or portions of several States located in relatively low population areas. However, it is also possible that such "islands of survival" could include significant portions of urban areas. In the absence of a Federal stabilization program in an "island of survival", States and localities should be prepared to implement and administer a stabilization program in accordance with State plans for price and rent stabilization as well as consumer rationing.

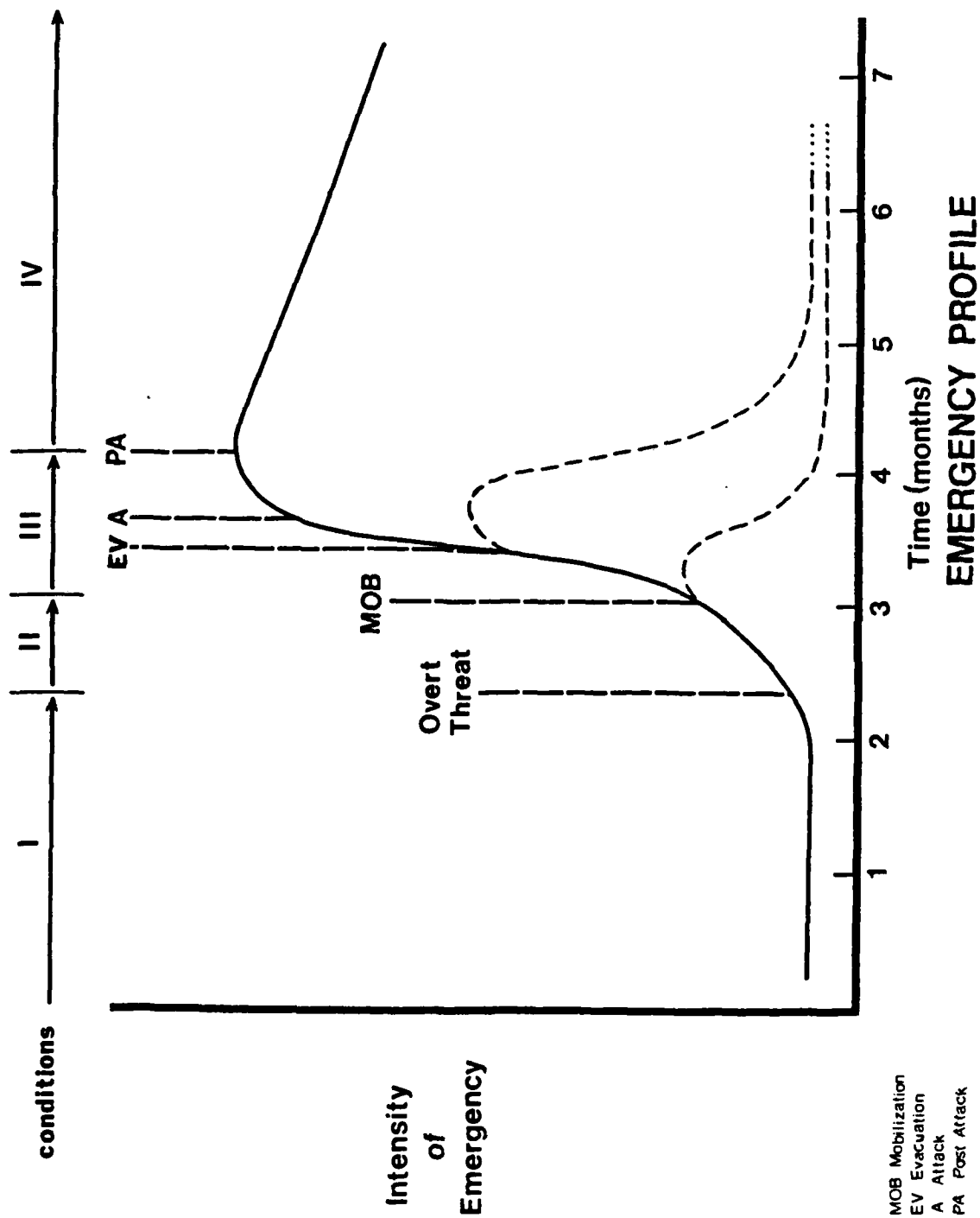


Figure 1

C. Economic Stabilization Measures for Various Conditions

Because of the possibility of a buildup of tension over time, types of economic stabilization actions to be taken can be considered in terms of a number of conditions. They are:

- CONDITION I: Peacetime
- CONDITION II: National emergency (Threat of war)
- CONDITION IIIA: Mobilization with limited controls
- CONDITION IIIB: Mobilization with full controls
- CONDITION IV: Post-attack recovery

Key objectives and economic stabilization measures for conditions of increasing intensity are shown in Table 1.

