

# Democracy and Federal Trade Commission

By EDWIN L. DAVIS  
Chairman, Federal Trade Commission

WHEN our Federal Constitution declared in the name of "We, the people" that its purpose was "to promote the general welfare," it was a fitting affirmation for a youthful democratic state. For it affirmed that the goal of democracy is the greatest possible good to the greatest possible number. However, democracy also implies that the greatest possible number will participate in the determination of what is the general welfare. In its highest form democracy implies equality of opportunity and this is impossible without approximate equality of economic opportunity. Democracy cannot survive the constant frustration of economic opportunity for the average man. The welfare of the average man is the basic concept of democracy. It recognizes him as the economic and political foundation of society.

In this perspective and in this setting may be viewed the place in our American democracy occupied by the Federal Trade Commission. Clearly it is an instrument designed and fashioned in our maturer years to promote the general welfare by policing the highways of interstate commerce and holding open the gates of economic opportunity for the average man.

The act establishing the commission is essentially a democratic measure, both in the broad sense and the political meaning of the word. It was sponsored by a great Democrat, President Woodrow Wilson, and enacted by a Democratic Congress. President Wilson fostered and encouraged the commission during the first seven years of its existence.

In 1937 another great Democrat, President Franklin D. Roosevelt, laid the cornerstone of the permanent structure which now houses the Fed-

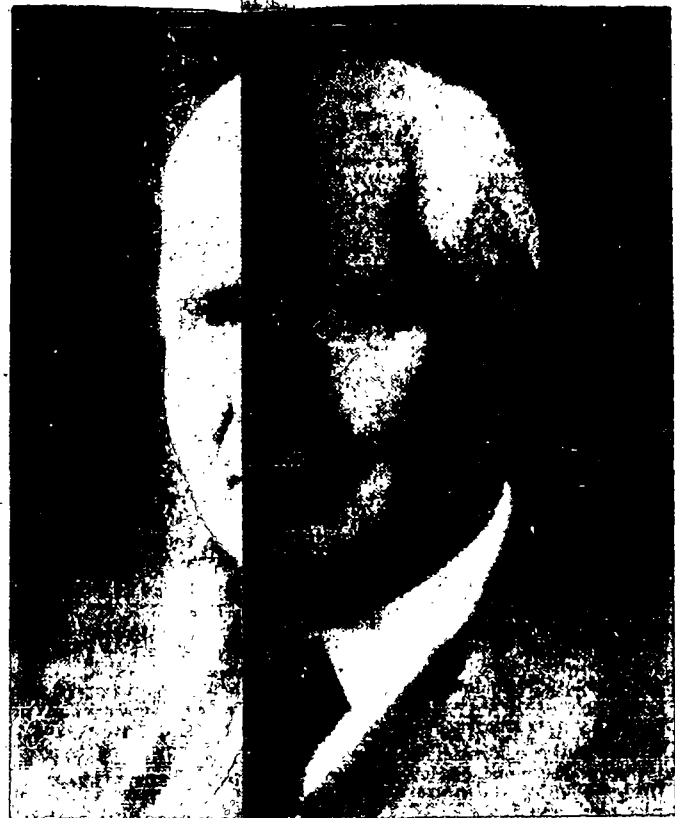
eral Trade Commission. In his address on this memorable occasion President Roosevelt, after generously complimenting the commission upon its achievements, said in part:

"But the dangers to the country growing out of monopoly and out of unfair methods of competition still exist and still call for action. They make the work of the Federal Trade Commission of vital importance in our economic life. We must not be lulled by any sense of false security. Eternal vigilance is the price of opportunity for honest business. It is the price we must pay if business is to be allowed to remain honest and to carry on under fair competitive conditions, protected from the sharp or shady practices of the unscrupulous."

The underlying philosophy of the act establishing the commission is to foster and preserve equal opportunity for all to engage in legitimate business, under circumstances guaranteeing freedom of action, within the limits of sound competition, fair practices and ethical standards of conduct.

Authority is vested in the commission by the Federal Trade Commission Act, certain provisions of the Clayton Antitrust Act, the Robinson-Patman Antidiscrimination Act and the Wool Products Labeling Act to prevent unfair methods of competition and unfair and deceptive acts and practices in interstate commerce and to prevent monopolistic practices in restraint of trade. Authority is also vested in the commission under the Federal Trade Commission Act to make investigations at the direction of the President, the Congress, upon request of the Attorney General, or upon its own initiative.

The commission makes a multitude



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Chairman, Federal Trade Commission

of inquiries annually involving charges of unfair monopolistic practices covering almost every conceivable character of commodities. It has made more than a hundred general industry investigations, supplying the facts on which the Congress has formulated such important statutes as the Export Trade Act of 1918, Packers and Stockyards Act of 1921, Securities Act of 1933, Public Utility Holding Company Act of 1935, Federal Power Act of 1935, and the Robinson-Patman Anti-Price Discrimination Act of 1936.

The Federal Trade Commission has been especially concerned in the protection of the little man, the little man in industry and the little man as a consumer in the mass.

While most business men are honest and ethical, yet there are always some who will seek to take advantage of their competitors and of the consuming public.

The desire to possess, a generally prevalent human instinct, has resulted in the employment of unfair and predatory practices throughout the life of mankind.

As aptly expressed by Kipling:

We are very slightly changed  
From the semi-apes who ranged  
India's prehistoric clay,  
Whoso drew the longest bow  
Ran his brother down, you know,  
As we run men down to-day.  
"Dowb," the first of all his race,  
Met the Mammoth face to face  
On the lake or in the cave,  
Stole the steadiest eagle,  
Ate the quarry other's prey,  
Died—and took the finest grave.

When they scratched the reindeer-bone,  
Some one made the sketch his own.

Filched it from the artist—then,  
Even in those early days,  
Won a simple Viceroy's praise  
Through the toil of other men.

The little man has had to fight a continuous battle from the beginning. It has often been not a question of the "survival of the fittest," but the survival of the strongest.

Government can not ensure equality to all men, but it should ensure equality of opportunity. It should see to it that the game is played fairly.

The aim of democratic institutions is to provide the greatest good to the greatest number. And that means looking out for the little man. The protection of the weak against the strong is the proper function and essence of law. When law is perverted so that it becomes a weapon in the hands of the strong against the weak, the big man against the little man, then the end of democratic institutions is at hand.

To equip our armed forces, and to aid our Allies the collective use of our resources and productive capacity, under government control, became an absolute necessity. This program, born of necessity and nurtured by war, has created a fertile field for strengthening of the monopolistic pattern.

The problems of reconversion to a peacetime basis are manifold. Undoubtedly many questionable and oppressive practices, requiring adjustment in conformity with the laws administered by the commission, will arise.

EDWIN LAMAR DAVIS, was born in Bedford County, Tenn., February 5, 1876; educated in various schools, including the famous Webb School and Vanderbilt University; graduated from Columbian (now George Washington) University Law School in 1899 with degree of LL.B.; began active practice of law in 1899; married Carolyn Windsor, of Americus, Ga., in 1898, and has five children; Presidential elector in 1904; judge of the Seventh Judicial Circuit of Tennessee (9 counties), 1910 to 1918; chairman of the district exemption board for the Middle District of Tennessee, 1917-18; elected to the Sixty-sixth, Sixty-seventh, Sixty-eighth, Sixty-ninth, Seventieth, Seventy-first and Seventy-second Congresses of the United States, 1919 to 1933; chairman, Committee on Merchant Marine Radio and Fisheries during Seventy-second Congress; appointed by President Roosevelt as a member of Federal Trade Commission, May 23, 1933, for term ending September 25, 1939; promptly confirmed by Senate and entered on duty July 28, 1933; reappointed by President Roosevelt, July 14, 1939, and promptly and unanimously confirmed by the Senate for term commencing September 28, 1939, and ending September 25, 1946; chairman of Federal Trade Commission, 1935, 1940, and 1945; member of National Emergency Council, 1933; member of American National Committee, Third World Power Conference, 1936; alternate member, Advisory National Economic Committee, 1938 to 1941; Democrat; member of Bar, all courts of Tennessee, District of Columbia and U. S. Supreme Court; American, District of Columbia, Federal and George Washington Bar Associations; Phi Delta Phi Legal Fraternity, Alpha Omega Fraternity; Mason (32nd Degree); legal residence, Tullahoma, Tenn.; Washington residence, 2150 Wyoming Avenue.

# Dependency Benefits in World War II

By MAJOR HARRY GROSSMAN, FD.

Officer in Charge of the Information and Public Relations Sections,  
Office of Dependency Benefits, in Newark, N. J.

"I WANT YOU to know how grateful I am that you sent me my check. It came in time for me to get the things I really did need at home. Bills were a pain than my head, it seemed, right after my husband went into the Army, so I just had to write you a letter of thanks."

"I don't know what I would have done if you hadn't sent me the check. I needed it for food and medicine, and I was too proud to ask for help, with my son in the Army."

Thousands of letters like these express in terms of a common human denominator the part played by the War Department Office of Dependency Benefits in Newark for a Nation at war.

After Pearl Harbor, millions of men were suddenly inducted into the Army, hastily trained, and sent off to the fighting fronts of the world. They left behind them their peacetime responsibilities—the continued fight for security, the fight to provide for those they loved. But, though their breadwinners were gone, the families—and more than 20 million Americans could be counted among them—had to eat, be clothed, and be free of the fear of want and insecurity.

That responsibility was met by the ODB, set up in 1942 to administer a widespread system of soldiers' benefits. These are, primarily, family allowances under the Servicemen's Dependents Allowance Act of 1942 as amended—called the greatest wartime family security measure in the country's history—and voluntary Class E allotments under the Class E Allotment-of-Pay Act of 1899 as amended.

