

The National Week * * *

Reg. U.S. Pat. Off.

PRICE TROUBLE FOR BUSINESS: BASIS FOR DOWNTURN IN 1947

Dangers If Consumer Spending Falls Much Below Present Levels

Warnings of officials on housing lag and declining certainty of employment

An end to the rise in prices is coming into sight. Price declines are being predicted officially for sometime in 1947. Agreement is almost general that another turn in the business cycle—this time a downturn—is definitely ahead.

Officials now are devoting more attention to prospects of a downturn than to current price movements. Rising prices at present are viewed as the final spurt before adjustment. The higher this spurt sends prices, the greater will be the fall. That prospect is at the bottom of troubles confronting Chairman Roy L. Thompson of the Price Decontrol Board. A new round of wage increases late in 1946 or early in 1947 would be expected to accelerate the rise and hasten the drop in prices.

President Truman called attention to this trend when he cited the latest report from John R. Steelman, Director of Reconversion. (See page 83.) That report

cautioned that a further rapid price rise could "precipitate an early and severe price collapse." When the President noted this warning, commodity prices had reached an all-time high level.

Basic conditions that prompted this warning indicate that nothing much can be done by the Government to reverse these trends.

Consumer buying is running at a rate of \$126,000,000,000 a year—almost 70 per cent above 1941. It is unlikely that this rate of spending can or will increase greatly. Yet total spending should increase if all the goods to be offered for sale are to be sold at current prices. Officials conclude that something has to give somewhere.

Business spending to build inventories also is expected to decline in the months ahead. The Steelman report doubts that inventory buying can continue at the present rate for many more months. When production smooths out and pipe lines are filled, the volume of inventory buying is almost certain to decline.

Officials thus see both consumer buying and business buying pointing toward a

decline. These views are indorsed by department stores, which are building reserves against inventory losses due to price declines. More cautious buying by retailers in furniture and other fields also is reported.

Other signs of a downturn are developing. The housing program is lagging, and September saw a drop in spending for construction for the first time since January. Forecasts in the Department of Agriculture look for a 20 per cent drop in farm-commodity prices sometime next year. Experts of the Federal Reserve Board detect signs of looseness in the labor market, with the unemployed tending to be jobless for longer periods.

The Price Decontrol Board, finally, sees the time approaching when price controls will no longer be needed. Chairman Thompson told the American Retail Federation that another six months should see the end of most price ceilings. This view toward controls is backed by the Civilian Production Administration, which expects to liquidate its affairs by next March 31.

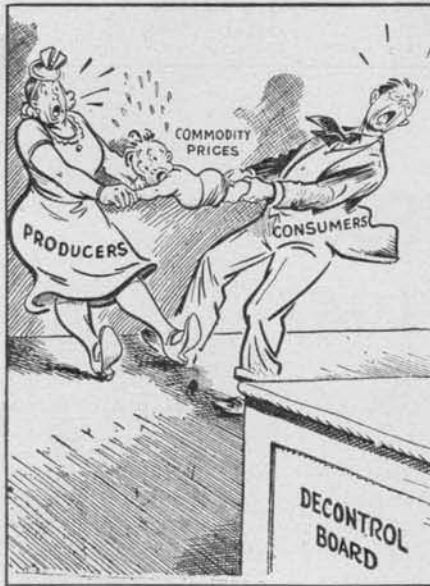
Both these control agencies, thus, expect



CHAIRMAN THOMPSON WITH DECONTROL BOARD MEMBERS MEAD AND BELL

...the higher the prices spurt, the greater the fall

—Acme



—Alexander in Philadelphia Evening Bulletin
CUSTODY OF THE CHILD

the pressures on prices and on supply to ease by next spring.

Conclusions of official appraisers as to the time and duration of a coming price decline are these:

Prices generally are expected to go on rising through this year and into the first three months of 1947. Some spotty weaknesses may develop, but the trend of the price level still promises to be upward.

The peak in prices is likely to be reached sometime between January and April of 1947. After the peak, a period of hesitation in price trends is to be expected.

The break can be expected in 1947, perhaps around midyear or possibly earlier. Thereafter, a period of declining prices is in prospect for several months.

Price recovery will set in after the decline has run its course. Indications are that the period of decline will be relatively short, possibly a year or less. That means that 1948 is likely to see recovery taking hold, with prospects that 1949 will be the first prosperous postwar year based on stability in production, wages, and prices.

The extent of price declines is as difficult to gauge as the time of the break. Both time and extent will depend greatly on the success of the Price Decontrol Board and other control agencies in checking the rising trend that still persists. The higher prices rise, the further they can be expected to fall. Present developments in wage rates, labor efficiency and costs suggest that the decline in prices will stop at a point above the prewar level.

Farm commodities, which have advanced most, will be expected to fall furthest. A break in farm-product prices, in fact, is expected to signal a general price decline. Using 1926 as the base year, farm products now stand at 157—that is, 2.4 times the level prevailing before the war. A decline to 106 per cent of 1926 is indi-

cated as possible by the second half of 1947.

Government price supports are promised farmers, but prices still could fall substantially before supports are warranted. A more detailed study of farm crops suggests these specific declines:

Wheat, which now yields \$1.79 a bushel at the farm, could drop to \$1.59 before supports are needed at the present level of other prices.

Corn, now quoted at \$1.73 a bushel at the farm, could drop to \$1.15.

Milk, averaging 16.3 cents a quart at retail, could fall to 12.2 cents.

Hogs bring farmers \$15.70 a hundred pounds, and could drop to \$13.05 before supports would be required.

Cotton, now yielding 35.3 cents a pound to the farmer, could drop to 22.94 cents.

Actually, a drop in farm prices is likely to be accompanied by a drop in other

are not likely to decline until after the break comes in farm products. The rise in manufacturers' prices was from 81 in 1939 to 120 at present. This level promises to prevail through the first half of next year, but, if other prices start to drop, manufactured goods may decline to 106 during the second half of 1947.

Food prices can be expected to follow the trend in farm products. Foods have advanced from 70 per cent of 1926 to 141 per cent, and already are showing faint signs of decline under reimposed price controls. By the second half of 1947, the prospect is that food prices may be back to 105 per cent of 1926.

Reduction in farm-product and food prices is indicated by prospective increases in supply, regardless of changes in domestic demand. Record grain harvests promise a decline in feed prices, which will reduce the cost of fattening livestock and maintaining dairy herds. Foreign demand also is expected to subside next year.

Textiles are due to rise in price through the next few months. Rising cotton prices and supported wool prices almost assure this trend. The index for textiles promises to advance to 124, from 70 in 1939. A general price decline probably would carry textile prices back to 105. A break in cotton prices is expected to signal a downturn for textiles.

Metals and metal products, like manufactures, have been held down in price. Now at 114 per cent of 1926, the rise immediately ahead is likely to carry metal prices to 120. In the decline, the drop in metals may bring prices to 110.

Building materials now stand at 133 per cent of 1926, compared with 91 per cent in 1939. A drop in the months ahead may carry this index back to 114.

Living costs now are at the same level as in 1920, after the first World War. They



—Barrow in Jersey Journal
CEILING ZERO

prices, which would drive down support levels. Price supports for farmers come into play when the relation between prices received by farmers and prices paid by farmers is disturbed, a relationship determined by the Department of Agriculture's "parity formula."

Other products besides farm commodities and foods have been controlled more effectively. Prices for nonfarm products advanced from 81 per cent of the 1926 level to 111 per cent, and are likely to rise to 114 per cent before a break. A subsequent decline promises to carry them down no further than 103 per cent.

Wholesale prices in general, including 889 commodities, have jumped from 77 per cent of the 1926 level to 126 per cent. The expected decline promises to send the index for all commodities back to 101.

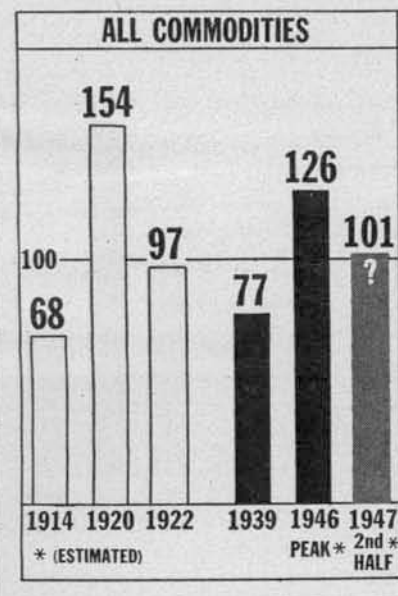
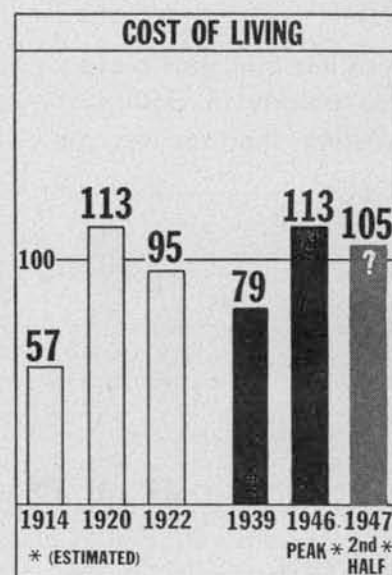
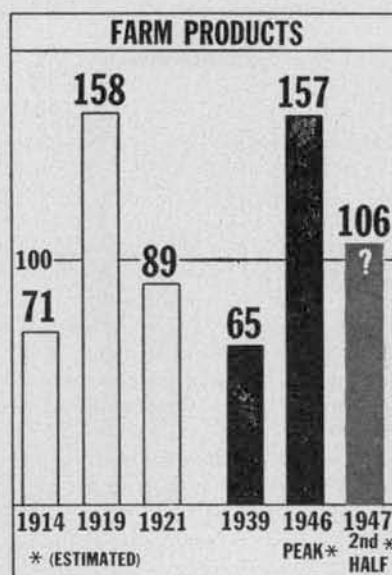
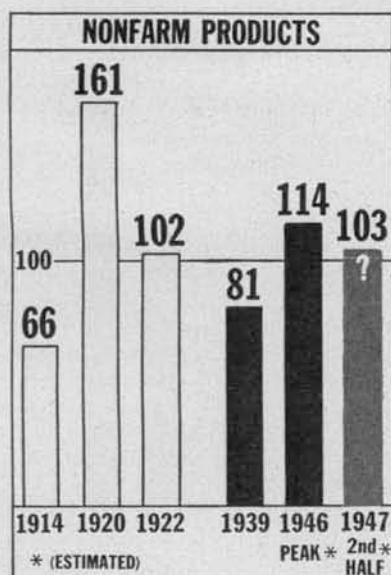
Manufactured products, which also have been held under tight price controls,



—White in Akron Beacon Journal
"AW, LET THE CAT DIE"

Rise and Fall of Prices in Two War Periods

(Index: 1926 = 100)



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are not expected to drop until after prices begin to decline at the wholesale level. Then the drop may carry living costs down to 105 per cent of 1926.

The outlook in general is for an eventual decline in prices to the levels of the mid-1920s. That would be substantially higher than prewar prices, but around 27 per cent below prices reached in 1946. Present signs point to a peak early in 1947 and a break sometime between April and June. If the break is postponed, the decline now indicated for the second half of 1947 would be less severe, but probably would carry into 1948.

The general price pattern to date, as the chart shows, resembles price movements after the first World War, when a

peak was reached for most commodities in 1920. The break in that year produced declining prices through 1922, when recovery in output and prices began to take hold.

Some of the same influences at work in 1920 also are operating today. The country is floating on a war-swollen money supply, now as then. Prices rose during the war and spurted after the war. Strikes and wage increases upset industrial plans in both periods. Inventories rose rapidly. Building activity jumped and was nipped by high costs in 1920, and there are signs that this experience may be repeated. Security prices broke in November, 1919, a year after war ended, and security markets cracked in September, 1946, again a year after war ended.

These similarities are getting increased attention, particularly since the securities break in 1920 preceded by two months a decline in production of nondurable goods and, by nine months, a decline in output of durable goods. Price rises that may choke consumer demand are what worry Reconversion Director Steelman most.

This development, feared by Mr. Steelman, would suddenly reverse the price problem now confronting the Administration—a problem faced directly by Mr. Thompson and the Decontrol Board, Agriculture Secretary Anderson and Price Administrator Paul Porter. These officials now are trying to curb the rising price trend. In a few months the task may turn to one of stopping a falling trend in prices.

Variations in the price pattern of the two postwar periods, however, also are present. All prices during and after the first World War rose in approximately the

same proportion, and all prices dropped by comparable percentages. During and after the recent war, farm-product prices rose far higher than other prices. This suggests a greater decline in farm prices than in other prices, hence a less severe adjustment than after World War I for commodities other than farm products.

Furthermore, the element of Government support for farmers' prices was not present in 1919-20, and the break carried farm-product prices down 43.6 per cent. Government supports will come into play in any forthcoming price decline to stop farm crops at a level from 26 to 30 per cent below recent peaks.

Consumer purchasing power also can be expected to hold up better in the months ahead than after the first World War. Both farmers and workers paid off debts during the recent war, so there is not so much debt that could be liquidated. Factory workers are more strongly unionized than after World War I, so that wage rates are unlikely to decline much, if at all, in the period ahead.

Finally, basic demand for goods is stronger than in 1920. The first World War lasted only 18 months for the United States, whereas World War II engaged this country for more than three and a half years. That effort was accompanied by a complete shutdown for many lines of durable goods. The backlog of consumer wants thus is greater now than in 1920.

