

# The Cost of Living Council's Questions and Answers

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WASHINGTON, Aug. 18—  
Following are official answers to frequently asked questions about the 90-day wage and price freeze, issued today by the Cost and Living Council:

## Prices

Q. May price increases announced prior to Aug. 15 take effect in the future?

A. No. All prices, unless specifically exempted, are frozen according to terms of the order.

Q. Are previously announced increased tuition rates for the 1971-72 school year permitted by the freeze?

A. Yes. These are considered transaction prices, since commitments have been made, and there are a number of cases where payments have been made.

Q. Are stock and bond prices included in the freeze?

A. No.  
Q. Are prices of used commodities, such as used cars, antiques and resales of housing included in the freeze?

A. Yes.  
Q. Are interest rates included in the freeze?

A. No.  
Q. Will the freeze apply to Insurance Rates?

A. Yes, and to all other similar fees and rates.

Q. Are rates charged by Common Carriers and Public Utilities included in the freeze?

A. Yes, whether regulated by Government agencies or set independently.

Q. Are Wholesale and Retail Prices included in the freeze?

A. Yes.  
Q. In cases where Surcharges or other Sales or Excise Taxes have been increased, is the ceiling for the

price paid by the customer (including these taxes) raised by a like amount?

A. Yes. The price the customer pays is equal to the base price, plus these taxes. This ruling applies to imported goods, as well as other goods which are directly taxed.

Q. How do you price New Products?

A. Use the price of the most nearly comparable product sold by your closest comparable competitor.

Q. Should records be maintained for other than the specified base period [Sec. 1 (B)] if another period is used to establish prices?

A. The order is interpreted to require this.

Q. How should imports be priced with the imposition of the temporary 10 per cent import surcharge?

A. The additional dollar and cents cost may be passed on to each purchaser.

Q. Is there any price control over exports?

A. No.  
Q. If farm prices of "raw agricultural products" are exempt, does this exemption of raw products follow through to retail?

A. Yes, if they move all the way in raw or unprocessed state. A head of lettuce is exempt from farm to housewife. Fresh eggs are not covered. Meat in the meat case is covered. Oranges aren't, but orange juice is. Fresh fish is, but frozen fish isn't.

Q. Does the freeze on prices prevent lowering of prices?

A. No. On the contrary, it is hoped that this will occur.

## Wages

Q. Are deferred wage or salary increases which have been negotiated to take ef-

fect in the future permitted by the freeze?

A. No.  
Q. Are future cost-of-living increases built into wage contracts or provided by management exempt?

A. No. There will be no cost-of-living increases during the 90-day freeze.

Q. Are Fees for professional services such as doctors and lawyers included in the freeze order?

A. Yes. No increases in rates or fees for particular services are permitted during the freeze.

Q. How does the freeze affect people who work on commission or piece rates?

A. Commission rates or piece rates cannot be increased over those existing in the base period.

Q. How will Wages and salaries be determined for new jobs?

A. Scales will be determined on the basis of comparable jobs within the affected business or firm. If no comparability exists within such entities, such scales will be determined on the basis of comparable jobs in nearby firms.

Q. What effect does the executive order have on cost-of-living Wage or salary increases ordered by a municipal government and to become effective subsequent to the date of the executive order?

A. State and local governments are subject to the executive order freezing wages and prices.

Q. Are the wages of such state and local governmental employees as firemen, policemen and the like included in the freeze order?

A. They are subject to the freeze just as are well wages in private industry.

Q. Will increases in the

salaries of teachers be allowed?

A. If the contract period before Aug. 15, the salary increase may be granted. If the contract period starts after Aug. 15, the increase is not allowed.

Q. Are Federal Government employees' wages and salaries frozen?

A. Yes.  
Q. What is the policy on promotions?

A. Bona fide promotions that constitute an advancement to an established job with greater responsibility are allowed.

b. Increases in certified apprentice and learner's rates under programs established prior to Aug. 15 are allowed.  
c. Merit and longevity increases are not allowed.

## Rent

Q. How will the rent ceiling be determined for new or previously unrented units?

A. The standard will be that generally prevailing for comparable units in the immediate area.

Q. Are apartment house and other rent fees included in the freeze?

A. Yes.

## Taxes

Q. Are state and local tax rates frozen during this period?

A. No.  
Q. In cases where surcharges or other sales or excise taxes have been increased, is the ceiling for the price paid by the customer (including these taxes) raised by a like amount?

A. Yes. The price the customer pays is equal to the base price, plus these taxes. This ruling applies to imported goods as well as other goods which are directly taxed.