Starting from scratch in June 1942, the ODB rapidly became the largest activity of the Office of the Fiscal Director, Headquarters, Army Service Forces. In its third year of operation, its disbursements were 10 per cent of War Department expenditures and 5 per cent of all disbursements made by the entire Federal Government. Its amazing creation and astonishing efficiency have inspired praise from Government officials, high-ranking Army officers, and business leaders.

To date, the agency now directed by Brig. Gen. Leonard H. Sims, USA, has disbursed approximately 12½ billion dollars in over 210 million monthly checks to soldiers' dependents. It has written and distributed more checks in one month than any other single agency in the world.

Although hostilities have ceased, the tremendous task of the agency is not ended. Family benefits are still payable on behalf of men serving in this country and in the Armies of Occupation. In addition, the ODB is paying Class E allotments, also family allowances for eligible dependents of men who volunteer for enlistment in the Regular Army, as provided under the Armed Forces Voluntary Recruitment Act of 1945. And, with the discharge of millions from the Army, the agency is faced with the huge task of continuing accounts, answering inquiries from returned service men and women, veterans, and governmental agencies regarding the status of individual accounts, and fur-

ishing information needed for the settlement of claims.

The first family allowance payments were mailed in September, 1942—36,000 checks totaling four and a half million dollars. They were sent from Washington. One month later, the rapid expansion of the agency necessitated its move to Newark in the largest transfer of personnel and equipment ever undertaken by a Government agency. It was accomplished without interruption to the business of "getting 'em paid."

A month later, the one millionth account was put on the ODB's books. The two, three, and four million marks rolled around at intervals of two to four months.

With the volume of its accounts skyrocketing, the agency was faced by another crisis. On October 26, 1943, the 77th Congress passed Public Law 174, to provide more liberal payments for certain dependents of servicemen. It was necessary to review three million family allowance accounts and to reprocess those affected by the amendment. This had to be done while the ODB continued to process new applications and authorizations pouring in at the rate of 20,000 a day.

Within four months, all accounts affected had been reprocessed and reauthorized in the new amounts provided under the amended law. This

difficult task, too, was accomplished without interruption to the regular monthly disbursements to soldiers' dependents.

Applications and authorizations continued to pour in. By May, 1944, six million accounts were being administered. Less than a year later, there were eight million accounts, and the ODB's checks were reaching homes in all 48 States, in neighboring countries like Canada or Mexico, and in such out-of-the-way places as Tanganyika Territory in Africa and the islands of Fiji or Tahiti in the South Pacific.

There were accounts for dependents in 127 foreign localities. Where, because of hostilities, delivery was not possible, funds were held in trust by the Treasurer of the United States. In unoccupied China, arrangements were made for payment in Chinese dollars through the Bank of China in New York. As the enemy was driven out of conquered countries and some semblance of order was restored, payments were made in local currency through Army Finance Officers or military attaches.

In handling this worldwide business, the ODB has received and dispatched nearly 112 million pieces of mail. More than 100,000 of them have been translated from 44 foreign languages—Arabic, Icelandic, Egyptian, Norwegian, and Tagalog, to mention

only a few. Tagalog, incidentally, is a primitive language of tribesmen in the Philippines. This work has required the services of 16 full-time translators.

The figure given for mail volume  
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## Biography

Before entering the Army as a second lieutenant in September, 1942, Major Grossman was engaged in private practice as an attorney and tax consultant in New York City and Washington. He was formerly Deputy Collector of Internal Revenue, Third District, New York, assigned to the Social Security Division, where he handled rulings and interpretations under a taxing provision of the Social Security Act.

Major Grossman often served as a lecturer on social security legislation for the Practising Law Institute in New York, for the Delahanty Institute, and the Extension Division of Columbia University. Little did he dream, when he conducted an evening course in Social Security legislation in 1940 at the Y. W. C. A. Building at 53 Washington Street, Newark, under the auspices of Columbia University, that in 1945 he would be located down the street at 213 Washington Street as Information and Education Officer of the Agency which administers the greatest wartime family security law in the history of the world.

Previous to his present assignment, Major Grossman, as Officer in Charge of the Training Section, was responsible for the training of all new ODB employes in the principles of the Servicemen's Dependents Allowance Act of 1942 as amended, governing family allowances, and an earlier law governing Class E allotments, and the process that is involved in authorizing and paying these benefits to the 16 million dependents of Army men and women. He also acted as technical military advisor of the film, "Dependency Benefits" which was produced by the Army Pictorial Service.

In his present assignment, Major Grossman has the task of acquainting the public, particularly soldiers and their dependents, with the provisions of the laws administered by the ODB. To do so, information is furnished directly to the soldiers' families and to magazines, press, radio, newsreels and camp newspapers.

The son of Mr. and Mrs. Isaac Grossman of 140 E. Twenty-eighth Street, New York City, is a graduate of De Witt Clinton High School, holds a bachelor of science degree from Columbia University, and a bachelor of laws degree from Columbia Law School. He is a member of the American Bar Association, the New York State Bar Association, B. P. O. Elks, and the Zeta Beta Tau Fraternity.

A native New Yorker, Major Grossman is married to the former Barbara Joan Solomon. They have a 16-month-old daughter, Patricia Joyce, and make their home at 140 E. Twenty-eighth Street, New York City.



MAJOR HARRY GROSSMAN  
Member, Affiliated Young Democrats

# New Center for Veterans In New York City

By E. B. DUNKLEBERGER  
Manager, Veterans Administration of New York

As it was necessary for the Government to immediately make peace-loving men out of peace-loving men after the despicable attack on Pearl Harbor, so also is it now necessary to reestablish these warriors in peaceful civilian pursuits. The Veterans Administration is the Government agency primarily charged with this obligation. It embraces medical treatment and hospital care, payment of pensions, vocational training and education, death benefits, insurance and loans guaranteed under the "G. I." Bill.

During and following World War I, these activities were carried out by several Government agencies. The Bureau of War Risk Insurance was responsible for insurance and claims pension. The Public Health Service provided medical and hospital care and the Federal Board for Vocational Education planned and supervised all vocational training activities. To provide more adequate service Government agencies were consolidated into the Veterans Bureau in 1924. The Congress enacted legislation in 1930, which changed the name to the Veterans Administration and fully defined the scope of all Veterans activities.

Since World War II, the Veterans Administration was so organized that entitlement to any benefit was promptly adjudicated. Medical facilities were adequate and medical treatment was given with

despatch. However, these same facilities proved woefully inadequate to care for the Veterans following V-E Day and, doubly so following V-J Day.

Realizing the emergent need, the Veterans Administration took steps to meet the situation. General Omar N. Bradley was appointed Administrator with instructions to reorganize and develop methods and procedure so that all claims would be expeditiously handled. A firm believer that all services should be brought to the Veterans, the General has decentralized all functions to the field organization wherever possible.

In like manner the Regional Administrative Offices are being divorced from the hospitals and moving to locations where their services are more readily available to a greater number of veterans.

Here in New York City, 215 West 24th Street, a 16-story building, having floor space of approximately 500,000 square feet was leased. This is being remodeled and renovated so that the veteran may file a claim, get necessary medical or dental treatment or vocational advisement with as little inconvenience as possible. No detail is being overlooked to make the office as attractive as possible.

The Contact Division, where the veteran makes his initial acquaintance with the Veterans Administration, is being outfitted with upholstered

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# R. F. C.'s Post-War Role

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who needed \$5,000 or less to see his way clear. Another sixth of this total went to small enterprises that required more than \$5,000 but less than \$10,000 in order to keep going. Loans of \$25,000 or less make up about three-quarters of the total. Nine-tenths of all the business loans authorized were under \$100,000.

Nearly every community in the nation—large city, small village or rural area—has benefited from these loans. RFC's business loans are almost as varied as the thousands of different types of businesses which thrive in this great country of ours.

Among the small business loans made by RFC is one for \$300 to a fisherman in Maine, and another for a like sum to a job printer in California. A girl in Dakota received \$500 to enlarge a vegetable and fruit stand near her home and in Florida another received a small sum needed to open a beauty shop. In Mississippi a steam laundry was saved and in Minnesota a variety and drygoods store owner obtained enough to tide him over. Hundreds of small loans ranging in amounts from a few hundred dollars to \$25,000 have been advanced to small business enterprises operating in the state of New York, and from Maine to California, from Washington to Florida, and from Illinois to Mississippi there is or has been an RFC borrower.

Quite as important to the borrower as the RFC loan received when needed has been the business counsel which the experienced personnel of RFC has been able to give. Years of experience in dealing with business enterprises of various types and in many localities has given RFC personnel experience needed to help business borrowers reduce operating expenses, to develop new markets, and in other ways to engage in profitable operations.

Valuable though its direct loans have been to industry, RFC's greatest contribution is being made daily in co-operation with the nation's banks. It is the policy of the Corporation in carrying out the mandates of Congress to insist that the business borrower contact his local bank first and, if necessary, the regional office of RFC second. Ordinarily the bank is eager to make the loan. RFC will participate if the bank desires. However, if for any reason the bank does not see its way clear to advance money to a sound business enterprise, RFC will consider the application.

With its sights on the target of promoting industrial expansion during the postwar era, the Reconstruction Finance Corporation more than a year ago conducted a nationwide survey through its 31 regional offices. Representatives of the Corporation talked with bankers, executives of business enterprise—both large and small—with local chambers of commerce, mayors of cities, legislators and others in an effort to determine how it could best serve the nation in establishing an economy which would have a job for every man or woman who wanted to work.