Condition I, Peacetime, usually uses only indirect controls, such as fiscal and monetary policies, to maintain a healthy economy. It may be considered the base case.

Key objectives of Condition II are limited to moderating private business expectations of shortages and inflation and supporting U.S. international (economic defense) measures that could improve the stability of the domestic economy.

With increasing tension accompanying Condition III, Mobilization, the principal objective would be to subdue inflation while increasing the defense share of the GNP. At the early stages of mobilization, this might be accomplished by indirect measures, such as emergency taxes and restrictive monetary and credit policies accompanied by a system of priorities and allocations for key resources. Continued movement toward full mobilization might bring with it the need for selective credit controls and direct controls, including a Federal freeze order on prices, wages, and rents. The occurrence of ordered evacuation or an attack would also require rationing of essential consumer goods and services. Some of these measures could be imposed earlier, however, depending on the state of the economy and Federal-level decisions.

Objectives under Condition IV, following a nuclear attack on the United States, would be designed to reconstitute as soon as possible a viable economic system to support the surviving populations. As previously noted, the post-attack period would

Table 1

## ECONOMIC STABILIZATION OBJECTIVES AND MEASURES

Conditions	Key Objectives	Possible Economic Stabilization Measures
I Peacetime	o Normal economic climate	o Normal fiscal and monetary policies
II National Emergency (Threat of war)	o Reduce private and business expectations of shortages and inflation	o Fiscal policies, such as emergency taxes
		o Other indirect controls, such as changes in Federal Reserve Board policies
IIIA Mobilization with limited controls	o Support U.S. international economic measures that could affect the domestic economy	
	o Limit inflation while increasing defense share of GNP	o Fiscal policies, such as emergency taxes
		o Stronger indirect controls, such as credit tightening
		o Priorities and allocation system for key resources
		o Advanced notice of direct controls and rollback provisions
IIIB Mobilization with full controls	o Limit inflation while increasing defense share of GNP	o Freeze on prices, wages, and rents
		o Continued indirect controls, including credit controls
		o Continued priorities and allocation system for key resources
Evacuation	o Maintain basic economic system	o Rationing
	o Promote equity	o Selective moratoria on debts, contracts, etc.
IV Post-attack recovery	o Reconstitute viable economy	o Freeze on prices, wages, and rents
		o Rationing
		o Adjustment of direct controls
		o Continued indirect controls
	o Restore a balanced recovery base	o Loss indemnification
		o Clarification of ownership
	o Promote equity	o Selective moratoria on debts, contracts, etc.



require States and localities to implement and administer price stabilization and consumer rationing in the event that no such Federal programs were imposed prior to the attack. In the event that Federal programs had been made effective prior to the attack, States and localities should pattern provisions of their regulations after those of the Federal programs. Such action will facilitate the re-establishment of Federal programs for national recovery, indemnification, clarification of Federal programs for loss sharing and ownership, and other measures necessary to promote economic recovery.