These influences point to a downward adjustment that could be both less sharp and less prolonged than after World War I. But they do not now appear able to prevent an adjustment from taking place.

FLOOD OF GOODS FROM PLANTS

New Records for Some Products as Prewar Output Is Surpassed

Indication that glut could come quickly in clothing. Persisting shortage of cars

A flood of things people are waiting for is beginning to pour from factories. Within six to nine months this flood of goods is expected to reach into every nook and cranny of the nation.

All past production records were broken during August in the case of many items. In September, according to first reports, many of the August records were broken. The output trend still is rising in October.

Above prewar level. The accompanying table tells the story. Thirteen important civilian items are coming through to the public in greater volume than before Pearl Harbor. Most were familiar shortage items a few months ago. As of today:

Alarm clocks are being made at a rate 25 per cent above the 1941 level. This solves a shortage that attracted much attention during the war. Jeweled-watch production is almost half again as large as in 1941. Low previous output and prospects of a booming Christmas trade keep jewelers asking for more watches.

Electric irons are beginning to crowd the shelves, some stores report. Shipments of electric irons passed the prewar rate in April, this year. Electric ranges reached that mark in June. Shipments of gas ranges have just passed the 1941 rate. Output of water heaters has been maintained high above prewar levels since early in 1946.

Vacuum cleaners are moving back to a competitive-sales basis in the large cities, with shipments 40 per cent above the previous peak in 1941.

Washing machines show a type of shortage that may linger until early 1947, despite increases in over-all production. Simpler types are being made in better than prewar quantities. Newer types, with automatic features, are expected to be scarce until next year.

Radios of the console type stay hard to get. Output of auto radios is 40 per cent below the 1941 rate. But almost twice as many table-model radios are being made as ever before.

Trucks, particularly light models, are coming out fast enough to meet demand in the U.S., trade reports say. Farm-tractor assemblies reached an all-time peak in August. Bicycle manufacturers have increased production despite shortages of steel and coaster brakes.

Tires are assured of continued record-breaking production, with increasing supplies of natural rubber becoming available.

Nylon-hose production is great enough to provide six pairs a year for every woman over 15 years of age. Early in 1947, still more nylon production will open up. At the same time, silk-hose production will be continuing its rapid expansion as silk comes back in from Japan.

In short supply. There still are conspicuous items, much in demand, on the minus side of the production account in comparison with 1941. But the official view is that 1941 production rates could turn out to be higher than needed if prices rise much more, or if the income of the buying public declines.

Automobiles remain the No. 1 shortage. By January, 1947, the industry may be turning out 400,000 cars a month, more than were made in the peak year of 1929.

Refrigerators are held up by shortages of enameling steel and component parts such as condensers and fractional-horsepower motors.

Batteries are in a downward production trend due to a growing lead shortage. Manufacturers say price ceilings on lead and scrap lead are to blame.

Shoes are falling off in production for lack of hides and leather, which will remain scarce until livestock marketings pick up again. Even so, 1946 output will reach 500,000,000 pairs, a rate above normal.

Clothing manufacturers are turning out men's shirts, suits and overcoats in quantities very close to the largest ever produced. Yet clothiers could sell an estimated 15,000,000 more suits than they will get this year. Shirts stay scarce because of a 40 per cent reduction in the output of a major shirting fabric. Wool-fabric production is at the highest level in history. Cotton fabric is below the 1941 level, but cotton-textile inventories have been rising steadily for more than a year under pressure of climbing raw-cotton prices. These are considered as signs that a textile and clothing glut could develop rather quickly.

PRODUCTION NOW AND BEFORE PEARL HARBOR

PLUS. Here is a list of civilian products industry is turning out now in greater volume than it did in the boom-time days before Pearl Harbor:

	Monthly Output	
	Prewar	Now
Alarm clocks	1,200,000	1,500,000
Bicycles	155,000	175,000
Electric irons	380,000	608,000
Electric ranges	47,000	66,000
Nylon hose (pairs)	9,100,000	26,400,000
Radios	1,100,000	1,700,000
Tires	5,129,000	7,100,000
Tractors	26,200	28,400
Trucks (civilian)	69,000	106,000
Vacuum cleaners	156,000	218,000
Washing machines	158,000	212,000
Watches, jeweled	170,000	250,000
Water heaters	175,000	267,000

MINUS. Output of these products is lagging below the prewar rates:

Boots and shoes (pairs)	40,200,000	39,000,000
Cotton fabrics (yards)	860,000,000	737,000,000
Men's shorts	8,316,000	6,924,000
Men's suits	2,100,000	1,915,000
Passenger cars	312,000	241,000
Refrigerators	309,000	218,000
Replacement batteries	1,327,000	1,161,000
Sewing machines	67,000	29,000
Silk hose (pairs)	33,800,000	1,100,000

SIGNS OF BUILDING SLOWDOWN

Resistance by Buyers as Lenders Advise That It Will Pay to Wait

Reduced spending for new construction in September. Housing-program delays

Trouble signs are multiplying in the nation's building industry to suggest that a temporary slowdown may be developing.

Clues to the difficulties ahead are found in these factors:

Money spent for building declined in September. It was the year's first drop in total expenditures for construction, and the first decline in private building since January, 1945. Total building outlay receded from \$1,074,000,000 in August to \$1,060,000,000 in September, with the loss concentrated in private-residential and farm construction.

Contract awards for new building, after rising steadily for months, slumped in June and again in July, recovering only slightly in August.

Starts of new dwellings under the Government-guided housing program for veterans continue to lag behind the National Housing Agency's goals. A sharp reduction has been ordered in commercial building in an effort to step up the housing program, but it appears that total starts in 1946 will fall about 13 per cent short of the goal of 1,200,000.

Completions of new houses show slight gains each month, but continue far behind NHA schedules. Delays and rising prices harass those who try to build. Where it took three or four months to build a house before the war, it now takes six or seven months to a year. Costs are up more than 60 per cent over the prewar level, and still are rising 3 to 4 per cent a quarter. Completions in 1946, scheduled to reach 935,200, actually are to be less than 700,000.

Attitudes of both lenders and prospective builders are changing. From many parts of the country come reports that bankers and other lenders are advising people that prices are out of line, that quality of materials in much new construction is poor, and that it will pay to wait. New houses, regardless of cost or quality, still sell, but more cautious homeseekers already are hesitating. The Census Bureau reports that, of 4,000,000 veterans looking for homes to rent or buy, 1,800,000 either can't or won't pay current house prices.

Rentals are low compared to building costs, and are to be held down at least nine more months. This discourages construction of rental dwellings.

Public works, including highways, are faring no better. Contracts for concrete paving, for example, slumped sharply during the early summer, recovering only slightly in August. This is partly because of an official ban on nonessential Government projects, but there are other factors—high prices, lack of materials and labor shortages.

Industrial and commercial building is held down by the Government, but some hesitation for other reasons is becoming apparent. Some automobile manufacturers, for example, have curtailed building pro-

many are withdrawing from the market, they contend that there are plenty of others to take the places of those who drop out.

The other view is that a definite buyers' resistance is developing. According to this view, prices of lumber and some other building materials might point downward as supply grows in the months ahead. If so, buyers and builders might tend to hesitate, waiting for further price declines. Persons thinking along this line expect a noticeable wavering by mid-1947, followed by a situation comparable to that



—Phelps Cushing

A NEW ROOF ON THE SKYLINE Home builders became cautious of climbing prices

grams because of supply and production difficulties in their own industry.

Difficulties ahead are indicated by the foregoing. The usual winter slowdown is in prospect, despite pent-up demand for building. Many buyers already are being priced out of the market, or frightened out. The demand, vast as it is, could shrink abruptly at the first sign of a price break. This suggests a rather weak underpinning for a sustained and expanded building boom at this time.

Two views are being expressed on what is in store for the building industry:

One view is that the demand for dwellings is so enormous that nothing can slow it down for several years. It is argued that the only limiting factors in sight are scarcities of materials and workers. And, although holders of this view admit that

of 1919, when skyrocketing prices caused a drop in building contracts from which the construction industry, despite great demands for houses and other building, did not begin to recover until 1921.

What it all points to, no matter which of these views is closer to reality, is this:

1947 is unlikely to be the time when the average person can build a house, if what he wants is a better-type, permanent home.

1948 probably will be the first year when people can expect to build ordinary houses at ordinary speed.

1949 is likely to be the first year of substantially lower building costs. Even then, prices may be no more than 25 per cent below present prices, but houses still may cost around 35 per cent more than before the war.

WHERE IS OUR BEEF?

PARADOX OF CROWDED RANGE

Incentive for Growers to Hold Cattle in the Hope for Price Rise

Probability consumers will get scant supplies until well into next year

There are many angles to the story that tells why people are not getting beef and why they probably will continue to get very little beef for weeks or months to come. An understanding of those angles needs to be had before a beef-supply timetable can be set up.

The story of beef involves much more than just price ceilings. It has to do with what happens in the stockyards, at the packing plants and out on the range. It is concerned with the size of cattle herds, the condition of grass, the quantity of feed available, and the weather.

In addition, the story of the beef shortage is related to other, less tangible things. It leads back to the thoughts of the ranch owner of the West as he decides to sell or not to sell his cattle, and to the calculations of the Midwestern farmer as he fattens the Western cattle for market.

The paradox of the present situation is shown by the chart on page 21. On the one hand, the number of strictly beef cattle on farms and ranges in the U.S. has risen from about 30,000,000 in 1939 to around 40,000,000 at present. On the other hand, the amount of beef and veal that

went through regular market channels during the last half of September of this year was only a little more than one third of what it was during a similar period seven years ago when beef-cattle supplies were much smaller. There is beef on the hoof, if it would just come to market.

Increase in the number of beef cattle is due to the fact that there have been seven good years in feed supplies, and to the fact that the farm price of beef cattle has risen steadily until it is more than double the 1939 price. In 1939, the grower received an average of \$7.14 a hundredweight for his cattle. In 1945, he got an average of \$12.10. On August 15, 1946, the price had reached \$17, and it was \$15.20 on September 15, after return of price ceilings.

Decrease in the amount of beef and veal for consumers is not so easily explained. The fact of that decrease, however is obvious. Only about half as many cattle were reaching the big markets in September as reached those markets in the same period of 1945, though in the first week of October the number increased somewhat. Only a fraction of the beef animals reaching market are going to packers and from packers into normal channels of trade. It is at the big market centers that the mystery of short beef supplies must first be attacked.

Where is the beef? A study of what is happening at the nation's stockyards throws light on the mystery of what has become of all the beef.

Feed lots are drawing off from 50 to 80 per cent of beef cattle sent to market, though they actually are getting fewer cattle from the stockyards than usual because of the small number moving off the range. Feeders of cattle—those who take range cattle and fatten them for market—rushed many of their animals to market last July and August to take advantage of soaring prices when price controls were off. This emptied many of the feed lots and contributed to the present shortage. Now, cattle feeders are in the market for more animals off the range. Feeders obviously are convinced that price ceilings are going to crack or be removed. In August, they paid \$16 a hundredweight for animals to feed, and often are paying more for cattle to feed on expensive corn and other feeds than packers can pay under ceilings for animals to slaughter for market.

Regular packers slaughtering under federal inspection are able to buy only a small proportion of the relatively few beef cattle that come to the stockyards and are not bought by feeders.

Other buyers, such as chain stores, are purchasing cattle in stockyards and proc-



—Alexander in Philadelphia Evening Bulletin

ON THE HOOK



—European

EMPTY COUNTERS



—Chase in New Orleans Item

ON THE HOOF

... will the nerves of Government officials or of cattle raisers crack?

essing them for sale to customers.

Black-market operators are getting many of the cattle from the stockyards. Altogether, the number going into current consumption is the lowest on record.

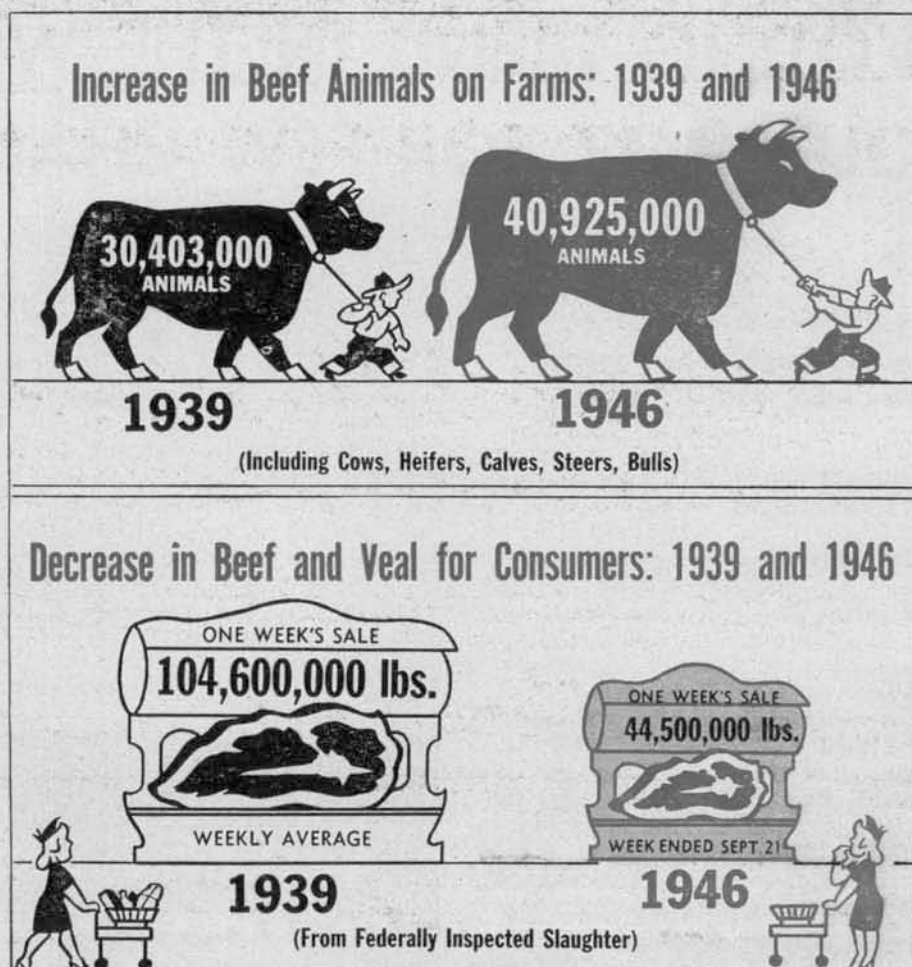
Out on the ranges, then, lies the answer to the mystery of the continuing meat shortage. In the early weeks of shortage, the main reason for the lack of beef was the fact that feed lots already had been emptied of cattle last summer. As the shortage continues, however, the question whether cattle on the range are being held for higher prices becomes increasingly important. Several things will influence the ranch owners' decision to hold or to sell.