As a direct result of this survey, the Corporation recently announced a new program—known as the Blanket

Participation Agreement Program—under which RFC in effect automatically guarantees a portion of a business loan transaction, and when the loan is extended by the bank the loan's liquidity is automatically insured up to 75 per cent under the RFC Agreement.

Under the program banks are encouraged to make loans with maturities up to 10 years, and with principal payments aggregating annually not less than 10 per cent payable monthly or quarterly. This means that business enterprises which in the past have found it fairly easy to borrow money for short terms of 30 days on up to six months now find it less difficult than ever before to obtain loans with maturities of a year or more up to 10 years.

When inaugurated, the program set a limit of \$250,000 for any individual loan an approved bank might make with the automatic guarantee of RFC. The program succeeded so well that RFC in December raised the limit to \$350,000 per loan. Consequently, as the nation enters the New Year the agreement relates to any new business loan not in excess of \$350,000 made by the bank under the agreement in which the bank takes at least 25 per cent participation.

Up to December 15, 1945, the Blanket Participation Agreement had been approved with more than 2,000 banks. More than 1,000 BPA loans, totaling more than \$50,000,000 have been authorized under the agreement and individual loans have ranged from \$240 to \$350,000.

Many of these loans are of direct benefit to the local community. For example, 30 loans have been made in the past several weeks under the agreement for the establishment of food lockers, the amounts ranging from \$8,000 to \$65,000. The public interest in these locker loans extends beyond the local payroll. Food lockers help to conserve food needed to feed people in other communities and even in other nations as well as to feed people in the communities where such lockers are established.

In fulfilling its obligations as a Governmental lending agency, the Reconstruction Finance Corporation is endeavoring to do its full part in furthering the Government's program of establishing a stable economy. It seeks to encourage the establishment of many new business enterprises as well as the expansion of business enterprises that are already in operation. It seeks to foster conditions which will result in placing more people on the payrolls of new business establishments as well as on existing payrolls. In short, it fosters the development of an economy in which the nation will have thousands of new employing organizations as well as the expansion of existing organizations.

RFC, in serving as a Governmental lending agency and as the disposal agency for some ninety per cent of the nation's surplus war property, is actuated by the desire to help establish more successful business enterprises, thus providing employment for more wage-earners. The combination spells postwar prosperity.

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# Presidential Succession

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 estimates, but to set to work now to develop the changed national viewpoint which will make a large increase in foreign trade possible. That is a task to which business, labor, and Government can well devote their united strength.

It is a hopeful sign that in both political parties there is developing an increasing interest in foreign trade and, in consequence, a recognition that the modern position of the United States in the world makes it necessary that we reconsider many of the tariff policies of the past. Under the great leadership of Secretary Cordell Hull, this change of attitude has taken form in our reciprocal trade policy. That policy was sound, but in its beginning it was experimental, tentative, and modest. But now that American prejudices in favor of higher tariffs are subsiding before the great facts of American efficiency and necessities, we may more resolutely proceed in the direction of enlarging our imports. A test of opinion on this subject will come within a few weeks when the reciprocal trade agreements are submitted for Congressional action. If the above is close, it may mean that the administration will hesitate to move resolutely toward a larger exchange of goods. If the vote is by a wide margin, we may expect sentiment in both parties to move progressively toward a real reconsideration of our tariff policies.

We hear a good deal about increasing our exports, but not so much about the necessity of imports. It is time for a considerable change in this emphasis, if we are to take steps in the direction of making it possible to liquidate our prospective postwar loans.

But in our preparations for postwar responsibilities, we must break off the habit of delay. Too much of our financial machinery consists of an apparatus for putting things off. A great part of our credit system consists of means of postponing payments through notes, mortgages, and the like. The financing of foreign trade seems to be arranged in the same spirit of delay. And in that trade the parties are farther apart. Decisions are postponed, procrastination governs our actions, and all too often we postpone settlements until they can no longer be made without defaults. These delays in the past, which were largely due to the complicated machinery of international finance, resulted in some very serious international problems. The weight of our trade balances became so heavy that collapse finally resulted. Depression swept the world, and war came in its wake. There is nothing new in this deadly cycle. Philip II of Spain long ago decided to have done with all of the financial machinery involved in his foreign borrowings and he simply repudiated, throwing weaker countries into chaos and ruin.

The danger of postponing settlements in foreign trade is similar to the old habit of long-delayed reparations after a war. The fact is that the longer actual payments of reparations are deferred the greater the danger is that no reparations will be paid.

We must, as Americans, resolve to walk squarely up to these questions of how we are going to be paid for our exports and face them honestly. Republican Senator Wherry, of Nebraska, gave some sound advice to his party in a speech in January. He said, "If we are going to sell abroad, we must buy abroad." And I would add to this statement of Senator Wherry that if we are going to lend abroad, we must accept goods from abroad.

We are going to need more from the rest of the world than we ever needed before. We have scraped to the bottom of the barrel in many of our resources. Some of our resources of which we still have considerable quantities, such as our forests, might well be given a rest in order that they may grow again. We shall have to import more zinc and lead, more iron, petroleum, and timber. The development of our new industries which will follow the war will require much more of materials than we have, in the past, imported in small quantities, such as manganese, nickel, wool, vegetable oils and oil seeds, pulp and paper. The list is extensive and impressive.

There are a few items, such as rubber, of course, in which the process will be reversed, but the trend will be toward large import of raw materials.

We will have to do some importing of things that we shall need for essential defense, such as the elements necessary for steel alloys. Our stock piles should be here and not in Arabia or Central Africa.

There are other offsets to trade—things which have traditionally helped us to balance our accounts. There is foreign travel, for example. There will be foreign investments which leave money abroad. All these factors will still leave room for greater imports of luxuries and goods of general utility, and our tariffs always must be adjusted to take account of them.

But the greatest necessary adjustment must be in our thinking. The great argument for high tariffs in the past has rested on the fallacious belief that there is just so much work to go around. Our thinking on this subject has looked upon work as a constant and sterile substance which, having

been measured and weighed, need be measured and weighed again. The amount of work in the world is not a sterile and unchangeable commodity; it is a vital organism capable of growth. We shall have to re-think on the basis of which we have sought shortcuts to limited employment, such as shorter workweek and other share-the-work plans. We shall have to revise the belief, so widely prevalent in this country, that somebody else makes any kind of goods which can be made here, if somebody here loses his job.

It is time that we realize that in

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# An Outline of the Democratic Program of 1946 State Legislation

By SENATOR ELMER F. QUINN  
Minority Leader, New York State Senate

The Democratic Party is looking forward with enthusiasm to the 1946 legislative year at Albany. Never were there greater opportunities for service to the people of the State. Notwithstanding the present situation of comparative prosperity, the period is crucial and the problems of the day pressing. In time of economic plenty, it is all too easy to lose sight of many existing and immediate problems, as well as the problems which must necessarily arise in the future as an aftermath of wartime dislocations.

The record of progressive, liberal and humane legislation sponsored by our Party is not accidental. It flows inexorably from the fact that our Party is the Party of the people. The Party's program is formulated to meet the needs of all the people. It is a crystallization of their needs and aspirations. As the session progresses, the outline of our program will be filled in and shaped by the wants of the citizens of the State of New York.

The major problems pressing for immediate solution are housing, rent control and the prevention of runaway inflation, the prospect of increased unemployment and aid to veterans. The important continuing problems of education, public health, aid to municipalities and state taxation must also be faced. The Democrat program of legislation for New York State in 1946 will therefore deal with the following matters:

## Housing

On December 10, 1945, an Associated Press survey indicated a statewide need for dwelling units to supply the requirements of a half million people. Notwithstanding the great need of the people, the Governor never acted on the telegrams sent on November 15, 1945, by Mr. Paul Fitzpatrick, Assemblyman Steingut and myself for the calling of a special session of the Legislature to authorize a \$50,000,000 expenditure from the post-war reconstruction fund to take care of the housing needs of war veterans and the people of the state.

The Governor's answer to our demand for immediate action was that the problem was the subject of study and consultation by the Commissioner of Housing. Endless study and consultation cannot build homes. Immediate action is required to solve emergency problems, and the first step to a solution of the present housing problems is the appropriation of sufficient funds. Legislation is needed to authorize the immediate lending of the balance of the amount permitted under the State Constitution for slum clearance and low rent housing.

Experience has shown that the housing problems of the low income groups cannot be solved without substantial amount of annual State aid. It must be substantially in-

creased by constitutional amendment. The proposition calling for an annual subsidy of \$1,250,000, submitted to and approved by the people at the last elections is inadequate.

With the increase in the cost of living the plight of the so-called white-collar worker has become more serious. To meet his housing needs, subsidies are not essential. One answer to his problem is increased loans, at low interest rates, to Housing Authorities. Private investment capital should also be encouraged by State guarantees to insure a fair return on private investment in moderate rental housing.

A constitutional amendment to establish a revolving fund of \$300,000,000 for a long-range, low-rent housing program is desirable. Legislation is also needed to protect those persons displaced by housing projects. Greater taxing power must also be given to cities for the specific purpose of undertaking more extended housing programs.

## Rent Control

Chester A. Bowles, National Price Administrator, has predicted a repetition of the 1929 economic crash, or worse, if the government follows the lead of "the small minority of pressure groups" who are seeking an end to rent and price controls. National rent control may be turned over to State agencies. Until the demand for housing can be met, rent controls are necessary. Therefore, state control of residential rentals to supplement and replace, when necessary, present Federal legislation is indicated. We must also continue State control of business and commercial rentals. The bill giving power to the Courts to grant stays of eviction proceedings for a period beyond the present six months, which was vetoed at the last session by the Governor, should be reintroduced and passed in 1946.

