

First Army Goes Into 'Action' in South Carolina



For weeks to come, the country made famous by Stonewall Jackson will see thousands of troops engaged in simulated warfare, during maneuvers of the First army near Camden, S. C. At left, troops of the 13th Infantry charge over a haystack. Center: Planes of the "enemy" swoop down with machine guns wide open. Right: First assault boats arrive on "enemy" shore after crossing the Wateree river.

Hitler's Elite Troops on Eastern Front



The men shown jockeying this field gun into position on the Russian front are described in the German caption as troops of the police division—Hitler's elite troops. The man shown on the right—foreground—is a runner of the cycle corps. Berlin predicted the final collapse of the Red military power, basing their prediction on the understanding that the Russians had marshaled their last material reserves before Moscow.—Soundphoto.

Air Plant Strike



Bergen county police seize a striker who violently protested the arrest of three pickets outside the huge Air Associates plant at Bendix, N. J. The pickets were taken in custody after a hail of stones rained down on a car bringing workers to the building. A defense mediation board proposed a settlement.

NATIONAL AFFAIRS

Reviewed by
CARTER FIELD

Freezing of Farm Prices and Wages Seen Necessary to Prevent Inflation . . . Tax Issue Looms as Important in Local Elections . . .
(Bell Syndicate—WNU Service.)

WASHINGTON. — Anyone who thinks that inflation—and unbridled inflation at that—can be prevented without freezing farm prices and wages should read one of two, preferably both, recent observations.

One of these was the testimony on Capitol Hill of Bernard M. Baruch. The other is a pamphlet issued by the Brookings Institution entitled "Effects of the Defense Program on Prices, Wages and Profits." The latter is by Dr. Meyer Jacobstein and Dr. Harold G. Moulton. Dr. Moulton is head of the Brookings Institution.

They are interesting chiefly because they demonstrate, emphatically and without heat, that nothing the government is doing or proposes to do will prevent runaway prices, and partial destruction, through this cutting of the value of the dollar, of all savings accounts, life insurance, social insurance benefits—in fact all forms of savings which are measured in dollars and not in goods.

It hits the government bond and the sock under the mattress equally in proportion. It hits the very defense bonds the public is being told are a good investment.

Issued on the Secretary of the Treasury Morgenthau's proposal of a boost in the social security tax from 2 to 6 per cent was announced, the authors of the Brookings pamphlet could not have been meaning to hit it. But they did. One of the admitted reasons for this proposed tax boost was to cut private purchasing power as a partial check on inflation.

Brookings' Statement

Say Drs. Jacobstein and Moulton: "The price advance cannot be directly attributed to the increases in mass purchasing power. If the general rise in prices had been due to competitive bidding by consumers possessed of increased incomes, one would expect to find retail prices increasing at least as much and as rapidly as the prices of manufactured products and raw materials. The facts show, however, that the increase in retail prices has been relatively small. The price rises began at the producing and not at the consuming end . . .

"The facts clearly show that the active forces leading to price advances in the present situation have been operating on raw materials and manufactured products, gradually spreading from there to the retail end . . .

"The prevailing belief in government circles that price rises could not occur so long as there remained a large volume of unemployed labor and capital goes far toward explaining why no deep concern was manifested until fairly recently over the price question, and why the Office of Price Administration was not set up until the spring of 1941. Had the nature of the price inflation process been clearly perceived, steps would doubtless have been taken at a much earlier date to control the sources of price disturbance.

No Control Provided

"The Office of Price Administration has no authority over the farm price program and no authority over wages . . . The price control bill now before congress does not provide for any control of wages, and control of farm prices cannot begin until 110 per cent of parity is reached. Since as this analysis has shown, the upward movement of prices is chiefly due to increases in the prices of agricultural products and in wage costs, it is obvious that the Office of Price Administration has no effective control over the price system as a whole."

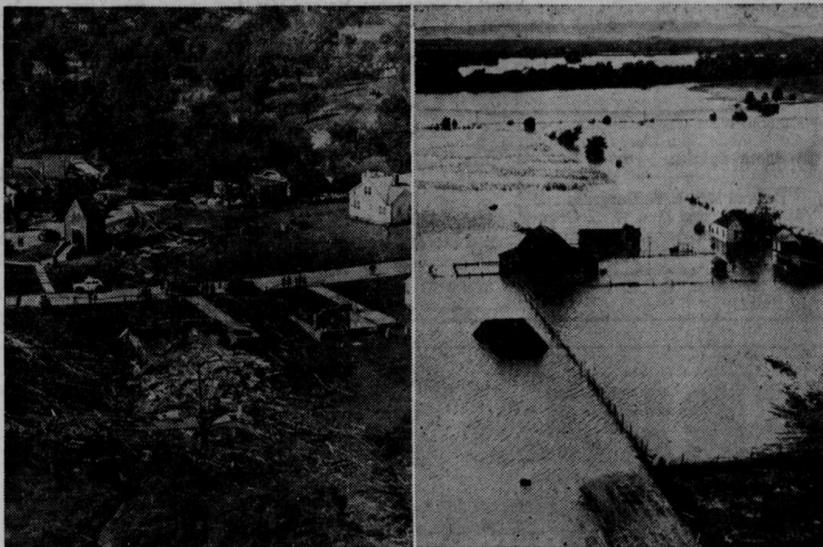
Tax Issue And Local Elections

Joe Martin's conclusion that the folks in the West are keenly worked up about the new taxes, and his hope that the G.O.P. may win the next house as a result, may be discounted by the possibility of an appeal by administration leaders not to give the world the impression that the American people are not in sympathy with the war against Adolf Hitler. But if Martin is right about the interest in taxes, as would seem very logical, look out for primary upsets next spring and fall!