Weather is to have a great influence upon whether or not the country gets more beef. Numbers of cattle on ranges are far above normal. Ranges themselves are not in as good condition as a year ago. This is the season when cattle growers must decide whether to buy high-priced commercial feed to fatten their cattle or to ship to market those animals that cannot be carried largely on the available hay. Snow soon may cover many ranges. The expectation is that lack of grass will force some ranchers to sell their cattle within a few weeks. But, if cattle do not flow to market in normal numbers, that will be a clear sign that ranch owners have decided that they can make more money by holding. And, if they hold through the winter, they normally would hold through next spring and summer, too, as cattle then can grow fat on grass that costs little or nothing.

Income taxes may be another factor influencing a holding policy. A rancher who has had a profitable 1946 may decide that it does not pay him to market heavily, only to have his income fall into a higher tax bracket. There also may be some tendency to hold beyond December 31, into a new year when tax rates may be lowered.

A gamble on price probably is the underlying influence that will determine the attitude of ranchers and other cattle growers who hold the animals that might supply this country with its accustomed supply of beef. Cattle growers are betting that the nerves of Government officials will crack before the growers' nerves crack, under the pressure of people demanding meat at almost any price. The feeling apparently is that, if President Truman sticks to his determination not to raise cattle prices, then the Decontrol Board may remove ceilings or Congress may act in January to end controls. If none of those eventualities materializes, then it is figured that price control will die automatically next June 30.

In support of the belief that prices might be permitted to go up, there is some past experience. Last spring, for example, farmers were told by the Department of Agriculture that prices of corn and wheat could not go higher, but later they were paid a bonus of 25 cents a bushel to in-



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crease the marketing of grain, and a short time later the price ceiling was raised. Also, farmers point to the fact that the ceiling on hogs, as restored after the temporary lapse of price control last summer, was \$1.40 a hundredweight higher.

Timetable. Barring some emergency action by the Government, the timing of the return of beef to the family table is expected by best-informed officials to be about like this:

Until late October, very few beef cattle will move into normal meat channels. Veal and some meat cuts from cull dairy cattle will come out in nearer normal quantities.

In November and December, a sizable increase in the supply of range cattle going to market should occur, and more of this supply will go to packers. Beef will continue scarce, but not at a famine level.

Through the winter, fat cattle will be moving out of feed lots into slaughter channels. But this movement will not reach its peak until spring or summer. If it is known that price controls are going off on June 30, feeders of cattle will be under strong incentive to hold animals until controls are ended. Congress in January may alter this situation by acting to remove controls on cattle before June 30.

After July 1, 1947, a flood of cattle marketing is likely to occur if that flood

does not come before July 1 because of some action that is taken to restore marketings. At that time, everybody who wants beef is likely to be eating beef.

Emergency action by the Government is unlikely to be successful in getting any great quantity of beef to dinner tables before election. Range cattle might be requisitioned in stockyards and directed to regular packers, but machinery for this operation would take a little time to set up, and election is barely four weeks away. Requisitioning of cattle off ranges or out of feed lots is impossible politically. Lifting of import restrictions, to attract cattle from Mexico, may be more promising, however. Also, an easing of federal subsidy regulations may give ranchers a greater incentive to sell their cattle.

The prospect is that people in U.S. are to go with relatively scant supplies of beef at least until well along in the winter and probably until July of next year, barring action by Congress. There is no presently indicated intent on the part of either the White House or the Price Decontrol Board to remove ceilings on livestock in the early future. There likewise is no indication that the nerves of cattle growers are cracking to the extent that they will let loose of animals on which they think they can make more money by holding.

VOTING TREND IN THE WEST: OUTLOOK FOR FEW CHANGES

Prospect That Net Shift Will Be No More Than 5 Seats in Congress

Ineffectiveness of national issues though people worry over labor and shortages

San Francisco

If any great electoral overturn is coming in November, it is not yet in sight in the 11 Pacific Coast and Rocky Mountain States. Fewer than 3 Senate seats and 10 House seats in the whole area seem likely to change their party designations after election day. Out of the shuffle, the Democrats stand to lose a net of probably 1 Senate seat and 4 House seats.

A survey of the area by a member of the Board of Editors of *The United States News* finds the voters uneasy and perplexed. They are troubled by labor conflicts and shortages. They might turn in one direction or another. But there is no great change in voting convictions as yet, and the campaigns largely are being fought out on the basis of local personalities.

In the broad area which covers the Rocky Mountains and extends up and down the Pacific Coast, 9 Senators and 49 House members are being elected. The States are Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming.

Eight of the Senators whose seats are involved in these States are Democrats. One is a Republican. The Democrats now

have a good chance of picking up the 1 Republican seat at stake. That is the seat in California. But the Republicans have the edge for the 2 Democratic Senate seats from Idaho and Washington.

Twenty-nine House seats now Democratic are at stake in these 11 States. The Republicans hold 20 now. The Republicans stand to pick up 3 or 4 House seats now held by Democrats in California and 1 or 2 in Washington. But the Democrats are likely to win 1 or 2 now held by Republicans in California and at least 1 in the other States. This means that the Republicans are likely to emerge from



HELEN G. DOUGLAS

these areas of the Rockies and beyond with a net gain of only 3 or 4 new House seats. They need 25 new ones from the nation as a whole to take control of the House.

California has 1 Republican Senate seat and 23 House seats being filled by the election. Sixteen of the House seats are now held by Democrats, 7 by Republicans.

In the Senate race, William F. Knowland, the incumbent, is faced by Will Rogers, Jr., son of the late humorist and a former House member. Until recently, Mr. Rogers held a high margin over Mr. Knowland in public-opinion polls. This has been whittled down somewhat, but, as things stand, Mr. Rogers still has the better chance.

One of the big hopes for the Republi-



—Acme

WILL ROGERS, JR.

cans was that the very popular Governor Earl Warren, after capturing both the Democratic and the Republican nominations and thus having his own election certain, would go out and campaign vigorously for Senator Knowland. But, in the main, Mr. Warren is sticking to his non-partisan position as a two-party nominee and leaving Senator Knowland to fight his own battle.

Of the California House members, 4 Republicans and 6 Democrats among the incumbents won their election in the primary after capturing the nominations of both parties. This leaves 3 Republicans and 10 Democrats who have hard battles for re-election.

The Republicans' best chances of winning new territory lie in 1 Oakland, 2 Los Angeles and 1 San Diego districts. In 2 of these districts, formerly held by Representatives John H. Tolan and Ellis E. Patterson, the Democratic incumbents are not the nominees. The other 2—now held by Representatives Ed. V. Izac and Ned R. Healy—were won by the Democrats by a very narrow margin in the last election.

Best Democratic chances for picking up new areas lie in the districts now held by Representatives Bertrand W. Gearhart and Carl Hinshaw.

Most of the other incumbents are well along the way toward winning re-election.



—Harris & Ewing

HUGH B. MITCHELL

The only other Republican is Representative John Phillips, who represents a rural area in Southern California and won handily two years ago. The other Democrats are in fairly safe condition. One of these is Mrs. Helen Gahagan Douglas, a champion of economic rights for Negroes. Her opponent in this campaign is a Negro.

Washington has one Democratic Senator, four Democratic and two Republican House members up for re-election.

The **Senate seat** is held by Hugh B. Mitchell. But Senator Mitchell is not well known in the State. He was a newcomer to Congress. Harry P. Cain, the Republican nominee, is a former mayor of Tacoma. The big orators of the State, from both sides, are being called into the campaign, and the result will be close. As it stands now, Mr. Cain has the edge.

House seats. In Washington, however, the Democratic organization of Governor Mon C. Wallgren is a better-clicking affair than that of the Republicans. This will have an effect not only upon the Senate race, but upon the tight scramble for House seats. This scramble centers

from Washington with a net gain of 1 House seat and 1 Senate seat.

Oregon has no Senate seat involved in the election. Its House delegation now is composed of 4 Republicans. Three of these members come from predominantly agricultural areas of southern and eastern Oregon. One comes from the city of Portland.

Representative Homer D. Angell is seriously threatened by his Democratic opponent. Like other cities on the Pacific Coast, the war years brought an influx of labor into Portland. Organized labor is strong here. It is rallying back of Lew Wallace, the Democratic nominee. The Democrats may pick up a congressional seat here.

Idaho. Here Representative Henry C. Dworshak is the Republican nominee for the Senate seat now held by Charles C. Gossett, a Democrat. Mr. Gossett was beaten in the primary by George C. Donart. The Idaho contest is the Republicans' best bet for winning a senatorial seat in the 11-State area.

The **two Idaho House seats** now are held by Mr. Dworshak, a Republican, and Representative Compton I. White, a Democrat. In Idaho, the Democrats stand as good a chance of picking up a House seat as they do of losing one.

Montana. One Democratic senatorial seat and 1 Democratic and 1 Republican House post are at stake here.

The **Senate seat** is the one held for so long by Burton K. Wheeler. The Republicans now have a fair chance of winning it. The hot primary campaign in which the Democratic Leif Erickson beat Mr. Wheeler left its scars, and the party has not yet come together. Zales N. Ecton, the Republican, still has the losing side of the argument at the moment, however.

House. Representative Mike Mansfield is in no present danger on the Democratic side; but the Democrats think they have a good chance of beating Republican Wesley A. D'Ewart.

In Wyoming, Democratic Senator Joseph C. O'Mahoney is in danger. His campaign managers say they are having to fight against the same sort of unrest that beat other veteran Senators in the primaries. The single Republican House member from Wyoming is fairly safe.

Utah's Democratic Senator Abe Murdock is none too sure of his own ground. But his position is safer than that of Senator O'Mahoney. Mr. Murdock's 2 House colleagues from Utah are Democrats, and neither seems to be seriously threatened.

In Colorado, which has no senatorial contest this year, the Democrats think they have a chance to capture the seat held by Republican Dean M. Gillespie. The city of Denver comprises his whole district. The 3 other districts in Colorado, all Republican are safely rural.

Nevada. Although Colorado has been safely Democratic for the entire Roosevelt era, Republicans say they have a chance to take the seat now held by Senator E. P. Carville. Representative Berkeley L. Bunker beat Mr. Carville in the primary, and the division has not been well bridged. It does not take too many votes to change an election in Nevada. The single House seat is likely to remain Democratic.

New Mexico is another solidly Democratic state. Senator Dennis Chavez this time is opposed by Patrick J. Hurley, the Secretary of War for Herbert Hoover and more recently Ambassador to China. Mr. Hurley is campaigning vigorously, but the Democratic Senator Chavez and 2 Democratic House members are considered the best bets to win.

Arizona. Here, again, a Democratic Senator and 2 Democratic House members are well on their way to winning. Ernest W. McFarland is the senatorial incumbent. Not since the Harding landslide of 1920 has Arizona elected a Republican to Congress.



—Harris & Ewing

HOMER D. ANGELL

upon 3 Democratic seats, now held by Representatives Hugh De Lacy, Charles R. Savage and John M. Coffee.

Mr. De Lacy's district is in the city of Seattle, where organized labor is strong. If the Political Action Committee gets out the vote for him, as it is striving to do, he is likely to win. Mr. Coffee's district also includes a part of Seattle. It now appears to be reasonably safe for the Democrats. Mr. Savage's district, more dominantly rural, is the one that the Republicans are most likely to win.

The **2 Republican districts** in Washington are in the eastern agricultural areas of the State and are not seriously threatened. As a result, the Republicans should emerge



—Acme

HUGH DE LACY

The **issues** throughout the Pacific Coast and the Rocky Mountain States largely are local. No nation-wide issues have reached down to congressional districts. Even in senatorial races, the personalities of the candidates are of the widest importance. The foreign-policy dispute between Henry A. Wallace and Secretary of State James F. Byrnes did not cut through to these areas of campaigning.

In the developing meat shortages and the rising prices, there may lie enough power for an election blast. But, unless the next month produces that blast, the net gains of the Republicans are likely to be from 1 to 3 Senate seats and from 2 to 4 House seats in the 11 westernmost States.

Settling the Issue of War Guilt: Conclusive Verdict Against Nazis

Documented Record on Aggression and Atrocities by Germans

**Principle that carrying out
dictator's orders does not
relieve aides' responsibility**

A debate about who started World War I ran on for 20 years after hostilities ended. There was endless dispute about who did what. That argument helped to lay the basis for World War II.