## Unemployment

Fortunately, the dire predictions of the economists and statisticians of a serious and extensive unemployment situation have not materialized. They have not come true because the Unemployment Insurance Laws in this country have satisfactorily met their first major test. Although jobs in war plants were lost, unemployment compensation payments helped to keep purchasing power at an even level and to maintain the confidence of the people in the soundness of the economic structure, thus avoiding the fear and panic that has often, in the past, brought on economic depressions. It is another instance of Democratic policies bearing fruit in the interest of the people.

When the cost of living is high the difficulties of the unemployed are greater than in normal times. Hence the necessity of increasing benefit payments under the Unemployment In-



STATE SENATOR ELMER F. QUINN

urance Act to a maximum of \$25 per week, and also to provide for dependent benefits of \$5 per week. Decent living standards can thus be maintained, and fear, economic uncertainty and depression avoided.

The problem of unemployment is a question not only of meeting private needs but also of utilizing available skills in the public welfare. Therefore, the employment needs of returning veterans and displaced war factory workers should be met by pushing forward rapidly the already planned post-war public work projects. By building new schools, hospitals, roads, and clearing slum areas we shall put into concrete form some of the things for which our men have fought on the battlefields of the world.

## Aid to Veterans

Properly speaking, the problem is one of paying our debt to War Veterans. The great need in dealing with their problems is understanding and insight. We propose the establishment of local bureaus where the problems of veterans are understood at first hand. We also favor state aid to local boards of education to increase opportunities for veteran education in the liberal arts, and training to increase their technical and industrial skills.

## Education

The Democrats maintain that the fundamental responsibility for maintaining the state educational system rests upon the State, according to the State Constitution, and this responsibility cannot be divided with or shifted to the local subdivisions of the State. The Constitution requires State maintenance and support and not merely aid. The State can fulfill the Consti-

tutional mandate only by bearing the entire cost of the State's compulsory education system. Local taxes collected for school purposes should be released for purely local needs. The cost of education should be borne by Statewide taxation. The failure to develop our school system adequately will ultimately result in the increased costs of suppressing crime and supporting the uneducated and unskilled. In the light of the fact that an educated and enlightened electorate is the only real safeguard of Democracy, expenditures for education should not be made grudgingly.

New York State, in the field of higher education, has not maintained its rightful place at the head of the other states of the Union. We are in favor of the immediate establishment of a free State University, which shall have graduate medical and dental colleges, to be financed by a \$50,000,000 State bond issue, or by an expenditure of that amount from the State surplus. The facilities for adult education should also be expanded.

## Public Health

A full program of public health education must be developed. As an example, State centers for expectant mothers and research institutes of obstetrics and gynecology, etc., should be established. The possibilities of full hospital insurance must be explored. The diagnosis and treatment of certain communicable diseases, such as tuberculosis, is of public concern, and the State must therefore provide for the detection and treatment of such diseases.

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**HARRY B. MITCHELL**  
President of the U. S. Civil Service Commission

## The United States Civil Service Commission

By **HARRY B. MITCHELL**  
President of the Commission

**T**HE UNITED STATES Civil Service Commission is the central personnel agency of the Federal Government. Qualified civilian workers are its stock in trade—men and women who, in competitive civil-service examinations have proved themselves capable of filling positions in the Federal executive civil service.

Examinations are held in accordance with the provisions of the Civil Service Act of 1883, which set up a merit system of employment in the Federal service.

Appointments to most jobs in the agencies which comprise the executive branch of the Government—the War Department, the Navy Department, the Post Office Department, the Department of Agriculture, and others—are made in accordance with the competitive requirements of the Civil Service Act.

Positions in the legislative branch of the Government, and in the judicial branch (except those in the Administrative Office of the United States Courts), are not subject to the Civil Service Act.

Federal employment varies according to the needs of the agencies which

carry on the activities of Government. Emergency periods, of course, bring the greatest increases to the Federal payroll. World War II brought the highest civilian employment in the history of the Federal executive civil service. Fewer than 1,000,000 paid civilian workers were on jobs in Federal agencies in June, 1939. The peak of employment was reached in June, 1943, when paid civilian employment reached a total of more than 3,002,000 persons.

Contrary to the belief of most people, the great majority of the Government's employes are on jobs in the field establishments of Federal agencies, and not in Washington, D. C. For example, when the peak of employment was reached in June, 1943, more than 2,700,000 civilian employes were on jobs outside Washington, D. C.

Before the war, there were three kinds of appointments to positions in the Federal executive civil service—probationary, temporary, and indefinite.

For an appointment in any of the three categories, a person had, first, to secure an eligible rating in a competitive civil-service examination. If, when his name was reached on the Commission's register of eligibles, he received a probationary appointment, he was required to serve a probationary period (6 months in some positions; 1 year in others). If he successfully completed his probationary period, his appointment became permanent. If he received a temporary appointment, however, it meant that the Government had hired him to fill a short-time job lasting for not more than 1 year. If he received an indefinite appointment, it meant that the Government had hired him to fill a job which would last more than 6 months, but in all probability not beyond 18 months. This employe had most of the rights of a permanent employe. He could, however, be released when the job was completed, and he did not come into competition with permanent employes.

The war brought to the Federal service a new type of appointment—the war-service indefinite appointment. Beginning on March 16, 1942, such appointments were authorized to positions in the Federal service generally, and beginning on October 23, 1943, to positions in the field service of the Post Office Department.

This action was taken by the Civil Service Commission in order to avoid filling positions in the Federal service with permanent appointees while many thousands of men and women were in the military service and could not, therefore, compete in civil-service examinations. Two out of every three employes now in the Federal service are serving under war-service indefinite appointments. These appointments are for not to exceed the duration of the war, as legally fixed, plus 6 months. It remains for the Congress, by resolution, or the President, by proclamation, to fix the date for the legal termination of the war. Until that date is fixed, war-service indefinite appointments will continue to be made. But as more and more persons are released from the military service, more and more examinations leading to permanent appointments will be announced by the Civil Service Commission.

In addition to holding civil-service examinations to test the fitness of applicants for Federal jobs, and providing qualified persons to fill such jobs, the Commission—

Administers the Veterans' Preference Act of 1924, which grants mandatory preference to certain classes of persons because of military service.

Conducts investigations relative to (1) the enforcement of civil-service law, (2) suitability of applicants (as regards character, trustworthiness, loyalty, etc.) for certain types of positions, and (3) the qualifications of applicants for top administrative positions.

Administers the Classification Act of 1923, as amended, which provides for the classification of positions according to duties and responsibilities.

Administers an efficiency-rating system.

Maintains service records and qualifications records of Federal employes.

Administers statutory provisions and civil-service regulations restricting political activity by Federal employes in positions subject to the Civil Service Act and by certain State and local employes participating in Federally financed activities.

Administers the Civil Service Retirement Act, the Canal Zone Retirement Act, and the Alaska Railroad Retirement Act.

Conducts an employe-utilization program, the purpose of which is to improve personnel management throughout the Federal service, and thus bring about the most effective use of the time and skills of Federal employes.

Since the end of the war with Japan, the Civil Service Commission has adopted the policy of limiting its stock in trade of eligible workers almost entirely to veterans. In general, applications for positions in the Federal service are being accepted only from persons with veterans preference who are entitled to have civil-service examinations reopened to them. In some instances, the supply of returning veterans is not sufficient to fill vacancies. In these instances, the Commission, in order to fill the jobs, has lifted the ban on receipt of applications from the general public.

The Government is able to offer to veterans positions for which they are eligible because of new skills and experiences which they acquired while serving in the armed forces. It is able to insure the proper placement and use of physically handicapped veterans.

That the Civil Service Commission's veteran-placement plans and procedures are being carried out successfully is evidenced by the fact that in October 1945, more than 32,000 veteran placements—including placements of the wives of disabled veterans and the widows of veterans—were made in all types of positions in the Federal executive civil service.

Veteran placements during the first 10 months of 1945 totaled 189,830, of which 97 per cent were made in Federal field establishments outside the District of Columbia. Since October 1, 1942, a total of 11,943 physically impaired veterans have been placed in these same establishments.

The Civil Service Commission is at present devoting itself to the job, first, of making available to our returning veterans all possible opportunities for Federal employment; second, of setting up new personnel policies which it feels, after its experiences in the war, are essential to the efficient functioning of Government; and, third, of preparing, for recommendation to Congress, additional legislation which, it believes, will contribute to the welfare of Federal employes and to greater economy and efficiency in personnel administration.

# Children's Bureau in the Service of the Nation

By KATHERINE F. LENROOT  
U. S. Department of Labor

FOR 33 YEARS the Children's Bureau in the United States Department of Labor has stood for the interest of the Federal Government in the well-being of all the children of the nation. Back in 1909, at a Congressional hearing on the bill to establish a Children's Bureau, the following statement was made:

"We want a place where the common man can go and get this information, a place that he will think of, the label upon which will be written so large that he can have no doubt in his mind as to where to go to get information relating to the children of the country."

That the people of the United States have appreciated having the Children's Bureau as a center of information is shown by the letters received. Every day over a thousand letters come to the Bureau in Washington, written by mothers, students, women's clubs, servicemen, social workers, doctors, state departments of health and welfare, officials and citizens of foreign countries, and a wide variety of other persons and groups. The letters have one thing in common. All of them are about children. Many request copies of the Children's Bureau publications—*Prenatal Care, and Your Child from One to Six* among them. It is estimated that at least sixteen million babies have been "raised" on these bulletins. The original editions were published soon after the Bureau began its work, but constant revisions have kept them up to date. Today, *Infant Care* holds the distinction of being the most popular of all Government bulletins.

