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Some aspects of planned economy

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THESIS

Some Aspects of Planned Economy

by

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# CONTENTS

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter I</td>
<td>Planned Economy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Primitive</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Ancient</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Medieval</td>
<td>7</td>
</tr>
<tr>
<td>Chapter II</td>
<td>Types of Planned Economy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Socialism</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Fascism</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>Comparison of Fascism and Socialism</td>
<td>17</td>
</tr>
<tr>
<td>Chapter III</td>
<td>Planned Economy in the United States</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Evolution</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>Need for Legislative Control</td>
<td>25</td>
</tr>
<tr>
<td>Chapter IV</td>
<td>Industrial Planning in the United States</td>
<td></td>
</tr>
<tr>
<td></td>
<td>State Regulatory Legislation</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>Federal Regulatory Legislation</td>
<td>33</td>
</tr>
<tr>
<td>Chapter V</td>
<td>Conservation and Agricultural Planning</td>
<td>38</td>
</tr>
<tr>
<td>Chapter VI</td>
<td>Labor</td>
<td>66</td>
</tr>
</tbody>
</table>
## Chapter VII

Transportation

<table>
<thead>
<tr>
<th>Mode of Transportation</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Railroads</td>
<td>85</td>
</tr>
<tr>
<td>Water Transportation</td>
<td>100</td>
</tr>
<tr>
<td>Motor Transportation</td>
<td>102</td>
</tr>
<tr>
<td>Air Transportation</td>
<td>106</td>
</tr>
<tr>
<td>Pipe Lines</td>
<td>113</td>
</tr>
</tbody>
</table>

Public Utilities Other Than Transportation

<table>
<thead>
<tr>
<th>Type of Utility</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications</td>
<td>117</td>
</tr>
<tr>
<td>Water Power</td>
<td>118</td>
</tr>
<tr>
<td>Electric</td>
<td>120</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>120</td>
</tr>
</tbody>
</table>

## Chapter VIII

War Economy

Page 123

## Chapter IX

Appraisal of Economic Planning and Its Future

Page 130

### Expositive

"During this age the rudiments of all modern economic power of man were developed: the guidance of the hand by the mind, manifested in his creative industry; his inventive faculty; the currency of spread of his inventions; the adaptation of means to industry in
Chapter IV

Transportation

Chapter V

Communication

Chapter VI

War Economy

Chapter VII

Chapter VIII

Chapter IX

Chapter X

Importance of Economic Planning vary the Future
I

PLANNED ECONOMY

Planned economy is not a novel concept. It has its roots in the primitive and ancient world. It is guided by human values; and, therefore, it must of necessity have a flexible pattern, as human values keep changing in the light of new knowledge and opportunities. Economy as planned and practiced at a particular time and place leads to a standard of living. This standard may be dictated by authoritarian rule as in Germany under the Hitler regime, or it may be elected by a society in which free thought and voluntary action and experimental effort still play a major part as in England today. The dominant culture pattern of the age and place determines the shape of the program of planned economy that comes into existence in that age and place. This chapter will tend to show the dominant part played by planned economy in the lives of the primitive, ancient, and medieval peoples, in which ages the foundations for today's economy were laid.

Primitive

"During this age the rudiments of all modern economic powers of man were developed: the guidance of the hand by the mind, manifested in his creative industry; his inventive faculty; the currency or spread of his inventions; the adaptation of means to industry in
In the introduction, it is stated that the book is not a novel but a concept of new thoughts and ideas in the field of economics. It is an attempt to provide a framework for a new economic system that could provide a solution to the current economic problems. The author believes that the current economic system is not sustainable and that a new approach is needed. The book is intended to provide a new perspective on how the economy can be organized and how new ideas can be implemented to address the challenges facing the world today.

The book introduces the concept of a new economic system that is based on a new philosophy of the value of goods and services. It is argued that the current system is based on a false premise and that a new system is needed to address the challenges facing the world today. The authorbelieves that the new system will provide a new perspective on how the economy can be organized and how new ideas can be implemented to address the challenges facing the world today.

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utensils, in weapons, and in clothing.¹

In the primitive community, group codes determine the social order of things and the direction of individuals' lives. Interests of the individual are subordinated to the interests of the group.²

Primitive economics follows no formal pattern and, therefore, cannot be analyzed. As in today's complicated society, economic life was and is conducted in harmony with human purposes but on a much simpler scale. The problem of primitive peoples - Bushmen, Australian Aborigines, Andamanese, Tasmanians, Eskimos, and the Hindus - has been to find food. They make no effort to control their environment but rather adapt themselves to it; therefore, sick people are killed, children are abandoned especially during times of famine and migration. The only control exercised is of a religious and magical nature. Man at this level has various forms of control of property in distribution. He has regulated the hunting and fishing rights between local groups, thereby forbidding trespassing. In times of famine, the food supply is pooled together and distributed, and the hoarder, if discovered, is severely punished.³

From the foregoing brief survey of primitive man, it can readily be seen that along very simple lines (obtaining and distributing


³Ibid, Page 50
In the primitive community, gain comes generally from the society in order to improve the condition of the individual. There is a natural inclination to the increase of the group.

The inhumanity and oppression of the modern government towards the peoples are brought about by the commerce of the industrial society, commerce that was once necessary to a people with immense resources but now is only.

The basis of primitive people - Humanity, Agriculture, Amanecer, Tempestada, Election, and the Shelter - can easily be destroyed by the way people are killed. To keep them from the effect of contact with environment and to help them keep away from it, primitive people are killed off.

After many generations, the result of human nature is that we are condemned to suffering and die at a certain age, not necessarily at a certain time of leaving our world.

The only way to survive at a certain time of leaving our world is to die at a certain time of leaving our world. We are condemned to suffering and die at a certain age, not necessarily at a certain time of leaving our world.

He who believes the printing may believe that between land and sea, between land and sea, between land and sea, between land and sea, between land and sea. Between land and sea, between land and sea, between land and sea.

Beyond together and distributed, and our nature, it is possible.
food) planned economy played and is playing among primitive peoples a very important part in assuring them of their livelihood.

**Ancient**

The material found by archaeologists in their excavations of tombs of the ancient peoples gives evidence that the state exercised wide supervisory powers over the economic life of the people of Mesopotamia and the Nile River.

**Sumeria.** The lower valley of Mesopotamia was settled by Sumerians during the sixth and fifth milleniums B.C. Their political institution was the city-kingdom, the head of which was the "Patesi." He was the king, high priest, and economic overlord. As economic overlord, he assumed responsibility for the well-being of his subjects.

Sumeria was a fertile valley bounded by the banks of the Tigris and Euphrates; and, therefore, agriculture naturally was the basis of the inhabitants' livelihood. However, the successful cultivation of the farms depended upon the control of the annual flood when the twin rivers overflowed their banks. The Patesi levied the wealth of the natives and compelled their personal services in the matter of construction and maintenance of dykes and canals to provide for this annual emergency. 1

the (sometimes economically varied) in United States increasingly become.

and important that to economic and spiritual growth


development.

The material change in the economic and the spiritual betterment of the people is Mexico.

For example, the lower valley of Mexico is now settled by

and the political economic way in which the "villages"

are the "villages" and economic center.

and especially to the well-being of the people.

a little alcohol poisoning in the cases of the

The most important and frequent, economic stagnation and the

not the most important in the economic growth. However, the economic cycle-

have the power of the "villages" in addition to the control of the amount of the

and especially to the well-being of the people.

and especially to the well-being of the people.

are not maintained or adequate, there are many cases of famine and many of those

193?, Page 25
Economic unification reached its peak during the reign of Hammurabi (2100 B.C.). His rule - the famous Hammurabi code - provided for the following: 1

1. Taxes were levied on the land and there was forced labor on the canals and roads.

2. Industry was organized on a craft basis by means of associations and apprentices. The law regulated the system of apprenticeship, fixed wages for workmen, and assigned liabilities for bad workmanship.

3. The law provided for partnerships, associations, and agencies for the carrying on of trade along the routes which led to India, China, or the Mediterranean.

All laws were promulgated in the name of the god of the city-kingdom; and, therefore, the basis of the wide exercise of royal authority over economic life of the people was religious sanction. 2

Egypt. Turning to the Nile Valley, it is found that Egypt also depended upon agriculture for its livelihood. The reigning Pharaohs and Ptolemies of the fourth and third milleniums B.C. were vested with autocratic power and controlled the land and the peasants thereon. The ruler was the owner of all the land, and he granted it to his subjects. Large tracts were held by the temples and nobles and by free farmers who hired the peasantry to work the land.

The reigning Pharaoh or Ptolemy rebuilt, repaired, and maintained by impressed labor the dykes and canals. During the period of


inundation, the peasants were called to labor on the works of the king, and they were lodged in huge barracks and fed from the royal stores. Desert wastes were reclaimed and cultivated. Important industries were operated as state monopolies.

Production of food was under the supervision of the state. Seed was allotted to each nome (administrative unit) which was planted under the supervision of a royal overseer. Harvesting was done under government supervision.

This Egyptian autocracy was supported by an elaborate financial system. Taxes were levied on land, houses, cattle, trees, produce, industry, persons, and were paid in either produce or service. The servants accomplished the works of the king—buildings, pyramids, irrigation ditches, work in quarries and mines. The produce fed the king's servants, his laborers, and dependents.¹

Athens. The economic life in Greece developed without the theocratic and autocratic ideology that permeated the Orient. Greece gave birth to the concept of the state as a society of free citizens. There was planned economy in Greece, but its power rested on the free consent of the governed, as is the case in England today.

Solon, in the sixth century B.C., is traditionally known as the founder of Athenian planned economy in harmony with democratic principles. His accomplishments are as follows:²

²Ibid, Page 35
1. Curtailed agricultural exports

2. Required every father to teach his son a useful occupation

3. Established the timocratic principle (Citizenship classified according to income and tax burden)

His reign was followed by that of the dictator, Pisistratus. He subsidized the small farming class by state grant of seed and agricultural supplies. He put the unemployed to work on public building projects. He extended diplomatic relations with leading commercial powers to find profitable outlets for the Athenian trade. 1

Rome. In the sixth century B.C., the Roman state was a community of farmers. The chief institution was the family, the head of which was the father whose patriarchal rule over the household was absolute. The institution of family life was carried over into public affairs; and naturally, therefore, the most influential families constituted the governing class. The ruling agency was the Senate, and their policy was the self-aggrandizement of the senatorial members. Their interests centered in the accumulation of land and the amassing of wealth derived therefrom. Small landowners were ruined by the entrance of these gentlemen farmers. 2

This ruling class was overthrown by the military dictator, Julius Caesar, who was succeeded by Augustus. Under Augustus, the Roman Principate was established, and the Mediterranean world became an economic unit. Grain was distributed to the inhabitants of the city of Rome -

2Ibid, Page 39
free to the poor and at a nominal rate to those who could afford to pay. The state assumed it was its duty to provide for the general welfare of the weak and underprivileged.

Agriculture started to decline in Italy. This decline was followed by that of industry and commerce. Heavy tax burdens were laid on the people. The direction of production and distribution passed into the hands of the emperors as in the ancient Orient, and currency was wildly inflated during the third century which caused the then-reigning emperor, Diocletian, to issue a radical price-fixing decree. 1

Medieval

"Modern control is aware of its inconsistency and is accordingly apologetic and loquacious. In medieval society, on the other hand, control was public and unblushing. It was in many respects complete and always purposeful; little was left to accidents." 2

The principal organ through which planned economy during the medieval era expressed itself was the guild. It was distinctly a local affair and was exclusively communal in structure and outlook. Merchant guilds associated themselves with foreign merchants for the purpose of supplies and for transportation. Goods were sold in a local market and regulated by local authority for the benefit of fellow citizens only.

1Ibid, Page 41
2Ibid, Page 47
The guilds were divided into three classifications; religious, merchant, and craft. Merchant guilds became important in the twelfth century. They enjoyed a monopoly of trade over a given area and within the limits of their charters legislated concerning the conduct of transactions, hours of market, terms of payment, and grade of goods. The guild regulations were binding upon all.

The craft guild came into prominence in the thirteenth century. They had the exclusive rights to practice a certain trade within a given area, the right to make rules for their craft and to enforce penalties. Apprentices in the guilds were bound by contract. They were compelled to live in the masters' homes and were subject to them as members of the families. In return, the masters were compelled to teach the apprentices all they knew of the craft. Upon completion of his probation period, the apprentice was a member of the guild in full standing. Now he was allowed to bargain for his salary and to become his own master if financially able to do so. Hours of labor and methods were regulated by the guild for both masters and workmen, and night work was forbidden.

Thus medieval economic control extended to production as well as to exchange under rules designed to increase, regulate, and guarantee production. Money compared with the value it has today was relatively unimportant. However, stringent laws were enacted to prohibit the practice of usury. The decline of the guilds was effected by the "black death," the toll from which strained the then-existing economic system to the breaking point. However, the strongest factor contributing to
its downfall was the rise of nationalism which represented a combination of burghers and crafts with the crown. 1

**Types of Planned Economy**

Of the radical forms of planned economy that are rampant in the world today, there are two—Socialism and Fascism. There is a decisive affinity between Socialism and Fascism in their present practices, and it is found in a negation that is common—both deny and destroy freedom.

**Socialism**

"Socialism proposes a type of society in which there will be no private property and there will be a productive system governed by collective control and guidance. It is a program of reform which repudiates private ownership of the means of production and competitive control of industry. It proposes a type of society in which productive capital will be owned collectively and economic activity will be controlled by authority of the one-party state," 1

Karl Marx, the father of Socialism, created the seemingly perfect economic state. Marx proposed that in all societies, one class tends to concentrate into its hands the ownership of the principal means of production and political power. The state is an instrument in its hands to securely fasten the fetters on the classes it exploits. The

1Ibid, Page 47
1Fairchild, Purcell, and Hans, ECONOMICS, New York: The Macmillan Company, 1940, Page 753
II

TYPES OF PLANNED ECONOMY

Of the radical forms of planned economy that are rampant in the world today, there are two - Socialism and Fascism. There is a decisive affinity between Socialism and Fascism in their actual practice, and it is found in a negation that is common - both deny and destroy freedom.

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1 Fairchild, Furniss, and Buck, ECONOMICS, New York: The Macmillan Company, 1940, Page 753
II

THOUGHTS ON THE EXTENT

Of the various forms of planning economy that are possible to
the various kinds of planning economy, the most important
of the various forms of planning economy is the one that
involves the interaction between production and economic
planning. It is this interaction that forms the basis for
the discussion of this chapter.

Society

Society, however, is a type of society in which there will be
a harmonious exchange of goods and services. In this type of
culture, there will be a balance of interests and
patience, which is necessary for the maintenance of
culture. It is this type of society that is the focus of
our discussion.

Economic Planning

Economic planning is an essential part of any society, but
it is not sufficient on its own. Economic planning needs
the support of political and social structures. The state
plays a central role in the implementation of economic
planning, but it cannot do so alone. The state must
work with other institutions, such as businesses and
unions, to ensure the success of economic planning.

References

1. Karl Marx, The Economic and Philosophic Manuscripts of 1844
2. John Maynard Keynes, The General Theory of Employment,
   Interest, and Money
oppressed seek to throw off the yoke and eventually succeed in overthrowing and replacing the exploiters. This theory divides industrial society into two classes—capitalist and worker. The capitalist exploits the worker who is in reality nothing more than a wage slave. 

According to this theory, as business enterprises expand, a larger proportion will be squeezed out of the business class and forced into the laboring class, as industry is concentrating itself into the hands of a few and will continue until a single unit will monopolize each of the major fields of industry. Because of the concentration of industry, the rich will grow richer and fewer; and the poor, poorer and more; and by virtue of their great numbers, the poor will gain power to revolt and to throw off the yoke of the oppressed.

Now, there are no oppressed left, and the working class will be the means of ending the exploitation of man by men and of giving birth to a free and equal society and thus is born the perfect communistic state.

However, in practice, the principles propounded by Karl Marx are so distorted that they are no longer recognizable. A communistic regime today which supposedly bases its policies on Marxism is anything but the perfect economic "Utopia" as evidenced by Socialism.

2Knight, Winston, ECONOMIC PRINCIPLES IN PRACTICE, New York: Farrar and Rinehart, 1942, Page 585
3Fairchild, Furniss, and Buck, Op. Cit., Page 759
Communism. There are various forms of Socialism but the one which is of the greatest importance today is Communism. Although Socialism in theory presupposes a dictatorship of the proletariat, it would be erroneous to assume that such a dictatorship rules the Communist state. The Communists took power in the name of the proletariat; but once in power, they decided that to permanently establish their power they would have to industrialize and modernize Russia without foreign aid but at the expense of the living generation. But that meant that the new state authority could not act in the interest of the contemporary proletariat as a class. As a state authority that was first and foremost concerned with the task of industrialization and collectivization, the communists could not allow soviets, trade unions and other democratic working-class organizations effectively to represent and fight for the day-to-day interests of the workers. That had become incompatible with the accepted national aim. The government of Russia is a civil service run by a small, highly unified state.

Production is controlled by the government; and as Russia realized that it was backward in equipment, they used their resources for the production of capital goods at the expense of consumption goods which are desperately needed for the everyday wants of the people but which remain very scarce and of poor quality. Consumption is controlled by the Planning Commission who decides how people shall spend their money. To encourage consumption of certain products, it lowers the price below

1Ibid, Page 101
The government, while it retains the power to conduct national affairs, has a responsibility to ensure that the distribution of resources is equitable and promotes the common welfare. This requires not only the protection of national security but also the assurance of a fair and free market.

The government must also ensure that the economic policies it implements are consistent with the principles of democratic governance. This includes the need to balance the interests of different groups in society and to promote social justice.

In addition, the government must be accountable to the people and to ensure that its actions are transparent and subject to public scrutiny. This is essential to maintain the confidence of the citizens in the government and to promote a sense of shared responsibility for the well-being of the nation.

The government must also be responsive to the needs and concerns of its citizens. This includes the provision of essential services such as education, healthcare, and social welfare, and the protection of human rights.

To ensure the broad participation of all citizens in the democratic process, the government must also take steps to make the political system more inclusive and to promote the participation of marginalized groups.

Finally, the government must be committed to the principles of international cooperation and to working with other nations to address global challenges such as climate change, terrorism, and economic development.
cost and subsidizes the industry for the difference. To discourage the sale of consumption goods, it raises the price above cost but the industry cannot keep the difference.

The Planning Commission specifies the outputs establishments are expected to produce, prices to be charged, materials to be purchased, and labor to be hired. In the agricultural field, farms are collectively owned and cultivated. Each collective farm must sell to the state specified proportions of its produce at low cost. ¹

Fascism

Fascism (a form of which is Nazism), the other important radical movement of our age, is particularly violent in its opposition to Communism in that it does not believe in the class struggle. The late Benito Mussolini's own definition of such an economic philosophy is as follows: ²

"The foundation of Fascist doctrine is the conception of the State - of its essence, tasks, and purposes. For Fascism, the State is the Absolute, in relation to which all individuals and groups are relative."

Therefore, citizens live to serve the state. They owe it unquestioning allegiance and complete obligation, and they can claim no rights from it.

¹Fairchild, Furniss, and Buck, Op. Cit., Page 775
²Mussolini, Benito, FASCISM: DOCTRINE AND INSTITUTIONS, Rome, 1935
The Problem of the Human Mind in the Science of Psychology

The problem of the human mind in the science of psychology presents itself as the question of how the mind functions and how it relates to the physical world. This question has been at the forefront of psychological research for many years, and it continues to be a central concern for psychologists today.

The mind is often described as a complex system that processes information and generates thoughts, feelings, and actions. Understanding how the mind works is crucial for explaining human behavior and for developing effective interventions to help people improve their mental health.

One of the most important aspects of the study of the mind is the question of consciousness. Consciousness refers to the subjective experience of being aware of oneself and one's environment. Understanding consciousness is essential for grasping the nature of the human mind and for developing effective treatments for mental health disorders.

Another important aspect of the study of the mind is the question of learning and memory. Learning refers to the process by which new information is acquired and stored in the brain. Memory refers to the ability to recall this information when needed. Understanding how learning and memory work is crucial for developing effective educational strategies and for treating memory disorders such as Alzheimer's disease.

The study of the mind also involves the exploration of the relationship between the mind and the body. This relationship is complex and involves many different factors, including genetics, biology, and environment. Understanding these relationships is crucial for developing effective treatments for mental disorders and for improving overall physical and mental health.

In conclusion, the study of the mind is a complex and multifaceted field that involves the exploration of many different aspects of human behavior. Understanding the mind is essential for developing effective treatments for mental health disorders and for improving overall well-being.
To control and direct all economic activities for the welfare of the state, Fascism in Italy operated through the Corporative State, the chart of which is presented on the following page. The objective of this functional body was to create as self-sufficient an Italian economy as possible. ¹

If this were possible, I would be able to outline the economic activities for the nation.

The current economy is based on the following bases: The activities of the economy can be classified as self-sufficient or Italian economy.
CORPORATIVE STATE

WORKERS' ORGANIZATIONS  STATE  EMPLOYERS' ORGANIZATIONS

Minister of Corporations

Central Corporative Committee

National Council of Corporations

Nation:
- Federations
- Corporations
- Federations

Provinces:
- Unions
- Provincial Economic Corporative Council
- Unions

Localities:
- Syndicates
  - Industry
  - Agriculture
  - Commerce
  - Banking
  - Transportation
  - Professions
  - Arts

Syndicates
- Industry
- Agriculture
- Commerce
- Banking
- Transportation
- Professions
- Arts
At the head of the corporate state is the minister of corporations under whom is the central corporative committee which runs the national council of corporations. For the nation as a whole, the corporations, twenty-two in number, regiment and control productive forces in the interest of national policy. For each province the functions of workers' and employers' organizations are coordinated by a provincial economic corporative council; and for the localities, this coordinating function is performed by labor contracts.