#### D. Price-related Problems Following an Attack

Many of the economic problems expected in a post-attack period have been encountered before during major mobilizations. Severe inflation and market disruption are likely to be at the forefront. During the early post-attack period, most efforts will be directed toward reconstituting a viable economy. The problem of maintaining absolute price stability can be considered secondary to the need to provide essential goods and services and to establish a basis for long-term recovery. However, even though difficult to enforce, stability can be derived from ordering a short-term freeze or standstill on price increases. The program must, however, be quickly modified for market forces to provide essential goods and services which otherwise would not be forthcoming. Major problems might include:

- o Price distortion and inequities that get locked into a freeze. Many distorted prices would be locked in by a freeze order. Such distortions would require early adjustments by issuing revised price information reflective of actual supply-demand conditions and the need for essential goods and services.
- o Emphasis must be on voluntary compliance. Since there are expected to be numerous centralized distribution outlets, each of which may have thousands of items for sale, it will be difficult for investigators to determine whether or not prices are in compliance. Emphasis on voluntarism is likely to be the only effective method.
- o Development of shortages. If the freeze sets prices of goods and services too low, there will be a tendency for shortages to develop. The longer the artificial price continues, the more likely it is that shortages will develop or

that existing shortages will be exacerbated. As indicated previously, price adjustments must be made promptly at the State or local level to encourage needed production and distribution of essential goods and services. However, rationing of commodities in short supply should help to support price stabilization.

### III. GENERAL POLICIES AND AUTHORITIES

#### A. General Policies

The basic national policy would be to restrain inflationary pressures during mobilization or following an attack on the United States to support the efficient use of economic resources. Current economic stabilization planning applicable to a developing economic national security emergency provides as a Presidential option the possible imposition of an initial freeze with rollback on wages, salaries, benefits, prices, and rents to support essential economic activities and set the stage for a return to orderly markets. Such a freeze might be accompanied by consideration of a Federal program for the rationing of essential goods and services should the mobilization crisis require. Following nuclear attack, these stabilization programs would form a basis for State and local stabilization programs along with other Federal guidance.

Price adjustments will be required promptly at State and local levels to reflect supply-demand imbalances. However, they should be held to an absolute minimum even though temporary inequities may result. If urgent adjustments are required, to obtain emergency survival items, for example, local authorities should promptly provide such relief.

#### B. General Instruments of Control

##### 1. Federal General Freeze Order

A Federal General Freeze Order that covers the major economic stabilization measures that would have to be enacted by State and local governments is provided as a guide (Appendix 1). Following a nuclear attack upon the United States it would cover prices, wages and salaries, and rents; address rationing; and include such information as:

- o The date that the freeze order takes effect (base date).
- o The base period to be used in setting initial allowable prices.

- o Requirements for record keeping.
- o Definitions of relevant terms.
- o Information on the price control and interim administrative responsibilities of State and local authorities.

## 2. Price Control Regulations

As indicated in the General Freeze Order, the Federal Government places heavy reliance upon State and local authorities to administer the price control program for an interim period during crisis and following attack. One instrument of administration will be the price control regulations issued by the State governments to cover the interim period. Regulations should cover such considerations as:

- o Establishment of a State and local price control organization, with appropriate jurisdictional boundaries.
- o Delegation of authority.
- o Procedures for posting and/or announcing prices and price ceiling changes.
- o Policies and procedures for compliance and enforcement (emphasis on voluntary actions).
- o Procedures for setting prices paid and fees charged by institutions, emergency services, and other essential organizations.
- o Exceptions and exemptions from price controls.
- o Procedures for identifying current and future shortages for consideration in price adjustment decisions.
- o Records and record keeping.

- o Relationships between price, rent, wage, and salary stabilization, and other resource management programs (priorities and allocations); consumer rationing; and money, credit, and banking.

### 3. Instruments of Compliance and Enforcement

It is expected that, for the most part, businesses and the public will comply with the freeze order, particularly if the program is administered fairly by making timely adjustments to prices as required. One of the principal instruments of compliance will be the widespread knowledge of the price freeze and public opinion and pressure against illegal profiteering. It will be in the public's interest to keep prices down, a motivation for reporting violators to the stabilization officials. Significant violations will be handled by direct contact by price personnel requesting price rollbacks and refunds to offset validated overcharges. A requirement for posting and announcing prices is also expected to act as a deterrent to potential violators. In the case of reported repeat violations or a firm's unwillingness to comply, an investigation will be undertaken. If necessary, the State or local jurisdiction may, under its emergency authority, stop the supplies for that business. It is expected that legal action will be deferred. Local authorities should refer disputes to higher levels for later action.