The popular and technical publications of the Children's Bureau are part of its primary function as defined in the act creating the first Governmental bureau in all the world to be concerned solely with the interests of children. The act directed the Bureau to investigate and report upon all matters pertaining to the welfare of children and child life—a broad mandate indeed.

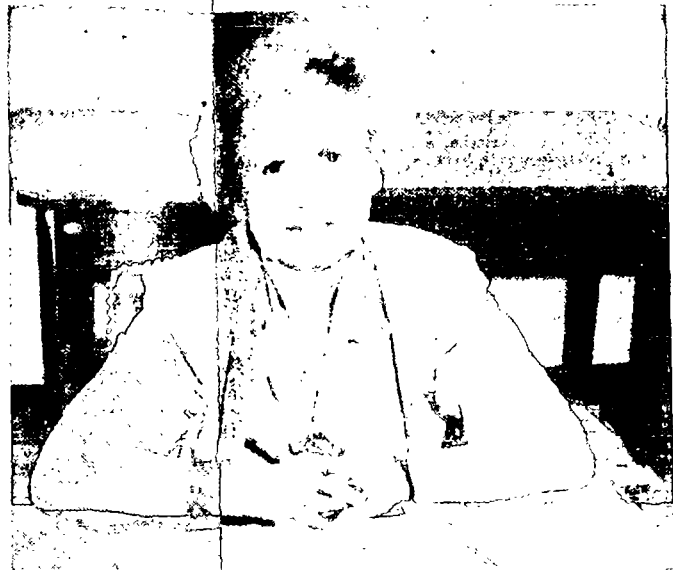
The Bureau's careful studies of the factors in infant and maternal mortality, the nutrition, growth and care of infants and preschool children, the best methods of preventing and dealing with juvenile delinquency, the care of dependent children, including methods of adoption and provisions for children born out of wedlock, the conditions under which children are employed in various industries and the best methods of administering child-labor laws, and the effect of economic depression and of war upon child welfare, have laid the basis for advances in many fields.

Of course, studies lead to recommendations and the development of guiding principles or standards governing different kinds of service to children. In formulating these standards, the Children's Bureau draws on nationally known experts to serve on the Bureau's advisory com-

mission. In the third of a century in which the Children's Bureau has been at work the Federal Government and the states have accepted increasing responsibility for safeguarding the health and welfare of children and young persons. Hence, additional functions have been vested in the Children's Bureau. At the present time, it administers Federal grants to the states for maternal and child-health services, services to crippled children, and child-welfare services, authorized under title V of the Social Security Act passed in 1935. It also administers, in cooperation with the Wage and Hour and Public Contracts Divisions of the Department of Labor, the child labor provisions of the Fair Labor Standards Act of 1908. A wartime program, the Emergency Maternity and Infant Care program, assuring free maternity and infant care to the wives and infants of men in the four lowest pay grades of the armed services and of aviation cadets, is also administered by the Children's Bureau. It has reached more than a million wives and babies.

The Children's Bureau believes that cooperation between Federal and state governments, through information, technical service, and grants-in-aid, is the best method of assuring to children everywhere in the country, in town, city or rural hamlet, the services which are necessary for their best development and protection. Every state health agency now has, thanks to a considerable extent to the aid available under the Social Security Act, a maternal and child-health program reaching into many counties and serving large numbers of mothers and children. Under this program, in a single year, 1943, 146,000 women received prenatal medical care, over a million and a half children were immunized against smallpox, and public health nursing services reached over a million infants and preschool children. A cut of one-half in maternal mortality and one-third in infant mortality in the nine years in which the Social Security Act has been in operation, is due in part to the extension of these services, administered by state health departments. Yet the need is far from being met. Two out of every three rural counties have no child-health conferences where mothers can regularly bring their children to have their health checked. School-health services are especially deficient in rural areas and small towns. In many places the school-health examination is nothing more than a brief inspection by the classroom teacher. At least three-fourths of all school children have dental defects which need care.

Have you ever seen a crippled child whose whole life was changed when his leg was straightened through the services provided under the Federally aided crippled children's program? Have you ever seen a baby whose hare-lip was corrected through surgery under the same program? Out of every 1,000 children in the population



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there are, on the average, eight who are crippled. Rheumatic fever cripples or handicaps many thousands of children and there are today in the United States approximately 500,000 children suffering from such handicaps. It is good to know that some 100,000 orthopedically crippled children receive care each year under the state crippled children's program, but many more are in need of care for whom funds are not available. Hundreds of thousands of children suffering from other kinds of physical handicap have no way of getting service under a state-wide program.

Hundreds of thousands of children are living under conditions which deprive them of the opportunities and privileges contributing to good citizenship. These include the children who do not receive proper care while their mothers are employed, children born out of wedlock, dependent and neglected children needing foster care, children who have violated a law and are held in jail, mentally deficient children, and many other groups. In about 400 of the more than 3,000 counties in the United States, publicly employed child-welfare workers help to work out satisfactory provisions for these children. Their work is financed partly by Federal funds provided under the same title of the Social Security Act which authorizes maternal and child health services and services for crippled children. Expansion of child-welfare services to reach all children who need special help is a must, if the children of the nation are to have that fair chance of life which is at the heart of democracy.

To sum up these and other facts concerning the children of the nation—the task of protecting the 49,000,000 children and young people of the United States under the age of 21 years is far from complete. Just how far from finished this job is has been pointed out in a recent report, "Building the Future of Children and Youth," by the National Commission on Children in Wartime. This commission has a membership of about 60 people; about 40 organizations are represented in the membership.

Each year, the commission found, some 200,000 babies are born without medical care, and yet their first day is the most critical day of their lives. Adding up the figures, it is estimated that the lives of 3,000 mothers and 31,000 babies might be saved each year if all states had the same maternal and infant mortality rates as those prevailing in the states safest for mothers and babies. Rural counties are shockingly lacking in health facilities such as well-baby clinics, maternity clinics and the services of a public-health nurse.

Too many children are still housed in jails. Many children are victims of neglect brought on by wartime disruptions. The Federal Government has made a fine beginning, the commission says, but it has not done enough. "We must educate our citizens," the report of the National Commission on Children in Wartime says, "to recognize the fact that the health and welfare of children, no less than their education, are public responsibilities and that services should be made available as a matter of right." To make a beginning in extending these services to reach children throughout the whole country, an appropriation of at least \$76,000,000 of Federal funds for the first year is recommended. After that, Congress should determine the amounts needed each year with appropriate contributions by state and localities added to the Federal funds.

The President of the United States has recognized the need for expansion of maternal and child health services in his message of November 19 on the National Health Program. "The health of American children," said the President, "like their education, should be recognized as a definite public responsibility."

A very important aspect of the welfare of children and young people is their protection from employment that interferes with their health, education, and general development. The Children's Bureau through the years has been working to advance the standards of child labor protection

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# Young Democrats Must Make Democracy Work

By WILLIAM SLATER  
Member Editorial Board

These few words are not as concerned with "The Young Democrat" as with "the young democrat." The young democrat, whether he or she grows up to be a Democrat or Republican, must be better prepared than older democrats to make democracy actually work.

The older generation of those who have placed their faith in democracy have done little more than that. We have not made democracy work. And unless democracy is made to work worldwide, our civilization faces doom. World War II clinches that truth. We know now that the wish of the majority, which is ever for peace, can be denied even in democracies so long as gangsters in non-democratic countries can force us all into war. Another war will spell humanity's end.

No one can deny that democracy must be made to work. We proclaim that faith repeatedly, but we do little to make it more than lip service.

First, we must make democracy work at home. That means that political machines must go. They will go when the people—all of them—assume the duty democracy places on them. The American who excuses himself from his individual political duty because he thinks "politics is duty" is as substantial an enemy of the truly American way of life as was Hitler. If politics is "duty," it is so because Americans have defaulted on their Constitutional duty and have left the vital field of government to selfish political machines.

But government will not move into the hands of the people, unless we, the people—each and all of us—have the

willingness and the intelligence to close our grasp on the political power vested in us by our Constitution and by the true meaning of democracy.

Willingness to rule is a plain matter of the spirit. A little political effort by a great many, instead of a great effort by a little band (usually selfishly bent), could produce a force powerful enough to solve all our social problems. The many who never turn a thought or a hand politically, except perhaps to vote for candidates designated by bosses, must swing into action. Neither their conscience, nor the fate in store for us all if democracy fails, excuses the non-functioning democrat who allows laziness, selfishness or indifference to rob him of his blood-won birthright as an American.

Intelligence to rule is the preparation I crave for our young democrats. It is here that education is at fault. A program of political education far more comprehensive than today's perfunctory civics courses is the duty of our schools at all levels. Teachers have for too long been allowed to confine their training of youth to a meaningless emphasis on classical, cultural, factual stuff that is too often unrelated to the real duties and problems, both individual and social, that boys and girls meet when they grow up. Our schools are graduating thousands of "young democrats" who have not secured from their schooling any adequate concept of the nature and detail of our current political life and their duty in and thereto. We do not approach, in relation to our democratic way of life, the zeal with which the Nazis went at the business of training youth to fit into the Hitlerian scheme.

But we must. A fate sharper than any history has yet recorded is at stake. The battle for democracy must be won. In a very real sense, many people have not yet entered the fight. They may yet, old and young, arrive too late or unarmed on democracy's battle line.