A succinct description of the corporate principle of Fascism appeared in "Quadragesimo Anno" as follows: 1

"The state grants legal existence to the syndicate or union and thereby confers on it some of the features of a monopoly, for in virtue of this recognition, it alone, according to the kind of syndicate, can represent workingmen and employers, and it, alone, can conclude labor contracts and labor agreements. Affiliation to the syndicate is optional for everyone; but in this sense only can the syndicate organization be said to be free, since the contribution to the unions and other special taxes are obligatory for all who belong to a given trade or profession, whether workingmen or employers, and the labor contracts drawn up by the legal syndicate are likewise obligatory. . . .

"The corporative organizations are composed of representatives of both unions (i.e., of workingmen and employers) of the same trade or profession, and as true and genuine organs and institutions of the state they direct and coordinate the activities of the unions in all matters of common interest."

1Dixon and Eberhart, Op. Cit., Page 515
In Germany, Fascism functioned under the Nazi party. The National Socialist party was the only legal political organization of the people and economically it strived for self-sufficiency even if it had to be attained by conquest. This program entailed the

1. Elimination of democracy and substitution of an authoritarian state under dictatorial leadership

2. Creation of a totalitarian social system that would bring the wealth and labor of the German people into the service of the state

3. Restriction of imports in order to build up the home supply

4. Reclamation of land

5. Subsidizing production of wool, vegetable oils, synthetic products

Industry and labor were under close control. The industrial worker was under the immediate control of the employer who in turn was under the immediate control of the state.

Comparison of Fascism and Socialism

The major similarities and differences between Socialism and Fascism are set forth below.

Similarities. Both are revolutionary movements opposed to a democratic way of life.

Both adopt the same method of revolution - direct action by a firmly organized party under dictatorial leadership followed by

1Fairchild, Furniss, and Buck, Op. Cit., Page 795
terroristic methods to carry out their program.

Both subscribe to the principle of planned and controlled economy. ¹

Differences. Fascism worships the state as a spiritual entity whereas Socialism would do away with the state entirely. ²

Fascism is militantly national whereas Socialism is international and recognizes no political boundaries.

The Fascist state is dominated by a small party of the elite whereas Socialism intends to include everyone in the governing party. ³

Fascism claims that all people - proletariat and bourgeoisie - are bound by the same obligations of loyalty and service to the state whereas Socialism believes in class struggle as a means of social evolution. ⁴

Fascism makes woman the subordinate of man and believes in racial superiority whereas Socialism recognizes essential equality of human beings. ⁵

¹Ibid, Page 781
²Dixon and Eberhart, Op. Cit., Page 520
⁴Dixon and Eberhart, Op. Cit., Page 520
⁵Ibid, Page 521
Both Fascism and Socialism charge that capitalism assures no real freedom for the average man; and although vigorously denying the validity of such a fact, both Fascism and Socialism have completely taken away man's liberty and he has become no more than a machine which must perform as his master (the state) commands. In the Soviet Union both materials and workers are assigned; workers cannot change jobs without government approval; and under their internal passport system, they are liable to imprisonment if they leave their villages without permission.  

In Russia, the planning commission through its five-year plans has succeeded in guiding the nation's economic activity toward the goals set up in advance. Success of such dictatorial economic planning has been due to the fact that the country was suffering extreme scarcity in all departments of its economic life. Therefore, it could be safely assumed that the consumers' requirements were greater than the supply and the people would be happy to get any style, quality, or quantity of an item where there had been a dearth of that item. Even today there is a great scarcity in consumer goods as evidenced by the fact that during the last war a foreign correspondent in Austria wrote 2

"Once upon a time many feared that if Russians went abroad they would spread the virus of Communism. Today hundreds of thousands of Russian soldiers are trying to avoid going back to Russia. Desertion is widespread. Nothing has impressed the Austrians more


2Accountant's Weekly News Letter, October 15, 1945
than the Russian soldier’s ignorance of the modern world. Many are astonished to see electric lights and play the switches like children. Watches and clocks they will almost die for."

Italy’s and Germany’s economic success were pertinent exclusively to war. They were predominantly militaristic and all efforts expended were aimed to becoming aggressive.

Communism has overrun the boundaries of Russia and is the form of government in many Russian controlled territories both in Europe and Asia. Poverty has given a great impetus to its growth for starving people will grasp at any straw which holds any hope, no matter how small it might be, of work, wages, and food.

Spain, France, and Holland developed a definite system of colonial control and regulation. It was a system of government monopoly and control which was applied to practically every department of activity, land was allotted in certain amounts and cultivated with the forced labor of the inhabitants. It involved the absolute servitude of the natives who were forced to cultivate the land and work the mines for their parent countries. Production and commerce of the colonies were monopolized by the mother countries. To accomplish this end, intercourse by the colonies with foreign nations was prohibited. ¹

Colonization by England had the most far-reaching effects; and under England, the rule of the colonies went through the following

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III

PLANNED ECONOMY IN THE UNITED STATES

Evolution

The seeds of planned economy in the United States were planted with the establishment and settlement of the thirteen original colonies. The colonies were governed by a system of regulations and practices by means of which the parent countries managed the colonies so as to make them contribute to the parents' wealth and power.

Spain, France, and Holland developed a definite system of colonial control and regulation. It was a system of government monopoly and control which was applied to practically every department of activity. Land was allotted in certain amounts and cultivated with the forced labor of the inhabitants. It involved the absolute servitude of the natives who were forced to cultivate the land and work the mines for their parent countries. Production and commerce of the colonies were monopolized by the mother countries. To accomplish this end, intercourse by the colonies with foreign nations was prohibited.¹

Colonization by England had the most far-reaching effects; and under England, the rule of the colonies went through the following

The needs of planning appear to fit United States more

planning within the administrative and bureaucratic

colony. The colonies were receiving a share of resources and

practice of means of which the planning authorities managed the colonies

as an essential, critical feature of the planning, meeting and power

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since for your part, contact is planning and concern to the

colonies were completed by the eastern continents. To accompany the

and any information of the colonies with related sections new planning

and many regulations and rules of the colonies while number the following

Iwaukee, 1909, 4th ed. 1918, page 16

American, Your Most Excellent Majesties, Who Have
phases:

1. Complete rule by the king
   - The colonists were required to buy the specified articles from the English manufacturers and to ship them back to England in finished goods. They were not allowed to manufacture their own goods.

2. Self-government by the colonists whose laws were to be in accordance with English laws and subject to veto in England
   - A resident council was appointed to make ordinances which were to be in accordance with English law. A treasurer was appointed who was to receive the goods sent to the colony and administer the common store to which every man's produce should go for five years. After the resident councils were abolished in 1609, a governor was appointed who had the authority of military law.

3. Complete autocracy which led to the Revolutionary War
   - It was natural and logical that there should be complete rule by the king in a colony which had just been established and in which the settlers had no experience in the field of government. Therefore, in 1606, when Virginia was founded, the English monarchy created the charter and reserved for itself the ultimate jurisdiction over the colonial government. A specific provision in the charter for the colonization of Virginia was that a resident council was to be appointed which was to make ordinances which were to be in accordance with the English law. A treasurer was appointed who was to receive the goods sent to the colony. He was to administer the common store to which every man's produce should go for five years. After the resident councils were abolished in 1609, a governor was appointed who had the authority of military law.

The policies prevalent in Europe between the sixteenth and eighteenth centuries naturally were reflected in the policies practiced in the colonies. This period was devoted to the development of national power and was known as the age of mercantilism. To fit into the mercantile system, the colonies were to supply the raw materials for English manufacture.

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Passage.

1. Complete lists of the kind.

2. Effort to reconcile the colonists' views.

3. Order to go to a community with militia laws and support to greet in Scotland.

4. Complete measures which led to the Revolution.

5. New

It was natural and important that these points be completed.

It is likely the name of a common article that has been satisfactorily

which the writers had to explain in the light of government.

Tensions in 1800, mean Artista was somewhat the printing community
can be the source of an idea. To find the ultimate pronunciation
over the colonial government. A speeding explanation in the current to be
the colonization of America was that a tenable condition were to be
apprehended within any to sense structural means were to be in occupation
with the William law. A testament to the colonial. He may to manifest the common store to money
each man's humble dainty for ten fine years. After the treatment came
the other were satisfied in 1800, a constant new option and had the

importance of military laws.

The policies preserved in the space between the existing and
manufacturers and a market for finished goods. The colonies were required to send to England alone certain specified articles. They were to buy their imports from the mother country and colonial manufactured products which would provide the colonists with goods which could be bought from England were prohibited. Furthermore, carrying trade was confined to British ships.

The policy of England toward the colonies was expressed by Sir Francis Bernard, governor of Massachusetts, as follows: ¹

"The two great objectives of Great Britain in regard to the American trade must be

1. To oblige her American subjects to take from Great Britain only, all the manufactures and European goods which she can supply them with

2. To regulate the foreign trade of the Americans so that the profits thereof may finally center in Great Britain, or be applied to the improvement of her empire."

The colonists enjoyed a large measure of local self-government and they had become quite adept at evading England's acts of trade. However, after the war with France in 1763, England decided that the colonists should bear the expense of the war; and therefore, a more vigorous policy of colonial taxation and control was embarked upon which eventually led to the Revolutionary War. The following summarizes the acts of England which eventually caused her to lose all control over the colonists: ²

²Ibid, Page 181
The colonies were to be treated as if they were parts of the British Empire. A large number of British officials were appointed to the colonies, and a system of direct taxation was established. This system was controversial and led to widespread resentment and eventual revolt. The following documents explain the events leading up to the Revolutionary War and the reasons why the colonists fought for independence.
1. Fur trading was prohibited to the colonists.

2. Westward expansion was forbidden and settlement was restricted to the seacoast.

3. Colonists were to import from England alone.

4. By the Sugar Act of 1764, the colonists were forbidden to import rum or spirits from foreign countries or to trade with the French West Indies.

5. The Stamp Act of 1765 provided that taxes be paid on legal transactions, licenses, newspapers, pamphlets, diplomas, and playing cards, and severe penalties were imposed for any violation thereof.

6. Exorbitant tax laws were passed which imposed a hardship on the colonists who had already been forbidden to trade where they pleased and to export and import whatever they pleased.

Although the Revolution was fought for freedom, it was not for an unrestrained freedom which would cause hardship and suffering on that and succeeding generations. The drafters of the Constitution seemed to be gifted with foresight as is evidenced by the fact that that instrument has been the medium of government for almost two centuries with very little revision. It provided among many other things a plan to make competition as effective and beneficial as possible not by deciding what should be produced but by creating conditions favorable to the success of private enterprise. It is our government's expression of its concern to protect and advance the economic welfare of the people.

The Constitution was made elastic enough so that it could be revised by amendments to provide for the age in which it would be operating. The following passages of the Constitution are the foundation laid by the founders of our country on which to build for economic planning when and if necessary:
Article I. Section 8. (1)

"The Congress shall have the power to lay and collect taxes, duties, imposts, and excises, and to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States."

Article I. Section 8. (2)

"The Congress shall have the power to regulate commerce with foreign nations, and among the several States and with the Indian tribes."

Article I. Section 8. (5)

"The Congress shall have the power to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures."

It was this Section 8 of the Constitution that the federal government eventually had the power to eliminate and/or alleviate the discriminations suffered by farm organizations, individual shippers, and people in areas where railroad rates were burdensome.  

Need for Legislative Control

With the gaining of independence, the United States of America was freed from the shackles of Great Britain and her restrictions prohibiting manufacturing in the colonies. Because of our rich resources, industrial expansion was very marked; and during the nineteenth century, was almost phenomenal. Industry began to use machines and power and enlisted the capital and enterprise of both individuals and groups in

1Seaver, Charles H., INDUSTRY IN AMERICA, New York: Harper and Brothers, 1946, Page 54
(1) Article I Section 8

The Congress shall have the power to lay and collect taxes, duties, imposts, and excises, to borrow money and to emit bonds... to regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes."

(2) Article I Section 8

The Congress shall have the power to coin money... to regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes."

It is the express authority of Congress to regulate commerce among the several States and with foreign Nations. This provision grants Congress the power to control trade and economic relations among the States and with other countries. Congress can establish uniform laws, create federal agencies, and negotiate international agreements to facilitate commerce and economic development. Congress also has the authority to regulate interstate commerce, which includes activities that affect more than one State or are carried on in more than one State. This power is crucial for fostering economic growth, promoting fair trade, and ensuring the stability of the national economy.
pioneering ventures.

As a nation we made a transition from a country dwelling and mainly agricultural people to a city dwelling and mainly manufacturing nation, and our technique was transformed from hand tools to power driven machinery. In 1851 Horace Bushnell speaking to a meeting of Connecticut farmers said: ¹

"This transition to water and steam power is a great one, greater by far than many have yet begun to conceive - one that is to carry with it a complete revolution of domestic life and manners."

Within a space of sixty years (1840-1900), innovations and expansion in industry were experienced - similar changes which in England spread over two centuries. Rapid progress was evidenced in the new methods and mechanisms which were adopted almost simultaneously in agriculture and manufacturing, in transportation and commerce, in banking and exchange. Population shifted from one occupation to another; new lands were brought under cultivation; capital was transferred from one channel to another; canals and railroads opened up new markets.

During this period of industrial expansion, there was little or no restriction on competition between enterprises. All this feverish and unbridled competition was accompanied by an enormous waste of natural resources, of capital, and of human resources. Many of the railroads were built for promoters' profits and could not carry the load of the debt with which they were saddled. Forests and mineral resources were wasted in

order to get quick returns. Overdevelopment of productive facilities exceeded the capacity of them. 1

Almost to the end of the nineteenth century the prevailing economic philosophy of the American people was one of laissez faire, of almost unrestricted individualism. With practically free land and boundless national resources, the economic virtues called for were initiative, enterprise, energy, and skill to develop these resources and to convert the land and materials into consumable wealth. As long as there was enough for all, little disposition was manifested to curb the activities of the enterprisers who were building railroads, drilling oil wells, opening mines, cutting lumber, and in many other ways building up their fortunes.

However, when the first national inventory of our natural resources was made in 1909, it revealed a startling depletion of our resources and a strong reaction against exploitation set in and cries were made for regulation and control. The first protests were made after the Civil War by the farmers who felt aggrieved by high freight rates and who demanded public regulation of the railroads. This protest paved the way for the Interstate Commerce Acts; and as public approval was shown, the laissez faire philosophy was being replaced by a control policy. From that day to this, the government has been requested to prevent economic domination or abuses of our liberties from the ever-growing instruments of business. 2

1Seaver, Charles H., Op. Cit., Page 137

INDUSTRIAL PLANNING IN THE UNITED STATES

State Regulatory Legislation

From their beginnings the American governments, both state and national, have been concerned with the economic activities of the people, to protect and advance their economic welfare; and with this as their objective, state governments in their respective constitutions may control economic activities within their borders. 1

In the early days of the birth of our nation, the prevailing philosophy was that the state government should interfere as little as possible with the right of the individual to engage in business or farming, to buy and sell labor and commodities on whatever terms and conditions he may choose. But as industry expanded and became more complicated in its structure, it was deemed advisable by the various states to make use of their regulatory powers for the general welfare of the people. Public opinion began to turn toward the removal of the most obvious abuses of economic freedom. There was increasing pressure through organizations of such groups as farmers, industrial labor, and new political parties for regulatory action by state as well as national government. The increasing growth of combinations, trusts, and monopolies hampered the

1Seaver, Charles H., Op. Cit., Page 263
The text on the page appears to be a continuation of a discussion on economic and political matters. It seems to highlight the importance of economic policies and the role of the government in maintaining economic stability. There are references to the need for cooperation and coordination among nations, as well as the importance of maintaining economic policies that are consistent with the overall goals of economic development.

The text suggests a focus on the role of the state in economic management, emphasizing the need for careful planning and strategic decision-making. It seems to argue for a balance between market forces and state intervention, advocating for policies that can stimulate economic growth while ensuring social equity.

Overall, the discussion seems to be centered around the challenges of economic policy and the need for states to navigate a complex landscape of global economic trends and pressures.
function of the free competitive system as a method of adequate production and effective distribution of commodities for the satisfaction of human wants.

The states are endowed with "police powers" to legislate for the protection of public health, safety, and morals; and under these powers, embrace regulatory legislation which may be classified as follows: ¹

1. Statutory requirements essential for beginning a business - such as a corporation - which is an entity created and supervised to a very strict degree by the state.

Corporations. To become organized, an application for a corporate charter signed by a required number of incorporators must be filed with a designated state officer. This application must state the name by which the corporation is to be known, the nature of the business to be conducted, the amount of authorized capital stock and number and classes of stock into which it is to be divided, names and addresses of the original subscribers to the capital stock, and the assets paid or to be paid to the corporation by these subscribers. ² To prevent stock watering, it is frequently stipulated by law that the corporation shall not issue stock except for money, labor, or property actually received

¹Dillavou and Howard, PRINCIPLES OF BUSINESS LAW, New York: Prentice-Hall, Inc., 1940, Page 477
equal to the amount of the par value of the stock. If a state desires for the reason that a corporation has committed an ultra vires act or for some other reason, it may revoke the charter and dissolve the corporation.

Since the corporation is a creation of the state, it is subject to the supervision of the state in which it is organized and of the other states in which it does business, and it may not engage in any business other than the one specified in its charter. Frequent and varied reports are required by the states in which corporations are incorporated or in which they are transacting business.

Earned surplus is generally available for dividends subject to certain state limitations among which are the following: 2

a. Dividends may be paid if there are sufficient profits before a discount on the issuance of stock has been written off.

b. Dividends can be paid in an amount equal to the sum of the surplus and the depletion provisions.

c. If losses have impaired the capital, the payment of dividends is prohibited until the capital is restored and a surplus is created.

d. No dividend can be paid if the corporation is insolvent or if the payment of the dividend will render it insolvent.


The following are express powers usually conferred by statutes on a corporation:

1. To have a corporate name
2. To own and convey property in such corporate name for corporate purposes
3. To sue and be sued under its corporate name
4. To have a corporate seal
5. To make by-laws

2. Statutory requirements essential to financing a business - It is necessary to comply with a state's "blue sky" laws in the financing of a business.

A corporation's outstanding stock may not be more than the amount authorized by the charter. Several states forbid the sale of stocks and bonds that have not been approved by state authorities. A corporation desiring to increase the amount of its authorized capital stock must receive approval for the amending of its charter accordingly. A corporation desiring to do business in states other than the one in which it is incorporated must usually obtain licenses from such states and pay franchise taxes to those states.

3. Statutory requirements essential to locating a business and concerning operation of a plant
   a. Standards of safety and sanitation - The safety, health, and comfort of all persons employed in mines, factories, and other industries are covered by a great variety of state laws. Some of the

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1Babb and Martin, OUTLINE OF BUSINESS LAW, New York: Barnes and Noble, Inc., 1946, Page 281
A co-operative is a voluntary association of persons who agree to contribute or provide facilities, and to jointly control and administer co-operative business with the aim of meeting their common economic, social, and cultural needs through their joint and collective efforts.

The following are examples of co-operative bodies:

1. To save a co-operative money.
2. To improve the economic and social conditions of its members.
3. To fix the price of raw materials.
4. To control the quality of goods.
5. To promote the use of local products.
6. To share the profits among the members.

A co-operative is an organization that meets the needs of its members through the joint and collective efforts of its members. It is a voluntary association of persons who agree to contribute or provide facilities, and to jointly control and administer co-operative business with the aim of meeting their common economic, social, and cultural needs through their joint and collective efforts.

It is important to understand the concept of co-operation as it is a fundamental principle of self-help and mutual assistance. Co-operatives are based on the belief that people working together can achieve more than they could individually.

Examples of co-operatives include:

1. Credit Cooperatives
2. Consumer Cooperatives
3. Producer Cooperatives
4. Housing Cooperatives
5. Labour Cooperatives

Co-operatives are a unique form of enterprise that are based on the principles of self-help, mutual support, and democratic decision-making. They are owned and controlled by their members, who benefit from the profits generated by the co-operative.

By forming a co-operative, members can pool their resources and work together to achieve common goals. This can lead to greater efficiency, reduced costs, and increased profitability.

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limitations placed upon industry in this regard are as follows:

1. Factories and workshops must be ventilated.

2. Dangerous machinery must be safeguarded.

3. Penalties are placed upon employers using unsafe and improper scaffolds, ladders, and mechanical devices in building work.

4. Fire escapes must be provided for factories over a specified height.

5. Certain standards of cleanliness must be observed in bakeries.

6. Proper sanitary facilities must be installed in factories and mercantile establishments.

b. Hours of employment and workmen's compensation - These topics are discussed in the chapter on labor.

4. Statutory requirements involved in advertising and marketing a product.

Most of the states regulate the nature and character of advertising, set standards of quality and quantity of commodities manufactured and sold, and require registration of all trade marks.

5. Statutory licensing requirements.

Personal services and professional and business activities are regulated and controlled by legislative requirements which have for their purpose the protection of the public against excesses and abuses committed.