### C. Authorities

#### 1. Peacetime (Condition I)

The two basic authorities for the planning of emergency economic stabilization activities in peacetime are the National Security Act of 1947 and Executive Order 11490. The first provides for advice to the President concerning programs "for the maintenance and stabilization of the civilian economy in time of war, and for the adjustment of such economy to war requirements and conditions".

Executive Order 11490, as amended, Section 3006 requires FEMA and the Federal financial agencies to cooperate "in the development of emergency preparedness measures involving emergency financial and credit measures, as well as price, rent, wage, and salary stabilization, and consumer rationing programs".

## 2. Emergency conditions short of imminent attack (Condition II, IIIA, or IIIB)

No Federal authority for implementing an economic stabilization program currently exists for mobilization conditions short of evacuation or attack. However, there is draft legislation, referred to as the Draft Defense Resources Act. In the event of an unfolding emergency, it is expected that this act could be quickly submitted for approval and submitted to the Congress and the President. One option calls for establishing an Office of Emergency Resources (OER), which in turn provides for an Economic Stabilization Agency (ESA) to report to that Office. The ESA would be staffed by members of FEMA, members of other Federal agencies, and private sector leaders under the National Defense Executive Reservists (NDERs) program. The decision to impose all direct economic controls is reserved to the President of the United States. Such a decision will depend on the circumstances at such time as a national security emergency is declared.

## 3. Extreme Crisis (Attack or Imminence of Attack) (Condition IIIB or IV)

The President's constitutional powers as Commander-in-Chief would be invoked in the event it appears that nuclear war is imminent. It is expected and should be assumed that the President will declare a national security emergency if not previously announced.

If price controls have not been imposed prior to nuclear attack, it will be assumed by State and local authorities in an Island of Survival that the President has issued the Federal General Freeze Order shown in Appendix 1. State and local jurisdictions will declare a state of emergency, which will allow them to proceed with the previously discussed price stabilization measures if the Federal Government is unable, temporarily, to assume administration of the national program. As noted previously, States and local jurisdictions should be prepared under their emergency powers to assume responsibility for price stabilization in the event that no Federal Government program is enacted or that it is unable, temporarily, to administer such a national program.

#### IV. THE EMERGENCY ORGANIZATION AND ITS RESPONSIBILITIES

##### A. Federal

If Federal price stabilization has been implemented before an evacuation program is initiated, it is expected that the Federal Government, through designated Federal agencies (including the Internal Revenue Service) with regional and local field offices, will have some organizational capability in place to begin the administration of the programs. In this situation, the Federal Government program will continue to be applicable during evacuation, with relocation of offices and personnel to reception areas. State and local organizations and private sector groups may assist, if requested to do so by Federal officials. If no such Federal program is in effect when evacuation is initiated, the Federal Government will, to the extent possible, set up such price stabilization as is needed, with the assistance of the State and local organizations. If price control has not been established and there is an attack, the State and local organizations in Islands of Survival will assume responsibilities as previously indicated. These organizations and some of their specific responsibilities are described below.

##### B. State

The Governor of each State or his designee will establish a Price Stabilization Organization, which will have responsibility for planning and positioning the price stabilization authorities within the State and for providing guidance to local officials. The Governor may appoint the organizational head or allow for his election by the group members. The group should include a broad representation of persons in the private sector, such as consumers, wholesalers, and retailers. Stabilization groups in large, populous states may choose to establish regional price bodies to coordinate operations of the local elements. Local price elements may be established at either the county level, city level, subcity level, or all three.

The organization will work with local governments to ensure that appropriate authorities are in place and that price elements are established at the local level throughout the State. If possible, the organization will receive guidance throughout the State. If possible, the organization will receive guidance through Federal regional

offices, which in turn will receive guidance and assistance from national headquarters. The organization will have responsibility for providing administrative and technical guidance to the local bodies. Such assistance will include information on publicity, emergency orders of other programs, and technical information necessary for local price stabilization administration. The organization may also be required to act as arbitrators in local price stabilization disputes.

