

Mr. DANIEL. Not that I know of.

Mr. BERTSCH. No, Mr. Chairman, and Governor, there have been no serious examples of rejection of a rated order when the rated order is placed properly and the company accepting it or to which the order is directed has the capability of producing the order in the time frame needed by the Department of Defense or the counterpart agencies.

Chairman PATMAN. What happens if an order is rejected?

Mr. BERTSCH. If the order is rejected, the law provides that we can enforce acceptance of the order and severe penalties will accrue to the company that rejects the order without good and sufficient reason, as provided by our regulations.

Chairman PATMAN. How does the Government judge whether a rejection is legitimate? In other words, does it take the company's word or does it make an independent evaluation?

Mr. BERTSCH. We make an independent evaluation at all times when a rejection is brought to our attention.

Chairman PATMAN. Assuming that the company's reasons are not valid or legitimate, under the Defense Production Act what can the Government do about it?

Mr. BERTSCH. We can go into court and compel the company to accept and produce the item needed.

Chairman PATMAN. Has the Government taken any action under the Defense Production Act against a corporation in recent years for refusing to comply with a priority-rated order?

Mr. BERTSCH. We have not taken such legal action against any companies since the Korean war because it has not been necessary.

We have negotiated at length with many companies concerning the acceptance of a rated order when they felt the order could not be fulfilled by them; but either their reason for rejection was good and sufficient or after negotiations with us along with the Department of Defense and with the collaboration of OEP, they have accepted and delivered in accordance with the law.

Chairman PATMAN. Mr. Clawson, would you like to ask a question?

Mr. CLAWSON. Thank you, Mr. Chairman.

Governor, it is good to have you here with us today.

Governor, I noticed on the first page of your statement you make mention of allowing the price and wage controls to lapse.

With the current critical status of our economy, is there any consideration being given to the possibility of invoking the wage and price controls today or in the immediate future?

Mr. DANIEL. No. I do not know of any consideration, serious consideration, being given to that at this time.

As you know, our office has had the assignment for many years of keeping or having prepared at all times a wage and price control proposal and plans for the Congress in case that we should ever need to go to controls again.

Mr. CLAWSON. If and when it was necessary?

Mr. DANIEL. If and when necessary.

But no one has told us to get this file ready for use. We keep it ready and have for many years. Of course, such a program would require congressional action.

Mr. CLAWSON. Supposing the President invoked emergency authority in this area, then would congressional action be required?