This time a clear record is made, supported by documentary evidence that is not open to dispute and by the considered judgment of the International Military Tribunal at Nuremberg. The story of how Germany planned and started the recent war is pieced together in intricate detail. Likewise, the story of what Germany did during that war, of atrocities committed, of plans laid for exterminating population groups is admitted by the men who laid the plans, and documented.

Insistence by the United States led to the war-crime trial now concluded. The purpose was not merely to punish the leaders of Nazi Germany, but to show just what Germany had done and to try, if possible, to prevent a repetition.

Out of the trial at Nuremberg has come proof of these things:

Plans for aggression. Germany's seizure of one country after another in Europe was part of a settled plan to wage a war

of conquest. Details of this plan are set forth in documents sifted from among the 700 tons of papers recovered by U. S. forces in Germany and introduced as evidence at the trial. These documents, in which were recorded even the most secret of the prewar and war conferences of the German leaders, reveal how the Nazis advanced step by step: first consolidating their power in Germany, next embarking on a vast program of rearmament, then attacking Austria, Czechoslovakia, Poland, Denmark, Norway, Belgium, the Netherlands, Luxembourg, Yugoslavia, Greece and Russia in succession, and finally joining Japan in a declaration of war against the United States.

War with U. S. Although Germany appears to have had no detailed plan for attacking the United States directly, the evidence shows that eventual war with this country was part of the German scheme. A memorandum from Adolf Hitler's office, signed by a General Falkenstein and dated Oct. 29, 1940, stated: "The Fuehrer is at present occupied with the question of the occupation of Atlantic islands, with a view to the prosecution of the war against America at a later date. Deliberations on this subject are being embarked on here."

Also, in February, 1941, Hitler, after secret discussions with Foreign Minister

Matsuoka, of Japan, agreed on a preliminary pact by which Japan would attack the United States as soon as plans could be completed, in return for which Germany was to supply Japan with technical data on new weapons. Hitler promised that Germany would support Japan with U-boats and planes. He said he considered war with the U. S. undesirable, but had made allowances for such a contingency.

That Germany intended to stop American shipments to Britain in any case was revealed by Hermann Goering, who testified that Hitler's plan to attack Russia in June, 1941, scrapped a previous plan to seize Gibraltar and seal off the Mediterranean, cut the British life line at the Suez Canal, and place German air forces and submarines athwart Atlantic-convoy routes, so as to neutralize the U. S.

Invasion of Britain. The question whether Germany really intended to invade Britain is cleared up by evidence concerning a speech made by Col. Gen. Alfred Jodl, called by the Tribunal "the actual planner of the war," on Nov. 7, 1943. In that speech, he said: "The landing in England was prepared down to the smallest detail, but, with improvised transport re-



THE JUDGES' BENCH: THE VERDICT IS REACHED

Evidences of guilt were documented from 700 tons of enemy records . . .



THE PRISONERS' DOCK:

sources only, it could not be dared while the British air arm had not been completely beaten. This we were unable to do. . . . For no one could take it on himself to allow the German air arm to bleed to death in the battle of Britain in view of the struggle that still lay before us against Soviet Russia."

Relations with Russia. One memorandum introduced at the trial throws light on relations between Germany and Russia previous to Hitler's attack on Russia. This memorandum quotes Hitler as saying to Goering and other aides, just before the attack on Poland in 1939: "I have decided to go with Stalin. On the whole there are only three great statesmen in the world—Stalin, myself and Mussolini. Stalin and I are the only ones who see only the future. So I shall shake hands with Stalin within a few weeks on the common German-Russian border and undertake with him a new division of the world. . . . Besides, gentlemen, in Russia will happen just what I have practiced with Poland. After Stalin's death—he is seriously ill—we shall crush the Soviet Union."

Most of the documents concerning this phase of German-Russian history were not admitted as evidence at the trial, however, and the decision as to whether or not these will be published rests with the U. S. State Department.

Conspiracy. The Tribunal rejects the idea that only Hitler was responsible for the crimes committed in the name of Germany, and that a common plan could not exist because Hitler was a dictator.

It holds that Hitler was unable to make aggressive war by himself, and that he had to have the co-operation of statesmen, military leaders, diplomats and businessmen. The Tribunal further holds that when, with the knowledge of his aims, they gave him their co-operation, they made themselves parties to the plan he had initiated. The fact that they were assigned to their tasks by a dictator, says the Tribunal, does not absolve them from responsibility for their acts.

War crimes. Evidence of war crimes committed by Germany is called by the Tribunal "overwhelming in its volume and detail." These crimes included the murder and torture of captured airmen, commando fighters and other prisoners of war, the plunder of occupied territories, the murder and ill treatment of civilian populations, the atrocities committed in concentration camps, and the importation into Germany of 5,000,000 persons from conquered countries to work as slaves.

In one concentration camp alone, at Auschwitz, 4,000,000 persons were exterminated, among whom were citizens of Poland, Russia, the U. S., Great Britain, Czechoslovakia, and France. Scores of cases were cited in each of which the Nazis killed many thousands of persons. Along with adults, they destroyed even children, killing them in children's homes and hospitals. They buried victims alive, threw them into flames, stabbed them with bayonets, poisoned them, conducted experiments upon them, extracted their blood for use of the German Army. They threw others into prisons and concentration camps, where they died from hunger, torture and epidemic diseases.

Crimes against humanity. Other crimes of which the Tribunal finds the Germans

guilty are crimes against humanity. A systematic program aimed at extermination of Jews resulted in the killing of 6,000,000, according to the Germans' own figures. The Nazis persecuted others on political and racial grounds.

Organizations. The Tribunal holds that certain German organizations, including the Elite Guards and Gestapo, are criminal and that any persons who continued membership in them after Sept. 1, 1939, knowingly shared in the guilt for their acts. The Reich Cabinet, the Storm Troops, and the General Staff are not held criminal as such, though the Tribunal declares that many individuals among them should be tried.

Where Germany stands. One significant outcome of the trial is the acquittal of Hjalmar Schacht, and the relatively mild 20-year sentence given Albert Speer. These two men represented the German business community in the Nazi regime. The treatment accorded them makes it unlikely that any general purge of German industrialists will be undertaken. Furthermore, the acquittal of Franz von Papen seems to clear the old-line German diplomats of blame, while the failure to hold the General Staff guilty, as such, means that at least some of Germany's chief military commanders will be left.

Thus, the industrial and organizing talents of Germany's business and military leaders will be available to aid in her reconstruction. With the war-crime trial over and the air cleared, Germany can now look ahead. There are signs that the revelations of the trial have opened the eyes of many Germans to the crimes committed in their names, and that they are determined to restore their country to a place of respect among the nations.



TOP NAZIS HEAR THEIR CRIMES



THE PRISON BLOCK: THE DOOMED AWAIT PUNISHMENT

. . . the air was cleared at Nuremberg for Germany's future place in the world



"In proportion as the structure of a government gives force to public opinion, it is essential that public opinion should be enlightened."
GEORGE WASHINGTON

The United
Reg. U.S.

October 11, 1946



JUST ACROSS THE BORDER

From the London Times

Much of the 733-page report by the Royal Commission appointed in Canada to investigate the espionage network revealed by a Russian cipher clerk, Igor Gouzenko, published in Canada at the end of June, is given to reproduction of the cross-examinations of the various suspects; but there are also several chapters summing up the evidence thus gained and analysing the state of affairs that it reveals. The Commission found that the major part of the information was transmitted to the Russians through the agency of Canadian public servants, highly educated men, working under oaths of allegiance, and yet ready, after persuasion, to betray the secrets of their country to a foreign Power. How was this accomplished and what does it portend?

The answer is summarized in the Commissioners' findings: "Membership in Communist organizations or a sympathy towards Communist ideologies was the primary force which caused these agents to agree" to carry on espionage at the behest of the Russians. The Commission also found that a Fifth Column exists in Canada, organized and directed by Russian agents in Canada and Russia, and that within this there are several spy rings. This organization is nothing new, but is the result of a long preparation by trained and experienced men using the Communist movement as the direct source of recruitment for the espionage network. Thus in every case but one, the Canadian agents working for Colonel Zabotin, the Soviet Military Attache in Ottawa, were members or sympathizers with the Communist Party. The Communist study groups in Ottawa, Montreal, and Toronto were, in fact, "cells," and as such, recruiting centres for agents.

A good example of the machine at work is the case of the three Canadian scientists, Halperin, Durnforth Smith, and Mazerall, two of whom were members of a Communist cell which was largely composed of scientists employed at the National Research Council in Ottawa. Before the end of March, 1945, no member of this group apparently contemplated espionage; then the Soviet Military Intelligence Organization

expressed its desire for additional spies engaged in Canadian scientific research, and within a few weeks, and without the initiative of the scientists themselves, a political discussion group was transformed into an active espionage organization.

The report shows that the technique of this approach varied in individual cases, but that it was nearly always founded upon the basis of ideological sympathies. Money, at least in the early stages, played little or no part. The evidence before the Commission showed that within the framework of a Canadian political movement, the Labour-Progressive Party (Communist Party of Canada), "development" courses would take place, fostered by Canadians from the espionage network itself, and aimed at preparing suitable people for active participation in spy work. To begin with, certain selected sympathizers from among certain categories of the population would be invited to join secret "cells" or study groups, and to keep their adherence to the Communist Party secret from non-members.

One of the reasons for this secrecy would appear to be that it enabled the Communist Party to gain control, through the election of its members to directing committees or other positions of responsibility, in as many forms of public organization as possible—trade unions, professional associations, youth movements, and so on. A typical example is that of the Canadian Association of Scientific Workers on the executive of which were several of the agents arraigned before the Commission, including Dr. Allan May and Professor Boyer, who was national president of the Association.

Another, and still more sinister, reason for the technique of secret membership described above was to accustom the young Canadian Communist to what the report describes as "an atmosphere and an ethic of conspiracy" the gradual effect of which was to bring the subjects to a state of mind where they could throw off the moral obligations which they had accepted when entering upon their public duties. Once the victim was within the "cell," he was subjected to a course of study calculated to undermine



Report by Royal Canadian Commission reveals how Communists build a Fifth Column in a democracy—Seemingly harmless groups are recruiting centers for espionage agents—Secrecy is basis of organizational technique.



his or her loyalties. But while this process was continuing, he or she might be quite unaware of the broader ramifications and real objectives of the organization. One of the agents, for example, Mazerall, testified that he was initially invited by a friend to join an "informal discussion group," and that for some time he did not realize it was a Communist cell. Indeed, in any of the small study groups, the extent of the secret section of the Communist Party would not be revealed to the junior members; the whole purpose of the cell organization as an operating ground for the Fifth Column would, as the report points out, have been frustrated had the rank-and-file members of these groups known the real policies and objectives of the conspiracy.

This principle extended even to senior members of the Party, and to those actively engaged in espionage, who would be led to believe that their activities were exceptional, and left quite unaware of the scope and size of the general plan. Thus Lunan, one of the principal agents, testifying before the Commission, said: "I had no idea of the extent and scope of this work. I was amazed when it first became clear to me during my interrogation. I never thought of myself as being more than one person in a small group of five people." Only the leaders, such men as Sam Carr, the National Organizer of the Labour-Progressive Party, or Fred Rose, the Quebec organizer, would have a full idea of the real extent and objectives of the organization which they helped to direct.

The development course within the study group seemed to lead, as has been said, to a loosening of loyalties, then to a sense of internationalism, and finally to an acceptance of Communist doctrine and leadership as something transcending all national obligation. Professor Boyer must have reacted well to this treatment, since he gave as his reason for imparting secret information to Fred Rose, in spite of his official oath of secrecy, that he thought his action would further "international scientific collaboration." Mazerall also had been worked upon in the same way: "I did not like," he said in his testimony,

"the idea of supplying information. It was not put to me so much that I was supplying information to the Soviet Government, either. It was more that as scientists we were pooling information."

A further result of "development" was the inculcation of a sense of complete obedience to Party doctrine, and especially to Party leaders. This latter idea apparently extended to the point where loyalty to the leaders of the Canadian Communist Party could be shown to take precedence over national loyalty, and over official oaths of secrecy. Kathleen Willsher, the agent who was employed in the office of the High Commissioner for the United Kingdom in Ottawa, told the Commissioners that she believed the secret information she gave to Mr. Fred Rose was for the guidance of the National Executive of the Communist Party of Canada. Her actual words are particularly interesting, since they illustrate the conflict of loyalties and the struggle with conscience which, in this agent, must have provided first-class material for the conspirators to work upon: "I felt I should contrive to contribute something towards the helping of this policy (that of the Communist Party) because I was very interested in it. I found it very difficult, and yet I felt I should try to help."

The picture that this widespread and highly organized system conjures up represents only one aspect, one spy ring, of the Russian Fifth Column in Canada. The existence of other parallel under-cover systems, run by N.K.V.D. (the secret political police of the Soviet Union), Naval Intelligence, and the Central Committee of the Communist Party of the Soviet Union in Moscow, was revealed by Gouzenko in his evidence. In a statement which he made after he had put himself and his files into the hands of the Canadian police, and which is reproduced without comment in the report, he said: "To many Soviet people abroad it is clear that the Communist Party in democratic countries has changed long ago from a political party into an agency net of the Soviet Government, into a fifth column in these countries to meet a war, into an instrument in the hands of the Soviet Government for creating unrest, provocations, etc."

POLITICAL WORRIES OVER MEAT

Pressure From Big-City Leaders for Action to Relieve Shortage

Mr. Truman's attempt to stay out of conflicts over foreign policy, atom control

The meat shortage is heightening the prospect that President Truman will have either one or both houses of the next Congress given over to the Republicans in the November election. In terms of immediate political urgency, the President is finding meat more important than atomic energy or foreign policy.

