

### Timely Topics

By R. T. Moore

The visit to England by General Browning, Director of Purchases for the Army Service Forces, raises the hope that renegotiation of war contracts muddle will shortly be cleared up.

The English have a system that is hard on the inefficient producer but favorable to the efficient. They have a profit incentive that yields as high as 7 1/2 per cent of capital employed before taxes. This would be quite a prize for American producers to work for. Their average profit is now around 4 1/2 per cent of capital employed before taxes.

The trouble with present system of renegotiation, if it can be called a system, is that nobody can be found who can define reasonable profit. No one can estimate the effect on the business involved until after the negotiations are completed. This means a delay of several months.

Because of the damaging of credit lines at the banks and the destruction of the confidence in the future which is the basis of all major industrial operations, it is probable that much of the present slump in production is attributable to the renegotiation uncertainty. No large manufacturer dares build up an adequate inventory of raw materials for steady production when he does not know whether he will be permitted to retain the funds to pay for them. No large bank will venture to advance operating capital when there is no way of telling whether safe profits to cover contingencies will be allowed.

The slowing up of production, though injuring the war effort, is bringing the Administration to its senses and is reversing the tide that has run against business for the past decade. Not only is the renegotiation system to be revamped but ways are to be found to provide investment capital for business and termination clauses for war contracts that will avoid bankrupting those concerns which have patriotically maintained maximum production even though it was against their own interests because of near confiscatory taxes resulting. The lesson is being learned the hard way that there is no substitute for private enterprise in setting up real social security for the public. The laws of Nature will always transcend those of mere man.

The War Production Board has issued an appeal to all war plants to operate full schedules Labor Day. This appeal will be met by all patriotic Americans as a matter of course. In a way, it is a reflection on the laboring public that such an appeal should be necessary. With so many of our boys facing death and suffering terrible privations for our sake, how could any white man do other than give them all of the support it is humanly possible to give?

There is no concealing the fact that a large portion of the American laboring public is letting personal fortune eclipse the war effort. This is being done through stoppage or slow-down of work, through incessant demands for increased wages above levels indicated by cost-of-living figures, through intemperate use of liquor that results in absenteeism and lowered efficiency, through failure to invest all possible in war bonds, and through constant bickering with those in authority over them to cause chronic slow-downs of production and gradual disintegration of efficient organization in our war plants. And to cap the climax comes a statement to the effect that Labor will cancel its no-strike pledge unless Congress does its bidding.

All of this is not conducive to maximum war production to say the least. Next Labor Day would be an excellent time for all concerned to pledge themselves to forget all of the stuff

that hinders the giving proper support to our boys at the front. It would be a national disgrace that we could never live down if we didn't. Possibly I am mistaken, but I think I detect an undercurrent of resentful public opinion that will some day explode into a general house-cleaning that will sweep the whole mess out of the back window into the garbage can. The innocent will suffer with the guilty and heaven help the folks who were connected in any way with the forces who are obstructing the war effort. The American public has always done a very thorough job when it has started out to clean house. There is no reason to believe there will be any exception in this case.

Next Labor Day may therefore be of great significance. It may mark the success of the present labor movement or its failure. The problems must be solved by Labor alone and they must be solved in the direction of maintaining full war production. The public will not tolerate any other course and the public still rules the roost. The warning flags are out and the wise will heed them.

With the end of the military phase of the European part of the war in the offing, the diplomatic phase is about to enter the scene. Attention is now directed to our State Department where Mr. Cordell Hull sits serenely entrenched so far against the sniping of opposition within the Administration. Though appearing to be an easy-going old politician, content to hold his job with a minimum of effort, Mr. Hull is actually about the toughest customer in the present, and forgotten, cabinet.

It is said that the Wallace-Jones feud originated in a scrap between State Department and BEW, headed by Wallace. Mr. Hull backed Jones and won out. The President had to perform the very distasteful task of weighing the political value of Mr. Wallace against that of Mr. Jones and Mr. Hull. He chose the lesser of two evils with that unerring political judgment for which he is famous. The conservative wing was thus favored over the New Dealers and the left-handers were left dangling in mid-air. Though the President can not agree with Mr. Hull at times, he had to take the position of supporting him because of the exigencies of the situation.

Neither the President nor Mr. Hull like to play second fiddle. And while the war phase still occupies the limelight with the President carrying the flag there is no trouble with State. But as soon as peace negotiations start and State has the limelight look out all over the woods. Mr. Hull is firmly determined to carry the flag for State at the peace table. The President, unless he turns a new leaf meanwhile, will be equally determined that HE will be the standard bearer for State. So trouble seems to be in the offing.

Since Mr. Hull has the support of a very large delegation of his party leaders and wields a large influence in the country at large, it is not likely that he will be attacked openly. But forces within the Administration have been busy trying to undermine him for some time and may succeed. Right now these forces have been side-tracked in favor of the conservative element. The loss of prestige by Mrs. Roosevelt, the coming departure of Hopkins from the White House, and the exodus of college professors and dancers from important posts are some of the indications of this situation. But the Administration thinking remains New Dealish and is merely held in check temporarily by adverse public opinion. It will reassert itself when and if a favorable turn in events permits. So a clash seems inevitable. Both Mr. Hull and the President have the same strength as planners and the same

weakness as administrators and Mr. Hull will not stand being shoved around.