At the State level, it is expected that the Price Stabilization Organization together with the organizations on Consumer Rationing and Rent Operations will report to the State Economic Stabilization Organization, which in turn will report to the Emergency Preparedness Director under the Governor.

#### C. Local

Local price bodies may be established at either the county, city, or subcity level, or all three, depending on the decision of the Price Stabilization Organization. The administrative head of local government (such as the Board of Supervisors, Mayor, or City Manager) will have responsibility for appointing members to the local price bodies. These members should also be representative of the community at large (as is true at the State level). The local boards, in turn, will establish district or neighborhood boards, if appropriate. All of these groups will work closely with organizations for consumer rationing and other emergency programs.

Local bodies generally will have the responsibility for informing the public of the freeze order, obtaining price information, seeing that prices are announced or posted, and ensuring that there is compliance with the established or base period prices. Specifically, they will have responsibility for providing press releases to the media to inform the public of the major provisions of the freeze order and the location of local price control offices. Follow-up information on rules, regulations, and interpretations will also be provided to the media for public dissemination. Personnel in the offices will handle informational inquiries and complaints. Complaints must be recorded and contact made with the alleged violators.



## V. CONCEPT OF OPERATIONS

Whether State and local governments have responsibility for a Federal stabilization program which was previously implemented or they establish a new post-attack program, the sequence of operational functions to be performed will be the same. These include:

1. Immediate announcements to the public. If feasible, press releases will be disseminated to the public immediately upon notification or assumption of the promulgation of a Federal freeze order. Press releases and other information dispersal methods should focus on provisions and procedures of the price freeze and the proposed program for the adjustment of prices to reflect market conditions.

2. Initial implementing actions. As soon as possible after promulgation of the general freeze order, price stabilization offices should be activated. Staff members of the emergency organization, which may include consumer rationing functions, should advise and assist persons to comply with the freeze and receive information on the supply-demand and price situation. Staff should also accept and correct complaints and should be delegated the authority to make investigations deemed necessary to administer the freeze order and the adjustment program. They may also make preliminary determinations as to whether there are violations along with recommendations on how the situation should be handled.

3. Follow-up announcements to the public. As soon as possible and if feasible, announcements will be made to the public that will include names of key officials, the locations of additional offices established, additional details on complaints and compliance, interpretation and guidance related to the freeze and the adjustment program, and any other matters that should be brought to the attention of the public.

## VI. IMPROVING READINESS PRIOR TO CRISIS

### A. Planning

Although this document provides general guidance for operations in the event that State and local authorities must direct and enforce emergency price stabilization, the level of detail is not sufficient to serve as a substitute for prior planning at State and local levels. The guidance needs to be adapted to the individual States, and detailed strategies for operating procedures, public information, rosters of personnel, emergency communications, and resource lists must be prepared.

State and local authorities should be in place, and the list of appointees for the State-level Price Stabilization Organization and local bodies should have been made and kept up-to-date prior to a crisis. The Organization should plan to incorporate any additional planning guidance received from the Federal Government into plans for local operations. Details should include plans for organizational development, recruitment and training, resource planning, and interagency coordination. These four aspects of operations are discussed below as they relate to improving readiness prior to a crisis.

### B. Organizational Development

As tension increases prior to a mobilization emergency or attack, members of the State-level Price Stabilization Organization should have been chosen with routine organizational meetings held as part of general civil defense preparedness. After the entire State organization is decided upon, contact should be made with authorities at regional (if applicable) and local levels to ensure that personnel for price bodies have been chosen or the process has been set in motion for them to become generally familiar with the related actions of rent and wage and salary stabilization and consumer rationing as well as their roles in price stabilization. Preliminary meetings should be held at these levels to plan for recruiting and training personnel, determining required resources and locating sources of supply, and determining how the price group will interact with the rent control, wage control, and rationing bodies. These subjects are addressed in the guidance presented below.

### C. Recruitment and Training

The Governor should select and designate qualified government and private sector leaders to provide the necessary direction to the State's Economic Stabilization Agency in an emergency. The State should develop a roster indicating the positions that these individuals will occupy in the emergency organization. Complete information (e.g., names, telephone numbers, addresses) should be documented and kept up-to-date for use in times of emergency.