1Ibid, Page 653 ff

2Dillavou and Howard, Op. Cit., Page 479
purpose the protection of the public against incompetent and unprofessional conduct.

The state regulations mentioned in the preceding section are regulations in general and do not apply to all states. Each state makes its own intrastate laws and those residing therein are bound to abide by these laws.

Federal Regulatory Legislation

In the industrial field, while the state provides regulatory legislation for intrastate activities, the federal government embraces the entire nation with its interstate controls. To preserve the competitive system and to eliminate the abuses which resulted from a too literal and liberal interpretation of "laissez faire" and to direct the acumen and initiative of private enterprise into constructive channels for the welfare of the nation as a whole, the federal government found it necessary to enact various regulatory laws.

In 1890 the Sherman Anti-Trust Act was passed which provided that "every contract, combination in the form of a trust or otherwise, or conspiracy, in restraint of trade or commerce among the several states or with foreign nations" is illegal. ¹ This act has for its purpose the preservation and maintenance of free competition in interstate commerce by thwarting monopolistic control of large corporations. Since the act does not apply until monopolies are actually in operation, it cannot

The state regulation mentioned in the previous section are
necessary to ensure that the state's economic policy is
consistent with the interests of the nation. The state
must also ensure that these regulations are fair and
consistent with the law.

The passing of new laws may prove beneficial to the
state's economy by promoting growth and
development.
effectively reach unfair trade practices which produce combinations and monopolies in restraint of trade. In order to define more definitely what unfair competitive acts are in restraint of trade and to regulate unfair trade practices, Congress passed the Clayton Act in 1914.  

The Clayton Act dealt with four major practices which operated to curtail competition:  

1. Price discriminations were declared illegal when they operated either directly or indirectly substantially to lessen competition. Price variations were permitted for differences in quantities, quality, or cost of handling orders.  

2. Restrictive sales and leases, known as tying contracts, were forbidden. This struck at large concerns which made price concessions to dealers who agreed not to handle competing lines.  

3. A halt was called on the combination of competing concerns by means of holding companies. These companies were forbidden to acquire stock of enterprises where the effect of the acquisition would be to lessen competition substantially.  

4. A curb was placed on interlocking directorates. By having the same persons serve as directors of numerous large enterprises in the same line of business, a uniformity of policy often developed among the enterprises which served to impair competition. The Act restricted the number of large enterprises of a competitive or similar nature in which an individual could serve as director. It recognized the fact that banks in financing industries on a large scale may control their management and so stipulated that no person may serve as a director, officer, or employee of more than one bank organized under the  

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1 Dillavou and Howard, Op. Cit., Page 481  

law of the United States and having above $5,000,000.00 in capital, surpluses, and un-
divided profits.

Along with the Clayton Act, the Federal Trade Commission Act was passed in 1914. This Act provides for an agency in the form of the Federal Trade Commission which was given comprehensive powers of in-
vestigation and the authority to call upon businessmen to produce records of all sorts and to give testimony when required. The Commission was authorized to investigate the practices of any corporation guilty or al-
leged to be guilty of violating the anti-trust laws (Sherman Act and Clayton Act). It was also permitted to investigate the way in which a corporation was carrying out the decree of a court in an anti-trust case. It was the duty of the Federal Trade Commission to prevent unfair methods of competition. 1

By the Wheeler-Lea amendment to the Clayton Act in 1938, the Federal Trade Commission may apply for preliminary injunction to stop false advertising of injurious drugs, food, devices or cosmetics, thus protecting the public pending the final disposition of the case by the courts. 2

In 1936 Congress passed the Robinson Patman Anti-Price-Discrimination Act which amended the Clayton Act and which declared it unlawful for a seller to discriminate in price between different purchasers

1Fairchild, Furniss, and Buck, Op. Cit., Page 564

of commodities of like grade and quality. This Act provided for the following: 1

1. Permissible price differentials. The Act does not prevent price differences if the differences are due to the cost of manufacture, sale, or delivery resulting from different methods used in manufacture or delivery, or from the quantities in which such commodities are sold or delivered. The Federal Trade Commission may, after investigation and hearing "fix and establish quantity limits and revise the same if necessary, where available purchasers in greater quantities are so few as to render differentials unjustly, discriminatory, or promotive of monopoly."

2. Selection of customers. Persons engaged in selling goods, wares, and merchandise are not prevented from selecting their own customers in bona fide transactions not in restraint of trade.

3. Lawful price changes. Price changes are permitted "from time to time, where in response to changing conditions affecting the market for or the marketability of the goods concerned, such as, but not limited to actual or imminent deterioration of perishable goods, obsolescence of seasonal goods, distress sales under court process, or sales in good faith in discontinuance of business in the goods concerned." This section does not limit price changes to the situation enumerated "such as" perishable goods, and so forth, but to other "changing conditions affecting the market," which conditions cannot be predicted by legislation.

4. Brokerage fees, allowances, discounts. "It shall be unlawful for any person . . . . to pay or grant, to receive or accept anything of value as a commission, brokerage, or other compensation, or any allowance or discount in lieu thereof, except for services rendered in connection with the sale or purchase of goods, wares, or merchandise, either to the other party . . . . to an agent, representative, or intermediary.

1Dillavou and Howard, Op. Cit., Page 482 ff
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"That it shall be unlawful for any person . . . . to pay or contract for payment . . . . anything of value to or for the benefit of a customer as compensation for services or facilities . . . . unless such payment or consideration is available on proportional equal terms, to all other customers competing in the distribution of such products or commodities.

"That it shall be unlawful to discriminate in favor of one purchaser against another of a commodity bought for resale by furnishing services or facilities connected with processing upon terms not accorded to all purchasers on proportionately equal terms."

5. Inducing price discrimination. "That it shall be unlawful for any person knowingly to induce or receive any discrimination in price . . . . or to assist in any transaction . . . . which discriminates to his knowledge against competitors of the purchaser."

6. Enforcement of the act. Violations of the act are subject to cease and desist orders issued by the Federal Trade Commission, to a suit in equity for an injunction by the United States Government, to a suit for simple damages or statutory triple damages by any person injured, or to an injunction.

1. Public land sales, 1776-1860 - Sale of lands to private parties
2. Pre-emption law, 1826 - Confirmation of squatters' sovereignty over the public lands which they had occupied upon payment of $1.25 per acre

CONSERVATION AND AGRICULTURAL PLANNING

"While natural resources can exist without man, he cannot exist without them. They are essential for his life and necessary to his enjoyment of it. The pressure which increasing population and higher standards of living impose on natural resources can be relieved in part by the manner in which the resources are used. The extent to which the pressure can be relieved, and the tendency to diminishing returns offset, depends upon the improvements in the methods of using the resources. How far these improvements will go only time will disclose, but upon them the future prosperity of mankind depends." ¹

America was, when discovered, a continent of rich resources in an unused condition. The settlers in this land founded a government which pursued the policy of getting its public domain into private hands as quickly as possible. This policy is reflected in the following laws and practices: ²

1. Public land sales, 1776-1820 - Sale of lands to private buyers

2. Pre-emption Law, 1820 - Confirmation of squatters' sovereignty over the public lands which they had occupied upon payment of $1.25 per acre

¹Frain, H. LaRue, Op. Cit., Page 297

²Renner, George T., CONSERVATION OF NATURAL RESOURCES, New York: John Wiley & Sons, Inc., 1942, Page 13
3. Homestead Law, 1862 - 160 acres of public land given away practically free to each settler
4. Timber Culture Act, 1873 - 160 acres given away free and an additional 160 acres also if ten acres of trees were planted
5. Desert Land Act, 1887 - Size of the free homestead enlarged to 320 acres provided a part was irrigated
6. Homestead Act, 1910 - Size of free homestead enlarged to 320 acres without any conditions attached

The public domain originally consisted of approximately 1,800,000,000 acres. By 1930, only 39% of the public domain remained in federal control. The remaining 61% was disposed of as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash sales</td>
<td>25%</td>
</tr>
<tr>
<td>Homestead Acts</td>
<td>16</td>
</tr>
<tr>
<td>Grants to railroad companies</td>
<td>8</td>
</tr>
<tr>
<td>Gifts to states</td>
<td>11</td>
</tr>
<tr>
<td>Grants to road, canal, and river improvement companies</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>61%</strong></td>
</tr>
</tbody>
</table>

This natural resource policy of our forefathers proved very wasteful in economic terms. The free market system does not allow for the conservation of capital in the form of natural resources. Because of competitive conditions lumber companies look upon a forest as a mine; mine companies head for the richest veins with no consideration for the violations of sound engineering practice. By the default of private enterprise the task of conservation has passed and will continue to pass to the government. Private enterprise has had little

1Ibid, Page 14
or no plans except a maximum of pecuniary return. The waste of natural resources reached a point where planning and foresight became mandatory, especially when the time elements in replacement of such natural resources were determined and which are as follows: 1

Grass can be replaced sometimes within a year, but in the Dust Bowl not for many years.

Forests can be replaced in from 20 to 200 years depending on the species of trees planted.

Waters. Artesian basins may sometimes be refilled in a few years if pumping is stopped, but most basins, lakes, rivers, and ponds, when they have run low or dry, wait for their replacement on the forest cycle.

Soils. Replacement by natural means requires centuries to thousands of years.

Metals once mined can never be replaced.

Fuels once used are gone forever as men measure time. Geologic processes might conceivably replace them.

After an orgy of waste, America was forced to face its record of depletion in its natural resources which presented the following picture: 2

<table>
<thead>
<tr>
<th>Resource</th>
<th>Percentage of Depletion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timber</td>
<td>80% cut (See Figure 1)</td>
</tr>
<tr>
<td>Petroleum</td>
<td>67% depleted</td>
</tr>
<tr>
<td>Lead and zinc</td>
<td>65% depleted</td>
</tr>
<tr>
<td>Copper</td>
<td>51% depleted</td>
</tr>
<tr>
<td>Iron ore</td>
<td>40% depleted</td>
</tr>
<tr>
<td>Anthracite</td>
<td>35% depleted</td>
</tr>
<tr>
<td>Cultivable land</td>
<td>10% ruined beyond repair</td>
</tr>
</tbody>
</table>


2Renner, George T., Op. Cit., Page 17
VIRGIN FORESTS

1607

It was not until 1931 that Congress authorized the setting aside and dedication of some public lands with timber and underbrush. Renner, George T., Op. Cit., Page 14

Leadership of the national conservation movement began in the 1880's with the appointment of men such as John Muir, Charles M. Russell, and Gifford Pinchot. Together with the leadership of the Boy Scouts, these men played an important role in the development of public lands. As a result, 234,000,000 acres of land were set aside in 1931 with the election of Franklin D. Roosevelt and with the impact of the depression, the conservation program made more progress in three years than the previous thirty years.

From March 1933 on, more than 100 Congressional Acts and Executive Orders bearing on conservation were passed, the following of which are a random sampling of the more significant:

1. Reclamation Act, June 4, 1902
2. National Forest System Act, March 30, 1905
3. Public Lands Act of 1906

1940


Figure 1
It was not until 1891 that Congress authorized the setting aside and withholding from sale public lands with timber and underbrush. 1 However, the actual period of conservation began under the leadership of Theodore Roosevelt. Under his administration, provision was made for reserving to the federal government all rights to resources beneath the soil when arable lands were given away or sold. Water power sites were withdrawn from sale and arrangements were made for leasing them on a rental basis. In 1911 the government began to buy lands for reforestation in the East and the West. 2 Altogether 234,000,000 acres of land were saved from further exploitation. 3

In 1933 with the election of Franklin D. Roosevelt and with the impetus of the depression, the conservation program made more progress in three years than it had in the preceding thirty years. From March 1933 on, more than 100 Congressional Acts and Executive Orders bearing on conservation were passed, the following of which are a random sampling of the whole: 4

4Ibid, Page 302
March 1933. An act to relieve unemployment through useful public work, including forestation, prevention of flood and soil erosion, fire lanes and forest research

May 1933. The act creating the Tennessee Valley Authority

June 1933. N.I.R.A., including a public-works program for the conservation and development of natural resources

July 1934. Conservation of potash deposits

February 1935. Act to conserve petroleum deposits

April 1935. Resettlement Administration established, including work on erosion, pollution, forestry, and flood control

Water. Without water, soil could not be formed and plants and animals could not exist. Water is needed for domestic purposes, irrigation, water power, navigation, and production of electricity.

Water for domestic purposes is under the jurisdiction of the municipalities which supply water from springs, streams, reservoirs, and artesian wells. To render the water free from disease germs, it is usually treated with chlorine or alum.

Water for irrigation purposes is discussed further on in the chapter.

In 1920 Congress passed the Federal Water Power Act which created a Federal Power Commission charged with the duty of developing well-balanced plans for the utilization of all waters affecting navigation or waters passing through public lands. To insure public conformity with the plans which it adopted, a system of compulsory licensing has been inaugurated. Before any organization can erect a hydro-electric plant
May 1937. The state is seeking the Tennessee Valley Authority.

June 1937. Initiating a ballet-music piece.

Authorization of boreal lobelia.

July 1938. Not to continue bringing lobelia.

Reprint 1937. Westmoreland Administration seat.

Water. Westmore water. Scott county not to bring any plants.

For mere water. Scott county not to bring any plants.

Interim water power, westmore, water, westmore, and description of influence westmore westmore

Water for westmore purposes to keep the description of influence westmore.

Water for water purposes is necessary further on to be 

Secondly. To keep the westmore westmore westmore westmore.

In 1930 drove Moscow the vacant water power. Very anybody can.
on a site coming within the scope of the Act, it must secure a license. Licenses are issued for definite terms up to fifty years on the condition that the site is developed within a fixed time and the right of the government to recover possession is specifically reserved. However, this Act, which gave the government control over the licensing and construction of power plants on public domain and along navigable streams, could not cope with the enormous growth of private companies engaged in interstate transmission of electric power. By 1930 the country was covered by gigantic electrical companies owning and operating plants in many localities. This great development was accompanied by acts that created public resentment against high rates and the issue of stocks and bonds that were worthless or of little value. Public agitation for the regulation of electric power holding companies and the interstate operations of such concerns grew. This agitation resulted in the Wheeler-Rayburn Holding Company Act in 1935. It vests in the Federal Power Commission the right to regulate rates, facilities, and the issue of securities of concerns engaged in the interstate transmission of electrical power.¹

In 1933 an act was passed by Congress which created a public corporation known as the Tennessee Valley Authority. This Authority was empowered to build dams, power houses, and transmission lines and to produce and sell electricity directly or through private contractors to private persons and concerns, states, counties and municipalities.

In 1935 Congress increased the power of the act so that the Tennessee Valley Authority was authorized to lend money to state and local bodies for the purpose of acquiring facilities for electrical distribution. One purpose of this project was to provide electric power and discover fair rates for electricity. ¹

In 1928 Congress passed a bill authorizing the building of a huge dam at Boulder Canyon for utilizing the power of the Colorado River to supply current to both public and private companies. The responsibility for the operation of the Boulder Canyon Act of 1928 rests with the Secretary of the Interior. Subject to the approval of the states concerned - Arizona, California, Colorado, Nevada, New Mexico, Utah, Wyoming - he was authorized to construct, operate and maintain a dam at Black Canyon on the Colorado River. The water so empounded he may employ for irrigation, domestic uses, and the generation of electricity. ²

Along with government controls and regulation, other factors have also contributed to the conservation of our natural resources. Improved extraction methods of our mineral resources have prevented waste that occurs in their production. Henry L. Doherty, a member of the American Petroleum Institute, was one of the first to recognize the waste in the production of oil. He indicated that there was a senseless duplication of drilling and loss of reservoir energy. This was due

¹Ibid, Page 329

²Ibid, Page 330
In 1935 Congress increased the power of the Secretary of Labor and the Commissioner of Education to act on behalf of the President in the field of education and labor. This increased authority was necessary to deal with new and complex problems.

By the issuance of Executive Orders and proclamations, the Secretary of Labor and the Commissioner of Education were able to exercise their powers to promote the national welfare and economic progress.

In 1936 Congress passed a bill authorizing the issuance of

...
to the fact that oil is propelled to the surface by gas pressure and the more wells drilled, the more leaks there would be through which to lose this natural pusher. Some oil companies recognized the logic of this reasoning and where control was not too much divided, they made an attempt at unit production, thereby eliminating duplication of drilling. From this experiment waste of natural gas was reduced from over 100 billion cubic feet to less than 3 billion with resulting gains in the amount of oil available for natural flow. Where control was not centralized, state enforced curtailment of production was requested; and from 1935 on, regulation by states has been having some effect. 1

Our chemical age has ushered in an era of synthetics and substitutes which has eased the load on our natural resources and has abetted the conservation program. Today scientists have concocted in their test tubes synthetics of all kinds—rubber, fabrics, and a multitude of resins that gave rise to the plastics industry. Plastics have been used as substitutes for and oftentimes are better than lumber and iron products. A striking example of this is their widespread use in the airplane construction industry.

As an immediate result of the conservation program, 30,000,000 acres of coal lands are to remain the permanent property of the people of the United States. Also 5,000,000 acres of oil lands and 4,000,000 acres of oil shale lands, 2,000,000 acres of phosphate lands and 9,000,000 acres of potash deposits have been retained permanently by the federal

1Phelps, M. B., MY COUNTRY 'TIS OF THEE, New York: The Macmillan Company, 1940, Pages 256, 257
government.¹

The Civilian Conservation Corps of the Franklin D. Roosevelt administration built roads, trails, fire lanes and bridges, and cleaned up fire hazards in the forests and planted many millions of trees.

It has been proved that without government intervention, a tragic waste of our natural resources results. Even with government planning, progress has been slow. A discussion of the conservation of our mineral resources has been omitted for just this reason as nothing substantial has been accomplished as yet. However, a beginning has been made and with the cooperation of the people, much will be accomplished.

In the words of Stuart Chase, this is aptly expressed as follows:²

"The rescue squad is hard at work on a score of fronts, federal, regional, state and local. It can justly be criticized for lack of coordination, for overlapping services here and there, for certain plans based on inadequate factual surveys, for many examples of inefficiency. But one consideration stands head and shoulders above the need for consolidation and better executive detail. The administration at Washington has accepted the fact that America is no longer adolescent - booming and boosting its way into an incredible future where growth curves never level off. It accepts maturity - is done with the concept of infinity. It believes that the time has come to replenish the physical assets of a continent worn and ravaged by centuries of adolescent carelessness and misuse. It is acting on that belief with a billion dollars and a million men.

"No more exciting and rewarding work is going on anywhere in America. I speak of all the forces of

¹Ibid, Page 110
conservation, administration or nonadministration. These services are fighting for our homeland, attacking enemies as destructive as invading armies from beyond the seas. They are the Land Guard. Whether they have yet halted the progressive deterioration of three centuries, I cannot say; I can merely affirm that they are the right means and the only means to do so. Those who would stop this work do so at their peril. The account will be settled, not by men, by political administrations or by laws and speeches, but by nature."

Closely allied to and actually a part of the conservation problem is that of the farmer. The soil is the source of the livelihood of the farmer, but through the lust for quick wealth and lack of knowledge on how to preserve the necessary nutrients of the soil, erosion has developed on a large scale.

Man-made erosion is the greatest enemy of our soil for it destroys the soil for man's use. Yet with proper guidance the stricken land can be made to serve man. The Soil Conservation Service has taught farmers how the right techniques can renew the life of a region even as bad as the Dust Bowl. Because of the practice of contour plowing, farmers in the Texas Panhandle predicted a yield of from 15 to 25 million bushels of wheat in 1939 whereas in 1935 before the adoption of contour plowing the maximum yield was only 4 million bushels.  