A great many members of Congress are burned up over the current drafting of fathers after they thought they had the promise that family men would not be drafted until after fitting debate in the Congress next fall. This was the general understanding when Congress adjourned, otherwise the the opponents of this family-man drafting would have kept the Congress in session until they had the matter thoroughly aired. But Selective Service has gone right ahead regardless and the fat is in the fire.

It does seem hard to understand why a mass army is needed when the whole war to date has been fought with relatively small forces except on the Russian front. It would appear more sensible to emphasize equipment rather than size when artillery and airplanes do most of the fighting. Munitions should be kept rolling in huge amount and war production kept at its peak. To build up a huge, but unused, army and thus weaken the industrial front would not seem to be good strategy. We have armed the English and Russian armies to a large extent and are now being paid dividends therefor. Should we not concentrate on the equipment that has shown marked superiority in battle and is now overwhelming the enemy rather than on the recruiting of large forces which will greatly weaken our power to produce through lack of industrial man-power? This will be a subject for debate in the Congress next month. There is always the probability that there are hidden urgent reasons for this big army. We can only trust implicitly the good judgment of our excellent military leaders. They will not risk the lives of our boys to any greater extent than is absolutely necessary. Strategy to date has been along those lines and the nation is both grateful and proud that our armed forces are led by men who have such concern for the safety of their commands.

A favorite device used by the Administration to fire a man and yet keep him from getting mad or to salve the wounds of a faithful candidate who was defeated for office is to give him a job in some Bureau. This was done in the case of Herbert Lehman, ex-governor of New York. From what can be learned of Mr. Lehman, he is a very able and expert administrator. He governed the state of New York in a very creditable manner. The state government prospered under his economical administration and he was defeated by Mr. Dewey only because of an up-state protest vote against the national Administration which had supported Lehman. There is no doubt but what Mr. Lehman accepted the post of Administrator of Foreign Relief and Rehabilitation under the belief that he would be able to do his stuff when the occasion arose.

But now that there actually is some Foreign Relief to administer in Africa and Sicily, he has been fondly patted on the head and placed on the shelf with a papa-will-do-it-for-you-dear admonition while others closer to the Chief take over. Perhaps there is fear that Mr. Lehman will attract too much public acclaim. He might cast a shadow and the Administration does not like to have shadows cast. At any rate it is a pity that his unquestioned talents in this sort of thing should not be used at this critical time. I predict that Mr. Lehman will either get the green light or resign.

An editorial in one of the dailies recently exulted over the fact that the national income has increased from 43 billions to about 150 billions in the last decade. From this it was

reasoned that we have not only been able to produce the huge and decisive quantities of munitions to win the war but have maintained or increased our high standards of living while doing it.

But there is a fly in this perfumed ointment. While we were increasing the public income from 43 to 150 billions we also increased the public debt from about 25 to nearly 300 billions, if all appropriated moneys are considered. In 1933 a man would have to work eight hours to pay his share of the national debt. In 1943 he would have to work about two years to do the same thing.

If one believes in the theory that the size of the national debt is immaterial then everything is lovely. But if you believe that owners of government bonds should get back value received, and I mean 100 cent dollars for 100 cent dollars, the outlook is not so rosy. Somebody has got to earn all that money and pay it to the government in taxes. The value of the dollar must be kept level. Inflation must be sternly resisted. And this money is not going to come easily but will have to be earned by actual production of goods.

It is only in a Communistic state that the size of the public debt is immaterial. In such a state there is no private ownership of property and therefore no such thing as a public debt, as we know it. The state has it all, the individual nothing. To qualify for life in such a state one must be willing to share the hard-earned fruits of his toil with a lazy neighbor who did little or nothing to produce his just share. For all are treated equally, regardless of personal character and ability. How many of us can, or are willing, to qualify thusly?

It is unthinkable that the millions of people who have placed their savings in government bonds should be cheated out of their value by either repudiation or devaluation of the dollar through inflation. The financial road ahead is long and hard despite the present high wages and salaries. We will have to pay the current ex-

penses of government as well as the vast burden of principal and interest on the colossal debt. It can only be done through greatly increased production of goods and equitable distribution of the tax burden. There must be the most rigid economy in government and the fostering of private enterprise for many years if the national debt is not to ruin us.

It is a mistake to lead people to believe that economy and hard work are not necessary to maintain our high living standards. The Lord placed us in this Garden of Eden and expects us to take care of it. If we don't, He will banish us from it as punishment for our unfaithfulness. Prosperity can be maintained if we keep firmly in mind that it means work and more work to till the soil and produce ample goods for all to have and enjoy. The possession of dollars is meaningless unless they have goods to back them in value. We have been living on borrowed money. We must prepare to pay it back when due.

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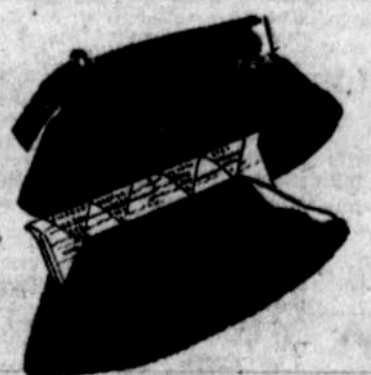


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