The atomic-energy and foreign-policy problems caught Mr. Truman in the middle of a cross fire. He is removing himself to the side lines to watch the battle of statements and speeches between former Secretary of Commerce Henry A. Wallace, on the one side, and James F. Byrnes, Secretary of State, and Bernard M. Baruch, the U.S. delegate on the Atomic Energy Commission, on the other, over these two basic issues. But meat is different.

Meat on the table now means votes in November. It may mean winning or losing the election for the Democrats in big cities. That is why a stream of big-city politicians is finding its way into Mr. Truman's office now. It is why surveys and resurveys of the meat situation are being made.

A constant clamor is making itself heard in Washington from key political figures of the Democratic Party in Boston, New York, Jersey City, Philadelphia, Chicago, St. Louis, Kansas City, Cleveland and

Detroit. Those are pools of Democratic strength in which the election must be won or lost.

In the background of the meat situation lies a long series of conflicts over policies. Before Congress left Washington, its leaders understood that certain administrative steps would be taken which would free meat from controls, but would leave the way clear for controls to be re-established if a crisis arose which demanded such action.

Secretary of Agriculture Clinton P. Anderson was none too enthusiastic over the re-establishment of meat controls. But Chester Bowles, the former Price Administrator, and Paul Porter, his successor, pressed for their re-establishment. A squabble occurred over the extent of the price roll-back that was to be required. Mr. Anderson settled this by stepping in and using the authority that Congress had given him. He fixed a higher price than OPA had set.

Even then, the supplies of livestock dropped to a trickle on the big markets. Supplies have not reached any considerable proportions since. As the shortages grew, pressures mounted against the controls. The Democratic National Executive Committee called off its move to urge the Decontrol Board to take action after President Truman had issued a statement saying he intended to stand pat on the present policy. But individual Democratic leaders still are urging changes.

What is happening now is that each party is trying to blame the other for the shortages, each hoping to gain votes.

President Truman said at first that the normal autumn run of grass-fed cattle to market should improve the situation. But, last week, the President was not so certain of this. John R. Steelman, the Reconversion Director, had predicted that the meat shortage would get worse this winter. Mr. Truman said he was inclined to agree with Mr. Steelman, but that he is having the situation surveyed again.

Republicans are blaming the whole situation on mishandling and confusion in Washington. They are arguing that the way to remedy the situation is to elect a Republican Congress.

Democrats are trying to put the blame on the Republicans. They say they are finding evidence that meat and other scarce goods are being withheld from the markets to aggravate the complaints of voters. In Massachusetts, where the shortage of meat was acute, the Democratic Governor, Maurice J. Tobin, sent out in-

spectors who found 6,000,000 pounds of dressed beef in a storage plant. Hints of a broad-scale study of the extent to which the present situation is being artificially created are being heard in Washington.

Foreign policy. Caught in the middle of such turmoil on the domestic front, Mr. Truman stood to one side last week and offered no comment on either the foreign-policy speech of Secretary Byrnes in Paris or the atomic-energy debate between Mr. Wallace and Mr. Baruch.

Mr. Byrnes's only reference to his own encounter with Mr. Wallace was the observation that President Truman had made known in the most convincing manner possible that "the bipartisan foreign policy of President Roosevelt" would continue as the policy of this Government. He agreed with Premier Josef Stalin of Russia that there is no immediate danger of war.

Between Mr. Wallace and Mr. Baruch, the words ran at length. Mr. Baruch said the former Secretary of Commerce had refused to correct errors in his criticism of American proposals for the control of atomic energy. Mr. Wallace replied that Mr. Baruch had wanted from him a statement that would have been translated into an indorsement of the Baruch program. He said Mr. Baruch had created an impasse on negotiations about the bomb.

When asked about this at his press conference, the President shook his head and said: no comment. He had enough other worries on his mind.



MR. BARUCH

More debate, no comment . . .



—Harris & Ewing

MR. STEELMAN

. . . less meat, fewer votes?

A PERISCOPE PREVIEW

Congressional Elections—Outcome Close; Republican House Indicated

Once again NEWSWEEK presents a Periscope Preview—a forecast of the Nov. 5 Congressional election. To 50 of the best-informed Washington political writers NEWSWEEK put the questions:

How will the new House and Senate be divided along party lines? What are the chief factors in influencing the election? What will be the trend of the 80th Congress, in domestic policies, and in foreign policy?

Each participant was asked for his best judgment, at the present time.

This is the composite opinion of these 50 leading analysts of political trends:

☐ The Republicans will gain 29 seats in the House, giving them a narrow margin of seven and the right to elect a Speaker and organize the body. It should be noted, however, that eighteen of the 50 analysts predicted that the Democrats would retain control of the House.

☐ The Democrats will retain control of the Senate by a narrow margin. On the average, the correspondents predicted a Republican gain of seven seats.

☐ The new Congress will be even more stubborn than the 79th in its opposition to Administration domestic policies, but will continue to support the President on foreign policy.

DETAILS OF THE PREVIEW

Each of the 50 correspondents was asked to answer four questions. The questions and a resume of the answers:

1—How will members of the new House be divided among the following groups: Democrats (now 239), Republicans (now 192), others (now 2)? Two seats are vacant. Control of the House requires 218 seats.

Average of the answers: Democrats 213; Republicans 221; others 1.

2—How will members of the Senate be divided according to party affiliations? Democrats (now 56), Republicans (now 39), others (now 1). Up for contest this year are 24 seats held by Democrats, ten by Republicans, one by Progressive. Control of the Senate requires 49 seats.

Average of the answers: Democrats 50; Republicans 46; others 0.

3—Indicate in order of importance the specific factors which will play the biggest part in influencing the voting. NEWSWEEK included a list of possible factors, some specific, some general. Those most frequently checked were, in order:

a—Dissatisfaction due to shortages of materials, food, clothing, and housing.

b—Tendency of voters after a war to seek a change.

c—The Missouri crowd; general administration ineptitude at home and abroad.

d—Dissatisfaction of left wing with Truman; schisms in the united front Roosevelt commanded.

e—High level of employment at relatively good jobs.

f—OPA policies generally.

Other factors cited, in order of frequency, were: Rising living costs, the Wallace episode, fear that a Republican victory would lead to scrapping of many social reforms of the New Deal, failure to crack down on labor, the meat shortage. Unquestionably many correspondents considered such specific factors as the Wallace episode and the meat shortage to have been included in such generalized answers as points a, c, and d. Only one factor on NEWSWEEK's suggestive list was passed up by every participant: "Fear of a get-tough-with-Russia policy."

Participants were invited to supplement NEWSWEEK's checklist with their own comments. One said the most decisive factor would be "Democratic loss of solid backing from labor, racial and religious groups," and another, making a similar point in different language, cited "inability of the Democrats and CIO-PAC to turn out the big-city vote which normally is New Deal."

4—What do you think will be the trend of the new Congress?

Greater support of Administration foreign policy..... 13

About same degree of support on foreign policy..... 27

Toward withdrawal of support on foreign policy..... 7

Greater support of Administration domestic policy..... 1

Continuation of present conflict over domestic policy..... 10

Even greater opposition to domestic policy..... 37

(All participants did not check an alternative in each category.)

One correspondent said the 80th Congress would be "a do-nothing Congress except for investigating committees." Another foresaw continued support of Administration foreign policy because it "is becoming more and more the Vandenberg (a Republican) policy."

TO BE NOTED

Only one correspondent forecast a Democratic gain in the House: to 246 seats. Highest number of Republican seats forecast: 245.

No correspondent forecast a Democratic net gain in the Senate. Smallest Republican gain forecast: 4 seats; largest, 14, to a total of 53 seats.

A resurvey of the opinion of the same groups of experts, reflecting later campaign developments, will be made and published shortly before the election.

PARTICIPANTS IN THE SURVEY

Phelps H. Adams, New York Sun
Robert C. Albright, Washington Post
Theodore C. Alford, Kansas City Star
Raymond P. Brandt, St. Louis Post-Dispatch
Walker S. Buel, Cleveland Plain Dealer
James J. Butler, New Britain Herald, Newark Ledger, others
Frederic W. Collins, Providence Journal
Charles M. Dean, Cincinnati Enquirer
Cecil B. Dickson, Gannett News Service
Roscoe Drummond, Christian Science Monitor
Peter Edson, Newspaper Enterprise Association
Morris D. Ervin, Cincinnati Times-Star
Truman T. Felt, St. Louis Star-Times
Nat S. Finney, Minneapolis Star and Tribune
Doris Fleeson, Bell Syndicate
Dewey L. Fleming, Baltimore Sun
Mark Foote, Booth Papers
Warren B. Francis, Los Angeles Times

Bulkley Griffin, Boston Traveler, Hartford Times, others
Charles S. Groves, Boston Globe
Jay G. Hayden, Detroit News
Walter C. Hornaday, Dallas Morning News
Nelson C. Hyde, Philadelphia Bulletin
Arthur Sears Henning, Chicago Tribune
William K. Hutchinson, International News Service
Edward Jamieson, Houston Chronicle, New Orleans States, others
Carleton Kent, Chicago Times
Frank R. Kent, Baltimore Sun
Daniel M. Kidney, Indianapolis Times, others
Arthur Krock, New York Times
Paul R. Leach, Chicago Daily News, others
G. Gould Lincoln, Washington Evening Star
Lowell Mellett, Washington Evening Star
Radford E. Mobley, Jr., Detroit Free Press, others
John C. O'Brien, Philadelphia Inquirer

John O'Donnell, New York Daily News
Drew Pearson, Bell Syndicate
Thomas F. Reynolds, Chicago Sun
Robert L. Riggs, Louisville Courier-Journal
Jack Steele, New York Herald Tribune
Thomas L. Stokes, United Features Syndicate
Mark Thistlethwaite, Indianapolis News, others
Esther Van Wagoner Tufty, Michigan League of Home Dailies
Charles Van Devander, New York Post
Lucian C. Warren, Buffalo Courier-Express
Gladstone Williams, Atlanta Constitution, Sacramento Bee, others
Lyle C. Wilson, United Press Associations
Richard L. Wilson, Des Moines Register and Tribune
Paul Wootton, New Orleans Times-Picayune
James L. Wright, Buffalo Evening News

The Periscope s

Washington



Trends

Meat prices won't be decontrolled before the November elections despite the political uproar over them.

Only Secretary Anderson has the power under the new price law to lift meat ceilings immediately, and he is committed to continued control. So is his boss, President Truman.

A backdown from this position within the next month would be so obvious a case of capitulation to political pressure that White House intimates consider it practically out of the question, although legally possible.

It will take the industry weeks to appeal over Anderson's head to the Decontrol Board. And supply must be sufficient to meet demand before decontrol can be ordered.

The meat famine is recognized as political dynamite by leaders of both major parties. They agree that it may eclipse the Wallace affair as a vote maker.

Public airing of Democratic disagreements over meat control relieves the Republicans of responsibility for raising the issue. GOP strategists were happily astonished at the Democratic National Committee's underwriting of their demand for decontrol.

Truman's political advisers hope that his refusal to play politics with meat in disregard of the committee's advice will restore some of the prestige the White House lost in the Wallace escapade.

Slowdown of shoe production three or four months hence is expected to be one of the delayed consequences of the present near-holiday on livestock slaughter. Civilian Production Administration experts fear that hides will be in shorter supply than at any time during the war.

President Truman won't try to merge service functions by executive order. He once considered such action as a start toward outright merger of the Army and Navy but has definitely abandoned the plan.

Merger legislation will be near the top of his "must" list when the new Congress convenes in January. Because it is not a partisan issue, chances for a merger bill won't be affected by the outcome of the Congressional elections.

Scarce materials will continue to be allocated by the government on a wartime basis at least until next spring. That was the meaning of Steelman's refusal to permit the CPA to fold, as recommended by Administrator Small.

Another three months at present production rates will eliminate many shortages but not all of them. The Administration plans to keep tin, rubber, and some building materials under control into 1947.

The CPA will be kept intact to finish the bulk of its job and to stand by for possible emergencies. Eventually its dwindling functions will be transferred to other agencies.

Government wage-stabilization policy is still up in the air. The Wage Stabilization Board, which was overruled in the mari-

time dispute, is on its way out; but what, if anything, will take its place is undetermined.

Nothing will be done until after the November election unless a spectacular strike tie-up forces the Administration's hand. Truman's labor experts agree that some kind of wage-control machinery must be maintained as long as prices are regulated.

Concentration of control authority in one official with a board of labor, management, and public representatives advising but not controlling him, is favored by some experts. But there is still nothing certain about this setup.

A 10% wage increase early next year to compensate labor for increased living costs is being talked about as a possible basis of compromise between labor, which wants about 17%, and industry, which will resist any further increase in general wage levels.

Labor leaders insist that they will call another round of strikes rather than accept 10%.

Truman may soon appoint a special labor commission to study the whole problem of industrial relations and recommend legislation to the next Congress. He proposed such a study last May during the rail crisis but Congress refused to act on his recommendation.

His idea is a group of distinguished citizens representing the public, rather than labor or industry as such, and not connected with the government to make the kind of comprehensive report the Wickersham Commission once made on prohibition. Some of his advisers, however, favor a study by government labor experts.

Such a commission wouldn't solve the immediate problem of stabilizing postwar wages and restoring order to industrial relations, but it might supply a long-range legislative program that Congress would accept.

Veterans' hospitals and homes are being swamped with applications for admittance. They have increased 100% since last September and are expected to increase still more.