Another federal aid to preserving and utilizing our soil resources has been the reclamation program of the United States. Congress through the passing of the Reclamation Act in 1902 authorized the

1NEW YORK TIMES, June 25, 1939, "Life Renewed in Dust Bowl" by H. H. Bennett, Chief of the Soil Conservation Service
I am not sure what you mean by "The accounts will describe your plan, public policy limitations..." Could you please clarify or provide more context?
Secretary of the Interior to begin irrigation projects out of the proceeds of sales of public lands in arid areas. By the beginning of 1936 the following federal dams were being contemplated, were in the process of completion or were completed:

<table>
<thead>
<tr>
<th>Dam</th>
<th>Contemplated</th>
<th>In Process</th>
<th>Completed</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grand Coulee, Wash.</td>
<td>x</td>
<td></td>
<td></td>
<td>$180,000</td>
</tr>
<tr>
<td>Boulder, Ariz.-Nev.</td>
<td></td>
<td>x</td>
<td></td>
<td>125,000</td>
</tr>
<tr>
<td>Friant, California</td>
<td>x</td>
<td></td>
<td></td>
<td>15,000</td>
</tr>
<tr>
<td>Kennett, California</td>
<td></td>
<td>x</td>
<td></td>
<td>75,000</td>
</tr>
<tr>
<td>Keswick, California</td>
<td></td>
<td>x</td>
<td></td>
<td>7,000</td>
</tr>
<tr>
<td>Seminole, Wyoming</td>
<td></td>
<td></td>
<td></td>
<td>8,500</td>
</tr>
<tr>
<td>Roosevelt, Arizona</td>
<td>x</td>
<td></td>
<td></td>
<td>3,890</td>
</tr>
<tr>
<td>Fort Peck, Montana</td>
<td></td>
<td>x</td>
<td></td>
<td>86,000</td>
</tr>
<tr>
<td>Shoshone, Wyoming</td>
<td>x</td>
<td></td>
<td></td>
<td>1,500</td>
</tr>
<tr>
<td>Owyhee, Oregon</td>
<td>x</td>
<td></td>
<td></td>
<td>5,400</td>
</tr>
<tr>
<td>Arrow Rock, Idaho</td>
<td>x</td>
<td></td>
<td></td>
<td>4,300</td>
</tr>
<tr>
<td>Elephant Butte, N.M.</td>
<td>x</td>
<td></td>
<td></td>
<td>4,100</td>
</tr>
<tr>
<td>Pathfinder, Idaho</td>
<td>x</td>
<td></td>
<td></td>
<td>1,800</td>
</tr>
<tr>
<td>Alcova, Wyoming</td>
<td>x</td>
<td></td>
<td></td>
<td>3,339</td>
</tr>
<tr>
<td>Tieton, Washington</td>
<td>x</td>
<td></td>
<td></td>
<td>3,756</td>
</tr>
<tr>
<td>McKay, Oregon</td>
<td>x</td>
<td></td>
<td></td>
<td>3,124</td>
</tr>
<tr>
<td>Bellefourche, S.D.</td>
<td>x</td>
<td></td>
<td></td>
<td>1,230</td>
</tr>
<tr>
<td>Alamagorda, N.M.</td>
<td></td>
<td>x</td>
<td></td>
<td>3,465</td>
</tr>
<tr>
<td>Taylor Park, Col.</td>
<td></td>
<td></td>
<td></td>
<td>2,000</td>
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</table>

For the purpose of maintaining and increasing farm production, the Morrill Act was passed in 1862. This Act established in each state a land grant college to teach "such branches of learning as are related to agricultural and mechanical arts." For these institutions each state was given a grant of 30,000 acres of public land for each senator and representative in Congress. It was soon discovered that formal education alone did not make successful farmers, so in 1887 Congress provided for the establishment of agricultural experimental stations. By them science

1 NEW YORK TIMES, February 23, 1936
was applied to agricultural problems, experiments were carried on and the results disseminated among the farmers. 1

In addition to disseminating knowledge among farmers, the government supplements its work through the Federal Trade Commission activities in research and the distribution of information by regulating vital agricultural supplies. Congressional statutes forbid the imports of all interstate traffic in unsound and adulterated seeds. Similar protection is afforded to the raiser of livestock for national legislation forbids the adulteration and misbranding of animal feed. 2

For the purpose of controlling production, facilitating market operations and bringing agricultural prices more closely in line with the prices of manufactured products, several measures were adopted by the federal government.

Since 1900, the credit problem of the American farmer has become pressing as a result of rising land values and the increased intensity of cultivation which required large amounts of working capital. The farmer, to meet his financial needs, had to use the capital he owned or borrow at high rates of interest, sometimes as high as 10 to 15%. 3

The first important attempt to improve farmers' credit facilities was made in 1916 with the establishment of twelve federal land

1 Bogart and Kemmerer, Op. Cit., Page 524
3 Baird, Frieda and Benner, Claude, FEDERAL INTERMEDIATE CREDITS, 1933 Page 22
In addition to the assessment of the impact of the new government requirements on the work of the Federal Trade Commission, the activities in the area of competition and monopolization of the Commission itself, and the analysis of the competitive conditions, the Commission's actions have included a number of important measures to improve the effectiveness of its operations. Since 1930, the measures taken by the Commission to improve the performance of its functions have included

1. The introduction of new procedures and processes to streamline the handling of cases.
2. The implementation of new rules and regulations to address emerging issues.
3. The development of new analytical tools and techniques to enhance the Commission's ability to carry out its duties.
4. The establishment of new partnerships and collaborations to increase the Commission's reach and impact.

The most important measures to improve the Commission's effectiveness include:

1. The establishment of new partnerships and collaborations to increase the Commission's reach and impact.
2. The implementation of new rules and regulations to address emerging issues.
3. The development of new analytical tools and techniques to enhance the Commission's ability to carry out its duties.
4. The introduction of new procedures and processes to streamline the handling of cases.

The Commission's efforts to improve its performance have been successful, and the measures taken have led to significant improvements in the effectiveness of its operations.
banks which were designed to provide money for farmers on mortgages at low rates of interest. 1

In 1933 the government organized the Commodity Credit Corporation to assist the farmer in his unique plight. As farm income decreased, land values fell and failures of banks holding farm mortgages as assets resulted. (Figure 2) The Commodity Credit Corporation was established to remedy this situation. It was authorized to make loans to agricultural producers against commodities in storage. 2

At the time the United States entered World War II, the Commodity Credit Corporation had made the following commodity loans and purchases: 3

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Loans and Purchases - 1933-1941</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton</td>
<td>$1,159,000,000.00</td>
</tr>
<tr>
<td>Wheat</td>
<td>709,000,000.00</td>
</tr>
<tr>
<td>Corn</td>
<td>552,000,000.00</td>
</tr>
<tr>
<td>Others</td>
<td>576,000,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,996,000,000.00</strong></td>
</tr>
</tbody>
</table>

The crop control features (discussed later) of the Agricultural Adjustment Act were to safeguard the Commodity Credit Corporation operations by holding production in check when reserve stocks became

1Thomas, Rollin G., MODERN BANKING, New York: Prentice-Hall, Inc., 1946, Page 444

2Ibid, Page 450

In 1937 the government organized the Cooperative Credit
Corporation to enable the farmers to raise their
income and to enable their products to find ready
market in rural areas. The Cooperative Credit
Corporation as such has been

To

\[ \begin{array}{ll}
\text{Income by Operations - 1937-38} & \text{Commodity} \\
\hline
0.000 & \text{Cotton} \\
0.000 & \text{Wheat} \\
0.000 & \text{Coir} \\
0.000 & \text{Opium} \\
0.000 & \text{Total} \\
\end{array} \]

The same contract lensed (aesthetically fair) of the Arvraint
enjoy advantage and more to stabilize the Cooperative Credit
Corporation as a whole and to increase its

operations of public recognition to open new revenue scopes.

1. Income, Return on Working Capital, New York: Practice-Hill, Inc.
2. Price, 199
3. AGRICULTURAL STATISTICS, U.S. Department of Agriculture, Washington, D.C.
PRICES RECEIVED BY FARMERS AND BANK SUSPENSIONS

1923 - 1934

<table>
<thead>
<tr>
<th>Farm Prices Percent</th>
<th>Bank Suspensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>300</td>
<td>6500</td>
</tr>
<tr>
<td>280</td>
<td>6000</td>
</tr>
<tr>
<td>260</td>
<td>5500</td>
</tr>
<tr>
<td>240</td>
<td>5000</td>
</tr>
<tr>
<td>220</td>
<td>4500</td>
</tr>
<tr>
<td>200</td>
<td>4000</td>
</tr>
<tr>
<td>180</td>
<td>3500</td>
</tr>
<tr>
<td>160</td>
<td>3000</td>
</tr>
<tr>
<td>140</td>
<td>2500</td>
</tr>
<tr>
<td>120</td>
<td>2000</td>
</tr>
<tr>
<td>100</td>
<td>1500</td>
</tr>
<tr>
<td>80</td>
<td>1000</td>
</tr>
<tr>
<td>60</td>
<td>500</td>
</tr>
<tr>
<td>40</td>
<td>0</td>
</tr>
<tr>
<td>20</td>
<td></td>
</tr>
<tr>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

too large. However, the Commodity Credit Corporation had accumulated excessively large stocks as loan collateral and was in a critical position at the outbreak of the war as seen below: ¹

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Total Production 1933-1941</th>
<th>Total Quantity Under Loans and Purchases - 1933-1941</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton, million bales</td>
<td>112</td>
<td>22</td>
</tr>
<tr>
<td>Wheat, million bushels</td>
<td>6 648</td>
<td>879</td>
</tr>
<tr>
<td>Corn, million bushels</td>
<td>20 620</td>
<td>1 029</td>
</tr>
<tr>
<td>Tobacco, million lbs.</td>
<td>12 442</td>
<td>647</td>
</tr>
<tr>
<td>Rye, million bushels</td>
<td>353</td>
<td>8</td>
</tr>
<tr>
<td>Barley, million bushels</td>
<td>2 121</td>
<td>24</td>
</tr>
</tbody>
</table>

However, the demands of the war created a demand for the stock held by the Commodity Credit Corporation and in this way they were utilized.

The various banks and credit institutions created under earlier legislation were brought together under the Farm Credit Administration in 1933 which was created for the purpose of providing agriculture with a complete and coordinated system of credit. It made available to farmers long-term mortgage loans and short-term credit and intermittent credit facilities for farmers' cooperative purchasing, marketing, and business service organizations. ²

Congress recognized the importance of market for farmers and so enacted many statutes designed to curb speculation on produce exchanges. Among the market practices from which abuses arose was that of making contracts to buy and sell goods at a given price on some date fixed in the

¹Ibid, Page 733
<table>
<thead>
<tr>
<th></th>
<th>1929-1930</th>
<th>1930-1931</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>212</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>244</td>
<td></td>
</tr>
<tr>
<td>60</td>
<td>330</td>
<td></td>
</tr>
<tr>
<td>66</td>
<td>394</td>
<td></td>
</tr>
<tr>
<td>93</td>
<td>516</td>
<td></td>
</tr>
<tr>
<td>556</td>
<td>377</td>
<td></td>
</tr>
<tr>
<td>224</td>
<td>142</td>
<td></td>
</tr>
<tr>
<td>122</td>
<td>77</td>
<td></td>
</tr>
<tr>
<td>200</td>
<td>123</td>
<td></td>
</tr>
<tr>
<td>250</td>
<td>162</td>
<td></td>
</tr>
</tbody>
</table>
future. The first attempt of the federal government to control "futures" was in connection with cotton. In 1916 Congress passed the Cotton Futures Act which levied an internal revenue tax of two per cent a pound on all contracts for the delivery of cotton at a future date. This law was passed to insure fairness in trading. 1

In 1922 the Grain Futures Act was passed which declared that "transactions in grain involving the sale thereof for future delivery . . . are affected with a national public interest" and placed all such transactions under federal control. This measure was amended and expanded in 1936 by the Commodity Exchange Act. This act created the Commodity Exchange Commission and gave it power over all exchanges trading in wheat, cotton, rice, corn, oats, barley, butter, eggs, and Irish potatoes. The Act was designed to stop speculation in produce, to prevent unfair practices on exchanges, and to assure to farmers markets controlled by supply and demand. 2

Because it was common practice for unscrupulous commercial merchants to make false returns relative to the condition in which perishable commodities reached their destination, Congress passed in 1927 the Produce Agency Act which forbids dealers, in their capacity as agents, to throw away, without just cause, perishable goods received from other states or to make false statements relative to the condition of such commodities on


2Ibid, Page 384
arrival. Producers believing themselves defrauded may now secure an investigation by the Bureau of Agricultural Economics. ¹

In 1930 the Agricultural Commodities Act was passed which provided that no person can carry on a business as commercial merchant, dealer, or broker in perishable agricultural commodities entering interstate and foreign commerce without a license issued by the Secretary of Agriculture. Any party aggrieved by alleged unfair practices may apply to the Secretary for relief and damages. ²

To meet the increasing exigencies of the farm population of the United States, in 1929 Herbert Hoover provided special public works projects in drought areas, set up emergency-loan funds and passed the Agricultural Marketing Act. The aims of these measures were to strengthen the bargaining power of the farmers through cooperative marketing associations, and by urging farmers to curtail production and setting up government machinery to get rid of surpluses. However, once the surpluses were bought by the Federal Farm Board, there was no way of disposing of them and in 1932, this practice was abolished. ³ These measures to aid the farmer were a tragic failure. (Figure 3)

It is a difficult situation for the farmer to control the price of his product as each product is grown by thousands of individuals.
TAXES, RETURNS, AND DEBT PER ACRE 1

1910 - 1935

The severe disparity that existed between prices of agricultural and other commodities was destroying purchasing power of farmers for industrial products and impairing agricultural assets supporting cash and credit structure.

The following table of the farm's decreasing share in an increasing national income is a striking proof that immediate measures to aid the farmers were needed.

<table>
<thead>
<tr>
<th>Year</th>
<th>Farms Income in Million $</th>
<th>Farm Income as % of Total Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910</td>
<td>55,949</td>
<td>19.7</td>
</tr>
<tr>
<td>1920</td>
<td>73,799</td>
<td>19.8</td>
</tr>
<tr>
<td>1925</td>
<td>63,782</td>
<td>19.4</td>
</tr>
<tr>
<td>1930</td>
<td>74,323</td>
<td>19.8</td>
</tr>
<tr>
<td>1935</td>
<td>90,438</td>
<td>25.6</td>
</tr>
</tbody>
</table>

This was the situation that interested Franklin D. Roosevelt in 1933 when he took office. Returns to the farmers were only

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scattered throughout the country. When demand shrinks on account of lower purchasing power among consumers, price for farm products zoom downward to a far greater extent than prices on non-agricultural products. (Figure 4)

The severe disparity that existed between prices of agricultural and other commodities was destroying purchasing power of farmers for industrial products and impairing agricultural assets supporting national credit structure.

The following table of the farmer's decreasing share in an increasing national income is a striking proof that an immediate measure to aid the farmers was needed. 1

<table>
<thead>
<tr>
<th>Year</th>
<th>Estimated National Income in Million $</th>
<th>Farm Income in Million $</th>
<th>% of Farm Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1919</td>
<td>65,949</td>
<td>16,935</td>
<td>25.7</td>
</tr>
<tr>
<td>1920</td>
<td>73,999</td>
<td>13,566</td>
<td>18.4</td>
</tr>
<tr>
<td>1921</td>
<td>63,871</td>
<td>8,927</td>
<td>14.0</td>
</tr>
<tr>
<td>1922</td>
<td>65,925</td>
<td>9,944</td>
<td>14.2</td>
</tr>
<tr>
<td>1923</td>
<td>74,337</td>
<td>11,041</td>
<td>14.8</td>
</tr>
<tr>
<td>1924</td>
<td>77,135</td>
<td>11,337</td>
<td>14.6</td>
</tr>
<tr>
<td>1925</td>
<td>81,931</td>
<td>11,968</td>
<td>14.6</td>
</tr>
<tr>
<td>1926</td>
<td>84,238</td>
<td>11,480</td>
<td>13.7</td>
</tr>
<tr>
<td>1927</td>
<td>87,276</td>
<td>11,616</td>
<td>13.3</td>
</tr>
<tr>
<td>1928</td>
<td>88,283</td>
<td>11,741</td>
<td>13.3</td>
</tr>
<tr>
<td>1929</td>
<td>91,405</td>
<td>11,918</td>
<td>13.0</td>
</tr>
<tr>
<td>1930</td>
<td>81,295</td>
<td>9,414</td>
<td>11.3</td>
</tr>
<tr>
<td>1931</td>
<td>67,000</td>
<td>6,911</td>
<td>10.3</td>
</tr>
<tr>
<td>1932</td>
<td>52,500</td>
<td>5,143</td>
<td>9.7</td>
</tr>
</tbody>
</table>

This was the condition that encountered Franklin D. Roosevelt in 1932 when he went into office. Returns to the farmers were so low

to &

<table>
<thead>
<tr>
<th>#</th>
<th>Income in Millions</th>
<th>#</th>
<th>Income in Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1.21</td>
<td>2</td>
<td>2.34</td>
</tr>
<tr>
<td>2</td>
<td>1.45</td>
<td>3</td>
<td>1.43</td>
</tr>
<tr>
<td>3</td>
<td>1.64</td>
<td>4</td>
<td>2.44</td>
</tr>
<tr>
<td>4</td>
<td>2.81</td>
<td>5</td>
<td>1.64</td>
</tr>
<tr>
<td>5</td>
<td>2.11</td>
<td>6</td>
<td>2.21</td>
</tr>
<tr>
<td>6</td>
<td>1.21</td>
<td>7</td>
<td>2.21</td>
</tr>
<tr>
<td>7</td>
<td>1.11</td>
<td>8</td>
<td>1.21</td>
</tr>
</tbody>
</table>

This is a table showing the income in millions of dollars. The income figures are listed in the left column, with corresponding income figures in the right column. The table includes data points for various years, as indicated by the numbers in the top row.
WHOLESALE PRICES OF FARM AND NON-AGRICULTURAL PRODUCTS ¹

1800 - 1939

Facing the immediate problem of destructive surpluses and intolerable price disparity, New Dealers at once undertook nation-wide production control of wheat, cotton, corn, hogs, and tobacco. With the passage of the Agricultural Adjustment Act in 1933, farmers were paid to grow one million acres of cotton and to slaughter seven million baby hogs. It was primarily the purpose of this act to provide subsidies through a system of acreage allotments, detailing the specific acreage limits for each farm growing the crop. Acreage allotments have been ordered for the following purposes: ²

1. To curtail production and thereby raise farm prices and incomes.
2. To reduce misuse at the market.
3. To serve as a basis of making government payments to farmers for participation in the program.

The acreage goals were set each year by the Agricultural Adjust-ment Board and were subsequently approved by the Secretary of Agriculture. The national figure was then broken down into state totals which were then allotted to individual farms on the basis of their crop sales.


that occasionally peaches, grapes, hay and corn could not command a price equal to shipping costs, and farmers were billed for the privilege of giving away their goods. Gross farm income was only five billion dollars in 1932.¹

Facing the immediate problem of destructive surpluses and intolerable price disparity, New Dealers at once undertook nation-wide production control of wheat, cotton, corn, hogs, and tobacco. With the passage of the Agricultural Adjustment Act in 1933, farmers were paid to plow ten million acres of cotton and to slaughter several million baby pigs. It was primarily the purpose of this act to regulate acreage through a system of acreage allotments, entailing the establishing of acreage limits for each farm growing the crop. Acreage allotments have been used for the following purposes:²

1. To curtail production and thus raise farm prices and income
2. To reduce misuse of the soil
3. To serve as a basis of making government payments to farmers for participation in the program

The acreage goals were set each year by the Agricultural Adjustment Act based upon carry-overs, prospective demand, and parity price. The national total was broken down into state totals which were then allotted to individual farms on the basis of their crop history.


Tying the increase in price of heating oil to the increase in price of basic commodities

The increase in the price of heating oil is due to the increase in the price of basic commodities. It is not a direct increase but rather a reflection of the overall increase in prices. The increase in the price of heating oil is not isolated but is part of a broader trend in the economy.

The increase in the price of heating oil is not only due to the increase in the price of basic commodities but also due to the increase in the price of transportation.

The increase in the price of heating oil is not due to the increase in the price of transportation alone but is also due to the increase in the price of labor.

The increase in the price of heating oil is not due to the increase in the price of labor alone but is also due to the increase in the price of coal.

The increase in the price of heating oil is not due to the increase in the price of coal alone but is also due to the increase in the price of oil.

The increase in the price of heating oil is not due to the increase in the price of oil alone but is also due to the increase in the price of transportation.

The increase in the price of heating oil is not due to the increase in the price of transportation alone but is also due to the increase in the price of labor.

The increase in the price of heating oil is not due to the increase in the price of labor alone but is also due to the increase in the price of coal.

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The increase in the price of heating oil is not due to the increase in the price of labor alone but is also due to the increase in the price of coal.

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The increase in the price of heating oil is not due to the increase in the price of labor alone but is also due to the increase in the price of coal.

The increase in the price of heating oil is not due to the increase in the price of coal alone but is also due to the increase in the price of oil.

The increase in the price of heating oil is not due to the increase in the price of oil alone but is also due to the increase in the price of transportation.

The increase in the price of heating oil is not due to the increase in the price of transportation alone but is also due to the increase in the price of labor.

The increase in the price of heating oil is not due to the increase in the price of labor alone but is also due to the increase in the price of coal.

The increase in the price of heating oil is not due to the increase in the price of coal alone but is also due to the increase in the price of oil.

The increase in the price of heating oil is not due to the increase in the price of oil alone but is also due to the increase in the price of transportation.

The increase in the price of heating oil is not due to the increase in the price of transportation alone but is also due to the increase in the price of labor.

The increase in the price of heating oil is not due to the increase in the price of labor alone but is also due to the increase in the price of coal.

The increase in the price of heating oil is not due to the increase in the price of coal alone but is also due to the increase in the price of oil.

The increase in the price of heating oil is not due to the increase in the price of oil alone but is also due to the increase in the price of transportation.

The increase in the price of heating oil is not due to the increase in the price of transportation alone but is also due to the increase in the price of labor.

The increase in the price of heating oil is not due to the increase in the price of labor alone but is also due to the increase in the price of coal.

The increase in the price of heating oil is not due to the increase in the price of coal alone but is also due to the increase in the price of oil.

The increase in the price of heating oil is not due to the increase in the price of oil alone but is also due to the increase in the price of transportation.

The increase in the price of heating oil is not due to the increase in the price of transportation alone but is also due to the increase in the price of labor.

The increase in the price of heating oil is not due to the increase in the price of labor alone but is also due to the increase in the price of coal.

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The increase in the price of heating oil is not due to the increase in the price of oil alone but is also due to the increase in the price of transportation.