National Defense Executive Reservists (NDEs) with appropriate expertise may be available at the State, regional (if applicable), or even local level in some cases. In any event, the roster should include individuals familiar with administrative matters as well as those with competence in commodity fields. Sources may include merchants, economists, and members of consumer or civic organizations. Three to five persons may be all that is required for a board at the local level (county, parish, or township).

Volunteers may also be recruited to serve in some of the price stabilization offices, but the basic staff should be composed of carefully selected paid employees who can serve for the duration of the reconstitution period. Staff support may also be recruited from local government agencies. They will require a number of basic skills, including record keeping, public relations, information, and business operations.

If a price stabilization program has been imposed prior to evacuation, volunteers and paid staff may have obtained training from Federal employees in similar positions. If price stabilization has not been imposed in an emergency mobilization period, the State-level price organization should ensure that appropriate (basic) information and training materials are available to the local bodies and staff if such guidance has not already been prepositioned. Exercises should be held at the regional and local levels to assess the local bodies' and staffs' capability to respond in an emergency. These can be part of regular civil defense and related exercises.

### D. Resource Planning

Plans at the State and local levels should include requirements and source identification for office space, communications, and office furniture, supplies, and

equipment which can be activated in an emergency. Consideration should be given to sharing office space and administrative staff with other economic stabilization programs to help ensure close coordination and to minimize administrative costs.

E. Review of Authority

State and local jurisdictions should review the adequacy of their current emergency authority to declare emergency conditions and to activate emergency operations in the event that national emergency programs cannot be promulgated.

Appendix 1

**FEDERAL GENERAL FREEZE ORDER**  
(Economic Stabilization)

Whereas, the President has proclaimed the existence of an unlimited national emergency and of a civil defense emergency, and has found that it is necessary to provide for resource conservation and control and for the stabilization of the civilian economy;

Now, Therefore, by virtue of the authority vested in me by the President, it is hereby ordered as follows:

Section 1. General Freeze.

All prices, wages and salaries, and rents are hereby frozen at the levels specified in section 2 of this order.

Section 2. Prohibitions.

(a) No person may charge, receive, or pay more for commodities and services than the highest prices which were in effect during the one-month base period (prior to the base date).

(b) No employer shall pay and no employee shall receive a wage, salary, or other form of compensation at a rate higher or lower than that paid or received as of (the base date).

(c) No person shall demand or receive, nor shall any person pay more than the following rent ceilings:

(1) The rent in effect on the base date for any housing accommodation, commercial, or industrial unit which was rented on the base date;

(2) The last rent in effect during the base period for any house, apartment, flat, commercial, or industrial unit which was not rented on the base date but was rented at any time during the base period;

(3) The ceiling rent established by regulation, directive, or order issued pursuant to this Order for houses, apartments, flats, commercial, and industrial units, for rooms of all types, and for any rented structure, unit, or space.

(d) No owner of any interest in real property shall demand or receive, and no purchaser shall pay more than the sales price ceilings, which shall be:

(1) The sale price specified in a sales contract signed by both parties on or before the base date; or

(2) Where there is no such sales contract, the fair market value of the property in the rent-control area as of the base date, as established by an authorized appraiser, subject to the approval of the local rent administrator.

### Section 3. Consumer Rationing.

For a period of five days from the effective date of this Order, all retail sales, except perishable foods or any health item dispensed under prescribed procedures, shall be prohibited. Thereafter, rationing of selected essential consumer items will be imposed as rapidly as possible.

### Section 4. Definitions.

(a) "Base Date": Base date means the date of the first nuclear attack on the United States.

(b) "Base Period": Base period means the one-month period prior to the base date as to ceiling prices, and the three months prior to and ending on the base date as to rents.

(c) "Persons": Persons shall include an individual, corporation, partnership, firm, or any other entity.

(d) "Price": Price shall include rentals, commissions, margins, rates, fees, charges, or other forms of prices paid or received for the sale or use of commodities or services or for the sale of real property, but shall not include prices on finished military items produced for the armed forces.