Outsiders aspiring to seats in the house and senate are likely to find taxes a heaven-sent issue. There is hardly a senator or representative who will not be pitifully vulnerable to a sharp attack by an opponent who studies the sitting member's record on appropriation roll calls.

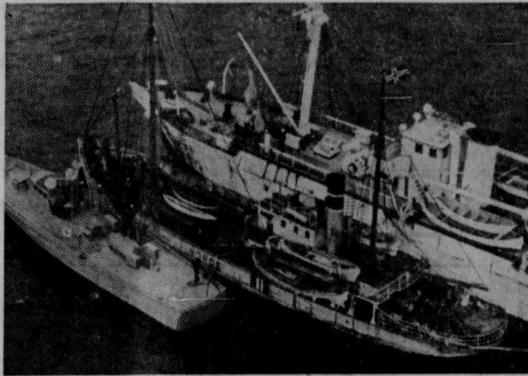
Remember that these will be local contests. The sitting members will always be attacked for voting for appropriations in which their own constituents are not interested, but which can be made to appear heavily responsible for the boost in taxes.

Wind and Rain Divide 'Honors' in Southwest



An airview of the eastern part of Kansas City, showing damage done by a tornado, is shown at left. Wreckage of the recently completed Arlington Methodist church, with only the portals remaining, can be seen. Right: Torrential rains flooded rivers and creeks in Oklahoma, inundating thousands of acres of farm land and forcing people from their homes. Scene shows a farm near Pryor, Okla., much of it under water.

Nazi Spy Ship Arrives in Boston



Under heavy armed escort, the captured Norwegian vessel, Busko, and 20 Norwegian Nazis, were brought to Boston. Coast guard patrol ship Bear and two patrol boats brought her to the dock. The Nazis, bound for Greenland to establish a radio base, were taken by a U. S. navy patrol boat.

Discuss Jap Crisis



President Roosevelt cancelled his regular cabinet meeting and called in army and navy heads to discuss crisis in Japan caused by resignation of Kono cabinet. Photo shows Admiral Stark and Secretary of the Navy Knox talking on White House steps after conference.

Press Conference a la Berlin



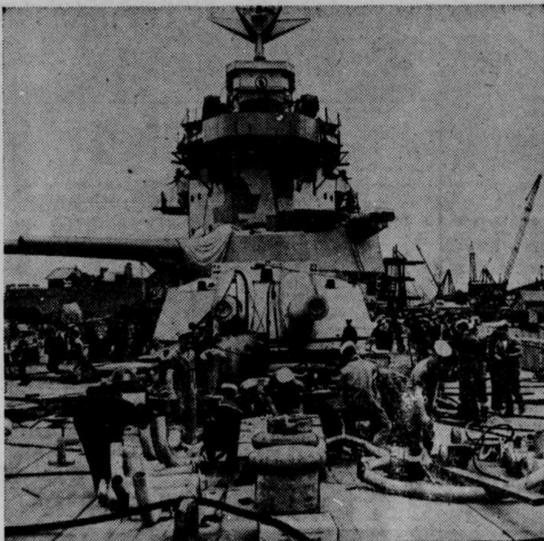
Berlin has its press conferences, too, but how free they are is another matter. This radiophoto sent to New York via radio and to Chicago via soundphoto shows Dr. Otto Dietrich announcing military achievements claimed by the Germans on the eastern front, to foreign correspondents in Berlin. Note large-sized war map.

Trouble in Panama



Dr. Arnulfo Arias, who was ousted from the presidency of Panama, in a coup which placed a regime more favorable to the U. S. in power. He fled to Cuba to save his life, he claimed. Dr. Ernesto De La Guardia assumed the presidency.

U. S. Repairs H.M.S. 'Warspite'



A general deck scene from the bow of the British battleship, Warspite, hero-ship of many naval battles of the present war, as she was put in ship-shape at the Bremerton navy yard, near Seattle, Wash., before venturing on the high seas again. The tubes shown on deck are for air conditioning for the men working below.

'Seeing' London



Pretty Kathleen Harriman, daughter of W. Averell Harriman, head of the U. S. lend-lease war mission in Moscow, is being shown the sights of London by a steel-helmeted policeman, who seems to be enjoying the "job" to the utmost.

'Baby' Legislators Honored



A delegation from the United Youth for Defense organization presented Sen. Joseph Ball of Minnesota and Rep. William Stratton of Illinois, two of the youngest legislators in congress, with medallions of the organization. Photo shows No. 1 New York debutante, Miss Betty Gordon, pinning a medal on Senator Ball, who is 34. Representative Stratton (shown) is 27.

Plea for Charity



President Roosevelt called upon every American citizen to contribute to his local Community Chest. He is shown as he made his plea for charity to the nation.

Congressional Leaders Confer With F.D.R.



A delegation from Capitol Hill confers with President Roosevelt on changes in the neutrality law. L. to R., back row: Sen. Tom Connally (Texas); Sen. Charles L. McNary (Oregon); and Rep. Luther A. Johnson (Texas). Front row: Rep. Sol Bloom (N. Y.); chairman, foreign affairs committee, and Rep. Charles Eaton (N. J.).

Chiefs Meet



First meeting of the U. S. and British commanders-in-chief in the Far East. British Air Marshal Robert Brooke-Popham (left) flew to Manila, P. I., to discuss Far Eastern questions with Lieut. Gen. Douglas MacArthur (right), U. S. chief in the Far East.