## Proportional Representation A Dangerous and Dismal Failure

By EDWARD VOGEL  
Councilman from Brooklyn

NEW YORK CITY'S Proportional Representation Election System has produced results which its own partisans never contemplated. For instance, in 1941, the Brooklyn Republican Party representing about a third of the voters, elected no Councilmanic Candidate at the Polls, while the Communists, representing less than 2 per cent succeeded in electing one candidate on its ticket.

Like prohibition, Proportional Representation is noble in theory, but a dismal and dangerous failure in practice.

P. R. is an extravagant and wasteful expenditure of the city's funds. Through the fantastic and complicated method of the P. R. count, held at the armories in the city, plus the special clerks needed on election day, it costs between \$250,000 and \$500,000 a year. This expense is exclusive of, and in addition to, the general election clerks and other general election officials.

"If P. R. accomplished its purpose, it might be argued that it is worth its tremendous cost. However, not only has it defeated its own purpose, but created a "Frankenstein," the like of which its most rabid and fanatical supporters never contemplated.

The last three P. R. elections proved that as many as 15 to 20 per cent of the voters either refused to mark their ballots or lost their votes by their failure to do so, in accordance with the rules of P. R. voting.

The P. R. elections proved that it tends to destroy the party system of government and invite in its stead a vote strictly according to race, religion, color and class. This un-American and foreign way of voting arouses racial, religious and economic antagonisms which should be immediately discouraged.

Proportional Representation is a misnomer, because in truth and fact, it denies proper representation to a large block of voters, gives unprecedented power to a small, but organized minority, and denies proper representation to large local areas in various parts of the city.

In the special election of 1941, to fill the vacancy in the City Council caused by the elevation of John Cashmore to the borough presidency, I, the Democratic candidate received 618,110 votes, my Republican opponent 327,307 votes, the American Labor candidate 119,225 votes, and the Communist candidate, only 23,216 votes—less than 2 per cent of the total cast.

Yet under the P. R. scheme devised to defeat the will of the majority, the Republican party did not elect a single representative to the Council (from Brooklyn) and the Communist party succeeded in electing their candidate. This despite the fact that the



EDWARD VOGEL

Republicans represent about a third of the voters, and the Communists, less than 2 per cent.

Under P. R. all of the Councilmen can live in one apartment house. At one time, three members lived within a few blocks of each other. Until I was elected to the City Council, not a single Councilman resided in the area from Prospect Park to Coney Island, or from the Bay to East New York. Thus, the largest area in Brooklyn, containing the majority of the population of the borough, did not have a single representative in the Council to speak for its own local needs, or to whom it could readily bring its local problems.

I will introduce a bill in the City Council which will give the people a chance to vote to get rid of P. R., and substitute, in its place, a local legislature to be composed of one representative elected from each of the Senate districts and, in addition, from each of the boroughs at large, except Manhattan, in accordance with their population.

Thus, Manhattan would have nine Councilmen; Brooklyn, 11; the Bronx and Queens, six each, and Richmond one, making a council of 32 members.

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# Presidential Succession

(Continued from Page 16)

Is no limit to the quantity of the many things we could import and consume in this country, and, on the other hand, that there is no limit to the amount of goods in the production of which we unquestionably excel—goods that are made in accordance with the highest standards of efficiency the world has ever seen.

If we are going to bring about this readjustment of trade, of our laws governing trade and of our past and obsolete thinking which lies behind those laws, the time to do it is when European production is being slowly and gradually resumed. If we take time by the forelock and prepare now for this new era in our economic policies and thought, the amount that we will have to accept will be small at first and increase only gradually. That is because European production must, of necessity, be slow in moving back to its normal capacity. In dealing with our tariff laws we might well learn a lesson from the philosophy of Secretary Hull, which viewed tariff adjustments as a matter for progressive action. The Tariff Act of 1933 pro-

vided for five biennial reductions. Such a progressive plan makes it possible for business to anticipate changes, plan ahead and meet slowly increasing imports with new programs of essential production.

Our adjustments to reductions in tariffs may not be as great as we think. Our merchandise imports came pretty close to balancing our merchandise exports from 1922-29. Indeed, if the growth of our foreign trade had continued from 1929 at a steady rate, we would not now be viewing the trebling of our peacetime trade as a distant goal. We would already have attained something like that proportion.

A good deal has been said for the view that a prosperous America is the best single guarantee for a prosperous world. But this statement, however true, needs to be spelled out in terms of what it takes to make a prosperous America. A prosperous America is an America going forward, with investment at home and investment abroad, with confidence in the essential friendliness of its government, with confidence that there may be profit in trade and in international finance, with confidence that obligations, public and private, will be honored.

We talk of how a prosperous America can carry the benefits of its prosperity to other countries. How can we do this best? Should we merely tell them that they ought to raise wages, or should we enable them to engage in a trade so profitable, through buying their goods, that their wages will increase as a natural consequence?

The grim handwriting is on the wall for everyone to see. Unless we do arrange in some way to obtain payment for our goods, and now is the time to start arranging for that—then we risk having to go through the experience of another great series of defaults. Once more we may have the bitter experience of unpaid debts, of hard feelings between nations, of a paralyzed trade and of the unpredictable results beyond. I have spoken of the danger of another series of defaults. Three of these have already come within the memory of most of us.

The first consisted of those debts to American private investors contracted abroad in the 1920s. Not all of these failed by any means, but a lot of good American money went down the drain.

The second series of defaults took place in the early 1930s. They were the debts to our Government by other governments, contracted during and after the First World War. This series of defaults led to the passage of the Johnson Act, which was the expression of a country which was sick and tired of all dealings with foreign nations. It was a gesture of isolationism, but to be perfectly frank it was a gesture which rose out of despair, anger, and disillusionment.

The third series consists of lend-lease obligations which we are probably going to forgive in large part, as a portion of the cost of winning the war.

Let us not go beyond this and permit defaults to occur in a fourth series of loans—loans which are proposed in such institutions as those suggested by Bretton Woods. Let me make it clear that I am not objecting to these loans. I am trying to make the point that when we make them we must adjust our economic thinking to a proper means of permitting those loans to be repaid.

Let us face these problems squarely. Let us admit that if we are going to lend abroad, we must buy abroad. Let us put our traffic in such order that we can accept payment in the only way in which payment can be made. Let us make loans to Europe, not necessarily out of our generosity but out of our business sense, because Europe will need loans for her reconstruction. The impoverished countries over there will need, on the physical side, industrial and transportation equipment, building materials, and tools of every kind. A Europe rising from her ruins will be a good customer, and a good supplier of valuable products to us, if we are willing to accept them in payment for what we sell.

In our attitude toward countries which, in the past, have been, in the main, merely suppliers of raw materials, let us encourage them in their efforts to develop an industrial system. Always remember that our greatest volume of trade has always been with nations industrially developed—not with poor and backward countries. The great economic paradox in international affairs is that our greatest benefits come from countries which are our natural competitors.

Once our thinking is adjusted to these principles, we need not spend our time and energy talking of employment first. Employment is a result and not a cause. Employment will come from increased confidence among nations, from a sound maintenance of international credit and, above all, from the promises of a lasting peace.

That, of course, is the theme to which all thoughts return—a lasting peace. We are seeing now at San Francisco the laying of the ground work of an international organization to implement our hopes of a lasting peace. Even as thousands of American men and women pass through the Golden Gate to the battle zones of the Pacific we and the other peace-loving nations are trying to insure that our ports shall not again be clogged with the traffic of war. We Americans have grown experienced in our appraisal of efforts like those being made at San Francisco. We did not expect when San Francisco convened that a

perfect system would emerge which would never need to be altered in even a detail. We did expect—and we have seen our hopes justified—that a good start would be made. Having seen the degree of cooperativeness manifested by the United Nations at those great deliberations, we now face the future with hope and we can plan for an international political and economic life that will give mankind some of the things denied it for so long.

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# The Veteran and Surplus

## Basic Facts on Surplus Property Disposal in the Continental United States

**A**NY honorably discharged or released veteran who served in the Armed Forces on or after September 10, 1940, is entitled to preference in buying surplus federal property. (This provision includes men on terminal leave and those placed on inactive status but not finally released or discharged.)

Subject to the exception noted below, the property the veteran buys must be for use in setting up and running his own small business, agricultural or professional enterprise. No purchases for personal use only can be made on a preferential basis, but a veteran may have preference in purchasing property that he can prove is required in his employment, even though he is not the proprietor of an enterprise. For example, a salesman who is required by his employer to have a car is entitled to buy automotive equipment. He must present satisfactory proof that such equipment is required.

To be entitled to the preference, a veteran or several veterans together must own more than one-half of the enterprise so that it is under his or their control, or must have an agreement by which he or they together re-

ceive more than half of the net income from the enterprise.

A veteran who wants to buy surplus property should go to the nearest office of the Smaller War Plants Corporation. He should furnish the corporation with full information as to what he wants, at the same time producing his discharge or terminal leave papers or other evidence that he is a veteran.

When the Smaller War Plants Corporation finds the veteran is eligible to make the purchase he desires, the corporation gives him a certificate or certificates describing the kind and amount of property which he has a preference to buy. It then directs him to the disposal agency (see separate list of disposal agencies) which has that kind of property for sale. If the property he wants is not in surplus stock at the time he should let the SWPC know that fact, because that agency will make every effort to get it for him as soon as possible. If he asks it to be so, the SWPC may act as his agent in making purchases.