Most of the new applicants have non-service-connected disabilities. The number of wounded veterans trying to get into hospitals is gradually decreasing. It dropped 11% last month compared with the previous month's figure.

Party headquarters scouts report a pickup in public interest in the Congressional campaigns over the country. They expect a substantial increase in the November elections over the primary totals, which were small.

Estimates place the total vote at between 32,000,000 and 35,000,000. This compares with 48,000,000 in the last Presidential election and 28,000,000 in the 1942 Congressional election.

A heavy vote will be welcomed this year by both parties. Democrats historically do better when the voter turnout is large. But this time Republicans look for a big protest vote and think many dissident left-wing Democrats will stay at home.

Newsweek

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The Magazine of News Significance

October 7, 1946



Ewing Galloway

National Paradox: Plenty of cattle on the range, but no steak on the dinner table

• NATIONAL AFFAIRS •

FOOD: Record Crops, Bare Tables

The nation last week stood in the fantastically paradoxical position of having its greatest crop year in history while its table fare was at its lowest level within memory. For sheer productivity, the agricultural year was unmatched:

☐ Wheat, 1,167,319,000 bushels—a record.

☐ Corn, 3,371,707,000 bushels—a record.

☐ Cattle, 88,000,000 on the hoof—15,000,000 more than normal.

☐ Peaches, plums, pears, almonds, filberts, tobacco, truck crops—all-time record crops.

☐ Oats, rice, potatoes, peanuts, walnuts, cherries, sugar cane—near-record crops.

☐ In dollars and cents, farmer income would approach \$15,000,000,000—the highest in history.

Yet with bins, elevators, cribs, and corn cobs bulging as never before, the average American housewife stood as first witness to the fact that much of this great plenty was not reaching the table. With only 3 per cent now going to the armed forces, with approximately 8 per cent allocated to foreign relief, something was plainly wrong.

Last week, the steadily mounting concern in Washington had reached the stage of political crisis. Voters, like armies, have long demonstrated that they march on their stomachs. Explanations—controls, war-dislocated distribution, a farmer strike, wider distribution of pur-

chasing power—were a dime a dozen, but the politicians knew that explanations do not win elections. The time had come for action.

MEAT: Political Slaughter

As a member of President Truman's Cabinet, Postmaster General Robert E. Hannegan knew last week that whatever he thought about meat controls was irrelevant and immaterial. As Democratic National Chairman, he knew the nationwide meat shortage was bad politics.

If any extra convincing was needed, Hannegan got it from Majority Leader John W. McCormack of Massachusetts, who had led the House fight for OPA extension last summer. Now that hospital patients in his native Boston were eating horse meat, McCormack about-faced on Sept. 25. Announcing that he had discussed the meat shortage with Mr. Truman, he wired OPA Administrator Paul Porter that a 60-day suspension of meat ceilings was "absolutely necessary." Only the Secretary of Agriculture or the Price Decontrol Board could remove ceilings under the new OPA law, but the 60-day holiday, at any rate, would last until after the Nov. 5 Congressional election.

The next day, Hannegan sat down with his eleven-member Democratic Executive Committee for a meatless lunch at the Hotel Statler in Washington. What he heard from such party bosses as Mayor

Edward J. Kelly of Chicago and Edward J. Flynn of the Bronx was an earful. Its essence: Unless some drastic action brought meat back to the tables before November, the Democrats would lose.

Cautiously, Hannegan felt his way. When a proposal for decontrol of meat appeared imminent, Hannegan managed to water down a subsequent resolution so that it merely directed him to "immediately discuss with the Decontrol Board and any other proper authorities ways and means of increasing the meat supply available to the American people."

That the Decontrol Board could not, under the law, reconsider its August decision to revive meat controls until it received an appeal from the meat industry seemed unimportant. But far more important politically, Hannegan had not yet cleared the plan with the President before it was made public.

Truman Economics: Half an hour later, at 4 p. m., 147 reporters filed into the Oval Room of the White House. As

Newsweek's Paper

As previously pointed out, a protracted strike in the plant of one of NEWSWEEK's chief paper suppliers aggravated the effects of the general paper shortage. As a result, it is necessary to publish all or part of an occasional issue, including this week's, on a less satisfactory paper than that used in recent months.

On the brighter side, the suppliers are doing everything possible to complete reconversion and to provide quality paper up to NEWSWEEK's standards for the first time since early war years.

they entered, Mr. Truman, nattily dressed in a dark blue double-breasted suit with a dark blue tie and breast-pocket handkerchief, remained seated, frowning in concentration over a newly prepared two-page statement. At the "All in" signal, he rose, smiled broadly, and began reading at machine-gun pace, using a cutting motion of his left arm for emphasis. When Press Secretary Charles G. Ross whispered the hint that he slow down, the pace instead quickened:

"The present shortage is due in large part to the extraordinarily large slaughter in July and August. Without price control, prices of the relatively short supply of livestock went to unprecedented heights . . . Whether price control had been restored or not, the glut of meat in summer was bound to mean a shortage in the fall . . ."

Predicting that seasonal runs of hogs and grass-fed cattle would soon relieve the shortage, Mr. Truman interjected: "I lived in one of the greatest cattle-producing states and I spent all my young days feeding hogs and cattle and I know what I'm talking about on this." Then he raced on:

"The present level of livestock ceilings as determined by the Secretary of Agriculture is a fair and equitable one, and one which should be sufficient to bring forth the maximum production of meat. An increase in prices or the abandonment

in seventeen minutes, staked his political future on meat control. When the press conference ended, Tom Reynolds of the Chicago Sun quipped: "There's no meat shortage because the President has just carved a three-inch steak out of Hannegan's hide."

For Hannegan there remained two courses. He could quit, as had Henry A. Wallace, or he could backwater. He chose to backwater. At 5 p. m. that afternoon, he brought the Democratic Executive Committee members and their wives to the Red Room and South Porch of the White House. Gracefully he introduced each to the President and Mrs. Truman; politely the guests sipped coffee and tea and munched brownies and angel-food cake while Mr. Truman, punching his left fist into his right palm, laid down the party line.

The following day, the President called his Cabinet together for the first time since he left for his vacation cruise in mid-August. Once again, Mr. Truman repeated his meat policy. Leaving the White House 45 minutes later, Hannegan announced he had torn up his decontrol resolution. "Then you're behind the President?" a reporter asked. "Oh, yes, indeed, 100 per cent," came Hannegan's reply. Then he broke into a broad grin as he recalled Mr. Truman's press conference: "He told you he's from Missouri and they know all about cattle in Missouri."

second thought. He removed remaining copies of the Wallace statement from Commerce's press table.

Curley's Thorns

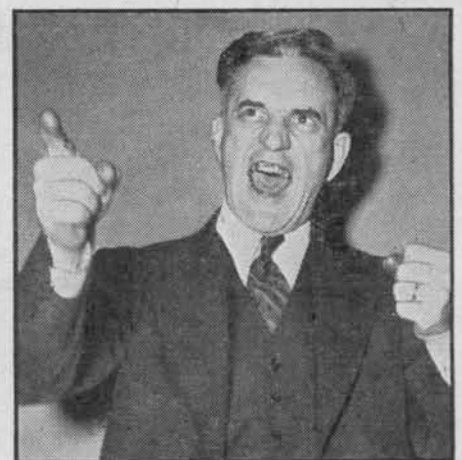
The 1,500 delegates to the Democratic state convention in Boston last week couldn't have been more shocked had 71-year-old Mayor James M. Curley forecast an outright Republican victory. Departing from a prepared speech on party "unity," the unpredictable idol of Boston's Irish loosed a brickbat at youthful Gov. Maurice J. Tobin, top vote-getter on the Democratic ticket, that shook the Democratic organization to its very roots.

"I question," said Curley in blunt reference to his long-standing feud with his onetime protégé, Tobin, "that there is any man in the Democratic party that would have more reason for opposing the ticket, were he to be governed by envy, hatred, and personal grievances, than myself . . . It would be easy for me to take a walk. I don't think any man could be more vicious or cruel than he (Tobin) has been to me . . ."

Magnanimously, Curley concluded that nevertheless he would choose the "path of thorns" rather than the "primrose path" and support the Democratic ticket in its entirety. With deafening applause in the air, the Mayor strode



Harris & Ewing



Acme Photo

No Blarney: Three politically wise Irishmen—Kelly, Flynn, McCormack—pray for meat relief

of price control on meat now would, in the long run, add to rather than solve our difficulties."

At that point Richard Harkness, NBC commentator, broke the news that Hannegan had suggested meat decontrol. "You differ with Mr. Hannegan there?" he inquired. Mr. Truman shot back: If he does not agree with the President, then they don't agree. "Did you see the John McCormack telegram?" The President saw the purported telegram; McCormack denied making any such statement.

Hannegan Steak: Regardless of what his top political advisers thought about meatless voting, Mr. Truman had,

POLITICS: Public Citizen

When Henry A. Wallace cleared his desk at 8 p. m. Friday, Sept. 20, his connection with the Federal government was at an end. But last week when Premier Stalin issued a statement, Wallace immediately issued one of his own. It was a signal for the energetic publicity staff which he had set up in the Department of Commerce to spring into action. A press release was mimeographed and made available to newsmen. When reporters made persistent inquiry as to how a private citizen could have the benefit of governmental publicity services, Bruce Catton, departmental press chief, had a

unconcerned back to his seat, directly past Governor Tobin and other party leaders, whose faces showed their dismay at the damage the speech had inflicted on their November chances.

New Deal Echoes

In Chicago last week, 300 liberal leaders gathered to see what could be done about salvaging the New Deal. Sponsored by the PAC and the Independent Citizens Committee of the Arts, Sciences and Professions, the attendance read like a roll-call of top left-wing spokesmen: Harold L. Ickes, Henry Morgenthau Jr., Sen. Claude A. Pepper, CIO

President Philip Murray, Jack Kroll, successor to Sidney Hillman as national CIO-PAC head, James G. Patton, president of the National Farmers Union, and scores of lesser lights. Only Henry A. Wallace was missing.

In an atmosphere tinged more with gloom than with optimism, the conference heard Ickes lash President Truman for confusion on foreign policy, Morgenthau criticize his conduct of domestic affairs, and Pepper remark that disappointment reigns in Washington. Speaker after speaker demanded a return to the principles of Franklin D. Roosevelt. All lauded Wallace; eventually the conference went on record urging him to carry his fight to "every crossroads in America."

After two days of sessions, the delegates drafted a program. Its high spots:

❑ Foreign policy—A "swift return to the course charted" by Roosevelt, cessation of intervention in China, a United Nations mandate to replace British rule in Palestine.

❑ Domestic policy—Strict price and rent control, passage of the Wagner-Ellender-Taft housing bill and the Wagner-Murray-Dingell health-insurance measure.

❑ A 50,000,000 turnout of voters in November (current estimates are as low as 30,000,000) to elect a Congress to bring about fulfillment of the Roosevelt program.

Asked by reporters why all official documents released by the conference had omitted mention of Mr. Truman, Ickes cracked: "It's a natural."

WHITE HOUSE: Dinners at 8

Mrs. Mary E. Sharpe, whose problems would make the average housekeeper's seem about as trying as an afternoon out, last week appraised with satisfaction the results of her housecleaning. Rugs, draperies, and furniture covers in the 70-room White House had been thoroughly cleaned. Blemishes on the woodwork had been touched up by painters. A new elevator was in operation. Two antique crystal chandeliers, the gift of an anonymous American donor, had been hung in the corridor connecting the Red and Green Rooms.

Despite the success of these efforts, Mrs. Sharpe could not look forward to a rest. Not since the war caused the Roosevelts to cut back official entertaining had the housekeeper at the White House worried about state dinners. But last week, coincidentally with the return of Mrs. Harry S. Truman to Washington after a vacation in Independence, Mo., the White House announced resumption of traditional social functions for the first time since Pearl Harbor.

With the exception of a Christmas holiday lull, every Tuesday this winter would be a busy day for Mrs. Truman: diplomatic dinners, Nov. 26 and Dec. 3; judicial reception, Dec. 10; Cabinet dinner, Dec. 17; diplomatic reception, Jan. 7;



International

Pittsburgh strikers mob the City-County Building shouting for release of their leader

dinner for the Chief Justice and other members of the Supreme Court, Jan. 14; reception for officials of government departments and agencies, Jan. 21; dinner for the president pro tempore of the Senate (in the absence of a Vice President), Jan. 28; Army and Navy reception, Feb. 4; dinner for the Speaker of the House, Feb. 11; and a Congressional reception, Feb. 18.

While dinner guest lists would be limited to 104, receptions would be attended by as many as 1,000. What would Mrs. Sharpe do if the meat famine continued? Undismayed, she planned to let them eat fish and fowl.

LABOR: Power in Pittsburgh

The 1,600,000 citizens of Greater Pittsburgh found out last week that a labor union was stronger than its city government.

When 3,200 members of the independent union of Duquesne Light Co. workers threatened to strike Sept. 9, Mayor David L. Lawrence had made a desperate move for a desperate situation. He knew that in labor's lexicon "injunction" ranked along with "scab." In fact, as a member of the state administration in 1937, he had himself written the Pennsylvania Anti-Injunction Act. But he had had a foretaste of what a power strike could mean back in

February, when the same union had struck for a long nineteen hours.

To the mayor the welfare of the people came first. In a move without legal precedent, he sent his short, bustling City Solicitor, Anne X. Alpern, to the county court to ask for an injunction forbidding (1) the union to strike, (2) the company to shut off power. Miss Alpern gave his compelling reasons in her plea: "This strike will endanger the lives, health, safety, and well-being of our citizens. It will paralyze the governmental, industrial, commercial and civic life of this area . . . It will imperil the health of residents in their homes, the sick in their beds." The court granted the city its injunction.

