

**ECONOMIC HIGHLIGHTS**

The kindred problem of inflation, taxation and cost-of-government are causing many a congressional headache these days. Few senators or representatives seem to have yet decided what can be done to help solve them.

Prices are now going up with extreme rapidity. President Roosevelt recently said that inflation has set in and other major figures in the government have said the same thing before. A legion of economists have urged that Congress take steps to control prices. But so far the lawmakers have shown amazing agility in dodging the issue. Price-fixing is an extremely ticklish business. It is to be successful in the opinion of most authorities it must be accompanied by wage fixing. So from the point of view of men who must depend on votes to hold their jobs it is dangerous medicine. On top of that there are thousand and one different proposed schemes for price control and no one knows which might be workable.

We have only just begun to suffer the burdens of taxation that war and defense spending will make in-

evitable. The new tax bill is the heaviest in our history. Yet it is designed to produce less than \$4,000,000,000 a year in additional revenue and defense and aid-to-democracies appropriations now total close to \$70,000,000,000. The President has said that the government's cash income must be increased, and secretary of the treasury Morgenthau has urged a bill which would impose on both individuals and business a tax load infinitely greater than that they are now carrying. The feeling grows in official circles that some form of payroll tax may have to be levied and that this may be accompanied by a law to compel forced savings. Heavy taxation is urged as a weapon against inflation on the ground that it reduces purchasing power and lessens the ability to buy. The bill which Mr. Morgenthau recommended involves a straight 15 percent tax on all salaries and wages.

The cost of government issue is coming into the limelight now. The fact is that the war spending has been piled on top of record-breaking non-war spending in which no important cost reduction has been made anywhere. For instance appropriations to aid farmers, youth, re-

liefers and others are still at the depression peaks. Leading congressional fighter for non-defense economy has been Senator Byrd of Virginia. Mr. Byrd is a 100 percent supporter of the anti-Hitler program and at the same time he believes that the regular cost of government should be pared to the limit. He is head of a senate committee which is now trying to find ways and means to reduce the non-defense budget. Secretary Morgenthau recently appeared before this committee and testified that in his opinion very large cuts could be made in practically all non-defense departments. He did not estimate the total that could be saved. However sometime ago he forecast that a reduction of at least \$1,000,000,000 a year was possible. Other authorities have estimated that a cut of \$2,000,000,000 or more is within reason in non-defense spending.

Congress has been almost entirely occupied with foreign policy during the past year at the expense of domestic policy. In a time such as the present with public attention focused on a war which extends over three-quarters of the world it is easy for Congress to take the line of least resistance and do little or nothing. But the heat is being turned on now and some of the turners are men high in administration circles. This country has not yet adopted a fiscal policy, a wage policy, or a price policy suitable to the times. We are far behind England in that respect. It looks as if Congress must really get down to cases and grapple with economic problems which are of direct concern to every citizen of these United States.

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The great British drive into vital Libya could not have come as much of a surprise to the German and Italian garrisons. It had been rumored for weeks that the campaign was brewing and it was known that Britain had been sending tremendous quantities of supplies to Africa. However it is a distinct possibility that the Axis powers were surprised by the number of troops involved and by the quality and extent of their equipment. It is probable that this is the first time in the war that Empire land troops have met Axis land troops without being definitely inferior so far as mechanized equipment is concerned.

The Libyan drive is providing a good test of American war materials. The 600,000 Empire troops are largely equipped with American tanks, planes and other weapons. Trustworthy reports from the front cast great credit on American design and manufacture. It is said that the American tanks are definitely superior to German and Italian tanks of comparable size. Their armor is tougher, their fire power is as good or better, and their tracks permit going in terrain and under weather conditions which stop the Axis machines. The American army has a General on the scene in the role of military observer and he will be able to bring home very interesting and informative news.

Britain's purpose in shooting the works in Africa is manifold. First it is of definite aid to Russia by placing a strain on Axis troops and equipment. A new front has been opened. Germany will not be able to move troops and equipment from Africa to help on the Eastern front. Instead she may have to divert resources of men and material from Europe to Africa.

Second the African campaign answers Churchill government's critics who have been demanding more action. A sweeping British victory would do a great deal for Empire morale.

Third it helps place Britain on an offensive instead of a defensive war basis. In other words she apparently no longer feels that she must keep all resources as intact as possible for purposes of self-protection. She now feels that she can carry the war to the enemy on a major scale.

Fourth and most important from a military strategists point of view is the possible effect of the Libyan campaign on Italy. If the campaign achieves complete success it will give the British possession of invaluable Mediterranean bases. These bases can and no doubt will be used to wage a naval and air war against Italy on a terrific scale. In addition a workable naval blockade could be established to prevent Italian shipping from leaving or entering home. Some authorities are confident that these methods would in time knock Italy out of the war and force her to sue for peace.

On the Russian front it is apparent that Hitler is getting farther behind schedule all the time. In addition he is taking tremendous losses which may prove disastrous in the long run. The Russians claim that 5,000,000 German troops have been killed.

wounded or captured. That is probably a great exaggeration. But there is no question but what casualties have been far heavier than Hitler's generals who figured on a two month Russian war anticipated. In addition the Russians have taken or destroyed vast quantities of tanks, planes, field pieces, etc. The resistance of the Russians, soldiers and civilians alike is writing a new and heroic chapter to the military annals of history.

The Allies have certainly not won this war. But their gains in strength since the awful disaster at Dunkirk are nothing short of miraculous. Little more than a year ago it looked as if England was beaten and that given everything she wants.

no force capable of even slowing the Nazis much less stopping them remained. Time has proven otherwise. And today Time works against Hitler at last.

Judging by the tone of the government inspired Tokyo press one wonders why Japan went to the expense of sending special envoy Saburo Kuruso over here. The Papers say with monotonous regularity and uniformity that all hopes of maintaining peace in the Pacific is gone and that war is inevitable.

Japan's peace offers to this country have been Hitler-like, in other words she will accept peace if she is as if England was beaten and that given everything she wants.

One school of experts thinks that Japan may be stalling for time, that she is bluffing on the one hand and talking vaguely about understandings on the other in order to keep the United States from definite action now. Every day that passes obviously makes it a harder job to unseat her from her position of military power in Asia. However every day that passes also makes Japan weaker economically.

This government is giving absolutely no ground to Japan. The American attitude in effect tells Nippon that if she insists on conquest she will have war with us.

**STRAIGHT FROM NEW YORK**



**PEPLUMS ARE POPULAR**  
The new "interrupted silhouette" this year is achieved with peplums, tiers and tunics. This New York creation features a perky, pleated peplum that fastens on like a little apron over this featherweight wool dress of rascal red. Slanted pockets are hidden beneath the peplum to complement the high pockets on the bodice. The look is soft and feminine, typical of this season's fashion trend.

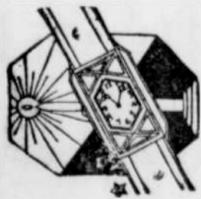
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