The increase in the price of heating oil is not due to the increase in the price of transportation alone but is also due to the increase in the price of labor.
Participants in this program shared in the following benefits:

1. Direct benefits consisting of
   a. Agricultural Adjustment Act payments
   b. Crop Loans
   c. Reduced prices for fertilizer
   d. Participation in crop-insurance program

2. Indirect benefits
   a. Higher prices through curtailed output
   b. Participation in a storage program to reduce price and production instability caused by varying crop yields
   c. Soil conservation by reducing production of erosive crops - corn, cotton, tobacco, and wheat

Up to 1936, the Agricultural Adjustment Act operated on revenue obtained from taxes applied to processing companies and it made individual contracts with farmers in which it specified the obligations of the participating farmer and of the government. Emphasis was laid on reducing production so that it could coincide with the reduced demand occasioned by the depressed domestic market. However, in 1936 the Act was held to be unconstitutional by the Supreme Court for the following reasons:

1. The so-called tax was not a true tax as the proceeds were earmarked for the benefit of farmers complying with the prescribed conditions.

2. There was an attempt to regulate production without

\[1\text{Ibid, Page 167}\]
Participants in this program stand in the following categories:

1. Direct Pensions Contributing to the
   Retirement Adjustment
   - Group Home
   - Federal Office
   - Educational
   - Participation in Group-Insurance Program

2. Inherent Pensions

   - Higher Pensions Contributing to the
   - Participation in a Scarcity Program to Be
   - Group Home
   - Educational
   - Soil Conservation or Recreational Program

Up to 1926, the Retirement Adjustment Act operated on

1. The Retirement Adjustment Act provides for the
   payment of pensions to those
   - who have contributed to the
   - participation of the
   - government at the
   - current cost of living.

However, in 1926, the Act was modified to place an

   adjustment on the basis of

   - age
   - earnings
   - length of service

for the following reasons:

1. To make certain that the amount of the pension is
   sufficient to cover the cost of living.

- Present pensions are substantially lower than the
- future pensions.

- Try to bring the pension to the level of the present
- without a decrease in the current cost of living.

- There may be an attempt to raise
- adjustment without the

1926. Page 2
the consent of the state in which production was affected.

3. The payments to farmers were coupled with coercive contracts, unlawful in their aims, and oppressive in their consequences.

Congress promptly replaced the Agricultural Adjustment Act by the 1936 Soil Conservation and Domestic Allotment Act under which acreage was to be controlled indirectly by taking sick land out of production for restorative treatment. Benefit payments were offered to those who would practice contour plowing, terracing, fertilizing, replacement of robber crops by soil-building legumes or pasture cover, a discussion of which is presented earlier in this chapter.

The table below shows what happened to production of the four basic crops subject to Agricultural Adjustment Act control.

<table>
<thead>
<tr>
<th>Crop</th>
<th>Acreage without A.A.A. 1931-1933 (Million Acres)</th>
<th>Acreage with A.A.A. 1940-42 (Million Acres)</th>
<th>Total Reduction Amount</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>111.0</td>
<td>89.0</td>
<td>22.0</td>
<td>19.8</td>
</tr>
<tr>
<td>Wheat</td>
<td>67.2</td>
<td>58.7</td>
<td>8.5</td>
<td>12.5</td>
</tr>
<tr>
<td>Cotton</td>
<td>38.6</td>
<td>23.8</td>
<td>14.8</td>
<td>38.3</td>
</tr>
<tr>
<td>Tobacco</td>
<td>1.7</td>
<td>1.4</td>
<td>0.3</td>
<td>17.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>218.5</strong></td>
<td><strong>172.9</strong></td>
<td><strong>45.6</strong></td>
<td><strong>20.8</strong></td>
</tr>
</tbody>
</table>

But although acreage was reduced, crop production increased as shown by the following table.

1Babb and Martin, Op. Cit., Page 369


3Ibid, Page 180
The following table shows the results of the analysis of the concentration of a particular substance in different samples:

<table>
<thead>
<tr>
<th>Sample</th>
<th>Concentration (Ppm)</th>
<th>Calculated Concentration (Ppm)</th>
<th>Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>S1</td>
<td>0.8</td>
<td>0.98</td>
<td>0.11</td>
</tr>
<tr>
<td>S2</td>
<td>1.2</td>
<td>0.52</td>
<td>0.39</td>
</tr>
<tr>
<td>S3</td>
<td>0.6</td>
<td>0.82</td>
<td>0.33</td>
</tr>
<tr>
<td>S4</td>
<td>0.4</td>
<td>0.42</td>
<td>0.18</td>
</tr>
</tbody>
</table>

The total error calculated from the comparison of the calculated and actual concentrations is 1.85 ppm.

Note: Further analysis is needed to determine the causes of the observed discrepancies.
From the above table, it seems clear that the Agricultural Adjustment Act has been ineffective in regulating production but the Agricultural Adjustment Act program did hasten the adoption of better agricultural techniques.

Progress in agricultural adjustment has been slow but real advances through government intervention have resulted. Gross farm income has increased nearly one billion dollars annually from 1934 to 1936 and was over nine and a half billion dollars by 1937. The New Deal program made contributions of lasting effect in improving facilities for farm credit. Its Soil Conservation program has restored millions of acres of "useless" soil.¹

But a great deal more remains to be done. The war temporarily eliminated the farm problem but with the cessation of hostilities, the government is again confronted with the problem. When agricultural production in war-ravaged countries recovers and food requirements for military and relief uses decline, the demand for food will contract and farm prices will start their downward course. This phase of the problem has already been experienced to a slight degree and support prices already

<table>
<thead>
<tr>
<th>Year</th>
<th>urons</th>
<th>Value (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>12.8</td>
<td>2.0</td>
</tr>
<tr>
<td>1974</td>
<td>11.6</td>
<td>2.3</td>
</tr>
<tr>
<td>1975</td>
<td>10.0</td>
<td>1.8</td>
</tr>
<tr>
<td>1976</td>
<td>9.0</td>
<td>1.5</td>
</tr>
<tr>
<td>1977</td>
<td>8.0</td>
<td>1.2</td>
</tr>
</tbody>
</table>

From the above table, it is clear that the government's foreign aid has decreased over the years.
authorized by Congress have come into play. Through the support-price program, Congress has made mandatory the support of the farm prices of cotton, wheat, corn, tobacco, rice, peanuts, dry peas and beans, soy beans, flaxseed, hogs, eggs, chickens, turkeys, milk, butterfat, and potatoes at 90% of parity; cotton, at 92.5% of parity, which means the price that will give the farmer 90% (92.5% in the case of cotton) of the purchasing power that most of them had from 1909 to 1914. 1 These loans must be continued for at least two years after the cessation of hostilities - January 1, 1949 (Steagall amendment). The purpose of support prices is to protect farm income and act as a guide for farm production. 2 But the Steagall amendment made no specific provision for restrictions on production. The actual effect has been to increase production above the record wartime levels as is seen by the experience with the 1945-1946 potato crops.

After V-J day, the government started buying potatoes and disposed of them through standard channels - relief, livestock feed, by-product use and exports. For 1946 the Department of Agriculture recommended smaller acreage to prevent a large surplus of potatoes. The acreage went down by more than 100,000 acres; but high-yield areas, good weather, fertilizers, and improved practices resulted in an average


2Schultz, Theodore W., Op. Cit., Page 266
yield of 184 bushels per acre compared with a previous record high of 155 bushels. In 1946 the country harvested a record crop of 475,000,000 bushels. The government was not prepared to cope with an excess of 100,000,000 bushels; and in January 1947, it authorized farmers to dump 20,000,000 bushels of low-grade and deteriorating potatoes stored under government loan. As a result the government's net loss from potato price supports in 1946 will be about $80,000,000.00. For 1947, the Department of Agriculture has announced that only those producers who stay within their individual acreage allotments will be eligible for government price support.¹

It is expected that 1947 will see record crops of corn, cotton, wheat, tobacco, poultry, eggs, and vegetables, and also a drop in foreign demand. This will mean that government loans will have to be extended to a long list of crop prices.

Commodity loans for farmers are "heads I win, tails you lose" proposition. The farmers get the loan so that they will not have to sell their crops at market prices. If the price advances, the farmer sells his crops, repays his loan and pockets the profit. If the price falls or fails to advance, he keeps the loan and the government gets the crops which cannot be sold below the support price.²

It is predicted that the cost of government commitments to

¹BUSINESS WEEK, February 1, 1947, "Farm Law Put Off"
In the event of exposure to a load of coal dust of 10,000,000 pounds, the coal would be removed from the area and disposed of in a manner specified by the appropriate regulatory agency. The resulting load of coal dust would be transported to the appropriate disposal site. If the resulting load of coal dust exceeds 10,000,000 pounds, the area would be declared a disaster area. If the load of coal dust is less than 10,000,000 pounds, the area would not be declared a disaster area. If the load of coal dust is exactly 10,000,000 pounds, the area would be declared a disaster area and the coal would be transported to a secure disposal site.

The presence of coal dust in the area may cause respiratory problems or other health issues. If the load of coal dust is excessive, the area may need to be declared a disaster area and the coal would be transported to a secure disposal site. If the load of coal dust is below the threshold of 10,000,000 pounds, the area would not be declared a disaster area.

The area would be monitored for any potential health hazards or environmental impacts. The coal would be transported to a secure disposal site and the area would be declared a disaster area. If the load of coal dust is exactly 10,000,000 pounds, the area would be declared a disaster area and the coal would be transported to a secure disposal site. If the load of coal dust is below the threshold of 10,000,000 pounds, the area would not be declared a disaster area.
support prices may require between 1

1947 - $500,000,000.00 and $1,000,000,000.00
1948 - $2,000,000,000.00

Improved farm techniques will call for fewer workers in agriculture but farm population continues higher than in any other major occupational group and in excess of that required to supply agriculture with labor. To alleviate this problem, non-agricultural industries will have to expand at a more rapid pace than agriculture. The "National Agricultural Outlook" developed since 1923 has brought economic information to farmers. Under a similar procedure, information about industrial job opportunities could be provided by analyzing the labor situation in various localities and to bring workers into contact with jobs. 2 Federal grants and aids to cover migrating expenses are also needed to facilitate the movement of workers out of the more overpopulated and distressed farming areas.

Social security legislation, from which farm employees have been up to the present time exempted, will have to be amended to provide for the future security of this group.

Through government intervention a great deal has been accomplished and it remains to be seen to what extent additional progressive insteps can be made through a continued policy of planning.

1Ibid, Page 48
VI

LABOR

Labor problems which confronted the United States are responsible for the ever-growing important part that the government plays in the control of labor today. Some of the problems which gave birth to labor legislation are as follows: ¹

1. Unemployment
2. Substandard wage rates
3. Abuses in child and woman labor
4. Industrial accidents
5. Excessively long working day

The passage of some of the earliest regulations strikingly depicts the need for such legislation which proved to be an expression of economic conditions, economic theory and social philosophy. In 1842, Massachusetts and Connecticut enacted laws limiting labor of children under twelve to ten hours per day in manufacturing establishments. Pennsylvania, in 1842, forbade the employment in manufacturing plants of children under twelve. In 1847, New Hampshire prescribed a ten-hour day for women. ²

The twentieth century witnessed the real development of labor legislation in the United States. Today, business enterprises must work

¹Owen, W. V., LABOR-MANAGEMENT ECONOMICS, New York: The Ronald Press Company, 1946, Page 63

The following is a list of the main points:

1. Unemployment
2. Inflation
3. Interest rates
4. Monetary policy

These are some of the key factors affecting economic growth and social transformation. In 1980, economic conditions were generally good, but high inflation and interest rates contributed to a slow economy.

Pennsylvania, in 1980, prepared the employment in the manufacturing sector for a downturn. In 1981, new policies were introduced to cope with economic difficulties.

The government continues to work on the development of a national policy to stimulate economic growth.
hand-in-hand with the government in their relations with labor. The
employer today must take note of the hours for which he employs workers,
conditions under which they work and wages paid. He must provide for
workmen's compensation and insurance against occupational disease,
old age, and unemployment. The Federal Unemployment Insurance Act ap-
plies only to employers of eight or more employees during twenty weeks
of a calendar year. When he enters into any contract for the use of
labor, he has to take into account the existence and bargaining rights
of labor unions.

Both state and federal government legislation have played an
ever-increasingly important role in the regulation of labor.

All of the forty-eight states have been active in enacting
laws to promote the betterment of the working class. Regulation of hours
by the states has been of utmost importance in reducing the time men,
women, and children are required to work. From the laws of 1842 enacted
in Massachusetts limiting labor of children under twelve to ten hours
per day in manufacturing establishments, we accept as a usual practice
today's eight-hour working day.

State regulation of wages prior to 1938 was impeded by the
problem of constitutionality. Until 1937 the United States Supreme
Court declared it was unconstitutional for the states to forbid employ-
ment at wages below a certain minima. The very few attempts which the
states made in this direction, however, were aimed to protect certain
classes of labor from exploitation and to protect society from the evils
of substandard wages. ¹

State legislation which deals with the physical risks which labor faces has applied largely to accidents and disease resulting directly from workers' occupations. States have approached the problem by excluding women and children from certain occupations and also men who are not qualified by physical fitness for certain types of work. The chief means employed to prevent the occurrence of industrial disease and accident has been through the regulation of the conditions under which people work. In addition, most of the states compel employers to carry workmen's compensation insurance. Rates for this type of insurance are based upon merit rating, i.e., the insurance cost is based upon the individual employer's accident and disease record. Therefore, it has been to the advantage of management to reduce the cases of compensation loss. This has led to the installation of safety and health devices and the promotion of campaigns to eliminate accidents. ²

Until 1932, the states took the lead in wage and hour regulation. But the real progress was not made until the federal government entered into the picture. From 1938, the federal government has taken the lead in labor legislation and the states have followed suit.

The National Industrial Recovery Act of 1933 furnished us with the first extensive federal regulation of wages and hours. The Act had

²Ibid, Page 723
as its purpose the stabilization of business and employment through the elimination of cut-throat competition and substandard working conditions. In the codes of fair competition, made up by industries themselves, certain minimum wages and maximum hours were established. 1

Under the Recovery Act, 22,500,000 workers were covered. Minimum rates varied among codes and within codes for such factors as geographical region, sex, and population of cities in which a plant might be located. The majority of codes fixed minimum wages between thirty-five and forty cents per hour and $14.00 and $15.00 per week. 2

The wage provisions of the Recovery Act affected only the more unskilled workers but the hour limitations affected all but a few administrative employees and executives. Most of the codes fixed forty hours as the maximum week and eight hours as the maximum day for factory and clerical employees. For work in excess of maximum time, the codes provided for an overtime rate. 3

The National Recovery Act, although in effect for less than two years before it was declared unconstitutional, contributed to a


2U. S. Department of Labor, HANDBOOK OF LABOR STATISTICS, 1936, Pages 513 to 517

general rise in wages and a reduction of the work period.\(^1\)

When the National Industrial Recovery Act was invalidated in 1935, Congress began a new drive for the removal of substandard labor conditions and the elimination of child labor. Until 1938, however, all attempts aimed to these ends were thwarted by the Supreme Court in its findings of unconstitutionality of several reform measures.

It was not until 1938 that a bill dealing with wages and hours was finally passed and became law. The Fair Labor Standards Act of 1938, popularly known as the Wage and Hours Law, is the most comprehensive law dealing with labor conditions ever passed by Congress. The Act applies only to employees of private industries the products of which enter into interstate commerce. It establishes a basic minimum wage and maximum hours standards for all covered employees. The following classes of employees are exempted in full or in part:\(^2\)

### Exempted As To

<table>
<thead>
<tr>
<th>Wages and Hours</th>
<th>Wages Only</th>
<th>Hours Only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural workers</td>
<td>Learners</td>
<td>Railroad and interstate motor carrier employees</td>
</tr>
<tr>
<td>Fishermen, seamen, fish packing industries</td>
<td>Apprentices</td>
<td>Seasonal industries</td>
</tr>
<tr>
<td>Weekly or semi-weekly newspapers with circulation of less than 3000</td>
<td>Handicapped workers</td>
<td></td>
</tr>
<tr>
<td>Operators in public telephone exchanges which have less than 500 stations</td>
<td>Messengers</td>
<td></td>
</tr>
<tr>
<td>Street and interurban railway and local bus employees</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\)HANDBOOK OF LABOR STATISTICS, Op. Cit., Page 543

\(^2\)Wage and Hour Division, INTERPRETATIVE BULLETIN, No. 1, October 12, 1938
At the outset, it is worth noting that the recent developments in the field of international law have significantly impacted trade agreements. The 1997 General Agreement on Tariffs and Trade (GATT) negotiations, which led to the establishment of the World Trade Organization (WTO), marked a turning point in the history of international trade. The agreement aimed at reducing trade barriers and resolving disputes through a multilateral framework. However, the negotiations were fraught with challenges, particularly in resolving conflicts over state aids and subsidies.

Until recently, attempts to devise more favorable terms for trade agreements were limited. The limitations of conventional approaches in negotiating treaties and memoranda were evident. It is now evident that a shift in focus is necessary to address the current challenges.

In conclusion, it is imperative to develop more effective strategies for international trade agreements. This would involve not only revisiting existing legal frameworks but also exploring new avenues for cooperation and conflict resolution.
At its inception on October 24, 1938, minimum wage rates for all employees subject to the Act were placed at twenty-five cents per hour, and the law established the forty-four hour week as standard for the first year of its operation. During its second year, a maximum of forty-two hours became standard. After October 23, 1945, the Act provided for a minimum wage of forty cents per hour and a maximum of forty hours per week. Overtime is to be paid for at one and one-half times the regular rate.

Oppressive child labor is defined by the Act as meaning

1. Children under sixteen may not be employed in mining or manufacturing but children from fourteen to sixteen may be employed in other occupations that have no adverse effect on their education or health.

2. Children between sixteen and eighteen may be employed in any occupation providing there has not been any prohibition set by specific order as hazardous or detrimental to the health.

If oppressive child labor is employed in an establishment in the United States, within thirty days prior to the removal of any goods produced in that establishment, the shipment of such goods in interstate commerce is prohibited.

Government interference with labor deals not only with wages and hours but also with the risks of labor, namely disease, accidents,

2 Dillavou and Howard, Op. Cit., Page 487
4 Ibid, Page 346
old age, and unemployment. The results of these risks are very serious and the need for legislation in this regard is very great.

Losses of time to wage earners on account of sickness or non-industrial accidents average more than seven days a year for each worker, and the loss in wages is $900,000,000.00 a year. More than 2% of the working population are disabled at any one time. 1

In 1938 the record relative to industrial accidents alone was as follows: 2

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deaths</td>
<td>16,400</td>
</tr>
<tr>
<td>Permanent disability</td>
<td>98,900</td>
</tr>
<tr>
<td>Temporary disability</td>
<td>1,260,300</td>
</tr>
<tr>
<td>Average time lost per worker</td>
<td>2.9 days</td>
</tr>
<tr>
<td>Cost</td>
<td>$2,000,000,000</td>
</tr>
<tr>
<td>Loss in wages, medical cost, and insurance</td>
<td>$7,000,000,000</td>
</tr>
</tbody>
</table>

Very little has been done by the federal government in safety and health regulations. Recent years have seen a trend towards this direction in the expansion of public health services under grants made by the Security Act. Under this Social Security Act of 1935, $10,000,000.00 was granted to the Public Health Service for research on methods of disease control and for allotment to the states for public health work. 3


2U. S. Department of Labor, Bureau of Labor Statistics, MANUAL ON INDUSTRIAL INJURY STATISTICS, 1940, Page 1

328th ANNUAL REPORT OF THE SECRETARY OF LABOR, 1940, Page 153
With increasing longevity and a declining birth rate, a larger portion of the population is falling within the age brackets above sixty-five. In 1900, 4% of the population was sixty-five years of age or over. By 1980, it is estimated that 16% of the total population will be sixty-five years of age or over. This mounting proportion of the aged in the population aggravated the problem of caring for those old persons who became dependent. ¹

Until the passage of the Social Security Act of 1935, the aged were supported through the following mediums:

1. Savings
2. Retirement insurance in private companies
3. Family and friends
4. Public charges
5. State old age pensions

The first four methods enumerated above proved to be inadequate, wasteful, or degrading. Until 1929, state old-age pensions were of the optional type - county commissioners had the authority to grant pensions or commit the aged to almshouses. After 1929 nearly all state laws required payment of pensions, but they were very inadequate as the following specific instances of 1934 average monthly pensions show: ²

<table>
<thead>
<tr>
<th>State</th>
<th>Average Monthly Pension</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Dakota</td>
<td>0.69</td>
</tr>
<tr>
<td>Nebraska</td>
<td>1.22</td>
</tr>
<tr>
<td>Indiana</td>
<td>4.50</td>
</tr>
</tbody>
</table>

¹Galloway and Associates, PLANNING FOR AMERICA, New York; Henry Holt and Company, 1941, Page 477
To cope with the problem of old-age security, the Social Security Act of 1935 embraced within it a national scheme of old-age insurance which was widely recognized as essential. Under this plan, benefits are financed in part by a federal tax on employers' payrolls from 1% (now operating) to 3% (rate to be reached by 1949). Employees contribute an equal amount from their earnings toward the cost of such benefits. 1

Such benefit payments are made based upon the past earnings of the employee and family obligations, and they are determined in accordance with the insured person's average quarterly wages and the length of time for which he was employed. The most significant provisions of the Act, however, are those that relate to family needs. Married men who reach retirement age are entitled to a supplementary payment as soon as wives reach retirement age, and the retired beneficiary is entitled to an additional supplementary monthly payment if he has dependent children under eighteen years of age still attending school. Also the widow and children are entitled to survivors' benefits until all children have reached the age of eighteen if in school, and the widow upon attainment of retirement age receives further benefit rights as a retired person. 2

The Social Security Act made grants to states for approved pension plans equal to one-half the total pension up to $30.00 per month for individuals sixty-five years or older if not inmates of public

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institutions. In 1939 this grant was raised to one-half of any pension up to $40.00 a month. Also the federal government granted to states an amount equal to 5% of the pension grant for administering the state system. 1

The effect of the Social Security Act caused all the states to adopt mandatory pension schemes; and as a result, the average pension increased from $14.53 in 1934 to $20.11 in 1940, and the total number of pensioners increased from 235,265 in 1934 to 1,972,781 in 1940. 2

Unemployment, the greatest risk of all has a tragic record: 3

<table>
<thead>
<tr>
<th>Number Unemployed</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 1933</td>
</tr>
<tr>
<td>July 1937</td>
</tr>
<tr>
<td>October 1938</td>
</tr>
</tbody>
</table>

The risks and costs of unemployment are great. Some unemployment can be eliminated by a program of public works, by improving labor's bargaining position, through public employment offices, and through compulsory unemployment insurance.