The veteran cannot always buy as little or as much as he wants. The Government cannot go into the retail business. It cannot, for instance, break up a tool kit to sell the veteran a hammer. It may not be able even to sell him just one tool kit. Furthermore it must consider other veterans who may want to buy the same article he

does. When supplies are limited, every effort will be made to insure fair distribution.

A veteran is allowed, when stocks are available, to buy the equipment and stock he needs to get started, including goods bought for resale. But after purchasing this first stock, he cannot replenish his stock by further purchasing under his preference. He can, however, make further purchases on the same terms as other buyers.

The Government will not back a veteran in business, but it will under certain conditions, arrange for him to buy goods on credit.

Prices charged veterans for property other than real estate will in no case be more than the lowest price charged any other buyer for the same type of property. In fixing prices, condition of the property will be taken into consideration. The veteran cannot be charged more than the lowest price which is offered to anyone else at the time of his purchase.

If a veteran wants to buy land or real property classified as suitable for agricultural, residential or small business purposes, he does not apply to the SWPC. If it is agricultural property he wants, he applies directly to the Department of Agriculture; if it is grazing property, to the Department of the Interior, if it is housing property, to the National Housing Agency, and if it is commercial real estate, to the Federal Works Agency. Industrial real property is sold by the RFC. The preference on real property has to be exercised within ninety days after published notice is given that the property is to be disposed of. After the ninety-day period has run out, the disposal agency may permit offers to be made on a priority basis, but is not required to.

A veteran who wishes to buy a farm or other real estate may do so after the property has been split up into what are deemed to be the right-sized units. The veteran may apply for the purchase of any or all of these units. But he should bear in mind that he can purchase only one such unit under his veterans preference. If more than one veteran seek the same piece of property, lots will be drawn to see who gets it.

The Smaller War Plants Corporation and the Reconstruction Finance Corporation maintain field offices located all over the country. Any one of them will help a veteran seeking to buy surplus property, but wherever possible he should visit or write an SWPC office to save time.

Veterans' organizations and veterans' information centers set up in many cities by civic organizations are also available to give ex-servicemen and women advice on surplus property and other veterans' problems.

If you are going to buy surplus property be sure to follow all of the steps listed on the check list you receive with this packet.

### DISPOSAL AGENCIES FOR SURPLUS PROPERTY

Following are the Disposal Agencies for surplus Government property and

the types of materials which each handles:

#### Consumer Goods

The Reconstruction Finance Corporation is the Disposal Agency for consumer goods, which comprise the wide range of products normally handled in every day retail trade. These include clothing, textiles, household equipment, furniture, office equipment, automobiles, trucks, tires, hardware surgical and medical equipment, agricultural and construction machinery, farm supplies and tools, photographic equipment, store fixtures, and the like. The RFC division handling such property is the Office of Surplus Property, Consumer Goods Division.

#### Capital and Producers Goods

The Reconstruction Finance Corporation is also the Disposal Agency for capital and producers goods which include: industrial plants, equipment for industrial plants, raw materials, partially finished materials, industrial real estate, aircraft, machinery, machine tools, metals, ores, fibres, oil and coal products, transportation equipment. The RFC division handling such property is the Office of Surplus Property, Capital and Producer Goods Division.

#### Agricultural Commodities and Foods

The Commodity Credit Corporation of the Department of Agriculture, handles the disposal of these items: feed, processed food; dairy products.

#### Houses and Housing Facilities

The Federal Public Housing Authority is the Disposal Agency for these items. Included in this category are permanent housing which will be sold for use on its present site; demountable housing which may be sold either on its present site or may be moved for use elsewhere, and temporary housing which will be sold only for removal from the site. Also in this category are real estate related to housing projects and some housing fixtures and equipment.

#### Real Estate

A number of Disposal Agencies handle the various types of real estate. Real property disposed of in connection with industrial, maritime or housing property is sold by the agency handling these properties. Farm and forest land are sold through the Federal Land Banks of the Farm Credit Administration of the Department of Agriculture. Mineral and grazing land are sold through the Commissioner, General Land Office, Department of the Interior. Other types of real estate are sold by the Division Offices of the Public Buildings Administration of the Federal Works Agency.

#### Maritime Property

Sales of Maritime property are handled by the U. S. Maritime Commission. This property includes marine engines, anchors, marine hardware, marine lighting fixtures, dock equipment, winches, steering equipment, and similar items. Ships under 1,000 tons are sold by the War Shipping



W. STUART SYMINGTON  
Surplus Property Administrator

# War Property!

Administration. Larger ships are sold by the Maritime Commission.

Under some circumstances one agency may handle a variety of surplus property—examples follow:

### Smaller War Plants Corporation

Small businessmen and veterans may obtain through the SEPC surplus property normally handled by a variety of disposal agencies.

### Division of Territories

Surplus property located in territories or possessions is sold by the Division of Territories, Interior Department. However, aircraft, farm commodities, and food, as well as housing are sold in territories and possessions by the same agency that handle these items in the Continental United States.

### Direct Sales

Certain kinds of property may be sold outside of the regular sales organization. Most of such sales are those made by the armed services of scrap or salvage or small amounts of miscellaneous property.

In case of doubt as to which disposal agency handles a specific article, consult the Surplus Property Administration. If the disposal office you visit does not have the item you want, SWPC will help locate it for you at some other office.

### Buying Surplus Property Step by Step

To the veteran:

Here is a check list showing the various steps you must follow to buy surplus government property. Keep this list and check off each step after you have completed it, so that you will not be prevented from getting the property you want because of lack of "paper work."

(1) Take your discharge papers, terminal leave papers, or other proof that you are a veteran of World War II to the nearest Smaller War Plants Corporation.

(2) Present to SWPC or to a disposal agency for forwarding to SWPC a description of the business, profession or employment in which you will use surplus government property and a list of the kind and quantities of property that you wish to purchase.

(3) Get a certificate from the SWPC stating that you have preference rights as a veteran to buy surplus government property and listing the kind and quantities of such property that you want to buy. If there are different kinds of surplus property involved, the SWPC may give the veteran more than one certificate.

(4) Present this certificate to the disposal agency actually selling the

property you want to buy. The SWPC will help you to find the proper disposal agency. If it is difficult for you to deal directly with the disposal agency, you may ask the SWPC to handle the transaction for you.

(5) Upon learning from the disposal agency where the property you want to buy is located, you will probably want to inspect this property yourself, and if you do, you have that right.

(6) Upon finding property that you wish to buy and inspecting it for condition arrange payment with the disposal agency or through SWPC if you are not dealing directly with the disposal agency. In some cases credit may be obtained.

(7) After you have paid for the property or completed your credit arrangements, inform the disposal agency where you want the property shipped if you cannot take possession of it on the spot.

### The "Who," "What," "How," and "Why" of Preferences for Veterans Under Regulations of the Surplus Property Administration Based on the Surplus Property Act of 1944.

Q. Who is entitled to veteran's preference in the purchase of surplus property?

A. Any person who served in the active military or naval service of the United States on or after September 16, 1940, and prior to the termination of World War II and who has been discharged or released under honorable conditions. Persons on terminal leave or final furlough and those whose status has been changed from "active" to "inactive" are classified as released.

Q. Do length of service, service overseas, combat action, wounds and decorations, have any bearing on a veteran's preferential standing?

A. No. Provisions in the Surplus Property Act for preference for veterans are in no sense in the nature of a reward or "bonus." The declared intention of Congress was to bolster the national economy by returning to or starting out in peacetime pursuits, persons kept from civilian jobs or business through the service with the armed forces.

Q. Are veterans of World War I entitled to preferential treatment?

A. No.

Q. Just what preference is extended to the veteran?

A. Subject to the prior rights of Government agencies and State and local governments to acquire it, he will be given a preference to purchase surplus property for use in his own small



GENERAL OMAR N. BRADLEY  
Veterans Administrator

business, agricultural or professional enterprise. He may also buy, within reasonable limits, one initial stock of property for resale in connection with a business established or to be established by him.

Q. Who actually sells surplus property to the veteran?

A. He may buy from a disposal agency or may request SWPC act as his agent.

Q. What is a disposal agency?

A. The government agency which actually sells the surplus property. The RFC SELLS SUCH CONSUMER GOODS AS AUTOS AND IRON GOODS, AS WELL AS industrial plants and heavy "producer" goods. A separate list shows what agencies sell what kinds of property.

Q. Must a veteran have had previous experience in a line in which he seeks to establish himself?

A. No. Experience in the service has enabled many persons to acquire new skills. Further, it is recognized that the door to opportunity must not be closed to the persons who went into the services without previous work experiences of any kind.

Q. How much capital is a veteran required to possess?

A. This depends on what he wants to buy. In proper cases he may arrange credit with SWPC or the agency which sells him his property.

Q. Will the Government finance him if he has no money?

A. No. But surplus property may be offered for sale on credit to the veteran.

Q. What is meant by "own" enterprise?

A. One of which more than 50 per cent of the invested capital is a veteran's or where more than 50 per cent of the income goes to a veteran or veterans. A veteran is deemed to have his "own" enterprise when he is engaged by others as an employee or agent and is required by his employment to have his own tools or equipment. For example, a salesman might be required to own an auto. Such a veteran may buy surplus property required in his employment.

Q. What is meant by "small business"?

A. Any commercial or industrial enterprise, or group of enterprises under one ownership and control, which does not at the date of purchase of surplus property have more than 500 employees. Also a larger enterprise which by reason of its relative smallness in relation to other forms in its industry can be certified as a small business by the Smaller War Plants Corporation, with the approval of the Surplus Property Administrator.