For two weeks the strike threat lay dormant under this temporary restraint. But when the union summarily rejected an offer of arbitration for its demands of a 20 per cent pay increase, George L. Mueller, pint-sized president of the union, made it clear that this time the strike would be called in defiant protest of the injunction, which he scornfully called a "scrap of paper."

The Union Front: Last Tuesday the union struck. All day strikers milled outside the massive granite walls of the turreted City-County Building. Inside, Mueller refused flatly to call off the strike. The court cited him for contempt and sentenced him to one year in jail.

That night, as he dined on cold cuts

in the county jail, Mueller suddenly found himself a labor martyr. The CIO and AFL, which had shown little sympathy for an independent union's troubles, rallied against the injunction and contempt proceedings. Sympathy strikes began. Eight thousand CIO United Steelworkers walked out of the Jones & Laughlin plant, joined by 13,000 United Electrical Workers at Westinghouse plants. Seven hundred Bell Telephone employees staged a protest rally. Labor leaders talked darkly of a general strike.

By Thursday morning, the city knew it was licked. Solicitor Alpern asked the court to dismiss the injunction and release Mueller. Triumphantly borne off on the shoulders of his followers, Mueller capped his victory with an order to picket trolley barns and power stations. That night, pickets stopped six trucks which were delivering coal to one of the power plants.

By Friday, Pittsburgh's badgered citizens could count the cost. As exhausted supervisors and executives struggled to maintain a one-third normal flow at the power plants, and 37 generators borrowed from the Army provided power for hospitals and other vital agencies, the city was all but paralyzed.

Hospitals were accepting only maternity and emergency cases. Hotel guests crowded into dimly lit lobbies because room lights were turned off. Householders were warned to conserve water and at night huddled irritably around a single bulb. Nearly 100,000 were idle as office buildings, department stores, and restaurants closed, and mines, mills, and shops curtailed operations. Trolleys, whose operators had refused to cross the independents' picket lines, had ceased



John Green: "We want no Communism"

operating. So had buses on 29 routes.

With the injunction victory won, not even the AFL and CIO showed any enthusiasm for Mueller's stubbornness. The solid labor front cracked completely when Mueller emerged from a late Friday negotiating session announcing "nothing was accomplished." The Central Labor Union, representing all AFL unions in the city, said stiffly: "We at no time have ever supported the strike of this group. When the injunction was withdrawn and a contempt order negated, we no longer had any interest in it."

At the end of the week, the strike was still on, the city still hamstrung. But the defiant Mueller and his union would have to go it alone.

CIO Split

We want no Communism. We want no Fascism. It is high time that the American labor leaders, as well as the rank and file, stop playing around and face the problem squarely.

In the Scottish burr of his native Clydeside, John Green, diminutive president of the CIO Industrial Union of Marine and Shipbuilding Workers throughout its twelve-year life, last week hammered home this advice to his union's annual convention at Saratoga Springs, N. Y. True to form, his union, as conservative as any in the CIO, responded by following the 49-year-old shipfitter's advice. The 529 delegates, representing 125,000 members (one-quarter of the wartime peak), voted overwhelmingly to bar Communists, Nazis, Fascists, and Ku Klux Klan members from union office. They also refused to join the Red-tainted Committee for Maritime Unity, even though such a link would have strengthened the union's bargaining position. Finally, they re-elected Green as president by a unanimous vote.

But if the shipworkers' actions cheered the CIO right wing, the past month's anti-Communist sound and fury produced little else. The record:

☛ **Gas, Coke, and Chemical Workers**—A private caucus split disputed jobs between left and right wingers, thus forestalling any floor fight.

☛ **Mine, Mill, and Smelter Workers**—A resolution to bar "admitted or known Communists from office" was voted down. Instead, Reid Robinson, the union's pro-Communist president, won a vote of confidence.

☛ **Woodworkers and Furniture Workers**—In an attempt to head off an anti-Communist revolt within the Furniture Workers, these two unions agreed to merge, and the Woodworkers defeated an anti-Communist resolution. However, 5,000 dissident Furniture Workers, led by ex-President Morris Muster, bolted to the AFL Upholsterers' Union.

☛ **Electrical, Radio, and Machine Workers**—This union, third largest in the CIO (475,000 members) and the largest leftist-dominated union in the country, refused to purge Communists from union office, to repudiate "foreign ideologies such as Communism, Nazism, and Fascism," or to condemn Communism as "inimicable to the welfare of labor and destructive to our form of government." Instead, it guaranteed every member "the right to hold any position in the union" and reelected its 39-year-old pro-Communist president, Albert J. Fitzgerald.

While the CIO anti-Communist and pro-Communist wings fought each other to a draw, tension mounted steadily as American-Soviet relations became more worrisome, the national political campaign grew more heated, and the CIO's



Associated Press

Movie Set? No—a real train wreck that took six lives. In the Mojave desert, a few hours out of Los Angeles on the morning of Thursday, Sept. 26, the Union Pacific's crack Transcon was running late. Two and a half miles east of Victorville, Calif., it jumped the tracks in a rocky cut. Five passengers and a porter died.

annual convention in Atlantic City neared its start on Nov. 18. In the midst of this strife, a story by Edwin A. Lahey in the John S. Knight newspapers, stating that Philip Murray "hopes to resign" as CIO president within two months, exploded like a grenade.

Although Murray denied the report, CIO leaders in both camps privately thought that their chief had fed the story to Lahey, a close personal friend, as a warning to both factions to stop fighting. Their reasoning: Murray is tired and ill, fed up with mediating between the two factions and exhausted by his dual job as president of the CIO and president of the United Steelworkers, its largest and wealthiest union. Murray, who once before blocked efforts for a showdown on Communists (NEWSWEEK, May 27), still believes that the biggest loser in such open warfare would be the CIO itself.

Big Inch

In Beverly, Mass. (population, 25,537), last week veterans of the second world war learned that the width of a paint brush may not mean anything in war but it does in peace. For two days, work was suspended on a Cabot Street veterans' housing project designed for 48 families. Reason: Officials of the Painters, Decorators and Paperhangers Union (AFL) discovered that painters on the project were using five-inch brushes. Maximum width allowed by the union: 4 inches.

DIVORCE: The Postwar Wave

"I point to my record not with pride but with shame—shame for the people of my county, state, and country"—JUDGE EDWIN A. ROBSON of Cook County Superior Court, Chicago, on his record of hearing 2,000 divorce cases in the last four months of 1945.

The people of the United States could only echo the judge when they learned the facts. Last week Federal Security Agency figures showed that in 1945 there were 31 divorces for every 100 marriages. The year's tally of 502,000 divorces topped 1944, itself a record, by 25 per cent, and doubled prewar totals. Marriages were up only 11.4 per cent. The American divorce rate, already the highest in the world, had reached an all-time peak, and FSA officials could see no decline in sight.

The sudden upswing repeated the experience of the first world war, when the divorce rate jumped 40 per cent from 1918 to 1920 but dropped back in 1921 and 1922. But the long-range outlook was hardly encouraging. Divorces, which in 1887 had ended one out of seventeen marriages, had increased and now were one out of three. Regardless of war fluctuations, statisticians predicted that by 1965 the present trend will doom one out of every two marriages to dissolution.

The immediate outlook was gloomier



War's Aftermath: Divorce seekers and witnesses crowd a California court

still. Chicago, for instance, whose 15,185 divorces last year set a new high, had an increase of 21 per cent during the first five months of 1946. Detroit, which divorced 9,702 couples last year, had divorced 7,622 in the first seven months of this year.

Where: The greatest rise has been in the South and West. The New England states showed no marked upward trend from 1938 to 1944. But in Florida, in Mississippi, and in Maryland divorces rose 70 per cent, in Alabama they doubled, and in Oregon they increased 110 per cent. Not Nevada, but Texas and California listed the most divorces. Of the large cities, San Francisco and Los Angeles led in the number of divorced citizens, while Philadelphia had the fewest.

But divorces were not confined to the big cities. A NEWSWEEK sampling of the "Middletowns" of America last week showed the same disturbing story of heartbreak and shattered homes. Tallies so far this year: Grand Rapids, Mich.—271 divorces, as against 368 in all 1939. Chillicothe (Ross County), Ohio—171 divorces, nearly double the number for the same period in 1939 and 55 per cent of 1946 marriages. Keokuk (Lee County), Iowa—134 divorces and 222 marriages; for all of 1939, 54 divorces, 454 marriages. Little Rock (Pulaski County), Ark.—2,012 divorces, only 2,368 marriages, amounting to three times the number of divorces and half the number of marriages for the same period in 1939.

Who: Socially, studies disclosed that actors, traveling salesmen, and bartenders were the most divorced; farmers, civil engineers, and firemen the least. Couples who lived in the city split up twice as much as those who lived in the country. In the first ten months of 1945, Oklahoma City and Dallas recorded more divorces than marriages. Only 8 per cent of couples with children broke up



In Detroit women patiently wait their call



European

A Reno divorcee kisses a courthouse pillar

their homes, but 71 per cent of childless couples ended in the divorce courts. Women college graduates were four times as likely to make unsuccessful marriages as men graduates.

The majority of the divorces were not GI. Chicago Circuit Court Judge Elmer J. Schnackenberg stated: "In 324 cases I heard during one month, 266, or 82 per cent, represented pre-Pearl Harbor marriages. Only 58 or 18 per cent were war marriages." In Portland, Ore. (Multnomah County), which last year recorded

one divorce for every marriage, analysis of 425 divorces showed only 35 per cent involved servicemen. However, war marriages in general were clearly shaky. Studies made in Los Angeles County last year showed that 67 per cent of disagreeing couples had been married less than four years, in contrast with only 45 per cent of the total in 1933. As always, the first year of marriage accounted for the greatest number of crackups.

Why: Was the shocking increase attributable to faithless war wives and fraternizing GI's? "I was gone 23 miserable lousy months, sitting and pining on the tiny rotten islands. But she had to have her men while I was gone" was a story that always made headlines.

But sociologists believed this issue had been overemphasized. They believed that more important factors were the hasty marriages ("confusion of love with patriotism"), the simple fact of separations ("he just wasn't the same guy when he got back"), and the greater economic independence which women won through war work. One sociologist commented: "Keeping women in the home following this war may prove as difficult as keeping the boys down on the farm after they'd seen Paree."

Remedies: The landslide of collapsing marriages has made divorce far more than the private affair it has been traditionally considered. Studies in 188 cities, for instance, led a Chicago juvenile court judge to conclude that broken homes were responsible for 80 to 90 per cent of all juvenile delinquency.

States were taking action. In the Mich-

igan legislature, a bill has been introduced to allow a veteran "a year of grace" after discharge before his wife could divorce him. In Massachusetts, a "fact-finding and cooling-off system" was under consideration.

But many sociologists argued that simply making divorce more difficult was no solution, pointing to the low divorce rate of Scandinavian countries where divorce can be obtained by mutual consent. Following this reasoning, Gov. Dwight H. Green of Illinois was studying a proposal of twenty educators, judges, and lawyers to make premarital education compulsory and to appoint a committee to study the whole divorce problem. Chicago Circuit Court Judge Michael Feinberg summed it up: "No community can remain law abiding if the very foundations and structure of society are shattered by the destruction of the family and home through the curse of divorce."

VETERANS: Bonus Bust-Up

The first bonus march of the second world war fizzled out last week in Missouri on the steps of the statehouse rotunda in Jefferson City. Angered by the refusal of the Missouri State Legislature to approve bonuses for the state's 400,000 veterans, Murl E. Owen, 30-year-old former Marine corporal and wholesale drug salesman, organized the march from Springfield in the foothills of the Ozarks. He had no encouragement from the American Legion, which opposed any bonus, or from the Veterans of Foreign

Wars, which opposed the march. Nevertheless, he expected upwards of 3,000 marchers in 500 cars.

But when the procession rolled into Jefferson City before dawn Saturday, there were only 75 cars and less than 400 veterans. Meeting bonus leaders at 11:15 a.m., Gov. Phil M. Donnelly gave them short shrift. He refused to call the legislators back to reconsider the bonus plan, and brusquely advised the marchers to consult their own legislators and present their demands in orderly fashion when the legislature meets next year. "The best thing you can do," the governor told them, "is go home."

Abashed, the veterans packed up their pup tents, and went.

BUREAUS: Idiots Welcome

Two Cleveland Press newsmen last week decided to test the efficiency of Ohio's Auto License Bureau. In their applications for driver permits, Dan Chabek, financial writer, admitted to "insanity"; Bill Barrett, reporter, casually marked in that he was a "habitual drunkard." Both walked out with licenses.