Prior to the depression of 1929 there was no system of unemployment insurance in the United States. To cope with the grave unemployment problem during the depression years, an emergency program of public employment was undertaken, all the work of which had to be useful

2 Annual Report of the Social Security Board, 1940, Page 103
in improving living conditions and creating new wealth.

In 1933 Congress passed the Wagner-Peyser Act which created the United States Employment Service. To stimulate state action, the law empowered the federal government to make an annual appropriation of $4,000,000.00 of which $3,000,000.00 is allotted to the states in proportion to their population on condition that each state accepts the grant and meets the federal subsidy dollar for dollar and the states' systems of employment offices shall meet the standards set by the federal government. The remaining $1,000,000.00 is used to inspect the state services and to carry on research. Between 1933 and 1935 the states were slow to accept the United States Employment Service. But the passage of the Social Security Act caused the states to hasten their acceptance of the offer made by the government. By 1938 all the states and territories (51 in all) had set up these systems and all were affiliated with the United States Employment Service. 1

The functions of the United States Employment Service were to

1. Promote and develop national system of public employment offices

2. Maintain a veterans' service to be devoted to securing employment for veterans

3. Maintain a public service for the District of Columbia

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1 Fairchild, Furniss, and Buck, Op. Cit., Page 684

2 UNITED STATES GOVERNMENT MANUAL, Division of Public Inquiries, Page 350, 1947
In 1932 Congress passed the Wagner-Peyser Act which created the Federal Employment Service. To stimulate state action, the Federal Government gave to states an annual appropriation of up to $50,000,000. In 1932, states were given the task of training the unemployed to prepare them for work. The states were then to pass the trained workers to the Federal Government for re-employment service, and the states were expected to meet the Federal standards set by the State Employment Office. The state services were to work in cooperation with the Federal Employment Service.

The function of the United States Employment Service was to

1. locate and develop potential systems of public employment offices
2. maintain a national service to be given to community employment for vocational training, and
3. maintain a public service for the detection of

U.S. Department of Labor, Office of Public Information, Page 283
4. Maintain a farm placement service

5. Assist in establishing and maintaining systems of public employment offices in the several states

6. Assist in coordinating such systems and increasing their usefulness by developing and prescribing minimum standards of efficiency, promoting uniformity in administrative and statistical procedure, furnishing information as to opportunities for employment

7. Maintain a system for clearing labor among the several states

In July of 1939, the United States Employment Service consolidated with the unemployment compensation functions in the Social Security Board. On January 1, 1942, the state employment services were brought under federal operation; and on September 17, 1942, the entire United States Employment Service was made a part of the War Manpower Commission for the wartime emergency period. On September 19, 1945, the War Manpower Commission was liquidated and the United States Employment Service was returned to state operation as of November 16, 1946. ¹

The following statistics show the need that has been met by such a service: ²

¹Ibid, Page 350

²STATISTICAL ABSTRACT OF THE UNITED STATES, 1946, U. S. Department of Commerce, Page 253
Maintain a state employment service

In July of 1939, the United States Employment Service was

cooperated with the management commissions in the State

security board. On January 1, 1939, the state employment service was

promoted under Federal operation; and in September 1, 1939, the service

United States Employment Service was made a part of the War Department.

Constitution for the wartime employment party. On September 1, 1939,

the War Manpower Commission was implementing the United States Employ-

ment Service was put into place to operate in the Department of

The following statements show the need and need of

upon a service

1939, Page 370

2, Department of

SECRETARY OF THE UNITED STATES, 1939,
### United States Employment Service Placements

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Non-Agricultural</th>
</tr>
</thead>
<tbody>
<tr>
<td>1937</td>
<td>3,640,934</td>
<td>3,144,091</td>
</tr>
<tr>
<td>1938</td>
<td>2,950,047</td>
<td>2,656,994</td>
</tr>
<tr>
<td>1939</td>
<td>4,500,399</td>
<td>4,152,139</td>
</tr>
<tr>
<td>1940</td>
<td>5,226,712</td>
<td>3,661,040</td>
</tr>
<tr>
<td>1941</td>
<td>7,427,989</td>
<td>5,404,291</td>
</tr>
<tr>
<td>1942</td>
<td>10,220,967</td>
<td>6,919,892</td>
</tr>
<tr>
<td>1943</td>
<td>12,253,224</td>
<td>9,393,196</td>
</tr>
<tr>
<td>1944</td>
<td>12,219,113</td>
<td>11,446,007</td>
</tr>
<tr>
<td>1945</td>
<td>10,811,100</td>
<td>9,808,476</td>
</tr>
</tbody>
</table>

The first step toward establishing an insurance system on a national scale was undertaken in 1934 when the Committee on Economic Security was appointed for the task of studying the problem of economic insecurity and of devising methods to meet the problem. They reached the conclusion that compulsory unemployment insurance was needed. 1

In 1935 the Social Security Act was passed by Congress for a uniform nationwide federal tax amounting to 3% of the salaries of employees covered by the program. Ninety per cent of this tax could be offset to employers in those states which adopted satisfactory unemployment compensation laws. This device equalized the burden of taxes for unemployment compensation throughout the states.

As it has been seen, state and federal legislation has sought to improve the position of labor in the regulation of hours, wages, and social security. But labor itself has sought to improve its status by strengthening its bargaining position.

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The list of county certifications on unemployment insurance:

<table>
<thead>
<tr>
<th>County</th>
<th>Rate</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>0.5%</td>
<td>1970</td>
</tr>
<tr>
<td>B</td>
<td>1.0%</td>
<td>1971</td>
</tr>
<tr>
<td>C</td>
<td>1.5%</td>
<td>1972</td>
</tr>
<tr>
<td>D</td>
<td>2.0%</td>
<td>1973</td>
</tr>
<tr>
<td>E</td>
<td>2.5%</td>
<td>1974</td>
</tr>
</tbody>
</table>

The list also shows that certification on unemployment insurance was increased by 1% in each county.

As for the展演 mean, there was no significant difference in the mean.

To improve the position at labor in the certification of home means, society members have been striving to improve the status of certification by participating in the certification provision.
The National Industrial Recovery Act was the first federal legislative act which guaranteed workers the right to bargain collectively. In recent years, the government has been dedicated to the policy of encouraging collective bargaining as a solution to the conflict between labor and management.

The first effective encouragement by the United States to collective bargaining by labor organizations followed the 1929 depression. The Norris LaGuardia Act of 1932 represents the first successful action of the federal government to limit the granting of labor injunctions and the making of contracts by an employer with an employee under which the employee agrees as a condition for employment to refrain from joining an independent labor union while he is employed. This Act stated that while the worker should be free to decline to associate with his fellows, he should have full freedom to associate and organize, to designate representatives of his own choosing and to negotiate the terms and conditions of his employment. Furthermore, the worker is to be free from the interference, restraint or coercion of employers of labor or their agents in the designation of such representatives or in self-organization or in any other concerted activities for the purpose of collective bargaining or other mutual aid or protection. 1

In 1933 the National Industrial Recovery Act provided for the setting up of codes of fair competition in all industries. These codes included clauses safeguarding the right of employees to bargain collectively without interference by the employer through representatives of

The National Labor Relations Board may file the following charge:

The complaint contains allegations that the respondent has violated the National Labor Relations Act in the following manner:

In recent years, the government has been advocating the policy of encouraging collective bargaining as a condition to the continuance of

labor and management.

The following allegations of labor relations policy violations follow the 1935 act:

The National Labor Relations Act of 1935 requires that labor relations policy be included in the examination of labor-management relations, and that the making of agreements as a condition for employees to remain in employment minutes of information available to employees with respect to occupational health and safety policies of the company are consistent and coordinated. The company is required to maintain an occupational health and safety program that complies with the requirements of the Occupational Safety and Health Act. This program includes:

- Medical services and counseling
- Annual physical examinations
- Workplace training
- Safety and health awareness programs
- Emergency preparedness plans

In addition, the company is required to provide employees with a copy of the collective bargaining agreement and to post a notice of its contents prominently in the workplace.
their own choosing. 1

When the National Industrial Recovery Act was invalidated in 1935, the clauses of the Act protecting labor to bargain collectively without employer coercion were included in the National Labor Relations Act of 1935 (Wagner Act). The operative provisions of this Act are as follows: 2

1. Provision for the selection of representatives and for compelling the employer to bargain

2. Provisions for preventing employer interference tending to frustrate employees' freedom of choice and concerted activity

The National Labor Relations Act states its purpose and policy as follows:

"The denial by employers of the right of the employees to organize and the refusal by employers to accept the procedure of collective bargaining lead to strikes and other forms of industrial strife or unrest, which have the intent or the necessary effect of burdening or obstructing commerce...

"The inequality of bargaining power between employees who do not possess full freedom of association or actual liberty of contract, and employers who are organized in the corporate or other forms of ownership association substantially burdens and affects the flow of commerce, and tends to aggravate recurrent business depressions, by depressing wage rates and the purchasing power of wage earners in industry and by preventing the stabilization of competitive wage rates and working conditions within and between industries."


The Wagner Act created the National Labor Relations Board to prevent any person from engaging in unfair labor practices which unfair labor practices are defined by Section 8 of the Act as follows: 

1. To interfere with, restrain, or coerce employees in the exercise of their rights

2. To dominate or interfere with the formation or administration of any labor organization or contribute financial or other support to it; Provided that subject to rules and regulations made and published by the Board pursuant to section 6(a), an employer shall not be prohibited from permitting employees to confer with him during working hours without loss of time or pay.

3. By discrimination in regard to hire or tenure of employment to encourage or discourage membership in any labor organization

4. To discharge or otherwise discriminate against any employee because he has filed charges or given testimony under this Act.

5. To refuse to bargain collectively with the representatives of his employees

As a result of the Wagner Act, collective bargaining agreements have markedly increased. As an example of such increases, the following is presented.

<table>
<thead>
<tr>
<th>Year</th>
<th>Auto Industry</th>
<th>Steel Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1937</td>
<td>270</td>
<td>50</td>
</tr>
<tr>
<td>1938</td>
<td>537</td>
<td>532</td>
</tr>
</tbody>
</table>

1Dillavou and Howard, Op. Cit., Page 486

The letter you are to forward to the Secretary of State is as follows:

Dear Mr. Secretary,

I am writing to request your assistance in forwarding an important document which requires immediate action. I have reason to believe that the contents of this document are of utmost importance and need to be acted upon without delay.

The document contains information regarding the important speech that was made at the conference held yesterday. It is imperative that this information be made available to all concerned parties as soon as possible.

I enclose a copy of the speech and a summary of the key points discussed during the conference. Please ensure that this information is disseminated to the appropriate authorities as soon as possible.

Thank you for your prompt attention to this matter.

Yours sincerely,

[Your Name]

[Your Title]
Growth of unionism has also been phenomenal. An overall picture of trade union organization among employees in the United States from 1910 to 1945 is presented as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Trade Union Membership</th>
<th>Total Number of Employees</th>
<th>Total Number of Non-Agricultural Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910</td>
<td>2,052,402</td>
<td>23,809,904</td>
<td>20,709,232</td>
</tr>
<tr>
<td>1920</td>
<td>4,795,100</td>
<td>27,359,660</td>
<td>24,731,391</td>
</tr>
<tr>
<td>1930</td>
<td>3,073,200</td>
<td>33,217,886</td>
<td>30,246,719</td>
</tr>
<tr>
<td>1940</td>
<td>9,000,000</td>
<td>39,404,000</td>
<td>35,696,000</td>
</tr>
<tr>
<td>1945</td>
<td>14,500,000</td>
<td>51,847,000</td>
<td>43,398,000</td>
</tr>
</tbody>
</table>

This rapid growth of trade unions led to the enactment of federal legislation which covers

1. Compulsory filing of returns under the Revenue Act
2. Prohibition of the direct use of trade union funds in the interest of political parties or candidates.

Section 29.101-2 of the Internal Revenue Code provides for the filing of an annual information return by non-profit organizations in which class trade unions fall. In this return information must be given as to the receipts and expenditures of the organization during the year being reported on. This law acts as a public registration of unions and the publicizing of their financial operations.

The Smith-Connally Act of 1943 prohibits political contributions from trade union funds in connection with national elections.

1 Magnusson, Leifur, GOVERNMENT AND UNION-EMPLOYER RELATIONS, Chicago: Public Administration Service, 1945, Page 2

This law does not prevent unions from setting up special agencies to make political propaganda or carry on political activities on their behalf. Permissible political activities are those conducted in connection with state elections which would not be covered by the federal law and activities in connection with primary elections or conventions of political parties.  

Workingmen in our democracy today with the encouragement of federal legislation enjoy more freedom than ever before in the history of the United States. Samuel Gompers was one of the first great labor leaders who recognized the connection between democracy and the right of labor to organize. In reply to a critic of organized labor who pointed out that a paternalistic employer was providing welfare work, recreation center, and swimming pool for his employees, Gompers declared that "labor would rather be free than clean" as paternalism fails to provide conditions under which individuals may develop their own lives. Organized workers today have something substantial to say about their working and living conditions.

Since the Constitution does not confer on the federal government direct authority to regulate labor relations or the conditions of employment, it has been difficult to develop a sound labor policy. However, in the last quarter of a century, labor through the aid of regulatory legislation has made great strides towards achieving the economic


2 Myers, James, DO YOU KNOW LABOR?, Washington, D. C.: National Home Library Foundation, 1940, Page 2
There are vast potential markets for the export of sugar from the West Indies to the United States, and it is in the interest of both the United States and the West Indies to develop this trade. The United States has a large market for sugar, and the West Indies have a surplus of sugar that needs to be marketed. The United States has a protective tariff on foreign sugar, which makes it difficult for the West Indies to compete with Cuban sugar. However, the United States has recently lowered its tariffs on sugar, which has made it easier for the West Indies to sell their sugar in the United States. The West Indies has also been successful in developing sugar plantations and processing facilities, which has made it possible for them to produce sugar at a lower cost than Cuba. This has given the West Indies a competitive advantage in the United States market. The United States has also been interested in developing sugar from the West Indies for use in the food industry, which has further increased the demand for West Indian sugar. The United States has also been interested in developing sugar from the West Indies for use in the production of alcohol, which has further increased the demand for West Indian sugar. The United States has also been interested in developing sugar from the West Indies for use in the production of molasses, which has further increased the demand for West Indian sugar. The United States has also been interested in developing sugar from the West Indies for use in the production of sugar beet, which has further increased the demand for West Indian sugar. The United States has also been interested in developing sugar from the West Indies for use in the production of sugar cane, which has further increased the demand for West Indian sugar. The United States has also been interested in developing sugar from the West Indies for use in the production of sugar beet, which has further increased the demand for West Indian sugar. The United States has also been interested in developing sugar from the West Indies for use in the production of sugar cane, which has further increased the demand for West Indian sugar.
and social betterment of wage earners. Government regulation of sub-standard labor conditions has been made possible because of the changed attitude of the Supreme Court towards such regulation. This change in attitude was brought about by the support given by the social-minded age in which we live.

The principal means of transportation are railroads, waterways, highways, airways, and pipe lines. These facilities constitute a great portion of our wealth, give employment directly and indirectly to millions of people, and contribute substantially to the national income.

From its very intrinsic nature, that of being of service to the public, it has become necessary for state and national governments to participate in the regulation and control of transportation facilities to insure the highest possible degree of efficient service. The federal government has come to play the dominant role because much transportation runs across state lines. However, the states were the first to use their regulatory powers and it was not until 1877 that the federal government stepped in.

**Railroads**

The first attempts to regulate railroads were through state charters which permitted the directors to fix rates within a stated maximum and through statutory legislation. Both proved to be failures because they tended to be rigid and inflexible. Furthermore, legislative bodies did not have the administrative machinery essential to effective control and the state laws were of a general nature providing
Government regulation of wages may cause blanket of wage restraint. Government intervention has been more successful of the opening of the wage freezes. The change in the opening of the wages, could continue wage freezes and legislation. The change in the opening of the wages, could continue wage freezes and legislation.
TRANSPORTATION

Effective transportation is indispensable to economic progress. The principal means of transportation are railroads, waterways, highways, airways, and pipe lines. These facilities constitute a great portion of our wealth, give employment directly and indirectly to millions of people, and contribute substantially to the national income.

From its very intrinsic nature, that of being of service to the public, it has become necessary for state and national governments to participate in the regulation and control of transportation facilities to insure the highest possible degree of efficient service. The federal government has come to play the dominant role because much transportation cuts across state lines. However, the states were the first to use their regulatory powers and it was not until 1887 that the federal government stepped in.

Railroads

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The principle seems of paramount importance to economic progress. In the era of full employment and high wages, there is a strong conviction that the economy is at its peak and will continue to improve. However, if full employment is maintained without the discipline of a balanced budget, it can lead to inflation and economic instability. The government must ensure that public spending is consistent with the needs of the economy and that the budget is balanced. Failure to do so can lead to high interest rates and economic instability.
the same type of regulation over all types of carriers thus resulting in injustices. 1

Actual mandatory regulation began in the 1870's through the Granger movement. This organization, properly known as the Patrons of Husbandry, was founded in 1867 for the purpose of promoting the social and intellectual life of farmers. Soon the program was broadened to include economic and political objectives. The Grange became the medium through which farmers sought to alleviate a depressed agricultural condition which they attributed to the railroads. 2

The complaints presented against the railroads were those of exorbitant rates and discrimination between places and persons. The legislation which resulted from the Granger movement became important because of the principles voiced by the Supreme Court in the Granger cases.

It was decided that the federal government and the states could regulate railroad transportation and yet not deprive the companies of property without due process of law; that the regulation of rates did not violate the obligation of contract unless the legislatures had specifically conferred the sole power to fix rates upon the corporations; and that until Congress had legislated the states could regulate rates even though interstate commerce was indirectly affected. These


that some type of legislation was all that was necessary to maintain

the same type of regulations once the I.R.S. pronouncing the

control method followed. Legislation was not, however, the pattern of

greater success. This organization, properly known as the Pattern of

preparers, has become a feature of economic and political process. The change became the main

influence economic and political process. The change became the main

importance of the preparation of the regulations which controlled the economic

process.

It was necessary that the labor be recognized and the

control and labor's influence on the process of labor cost the regulations

began not only to affect the application of control but, in a sense, the regulations

may specifically control the rate of labor to fix rates lower than the contract

rate, and that until control was legislated the state could regulate

rates. Rates, average earning rates, interstate commerce and the regulations

recognized.
decisions became the foundation for government control of public utilities in general.  

Federal regulation of railroads began in 1887 with the Act to Regulate Commerce. The Act prohibited "unjust and unreasonable" charges; forbade discrimination between persons, places or kinds of traffic and outlawed higher charges made "under substantially similar circumstances and conditions, for a shorter than a longer distance over the same line, in the same direction, the shorter being included within the longer distance" prohibited the pooling of traffic or of revenue of competing carriers, and required publication of rates and fares and ten days' notice of rate increases.  

This act was hampered almost from the beginning through a series of unfavorable court decisions. Little was done to increase the effectiveness of the Act of 1887 until the passage of the Hepburn Act in 1906. Under this Act the jurisdiction of the Interstate Commerce Commission was extended to express companies, sleeping car companies, pipe lines, and private car companies. Power to establish maximum rates, to regulate through routes and joint rates, to require annual reports, to require thirty days' notice of all rate changes was

1Bigham, Truman C., Op. Cit., Page 134


3Meyer, B. H., RAILWAY LEGISLATION IN THE UNITED STATES, 1903, Page 3
The Royal Commission of Inquiries began in 1889 with the Act "Proceedings of the Royal Commission on Agriculture," which was expanded to include financial and economic matters. The Commission's jurisdiction was limited to the province of British Columbia, but it subsequently extended to other provinces as well. The Commission's work was characterized by a focus on practical solutions to agricultural problems, and its reports were influential in shaping policies and legislation in the field of agriculture.

The Commission's findings and recommendations were widely recognized and adopted, leading to significant improvements in agricultural practices and policies across Canada. Its work continues to be seen as a model for effective inquiry and policy development in the field of agriculture.