Q. Are there any limits on the amount of property a veteran may buy?

A. Yes. The Smaller War Plants Corporation, working with the disposal agencies and with the approval of the Administrator, may establish minimum and maximum limits as to the value and quantity of property which may be purchased on a priority by any veteran. After exercising his priority he may nevertheless buy more but, in doing so, he has no preference for the excess and is on the same level as other buyers.

Q. What is the purpose of setting minimum and maximum limits?

A. Maximum limits are established because the cost of handling certain kinds of property in quantities smaller than those in which they normally are handled, crated or packaged would be too high. Example: A disposal agency cannot break up a tool chest, to sell a veteran one wrench. This would cost the government too much money. Maximum limits are imposed to insure fair distribution and to keep one from "cornering" a market.

Q. How is a veteran preference in buying and selling?

A. Yes. After the property has been subdivided into appropriate economic units, such as family-size farms, building lots, etc., the disposal agency bases what it considers a fair price for each unit. Before the property can be disposed of, except to the original owner, or a Federal or state agency, a veteran may apply for the purchase.

(Continued on Page 24)

The information on the following pages is a round-up of the rights of the veteran of this war in the requisition of surplus government war property. It will be of interest to all veterans, and to military separation centers, veterans' organizations and others interested in veterans' welfare.

Prepared by:

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3605 Department of Commerce Building, Washington, D. C.

# The Veteran and Surplus War Property

(Continued from page 19)

those of any or all units offered for sale at the fixed price. In connection with property acquired by the government after December 31, 1939, the veteran's preference is inferior, with respect to agricultural properties, to the rights of former owner, tenants and former owners taking substitute tracts, and with respect to residential and small business, properties, to the rights of former owners taking substitute tracts. When more than one veteran applies for purchase of the same property, the purchaser will be selected by lot. A veteran may exercise his preference to acquire real property only once.

Q. How does a veteran go about exercising his preference?

A. Applying to any office of the Smaller War Plants Corporation, he furnishes it with complete information regarding the property he wants to purchase. Through reference to his discharge papers or other evidence, the Corporation satisfies itself that he is a veteran and that the property applied for is to be used in his own small enterprise, and requires of him a supporting affidavit or statement. The Corporation then issues a certificate to the veteran stating that he is entitled to preference in the purchase of the types and quantities of the property described therein. The Corporation refers him to the appropriate disposal agency, and by agreement with the veteran, may act as his agent in the purchase.

Q. How are prices fixed on sales to veterans?

A. Disposal agencies will sell surplus property to veterans at a fair value which shall not be greater than the lowest price which is offered to many trade levels at the time of purchase by the veteran.

Q. Is there anything to prevent a veteran from purchasing any property directly from a disposal agency without exercising his preference?

A. No, not if he is included within the class of buyers to whom the disposal agency is offering such property. Such purchases will be governed by the prices, terms, and conditions of the offering made by the disposal agency.

Q. To whom does the veteran apply if he does not live in the Continental United States, but lives in a territory or possession in which there is no office of the SWPC?

A. He may deal directly with the disposal agency, which, to the extent it can, will perform the functions assigned to the SWPC.

Q. Is a veteran permitted to inspect property before purchase?

A. Yes.

Q. In case a veteran is unable personally to inspect property before purchase, does the Government guarantee it to be of high quality?

A. No. Many items are declared surplus because they do not meet Government standards as to quality, efficiency, durability, state of repair, etc. The Government offers only the assurance that the quality and condi-

tion of the property is not misrepresented. Many sales are on "as is, where is" basis.

Q. Is a veteran about to resume civilian practice of a profession entitled to preference in the purchase of building material and furnishings for a house which is to serve both as an office and a dwelling-place?

A. The SWPC will determine in individual cases to what extent he is entitled to preference according to the proportionate uses to which the structure is to be put. If its main function is to serve as a home, he is entitled to preference only on such items as are necessary to establish and furnish his professional quarters.

Q. What provision is made to take care of the needs of service personnel who may not be discharged for many months?

A. Because some items are short in supply and heavy in demand, and because a prime objective of the Surplus Property Administration is to get surpluses out of the way of new civilian production, it is possible that some late-coming prospective purchasers will be disappointed. So far as possible, all the agencies concerned are making every effort to distribute surplus property fairly. To that end, the SWPC advises disposal agencies as to the reserves of property necessary to meet veterans' requirements and they are trying to set aside reserves to take care of future demands of veterans.

Q. How can a veteran locate property of the kind he wishes to purchase?

A. The nearest of more than 150 field offices of the SWPC and the several disposal agencies will advise him where to apply. He can also inquire of the nearest field office of a disposal agency. Disposal agencies issue periodically lists of property declared surplus and will send them to veterans or others upon request. The Surplus Property Administration headquarters in Washington is glad to assist and advise veterans at all times.

Q. Have the spouse and children of a deceased veteran any priority?

A. Yes. The spouse and children (in that order) of a person who died while in active military service after September 16, 1940, has a priority as to all surplus real property classified as suitable for agricultural, residential or small business purposes. Upon the death of a veteran the spouse and children succeed to his property rights.

A list of Smaller War Plants Corporation and Reconstruction Finance Corporation offices in the North Eastern Region where surplus property matters will be handled follows. This list is subject to change at any time, and revised lists will be issued periodically.

Smaller War Plants Corporation's District Offices

CONNECTICUT—Bridgeport 3, 144 Golden Hill Street; Hartford 4, 119 Ann Street; New Haven 10, 162 Temple Street.

DELAWARE—Wilmington 30, 408 Pennsylvania Bldg.

MAINE—Portland 3, 142 High Street.  
MARYLAND—Baltimore 2, 1114 O'Sullivan Bldg.

MASSACHUSETTS—Boston 8, 17 Court Street; Lowell, 8 Merrimac Street; Springfield 3, 1200 Main Street; Worcester 8, 340 Main Street.

NEW HAMPSHIRE—Manchester, Arnokeog Industries Bldg.

NEW JERSEY—Newark, 20 Washington Place; Trenton 8, 622-3 Broad Street Bank Bldg.

NEW YORK—Albany, 112 State Street; Brooklyn, 16 Court Street; Buffalo, 808 Rand Bldg.; New York 1, 350 Fifth Avenue; Rochester, 723 Commerce Bldg.; Syracuse, 224 Harrison Street; Utica, First National Bank Bldg.

PENNSYLVANIA—Allentown, 512-514 Hamilton Street; Reading (Sub office of Allentown), 901 Colonial Trust Bldg.; Erie, 418 Commerce Bldg.; Harrisburg, 713 Blackstone Bldg.; York (Sub office of Harrisburg), Yorktowne Hotel; Philadelphia 3, 1612 Market Street; Scranton 3, 418 First National Bank Bldg.; Pittsburgh, Bessemer Bldg.

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RHODE ISLAND—Providence 3, 631 Industrial Trust Bldg.

VERMONT—Montpelier, 84 State Street.

VIRGINIA—Richmond 19, 101 Richmond Trust Bldg.; Norfolk 10 (Sub office of Richmond), 319 Wainwright Bldg.; Roanoke (Sub office of Richmond), 416 Morris Plan Bank Bldg.

(Continued on Page 30)

## Walter O. Howe Chosen Executive Vice President of the Citizens' Public Expenditure Survey

Executive leadership of the Citizens Public Expenditure Survey of New York changed September 1 for the first time since its organization.

Walter O. Howe, for several years a vice chairman of the Survey and secretary of the Olean Chamber of Commerce, succeeded L. Richard Guylay, who had resigned to open his own public relations office at 30 Rockefeller Plaza, New York City.

As secretary of the Olean Chamber of Commerce, Mr. Howe had years of first hand experience with the effects of taxation on community growth and employment opportunities.

### Found Tax Barriers

In 1937, when Mr. Howe became secretary of the Olean Chamber of Commerce he found the greatest barriers to bringing new industry to the city were high taxes both state and local. Mr. Howe persuaded officials in Olean and Cattaraugus County that the first step toward increasing employment opportunities would be the reduction of taxes through elimination of unnecessary expenditures.

A fact-find survey of Cattaraugus county government operations and costs produced thirty specific recommendations nearly all of which have been put into effect. A real budget system was installed, bookkeeping was modernized, expenditure controls established and unnecessary expenditures eliminated. Similar measures were taken by the city government.

With decreasing tax rates to offer, Olean industries began to expand and new ones were attracted to a city and county that were doing something about taxation.

With the reconversion taking place Olean has a tax rate which has dropped nearly \$3.50 in two years (from \$13.84 in 1943 to \$10.41 in 1945) and employment opportunities sufficient for a population of 30,000 instead of its 21,000. Construction of new homes has already begun.

At the same time Mr. Howe, together with citizens from other parts of the State, determined to see what could be done about state taxes which put industries at a disadvantage with competitors in other states. The Citizens Public Expenditure Survey was organized in 1938 with Mr. Howe as one of its original trustees. He has for several years been a vice chairman and has appeared as a spokesman for the Survey at several Albany hearings.

The Olean Times Herald remarked editorially on Mr. Howe's resignation as secretary of the Chamber of Commerce to take the executive vice presidency of the Survey:

"Olean industry, in general, has benefited largely as the results of his efforts, while his ceaseless activities regarding the acquisition of new industries for this city and in behalf of reduced tax burdens will have been appreciated by our people in general."

Mr. Howe was active in many community affairs and served as exalted ruler of Olean Elks.

A native of Olean, Mr. Howe studied at Mechanics Institute in Rochester and was connected with the Niagara Lockport and Olean Power Company for 19 years before his secretaryship of the Chamber.