(e) "Commodity": Commodity means all commodities, articles, products, and materials, including those provided by public utilities services, such as electricity, gas, and water.

(f) "Services": Services means all services rendered, other than as an employee, in connection with the processing, distribution, storage, installation, repair, or negotiation of purchases or sales of a commodity, or in connection with the operation of any service establishment for the servicing of a commodity, or privileges including professional services. (The term "service" shall not be construed to authorize the regulation of compensation paid by an employer to any of his employees.)

(g) Wage, salary, or other form of compensation includes all forms of remuneration to an employee by an employer for personal services including, but not limited to, premium overtime rate payments, night shift, year-end and other bonus payments, incentive payments, commissions, vacation and holiday payments, employer contributions to or payment of insurance or welfare benefits or pension funds or annuities, and other payments in kind. Regardless of any right or contract heretofore or hereafter existing, no change or adjustment shall be made in such rates of wages, salaries, or other forms of compensation except as may be permitted or required by regulations, orders, or directives issued under this Order.

(h) "Sale": Sale includes sales, dispositions, exchanges, and other transfers and contracts and offers to do any of the foregoing.

(i) "Authorized Appraiser": Authorized appraiser means qualified appraiser designated by the local rent administrator to make appraisals in connection with the establishment of sales price ceilings for real property.

(j) "Essential Consumer Items": Essential consumer items means items that are used to satisfy essential needs of individual consumers, such as food, clothing, petroleum products, and other items as indicated in section 5.(b).

(k) "Retail": Retail (sometimes referred to as secondary) means the level at which commodities, products, and materials are sold directly to the consumer.

(l) "Rent": Rent includes charges for any building, structure or part thereof, or land appurtenant thereto, or services, furnishings, furniture, equipment, facilities, and improvements connected with the use or occupancy of such property.

#### Section 5. Interim Administration.

Until such time as a Federal emergency stabilization agency is created and is capable of administering the provisions of this Order, interim operations include the following:

(a) The Secretary of Labor is delegated authority to administer those provisions of this Order dealing with wages, salaries, and other compensation (and the resolution of any labor disputes that may arise) and to issue such regulations, orders, or directives as he deems necessary to such administration. He is further authorized to redelegate this authority to such officers of his Department as he deems appropriate.

(b) It is expected that the Governor of each State, through such State officers or agencies, local authorities including civil defense and other emergency organizations as he may designate, will exercise such emergency authorities as are available to him under State law, to provide for the administration of those provisions of this Order dealing with ceilings on prices and rents, the prohibition of all retail sales, and the rationing of essential consumer items. In the course of such administration, the Governor through such designees is expected to make such essential exceptions to the prohibition-of-sales provisions of this Order as he finds necessary and shall designate those essential consumer items to be distributed through the consumer rationing system.

(c) It is further expected that the Governor of each State, pursuant to the laws of his State and supported by local authorities, will provide for the interim enforcement of ceilings established by this Order and of any regulations, orders, or directives issued pursuant to this section.



Section 6. Record Keeping.

(a) Commodities and Services: All records in existence on the date of this Order reflecting prices which were charged for the commodities or services during the base period, together with all other records of any kind or description, shall be preserved. All records hereafter required to be kept pursuant to regulations or directives issued hereunder shall be preserved.

(b) Rents: All persons subject to this Order shall preserve and maintain all records which are necessary to show the manner by which the ceiling rentals were determined and the record of payments made by persons in occupancy of real property or any part thereof.

(c) Wages and Salaries: All employers shall preserve and maintain all records which reflect the rates of wages, salaries, or other forms of compensation paid on the base date, together with all other records of any kind or description.

Section 7. Applicability.

The provisions of this Order shall be effective immediately and are applicable to the United States, its territories and possessions, the Commonwealth of Puerto Rico, and the District of Columbia.

Section 8. Termination.

This interim order shall expire when replaced by subsequent executive or administrative Economic Stabilization Agency orders.

Dated \_\_\_\_\_

\_\_\_\_\_  
Designated Federal Official

(Note: For planning purposes States are to assume that such an order will be issued by the Federal Government in a nuclear attack emergency.)