Despite some criticism of its methods and approaches, the Royal Commission on Agriculture established a precedent for future inquiries and commissions, and its legacy is evident in the ongoing efforts to address agricultural challenges and improve the lives of farmers and rural communities.
granted in unequivocal terms. 1

The Mann-Elkins Act of 1910 made effective the prohibition of charging a lower rate for a long haul than for a shorter haul over the same line by eliminating the phrase "under substantially similar circumstances and conditions." 2

From December 1917 to March 1920, the federal government took over and operated the railroads of the United States because it was felt that under private ownership railroads could not handle traffic as expeditiously as war needs seemed to warrant and because the railroads were unable to obtain adequate capital for expansion of their facilities to meet the wartime traffic. This experience of government ownership of railroads during the first World War proved nothing conclusively. It did the job of moving goods but at a greater cost than heretofore, but the abnormal wartime period was not conducive to reaching any definite conclusions. 3

The Transportation Act of 1920 sought "affirmatively to build up a system of railways prepared to handle properly all the interstate traffic of the country . . . to give owners of the railways an opportunity to earn enough to maintain their properties and equipment in such a


3Hines, Walker D., WAR HISTORY OF AMERICAN RAILROADS, New Haven: Yale University Press, 1928
state of efficiency that they can carry well this burden."

One of the most important provisions of the Act was that of rate making. It provided that "in the exercise of its power to prescribe just and reasonable rates the Commission shall initiate, modify, establish or adjust such rates so that carriers as a whole ... will, under honest, efficient and economic management and reasonable expenditures for maintenance of way, structures and equipment, earn an aggregate net railway operating income equal, as nearly as may be, to a fair return upon the aggregate value of the railway property of such carriers held for and used in the service of transportation: Provided, That the Commission shall have reasonable latitude to modify or adjust any particular rate which it may find to be unjust or unreasonable and to prescribe different rates for different sections of the country."

As this rule did not guarantee to the carrier a fair return, the Act of 1933 was passed to eliminate references to fair return on fair value and provides that "the Commission shall give due consideration, among other factors, to the effect of rates on the movement of traffic by the carrier or carriers for which the rates are prescribed; to the need, in the public interest, of adequate and efficient railway transportation service at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable the carriers, under honest, economical, and efficient management, to provide such service."

In spite of the exclusion of the "fair value" clause in the Act of 1933, the Interstate Commission still takes into account fair
In spite of the exception of the "last clause" given in the
Act of 1912, the Interstate Commission will take this
position that...
value in fixing a reasonable level of rates. The valuation reached by the Interstate Commerce Commission is ordinarily a figure based upon consideration of original cost and present cost less accrued depreciation. However, other factors than fair value have influenced the Commission in fixing level of rates. If the policy of giving effect to fair return on fair value were applied widely there would be no guarantee that all carriers in a group would get anything like the same rate of return, as in an interrelated group of railroads there would be some who would receive more than the average and others less. It was to meet the problem of railroads of unequal earning power that the recapture clause was inserted in the Transportation Act of 1920. This provided for the fixation of rates so that return would be reasonable for railroads as a whole with means of assisting the weak carriers through earnings recaptured from the strong. A railroad earning more than 6% on the value of its property might retain one-half of the excess, paying the other half to the Interstate Commerce Commission, which half would be placed in a reserve fund of the carrier. This reserve might be drawn upon by the carrier in years when the return was less than 6% for payment of interest, rentals, and dividends. When the reserve equals more than 5% of the value of the carrier's property, the surplus might be employed by the railroad for any lawful purpose. The government's half of the excess earnings was set aside in a contingent fund from which the Interstate Commerce Commission might make loans to weak lines for the purpose of meeting capital expenditures or refund security issues.
Since 1920, the Interstate Commerce Commission has considered the fair return basis where a rate of return is fair when it permits a company, the rates of which are governmentally regulated, to earn a rate "reasonably sufficient to assure confidence in the financial soundness of the utility" and "adequate under efficient and economical management to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties." ¹

Regulation of railroad rate structures is an extremely complicated phase of government control. The following factors underlie the setting of a particular rate:

1. Large overhead costs which are relatively constant and which arise from fixed investment not easily transferred. These overhead costs must be met if the railroad is to continue in business as a going concern under private ownership. ²

2. Value of service or degree of elasticity of demand for transportation services. ³

In evaluating the regulation of railroad rates, it is seen that they have not been adequate in terms of return as seen in the following tabulation which shows that at no time from 1923 to 1939 did the railroads earn 6% on their investment:

From the above statistics, it is seen that only in the year 1942 did the railroads realize a return on investment slightly in excess of 6%.

¹Bigham, Truman C., Op. Cit., Page 174


Since 1920, the Improvement of Commerce Commission has con-
cluded that the railways play a role of commerce in that area.

The railways are a company that has to attract the government's attention to
the economy's development and improve the railways and government's
finances. The railways are also an essential part of commerce and
supply the economy with goods and services. The following factors indicate
the economic viability of railway operations.

We have some data on the performance of the railways for the years
1929 to 1937:

<table>
<thead>
<tr>
<th>Year</th>
<th>Freight Revenue</th>
<th>Passenger Revenue</th>
<th>Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>$1,200,000</td>
<td>$500,000</td>
<td>$1,700,000</td>
</tr>
<tr>
<td>1930</td>
<td>$1,300,000</td>
<td>$550,000</td>
<td>$1,850,000</td>
</tr>
<tr>
<td>1931</td>
<td>$1,400,000</td>
<td>$600,000</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>1932</td>
<td>$1,500,000</td>
<td>$650,000</td>
<td>$2,150,000</td>
</tr>
<tr>
<td>1933</td>
<td>$1,600,000</td>
<td>$700,000</td>
<td>$2,300,000</td>
</tr>
<tr>
<td>1934</td>
<td>$1,700,000</td>
<td>$750,000</td>
<td>$2,450,000</td>
</tr>
<tr>
<td>1935</td>
<td>$1,800,000</td>
<td>$800,000</td>
<td>$2,600,000</td>
</tr>
<tr>
<td>1936</td>
<td>$1,900,000</td>
<td>$850,000</td>
<td>$2,750,000</td>
</tr>
<tr>
<td>1937</td>
<td>$2,000,000</td>
<td>$900,000</td>
<td>$2,900,000</td>
</tr>
</tbody>
</table>

From the data, it can be seen that the railways have shown a steady increase in
revenue from 1929 to 1937.
## Investment and Return on Investment

(Millions of Dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment Less Depreciation</th>
<th>Net Railway Operating Income</th>
<th>Per Cent Return On Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1923</td>
<td>$19,965</td>
<td>$975</td>
<td>4.56</td>
</tr>
<tr>
<td>1924</td>
<td>20,632</td>
<td>984</td>
<td>4.43</td>
</tr>
<tr>
<td>1925</td>
<td>21,536</td>
<td>1,137</td>
<td>4.90</td>
</tr>
<tr>
<td>1926</td>
<td>22,070</td>
<td>1,229</td>
<td>5.14</td>
</tr>
<tr>
<td>1927</td>
<td>22,507</td>
<td>1,078</td>
<td>4.40</td>
</tr>
<tr>
<td>1928</td>
<td>22,832</td>
<td>1,182</td>
<td>4.75</td>
</tr>
<tr>
<td>1929</td>
<td>22,295</td>
<td>1,263</td>
<td>4.96</td>
</tr>
<tr>
<td>1930</td>
<td>23,690</td>
<td>874</td>
<td>3.25</td>
</tr>
<tr>
<td>1931</td>
<td>23,574</td>
<td>528</td>
<td>2.02</td>
</tr>
<tr>
<td>1932</td>
<td>23,454</td>
<td>325</td>
<td>1.25</td>
</tr>
<tr>
<td>1933</td>
<td>23,194</td>
<td>477</td>
<td>1.84</td>
</tr>
<tr>
<td>1934</td>
<td>22,817</td>
<td>466</td>
<td>1.81</td>
</tr>
<tr>
<td>1935</td>
<td>22,729</td>
<td>505</td>
<td>1.98</td>
</tr>
<tr>
<td>1936</td>
<td>22,623</td>
<td>676</td>
<td>2.66</td>
</tr>
<tr>
<td>1937</td>
<td>22,585</td>
<td>598</td>
<td>2.33</td>
</tr>
<tr>
<td>1938</td>
<td>22,551</td>
<td>377</td>
<td>1.48</td>
</tr>
<tr>
<td>1939</td>
<td>22,435</td>
<td>596</td>
<td>2.33</td>
</tr>
</tbody>
</table>

From 1940 to October 1946, the following statistics apply:

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Railway Operating Income (in Millions)</th>
<th>Per Cent Return On Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940</td>
<td>$682</td>
<td>2.93</td>
</tr>
<tr>
<td>1941</td>
<td>998</td>
<td>4.26</td>
</tr>
<tr>
<td>1942</td>
<td>1,485</td>
<td>6.32</td>
</tr>
<tr>
<td>1943</td>
<td>1,360</td>
<td>5.72</td>
</tr>
<tr>
<td>1944</td>
<td>1,106</td>
<td>4.74</td>
</tr>
<tr>
<td>1945</td>
<td>852</td>
<td>3.77</td>
</tr>
<tr>
<td>1946 (October)</td>
<td>451</td>
<td>2.40</td>
</tr>
</tbody>
</table>

From the above statistics, it is seen that only in the year 1942 did the railroads realize a return on investment slightly in excess of 6%.

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1 Interstate Commerce Commission, STATISTICS OF RAILWAYS, 1938, Page 142, 1940

Investment and Return on Investment

(Million of Dollars)

<table>
<thead>
<tr>
<th>Per Cent Report of</th>
<th>Net Return</th>
<th>Investment Income</th>
<th>Operating Income</th>
<th>Capital Investment</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.6</td>
<td>209 $</td>
<td>422 $</td>
<td></td>
<td>250 $</td>
<td>1933</td>
</tr>
<tr>
<td>22.6</td>
<td>250 $</td>
<td>529 $</td>
<td></td>
<td>305 $</td>
<td>1933</td>
</tr>
<tr>
<td>18.6</td>
<td>203 $</td>
<td>477 $</td>
<td></td>
<td>259 $</td>
<td>1933</td>
</tr>
<tr>
<td>24.6</td>
<td>263 $</td>
<td>535 $</td>
<td></td>
<td>311 $</td>
<td>1933</td>
</tr>
<tr>
<td>25.6</td>
<td>282 $</td>
<td>605 $</td>
<td></td>
<td>340 $</td>
<td>1933</td>
</tr>
<tr>
<td>26.6</td>
<td>303 $</td>
<td>675 $</td>
<td></td>
<td>361 $</td>
<td>1933</td>
</tr>
<tr>
<td>25.6</td>
<td>298 $</td>
<td>674 $</td>
<td></td>
<td>359 $</td>
<td>1933</td>
</tr>
<tr>
<td>26.6</td>
<td>303 $</td>
<td>675 $</td>
<td></td>
<td>361 $</td>
<td>1933</td>
</tr>
<tr>
<td>25.6</td>
<td>298 $</td>
<td>674 $</td>
<td></td>
<td>359 $</td>
<td>1933</td>
</tr>
<tr>
<td>26.6</td>
<td>303 $</td>
<td>675 $</td>
<td></td>
<td>361 $</td>
<td>1933</td>
</tr>
</tbody>
</table>

From 1930 to October 1933, the following estimate applies:

<table>
<thead>
<tr>
<th>Per Cent Report of</th>
<th>Net Return (in Millions)</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.6</td>
<td>209 $</td>
<td></td>
</tr>
<tr>
<td>22.6</td>
<td>250 $</td>
<td></td>
</tr>
<tr>
<td>18.6</td>
<td>203 $</td>
<td></td>
</tr>
<tr>
<td>24.6</td>
<td>263 $</td>
<td></td>
</tr>
<tr>
<td>25.6</td>
<td>282 $</td>
<td></td>
</tr>
<tr>
<td>26.6</td>
<td>303 $</td>
<td></td>
</tr>
<tr>
<td>25.6</td>
<td>298 $</td>
<td></td>
</tr>
<tr>
<td>26.6</td>
<td>303 $</td>
<td></td>
</tr>
<tr>
<td>25.6</td>
<td>298 $</td>
<td></td>
</tr>
<tr>
<td>26.6</td>
<td>303 $</td>
<td></td>
</tr>
</tbody>
</table>

These figures are estimates only, to be used as a basis of comparison only.
The following summary schedule of working capital of the railroads shows statistically their liquid position for the years 1929 to 1946. ¹

<table>
<thead>
<tr>
<th>Year</th>
<th>Current Assets (000)</th>
<th>Current Liabilities (000)</th>
<th>Working Capital (000)</th>
<th>Change Over Previous Year (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>1 717 953</td>
<td>1 200 984</td>
<td>516 969</td>
<td></td>
</tr>
<tr>
<td>1930</td>
<td>1 510 975</td>
<td>1 162 170</td>
<td>348 805</td>
<td></td>
</tr>
<tr>
<td>1931</td>
<td>1 213 350</td>
<td>1 147 239</td>
<td>66 111</td>
<td></td>
</tr>
<tr>
<td>1932</td>
<td>1 130 731</td>
<td>1 063 271</td>
<td>67 460</td>
<td></td>
</tr>
<tr>
<td>1933</td>
<td>1 034 560</td>
<td>1 261 382</td>
<td>226 822</td>
<td></td>
</tr>
<tr>
<td>1934</td>
<td>1 058 331</td>
<td>1 471 326</td>
<td>412 995</td>
<td></td>
</tr>
<tr>
<td>1935</td>
<td>1 086 467</td>
<td>1 670 767</td>
<td>584 300</td>
<td></td>
</tr>
<tr>
<td>1936</td>
<td>1 292 421</td>
<td>1 885 574</td>
<td>593 153</td>
<td></td>
</tr>
<tr>
<td>1937</td>
<td>1 143 990</td>
<td>1 937 830</td>
<td>793 840</td>
<td></td>
</tr>
<tr>
<td>1938</td>
<td>1 120 968</td>
<td>2 243 961</td>
<td>1 122 993</td>
<td></td>
</tr>
<tr>
<td>1939</td>
<td>1 292 705</td>
<td>2 555 903</td>
<td>1 263 198</td>
<td></td>
</tr>
<tr>
<td>1940</td>
<td>1 442 142</td>
<td>697 200*</td>
<td>744 942</td>
<td></td>
</tr>
<tr>
<td>1941</td>
<td>1 914 544</td>
<td>1 115 320**</td>
<td>799 224</td>
<td></td>
</tr>
<tr>
<td>1942</td>
<td>3 065 093</td>
<td>1 806 030</td>
<td>1 259 063</td>
<td></td>
</tr>
<tr>
<td>1943</td>
<td>4 497 065</td>
<td>2 923 078</td>
<td>1 473 987</td>
<td></td>
</tr>
<tr>
<td>1944</td>
<td>4 488 042</td>
<td>2 844 210</td>
<td>1 643 832</td>
<td></td>
</tr>
<tr>
<td>1945</td>
<td>4 345 830</td>
<td>2 108 245</td>
<td>2 237 585</td>
<td></td>
</tr>
<tr>
<td>1946</td>
<td>3 750 603</td>
<td>1 809 457</td>
<td>1 941 146</td>
<td></td>
</tr>
</tbody>
</table>

* In 1940 and thereafter long-term debt in default is no longer included in current liabilities as had been the policy in years prior thereto.

** Beginning in 1941, provision for taxes is included in current liabilities.

This table brings out several significant details. In 1932 the railroads experienced a slight revival but suffered a relapse of seven years' duration until the last war rescued them from their depressed condition. It is to be noted that in 1932, although there was an increase in working capital, the current assets decreased but the current liabilities decreased in a greater proportion. The years 1933

¹Ibid, "Stage Set for Large-Scale Improvements," Page 5
through 1939 saw a continual decrease in current assets and a continual increase in current liabilities. The significant fact to observe during the years 1941 to 1945 is the accumulation of current assets. A portion of these funds were used by the railroads to refinance or retire part of their funded debt which declined from $11,880,000.00 in 1930 to $8,659,000.00 in 1945.¹

These statistics show that there is certainly no lack of present funds for the purpose of plant modernization and equipment. The graph on the following page shows the correlation between railway operating income and capital expenditures and how the parallel correlation which existed prior to the war was disrupted by wartime limitations thus causing the accumulation of current assets as shown in the chart aforementioned.

The Interstate Commerce Commission has been criticized by some for not allowing higher rates during the 1920's when they could have been collected, but others believe the adequacy of rates should be measured by the degree of efficiency and service. Using this as a criterion, rates have been adequate and the railroad system has furnished an improved and efficient transportation service.

The alarmingly low return during the 1930's made necessary public aid to railroads and substantial loans were extended by the Reconstruction Finance Corporation and the National Recovery Act.²

¹Ibid, "Railroad Equities Are Still Depressed," J. G. Lyne, Page 71
²Bigham, Truman C., Op. Cit., Page 541
WORKING CAPITAL, NET RAILWAY OPERATING INCOME,
CAPITAL EXPENDITURES

1920 - 1946

--- Working Capital
..... Operating Income
------- Capital Expenditures


2 Section 29(a) of the Transportation Act of 1920 provided for the regulation of securities and it made it unlawful for any railway to issue securities or to assume obligations with respect to securities issued by another person except after authorization by the Interstate Commerce Commission. Securities to be approved for issue by the Interstate Commerce Commission must be for some lawful purpose within the purposes of the company, consistent with the public interest and reasonably necessary for the rendering of proper service.

For instance, during the depression years, the Railway Age Act of 1933 also provided for direct regulation over tariffs, in order to encourage action on the part of the railroads to maintain and improve the quality of service, as well as to encourage the expansion of service, as well as to promote the welfare of the public.
The Transportation Act of 1920 legalized combinations approved by the Interstate Commerce Commission and set aside anti-trust laws to effect these unifications. To obtain the necessary authorization to combine, it was necessary to show that the arrangement would promote service or economy in operation and that it would not unduly restrain competition. 1

Section 20(a) of the Transportation Act of 1920 provided for the regulation of securities and it made it unlawful for any railroad to issue securities or to assume obligations with respect to securities issued by other persons except after authorization by the Interstate Commerce Commission. Securities to be approved for issue by the Interstate Commerce Commission were to be for some lawful purpose within the corporate charter, compatible with the public interest and reasonably necessary for the rendering of proper service. 2

This Act also provided for direct regulation over service. The Interstate Commerce Commission was empowered to regulate the use of existing equipment and to control the extension and abandonment of facilities.

To improve the existing regulation and to relieve the conditions existing during the depression years, the Emergency Act of 1933 was passed. Its objectives were to encourage action on the part of the carriers which would avoid duplication of services, to promote the

1Bigham, Truman C., Op. Cit., Page 177
financial reorganization of the carriers so as to reduce fixed charges, and to provide for the immediate study of means of improving transportation conditions in general. This Act also repealed the recapture clause in the Transportation Act of 1920, as it proved to be unworkable in practice.

In 1940 legislation was passed to restrain competition to a limited extent and to bolster up the transportation industries.¹ This Act presented a declaration of national policy for all forms of transportation subject to the Interstate Commerce Act and provided for:

1. Impartial regulation of all modes of transportation
2. Preservation of the advantages of each type of transportation
3. Promotion of sound conditions in the transportation industries
4. Condemnation of destructive competitive practices

Recent developments in the labor field of railroad transportation saw, as of January 1, 1946, an increase in wages of sixteen cents an hour and as of May 22, 1946, an additional increase of twenty-five cents an hour.²

As a further labor cost, the Crosser Bill, passed in Congress on July 13, 1946, effective January 1, 1947, makes employees eligible for disability benefits after ten years of service, reduces from sixty-five to sixty the age at which women may retire on a full pension, adds

¹Committee on Interstate and Foreign Commerce, TRANSPORTATION ACT OF 1939, 76th Congress, 1st Session, Report No. 1217, Page 2, July 13, 1939
In 1960 legislation was passed to restrict competition to a limited extent and to部分 the proration into perpetual bottled for all lots of time.

It is important to note that the proration in 1956 was not a result of the proration in 1952.

The proration is in the nature of a vestige of proration.

Ensuring that the proration of competitive committees prorates.

Recent developments in the proration of competitive committees show how, in the absence of an effective means of expansion, compensation in proration to the re-organization of competitive committees may be necessary of any type.

S. Committee on Competitive

The re-organization of competitive committees is a further step in the direction of proration.
sickness and maternity benefits and increases unemployment benefits from $4.00 to $5.00 a day and extends the maximum duration of such benefits from 100 to 130 days in any one year. 1

On April 15, 1946, at the time of the granting of the wage increases, the railways requested an increase in freight and passenger rates of twenty-five per cent from the Interstate Commerce Commission.

At the end of June 1946, the Interstate Commerce Commission granted the railroads a 6% increase in freight rates effective July 1, 1946, except for certain basic commodities such as agricultural products, slag, and gravel on which the boost was only 3%. To make up for their lower earnings, Eastern railroads were allowed a further increase of 5% on all but anthracite and bituminous coal, lignite, and iron ore. The Interstate Commerce Commission estimated that this overall 6% increase, which rates were temporary, would net another $390,000,000.00 to the railroads. 2

On December 6, 1946, the Interstate Commerce Commission granted the carriers freight rate increases to become effective January 1, 1947, averaging 17.6% above the rates existing in June before the emergency increases were granted. The Interstate Commerce Commission estimated that this should result in an increased revenue to the railroads of over one billion dollars annually.

1Ibid, Page 11
2TIME, July 1, 1946, Vol. XLVIII, Page 70
Итак, мы выяснили, что основной вопрос для нас — это как определить стоимость проекта. Если цена каждого проекта составляет $1 000 000, то общая стоимость проектов будет $1 000 000 * 10 = $10 000 000.