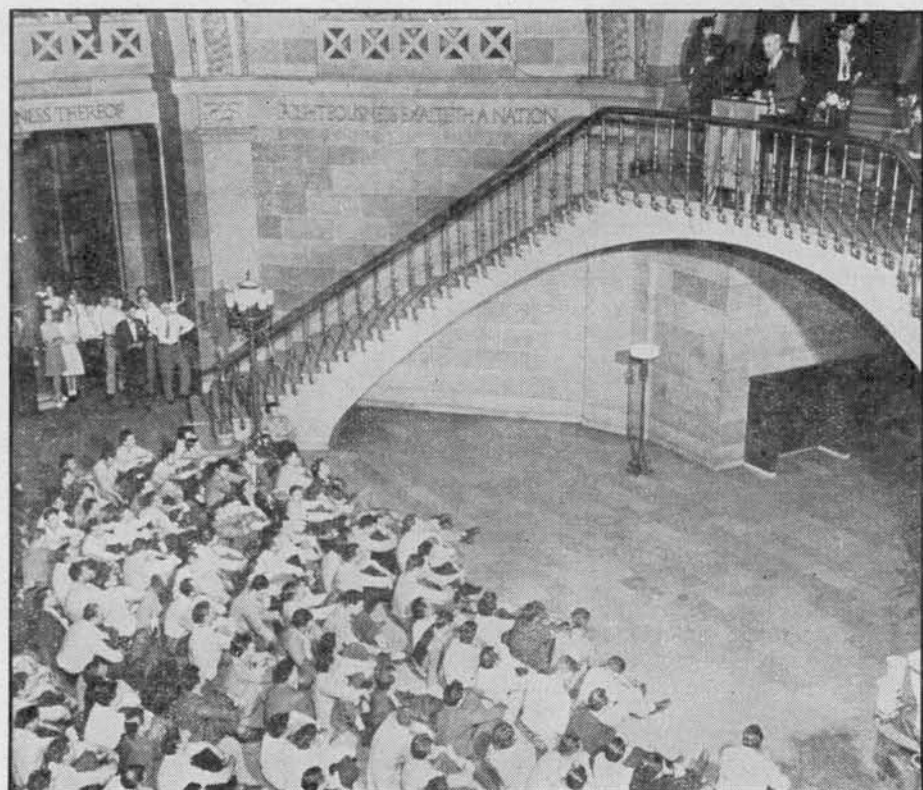
ROOSEVELTS: What He Left

Historians who may hope to assess the career of the late Franklin D. Roosevelt partly on the basis of his bank account last week had a detailed tax appraisal to mull over. While he was no "economic royalist" politically, publication of court records showed that F. D. R. had left a gross estate of \$1,940,962, almost half of which was inherited from his mother. Although he was allergic to Wall Street, his estate included \$1,178,332 in stocks and bonds, as well as \$197,543 in bank accounts, notes and cash.

Among his stocks: 3,896 shares of General Electric common; 59 shares of Electric Bond & Share cumulative preferred; 100 of Sears, Roebuck common; 100 Chase National Bank capital; 735 National City Bank of New York capital; 384 du Pont common; 228 General Motors common; 300 Pennsylvania Railroad common; 300 Lehman Corp. capital; 100 U. S. Steel 7 per cent cumulative preferred; 300 Standard Oil of New Jersey; 100 F. W. Woolworth common. (Most of his stocks, widely distributed, would have satisfied an investment counselor, but about 2,500 shares fell into the "no value" column.)

A "gentleman farmer," he owned twelve parcels of Dutchess county land totaling 1,170 acres, valued at about \$100,000, most of which composed the Hyde Park estate. Among the tracts, with acreages, were: Roosevelt farm (300), Dutchess Hill cottage (74), Rohan farm (122), Tompkins farm (183), and Bennett farm (164).

His famous stamp collection, appraised at \$79,267, actually brought \$212,847 when auctioned in New York earlier this



Associated Press

Bonus marchers listen meekly as the Missouri governor tells them to go home

though he held U. S. Treasury and tax savings notes with a surrender value estimated at \$5,000, he had only three "war" bonds, one for \$50 and two for \$25 each. In addition there were 100-cent war stamps.

His wife and daughter were beneficiaries of life-insurance policies totaling \$10,000. At the time of his death he had \$100 in his pockets.

ICES: Into the North

Log houses and under birch trees, with the yellow leaves of the early autumn, Army tanks and trucks rolled into Fairbanks last week. Some 1,700 men in 700 vehicles had jounced miles over the road that winds north over rugged mountains and dirty glaciers from Anchorage.

Fairbanks, which lies in the same latitude as the frozen plains and forests of Siberia where Russia's Army got its experience in cold-weather fighting, was host to Task Force Frigid. In the next seven months of the Arctic campaign, the Army would test every kind of equipment, machine, and fighting technique. Paratroopers would jump; the infantry would make forced marches; the Air Force planned experimental flights from Ladd Field at Fairbanks.

Elsewhere, other units were ready to combat other kinds of cold. In Wisconsin, the 7,000-man Task Force Frost was to test the less rigorous cold of the Upper Midwest. At McCoy's sand and jack pine. At the Aleutians, Task Force William, named for the fierce squalls that blow down the narrow valleys, was assembling 1,370 men to measure the effects of the fog-bound islands' raw wet-cold.

No one knew whether extreme cold would tie up the lubricating system of the Army's new 48-ton M-26 tank or the pneumatic recoil system of the self-propelled 8-inch howitzer, whether a car could run at 60 degrees below zero in the specially designed Army clothing, whether plastic eating trays would become too brittle for use.

Task Forces Frigid, Frost, and William intended to find out.

ives of the Lolos

The coolies of sprawling, bedraggled Chengtu in Western China had settled back to their traditional wrangling. The war, which to them had meant only the roar of big planes swooping out of the mountains to the southwest and setting on the American Army fields outside the town's mud walls, had dropped out of their minds.

Then like a thin echo of those planes, a story drifted down from the mountain passes—a tale told over a sheep herder's fire of dried dung, a word dropped by a wandering opium dealer over a cup of wine, an idle tale, perhaps a true tale, of white men seen among the remote and



International

Black Bones: Did Lolos like these hold Americans as slaves?

semisavage Lolos who lived among the barren mountains southwest of Chengtu and kept their ancestors' spirits in straw baskets. Scorned at first as a market-place rumor, the story gathered strength as other reports drifted in. Finally, it reached the ears of Dr. David C. Graham, president of West China University at Chengtu, who last week reported it to the United States Embassy at Nanking.

Men Into Bones: As told by Dr. Graham, it went as follows: Three American fliers, downed two or more years ago among the rocky passes and towering heights of the mountains east of the Hump, were held by the Lolos as "White Bones," slaves to the ruling "Black Bones." The men had been seen grinding corn and tending flocks. The Black Bones were capable of it. Tall, dark men, probably Mongoloid in ancestry, given to drinking a raw corn wine and wearing their hair in a tuft which Chinese scornfully call "The Horn of the Lolos," the Black Bones took considerable time off from farming and sheep herding for bloody, intertribal feuds and raids on neighboring Chinese regions for slaves.

War Department officials were not inclined to disparage the report. They knew of four B-29 crews missing in the area southwest of Chengtu. Early in 1944, a rescue team had contacted tribal leaders of the scattered 2,000,000 Lolos and bought freedom for several airmen with trinkets, 10 yards of cloth, and 25 pounds of rock salt, which Lolos like to suck like lollipops. On other occasions, air-rescue teams had parachuted into Lolo territory and brought out survivors to Chengtu.

Last week the Army acted swiftly. A rescue team hopped off from Chengtu

and plunged deep into Lolo territory. Three days march southwest of Sichang, they found grim confirmation—the bodies of three American fliers, long dead. But they also found grounds for fresh hope: A missionary told them of five Americans held captive near Woloho, fifty miles deep in the mountains.

PROFITS: The Kaiser Question

Among all the home-front heroes of the war, none was painted in more glowing colors than Henry J. Kaiser. He stood as a symbol of industrial wizardry, ingenuity, and enterprise—a peerless maker of steel and Liberty ships whose gigantic efforts could hardly be exaggerated.

Last week Kaiser found himself in the awkward role of virtual defendant against charges of vast and unreasonable profits laid before the House Merchant Marine Committee by Ralph E. Casey, chief attorney for the General Accounting Office.

Specifically, Casey charged that six shipyards owned or controlled by Kaiser and his associates made profits of \$192,237,284 on total capital investments of \$2,510,000.

Generally, the charges indicated even greater profits for a list of nineteen corporations which operated government-built shipyards. Risking at most \$22,979,275 of their own money, Casey said, the nineteen firms realized profits of \$356,006,612, a yield which Marvin Coles, chief committee counsel, estimated up to 350,000 per cent in some cases. "At no time in the history of American business," Casey told the committee, "whether

WASHINGTON TIDES

Spending for Security

by ERNEST K. LINDLEY

Forty-nine of the 50 political analysts questioned in *NEWSWEEK*'s first preview of the 1946 election (see page 24) think that the Republican party will make gains in both houses of Congress. Thirty-two of the 50 think that the Republicans will win control of the House of Representatives.

Yet only seven of the 50 think that the 80th Congress will draw away from support of the Administration's foreign policy, and thirteen think that it will give this policy even greater support. Twenty-seven predict that it will lend its support to the foreign policy to about the same degree that the expiring Congress has done.

This consensus of 50 of the best-informed political analysts in the nation should be taken to heart in every chancellery in the world, including, of course, the Kremlin. These chancelleries should note, also, that on the entire list of factors which might affect the election, one way or the other, submitted by *NEWSWEEK* to these seasoned observers of public opinion, there was only one which they unanimously rejected, or omitted, as having no material influence: "Fear of a get-tough-with-Russia policy."

There were, of course, serious discrepancies in the records of many members of the 79th Congress. Some who subscribed publicly to the stated aims of American policy voted to deny the government the means of achieving them.

They sapped our military strength, and thus undermined our diplomacy, by screaming for quick demobilization, opposing extension of the draft, and demanding sharp cuts in Federal expenditures and taxes.

They also opposed the international economic and financial measures necessary to support American policy.

The economic side of our foreign policy is unlikely to be a major problem for the 80th Congress, in its first session at least. Most of the urgent decisions in this field were made by the 79th Congress.

But with respect to our military establishment the new Congress will be required to make many decisions of the utmost importance. It can sustain or it can destroy what is left of the armed power of the United States, by what it does about appropriations, authorizations, manpower for the serv-

ices, military training, and scientific research. It will also have to decide to what degree the services should be coordinated or merged.

To anyone who believes that a strong national defense is wise insurance, in the present state of the world, there are some encouraging symptoms.



Last week a prominent Republican congressman who, a year ago, was joining in the clamor to "bring the boys home," said to this correspondent: "That was one of the worst blunders we ever made." He had just returned from an official tour abroad. He had seen, and felt, for himself the serious consequences of cutting down our overseas establish-

ments too rapidly, of failing to provide prompt and larger replacements for the men who had served during the war and were entitled to come home, of demobilizing our armed forces as a whole so precipitately that governments throughout the world were misled into thinking that we intended to withdraw into our shell again and abdicate our place as a world power.

More trips abroad should be arranged for Congressional members and candidates. They used to be called "junkets." In these days, they are usually educative. They should be made compulsory for members of the Appropriations and of the Ways and Means and Finance Committees, which frame tax bills. For the most serious visible threat to our military strength, and so to our diplomacy, comes not from the pacifists, but from those who promise, or advocate, important reductions in Federal expenditures and taxes.

Federal expenditures can be trimmed here and there, but they cannot be cut significantly without gutting our military establishment and so imperiling our diplomacy. Taxes can be cut significantly only at the same terrible risk, unless we are willing to keep on piling up the national debt.

Willingness to spend and to tax—and to suffer inconvenience—to maintain a strong military establishment is, under present conditions, a telling test of the determination of a candidate or a congressman to support the foreign policy of the United States. It is a test to which every citizen should unflinchingly subject every candidate for the Senate and House, and himself.

in wartime or in peacetime, have men made so much money with risk—and all at the expense of taxpayers, not only of this generation but of generations to come."

As an example Casey cited the Johns River Shipbuilding Corp. which, he said, made a profit of \$2,000 on an investment of only \$600. Of the others were: California Shipbuilding Corp. (a Kaiser interest), capital investment \$600,000, estimated profits 423,014; Permanente Metals Corp. (Kaiser interest), capital investment 1,000,000, estimated profits \$58,840,885; Carolina Shipbuilding Corp., capital investment \$3,000,000, estimated profits \$27,645,029; Bethlehem-Fairfield yards, Inc., capital investment \$1,000,000, estimated profits \$53,906,980.

The Giant's Answer: Plainly netted by the charges, Kaiser presented to Schuyler Otis Bland, Virginia Democrat and committee chairman, a thick booklet, which pointed out that the combined net profits of Kaiser firms amounted only one-tenth of one per cent of the volume. The position of the shipbuilders was that they were not expected to supply capital; that Casey should figure percentages on production volume. Kaiser first the rotund industrialist said, did more than \$210,000,000 worth of government construction "without fee or profit," and saved the government nearly \$500,000 on ships, metal, steel, and cement compared with the costs of these goods when produced by other companies.

Supported by his son, Edgar, and Oscar Cox, former Lend-Lease Administration counsel, Kaiser spent three days at the stand telling the committee what he considered his profits to be:

■ The Kaiser Company, Inc., received \$41,000,000 in fees and profits for operating three shipyards, and \$5,000,000 from three additional yards, not wholly controlled.

■ Against this \$46,000,000 profit, the company lost \$59,000,000 operating the Fontana Steel Plant, built in 1942 to supply steel for the Kaiser shipyards. Net loss: \$13,000,000.

■ One Kaiser company emerged from the war with a \$26,000,000 magnesium plant paid for in full out of profits. However this is now losing \$50,000 a month in a shutdown condition.

■ The Kaiser Company has paid off \$27,000,000 of a \$100,000,000 RFC loan to build the Fontana Steel plant. Kaiser hopes to have the loan renegotiated since, he argued, the government put him at a competitive disadvantage by selling the Geneva Steel plant in Utah to U. S. Steel at 20 cents on the dollar.

Last Thursday, Sept. 26, as the committee recessed indefinitely, the question that agitated the crowded hearing room was still unanswered: Was Kaiser a patriot or profiteer, a winner or a loser? The committee hoped to find out some time after the November elections.



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