Важно учесть также различные факторы, влияющие на стоимость проектов. Например, стоимость может быть увеличена за счет дополнительных требований или изменений в проекте. Также следует учитывать факторы риска, связанные с выполнением проекта.

Для определения стоимости проекта можно использовать различные методы оценки. Наиболее распространенные из них — методы экспертных оценок и методы статистического анализа. Важно учитывать также факторы времени, так как стоимость проекта может увеличиваться из-за задержек в выполнении работ.

В целом, оценка стоимости проекта является сложной задачей, требующей тщательного анализа и учета различных факторов. Для точного определения стоимости проекта необходим комплексный подход, включающий учет всех возможных факторов, влияющих на стоимость проекта.
As a result of the railroad rate increases, more passenger traffic will be diverted to the air lines and motor traffic, and it is expected that a great deal of competition in passenger traffic will ensue during 1947. The first ten months of 1946, before increased rates for railroads, saw an increase in the revenue passenger miles of the air lines of 80.7% above those for the corresponding ten-month period in 1945 and a decline of 19.6% in the railroad parlor and sleeping car traffic. Therefore, it seems logical to assume that because of the increase in railroad rates, a greater percentage of traffic will be diverted to the air lines.

The railroad industry found 1946 far from a boom year as rail profits dropped to the lowest level since 1940. Rising costs are responsible for falling profits as the following statistics show.

1. Wages — Since 1939 wages have increased three times. Yearly payrolls have risen by $1,700,000,000.00.

2. Material and supply costs — Annual expenses have increased by $500,000,000.00 since 1939.

3. Passenger Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage of Passenger Revenue to Freight Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>18</td>
</tr>
<tr>
<td>1933</td>
<td>13</td>
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<tr>
<td>1933-1941</td>
<td>12-14</td>
</tr>
<tr>
<td>1942-1945</td>
<td>26</td>
</tr>
<tr>
<td>1946</td>
<td>22</td>
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</tbody>
</table>

1Interstate Commerce Commission, MONTHLY COMMENT, January 1947

2BUSINESS WEEK, "Railroads Take It on the Chin," Page 61, February 15, 1947
The Interstate Commerce Commission predicts that the recent rate increase should raise revenues about one billion dollars but the railways predict that after providing for the expected decline in passenger revenue, the overall gain will be about $500,000,000.00.  

Water Transportation

Prior to 1940 water transportation was regulated in piecemeal fashion, as compared with railroads it was less important to the public, less monopolistic in character, and less marked by discriminatory rates. Both federal and state governments have contributed liberally to the development of waterways. Up to 1937 the federal government had recorded outlays of over two billion dollars for investment and maintenance of navigation facilities; and as of 1931, expenditures by states amounted to over $530,000,000.00.  

The government was interested in aiding waterway development for the following reasons:  

1. Waterway transportation costs are cheaper than railroad transportation costs  
2. Conservation of natural resources demands increased utilization of waterways  
3. Water competition would be the best regulatory device for railroad rates

1Ibid, Page 61  
3Federal Coordination of Transportation, PUBLIC AIDS TO TRANSPORTATION, Vol. III
The Interstate Commerce Commission has not yet completed its investigation of the proposed rate increase on new passenger cars. The Commission has taken the position that the increase is unjustified because it results in a rate that is too high. The rate increase has been set at $1.00 per thousand miles, which is significantly higher than the current rates.

Report on Interstate Commerce

This report is based on the need to increase the rates for new passenger cars. The Commission has concluded that the current rates are not sufficient to cover the costs of operating these cars. The proposed rate increase is designed to ensure that the railroad companies can maintain a reasonable profit margin.

The following table summarizes the current and proposed rates:

<table>
<thead>
<tr>
<th>Current Rate</th>
<th>Proposed Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.50 per thousand miles</td>
<td>$1.00 per thousand miles</td>
</tr>
</tbody>
</table>

The Commission believes that this increase is necessary to ensure the financial health of the railroad companies and to provide adequate service to passengers. The increase will also help to reduce the deficits that have been incurred in recent years due to the high cost of maintaining and operating new passenger cars.

The proposed rate increase will apply to all new passenger cars placed into service after the date of the Commission's decision. The railroad companies have been given a 30-day period to submit comments on the proposed rate increase.
The most important contribution to water transportation regulation was furnished by the Transportation Act of 1940 which introduced control of inland water carriers. Common carriers subject to this Act are required to obtain permits from the Interstate Commerce Commission which they authorize if the applicant is found fit, willing and able to perform the service and to conform with the law, and if such service will be consistent with the public interest and the national transportation policy of the Interstate Commerce Commission. Common carriers must make reasonable through routes and rates and afford reasonable, proper, and equal facilities for interchange of traffic with other carriers and with railroads.¹

The law forbids common carriers by water to make, give, or cause undue or unreasonable preference to persons, places, or kinds of traffic.¹

Under the Transportation Act of 1940 control of rates comes under the jurisdiction of the Interstate Commerce Commission which is given the power to fix maximum and minimum rates and to prescribe reasonable divisions of rates between connecting carriers. In passing upon the division of rates between carriers, the Commission is directed to consider the efficiency of participating carriers, the amount of revenue necessary to pay operating expenses and a fair return upon property used for transportation.

The most important contribution to water treatment is the T.M.C. Water Selection Committee. Common State Water Commission of New York with their cooperation to obtain better knowledge of the Interstate Committee. Commission also wish to have the services of the State and National Water Treatment Committee.

Both of the Interstate and National Water Treatment Committees, make recommendations upon the laws and rates of their respective states, and any changes that may be necessary for the treatment of water to suit the various conditions, please or kind of water.

The report of the common commission of New York to make a

come mean or unanimous treatment to persons, please or kind of water.

Under the T.M.C. Water Selection Committee, with their

cooperation, to obtain better knowledge of the Interstate Committee. Commission also wish to have the services of the State and National Water Treatment Committee, make recommendations upon the laws and rates of their respective states, and any changes that may be necessary for the treatment of water to suit the various conditions, please or kind of water.

need for treatment.
This Act places common carriers by water under the same provisions as railroads in respect to types of unification.¹

The need for regulatory reform of water carriers has been long recognized and the Act of 1940 has done much to meet the need. As a result water carriers have been brought under the jurisdiction of a single commission and this Act has subjected water carriers which come under the law to control which is nearly as complete as is found in the railroads. Gaps, however, still exist. Equipment and its use do not come under control and there is no special regulation of issuance of securities as exist in the case of railroads.

Motor Transportation

The development of motor transportation as an important carrier has been comparatively recent, and it was not until 1920 that the passenger automobile and motor truck constituted a serious threat to railroad business.

At this phase of the transportation problem, the difference between common and contract or private carriers should be noted. A common carrier is one who undertakes, for the public generally, to transport goods or passengers from place to place for hire. A common carrier usually operates between definite termini or over a definite route. A private carrier transports freight from point to point as demanded by his contract with the shipper. A private carrier becomes

¹Ibid, Page 236
The development of water transportation is an important factor that we must consider. Water transportation is a reliable and efficient mode of transport, especially in remote areas or where land transportation is impractical. The use of waterways can significantly reduce transportation costs and can be environmentally friendly. Therefore, it is crucial to support and invest in the development of water transportation systems.
a public one as soon as it begins to cover definite territory at somewhat regular intervals and carries goods for anyone desiring to ship them. It is the common carrier that is subject to the most regulatory control, and it is to the common carrier that this section is devoted. ¹

¹Dillavou and Howard, Op. Cit., Page 374

The public was apathetic to control motor transportation. There was opposition to regulation from motor vehicle manufacturers, shippers, and small truckers, all of whom feared that motor transportation would be restricted in favor of railroads. ² Systematic regulation began with the Motor Carrier Act in 1935. The objectives of this Act were to preserve the advantages of motor transportation, foster sound conditions in the motor carrier industry, promote an adequate motor carrier service at reasonable rates, encourage coordination between federal and state regulatory authorities. Administration of the Act was placed in the hands of the Interstate Commerce Commission who is given jurisdiction over motor carriers engaged in transporting persons or property in interstate commerce. The Commission was authorized to require surety bonds or insurance on the part of common and contract carriers, and it could prescribe regulations concerning the maximum hours of service, qualifications of employees, safety of operation, and standards of equipment. ³


The Department of Water Conservation, in concert with the Department of the Interior, has been conducting an extensive study of the water resources of the state with a view to determining the water supply and water conservation needs of the state and to formulate policies and practices to meet these needs. The Department of Water Conservation has been working on this study for several years, and has been able to develop a comprehensive program of water conservation and development, which includes the construction of reservoirs, the development of irrigation projects, and the implementation of policies and regulations to ensure the efficient use of water resources.

The report of the Department of Water Conservation, which was presented to the Senate Committee on Water Resources, contains detailed information on the study and recommendations for future action. The report is available for public inspection at the office of the Senate Committee on Water Resources.

In conclusion, the Department of Water Conservation recommends that the state adopt a comprehensive program of water conservation and development, which will ensure the sustainable use of water resources for future generations.
The provisions of the Act relating to the rates of common carriers were similar to those covering railroad charges. 1

Regulation of motor transportation is still in a formative stage. In contrast to other fields of transportation, it is primarily local and state regulation will remain the most important part of control; but it seems likely that federal control will extend much further into this field but will not supersede state regulation to the extent prevalent in the railroad field.

With the forty-eight states exercising control over motor vehicle transportation, a maze of state regulations has resulted and only those factors which are common in most of the state laws will be discussed.

Regulation of charges made by common carriers is usually included in state laws and most states make unjust discrimination unlawful and require publication of rates. 2

Safety regulations have been applied by the states to all kinds of motor transportation. General regulations include speed restrictions, size and weight laws, licensing of operators, and maintenance of equipment standards. 2

Since the introduction of motor transportation, there has been perpetual warfare between truck operators and state legislatures.

2 Ibid, Pages 212-220
During the wartime emergency, fairly liberal regulations agreed to between the states lowered the walls between states by upping loads permissible on trucks and by increasing allowable width, height and length of both trucks and buses.

After the war, the states again raised the walls. On January 1, 1946, Virginia's governor reimposed the state's 2% gross receipts tax on out-of-state truckmen. North Carolina demanded that Virginia trucks buy a contract hauler license or pay a 6% gross receipts tax. Ohio forced out-of-state trucks to pay public utility fees. Reciprocal tax skirmishes are but part of an over-all struggle between groups with divergent interests, such as revenue-hungry states, highway builders, passenger auto associations, railways, air freight services, and truck owners. 1

As a result of the liberal regulations existing during the war and the fight for standard regulation, legal truck weights have been increased to 40,000 pounds with a view to raising that limit to 50,000 pounds. Because of this decision, however, states are attempting to pass resolutions to have higher taxes assessed against trucking firms and other motor vehicle operators as they maintain that the increased load required additional expenditures for heavier pavements. 2

However, the struggle between the states still goes on, and attempts are continually being made to achieve new regulations aiming

1BUSINESS WEEK, "Road Truce Ends," Page 36, January 12, 1946

2BUSINESS WEEK, "Truckers Gain," Page 39, March 9, 1946
at standardization.

The tremendous number of motor-carrier operators and motor vehicles has made state regulations difficult to enforce, and it was not until the passage of the Motor Carrier Act that some degree of coordination and systematic regulation was obtained.

**Air Transportation**

Air transportation has the shortest history of commercial use and regulation. Commercial flying dates from the middle 1920's but its progress has been remarkable for its short life. The table on the following page shows the development of domestic airline business of scheduled operations from 1928 to 1946.

It became necessary for the government to take action in regard to air transportation for several reasons. Kinetic energy of planes carries them about thirty miles after their motors fail; and therefore, if landing fields were to be provided at thirty-mile intervals, the entire route of a particular line would be so equipped so that planes could land safely at all times. These courses equipped with intermediate landing fields are called airways. They represent large capital investments and expensive maintenance costs. If privately owned, carriers from one line would be prevented from flying over the airways of another line and would have to build their own which would mean an increase in the cost per unit of transportation service. ¹

# Development of Commercial Air Transport in the United States, 1928 - 1946

**Domestic Commerce of Schedule Operations**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Miles Flown - 1,2</th>
<th>Passengers 1, 2</th>
<th>Mail Lbs. 3, 4</th>
<th>Freight Lbs.</th>
<th>Express and Freight Lbs.</th>
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<td>10 400</td>
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<td>3 545.5</td>
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<td>210.4</td>
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<tr>
<td>1929</td>
<td>22 380</td>
<td>159.8</td>
<td>7 099.6</td>
<td></td>
<td>249.6</td>
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<tr>
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<td>374.9</td>
<td>7 985.0</td>
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<td>7 393.3</td>
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<td>1 034.0</td>
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<tr>
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<td>48 772</td>
<td>493.1</td>
<td>7 362.2</td>
<td></td>
<td>1 510.2</td>
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<tr>
<td>1934</td>
<td>40 955</td>
<td>461.7</td>
<td>7 411.0</td>
<td></td>
<td>2 133.2</td>
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<tr>
<td>1935</td>
<td>55 380</td>
<td>746.9</td>
<td>13 268.7</td>
<td></td>
<td>3 822.4</td>
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<tr>
<td>1936</td>
<td>63 777</td>
<td>1 020.9</td>
<td>17 706.2</td>
<td></td>
<td>6 958.8</td>
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<tr>
<td>1937</td>
<td>66 072</td>
<td>1 102.7</td>
<td></td>
<td></td>
<td>7 127.4</td>
</tr>
<tr>
<td>1938</td>
<td>69 669</td>
<td>1 343.4</td>
<td>558.5</td>
<td></td>
<td>7 336.0</td>
</tr>
<tr>
<td>1939</td>
<td>82 572</td>
<td>1 876.1</td>
<td>629.2</td>
<td></td>
<td>9 514.3</td>
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<td>936.6</td>
<td></td>
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<td>1 462.9</td>
<td></td>
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<td>1942</td>
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<td></td>
<td>39 968.0</td>
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<tr>
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<td>103 601</td>
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<td></td>
<td>57 544.0</td>
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<td>142 234</td>
<td>4 668.5</td>
<td></td>
<td></td>
<td>66 012.0</td>
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<tr>
<td>1945</td>
<td>214 960</td>
<td>7 502.5</td>
<td></td>
<td></td>
<td>83 024.0</td>
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<tr>
<td>1946</td>
<td>151 473</td>
<td>5 225.3</td>
<td></td>
<td></td>
<td>141 854.6</td>
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</tbody>
</table>


21940-1946 - WORLD ALMANAC, 1947, Page 758


41938-1943 - ANNUAL REPORT OF THE CIVIL AERONAUTICS BOARD, 1941 and 1943, Pages 57 and 30

51939-1941 - ANNUAL REPORT OF THE CIVIL AERONAUTICS BOARD, 1941, Page 57

61942-1945 - U. S. STATISTICAL ABSTRACT, 1946, Page 558

71946 - CIVIL AERONAUTICS ADMINISTRATION JOURNAL, February 15, 1947, Department of Commerce, Page 23
<table>
<thead>
<tr>
<th>Year</th>
<th>Millions</th>
<th>Total Millions</th>
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<tr>
<td>1929-30</td>
<td>2.876</td>
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<td>1930-31</td>
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<td>1931-32</td>
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<td>1936-37</td>
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<td>1937-38</td>
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<td>1938-39</td>
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<td>1939-40</td>
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<td>1940-41</td>
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<td>1941-42</td>
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<td>1942-43</td>
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<td>1943-44</td>
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<td>1944-45</td>
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<td>1945-46</td>
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<td>1946-47</td>
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<td>1948-49</td>
<td>2.760</td>
<td>100</td>
</tr>
<tr>
<td>1949-50</td>
<td>2.750</td>
<td>100</td>
</tr>
<tr>
<td>1950-51</td>
<td>2.740</td>
<td>100</td>
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Furthermore, as passenger and express traffic could not bear rates high enough to cover operating costs, the government awarded contracts to air carriers to carry mail and thus overcome losses which they might incur. If a carrier lost its contract that would mean that it would be left with a high fixed charge for maintaining its airways. Therefore, by government construction and maintenance of airways, air transportation would be aided by providing for the necessary physical conditions and by relieving the air carriers of the cost of building and operating them. 1

By the Air Commerce Act of 1926, the federal government provided aids for air navigation which included airway facilities, meteorological information, research and developmental work and accident investigation. The Bureau of Air Commerce created by this Act started the construction of airways; and from a few airways in 1920, there had developed a system of 36,982 miles in 1944. 2

Prior to 1938 federal regulation of air transportation was inadequate. Comprehensive regulation of air transportation began with the Civil Aeronautics Act of 1938 which created the Civil Aeronautics Board. Carriers for hire in interstate and foreign transportation must now obtain a certificate of convenience and necessity from the Board and they must furnish safe and adequate facilities and service. Abandonment of routes is unlawful except by approval of the Board. The Board has

1Ibid, Page 9
2Ibid, Page 9
the authority to fix the exact minimum and maximum rates which are to be published and which are to be reasonable and non-discriminatory, and it can exercise jurisdiction over consolidations which might take place under specified conditions between air carriers and aircraft manufacturers, between two or more airlines or between air carriers and companies engaging in other forms of transportation. 1

Since the termination of the war, passenger, mail, and air cargo service has been decreasing while costs of doing business have been rising rapidly. In 1945 the airlines experienced an increase of 35% in operating revenue but a decline of 10% in net operating income. The present rate structure of airlines is four and one-half cents per passenger mile which represents a one-cent reduction from the rates existing prior to May 1945. This reduction was voluntarily effected by the airlines to attract the goodwill of the public. 2

In 1946, the following statistics applied: 3

Revenue paying passengers - 13,000,000 - 78% more than in 1945

Revenue miles - over 6,000,000,000 - 72% more than in 1945

Air expenses - 57% more than in 1945

1Bigham, Truman C., Op. Cit., Page 210


the authority to fix the exact minimum and maximum rates which are to be collected on non-residential
properties. Since the determination of and voluntary consent by any owner of a non-residential
property, the owner shall be notified of this determination by the city. The city shall also notify the
owner of the maximum rates which may be charged and the maximum rates which are to be
collected on non-residential properties. The city shall also notify the owner of the maximum rates
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collected on non-residential properties. The city shall also notify the owner of the maximum rates
which may be charged and the maximum rates which are to be collected on non-residential
properties.
The 78% increase in revenue paying passengers as contrasted against the 125% rise in airline seating capacity represented a substantial drop in the payload per plane trip.

During the period January to September 1946, the airlines received 50% larger revenues than the corresponding period in 1945, but sixteen carriers suffered a drop of 83% in net operating income from the 1945 joint net of $15,938,000.00 and six of the sixteen carriers showed a deficit. 1

Reasons advanced for the depressed conditions of the airlines are as follows:

1. Planes overstaffed. Each plane was staffed by an average of 129 versus 53 in prewar days

2. Costly personnel training

3. Excessive expansion

4. Climbing wage rates

5. High depreciation charges

6. Sharp drop in passenger traffic due to
   a. Elimination of war time stimuli
   b. Seasonal factors
   c. Recent string of air accidents
   d. Loss of time and other inconveniences caused by inadequate airport facilities

Although air accidents are given as a factor contributing to the depressed condition of the airlines, the statistics on the following

1Ibid, Page 64
page show the steady decline of air fatalities from 1939 to 1946 when compared with the total mileage flown.

In a speech in Chicago in January 1947, United Air Lines' president, W. A. Patterson summarized the situation thus: ¹

"The present average airline capacity is approximately 74% utilized, while the break-even point during this conversion period is approximately 80%. Increases in passenger fares or in mail rates or in both are inevitable."

The Civil Aeronautics Board has instituted an investigation in order to determine how non-mail revenues can be raised, and it is believed by the airline industry that the study will result in a fare increase. But the possibility exists that a raise in airline passenger rates might reduce non-mail revenue by sending marginal passengers back to using the railroads and buses. ²

On March 22, 1947, a 10% increase in airline fares, probably becoming effective April 1, 1947, was approved by the Civil Aeronautics Board. This increase is to be effective for ninety days; and after the ninety-day period, individual lines will be free to adjust fares as they see fit. ³

¹BUSINESS WEEK, "To Probe Rates," February 22, 1947

²Ibid

³BOSTON EVENING AMERICAN, March 22, 1947
## COMPARATIVE AIR CARRIER SAFETY STATISTICS IN SCHEDULED DOMESTIC OPERATIONS

<table>
<thead>
<tr>
<th>Fiscal Years Ended June 30</th>
<th>1939</th>
<th>1940</th>
<th>1941</th>
<th>1942</th>
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<tr>
<td>Airplane miles flown</td>
<td>73 039 655</td>
<td>95 396 087</td>
<td>123 350 232</td>
<td>135 277 003</td>
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<tr>
<td>Total number of fatal accidents</td>
<td>4</td>
<td>0</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Plane miles per fatal accident</td>
<td>18 411 253</td>
<td>0</td>
<td>24 670 046</td>
<td>27 055 401</td>
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<tr>
<td>Passenger fatalities</td>
<td>13</td>
<td>0</td>
<td>41</td>
<td>62</td>
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<tr>
<td>Crew fatalities</td>
<td>5</td>
<td>0</td>
<td>14</td>
<td>14</td>
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<tr>
<td>Total passenger miles</td>
<td>860 818 812</td>
<td>549 364 699</td>
<td>1 187 133 723</td>
<td>1 518 432 185</td>
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<tr>
<td>Passenger miles per passenger fatalities</td>
<td>42 258 823</td>
<td>0</td>
<td>28 954 481</td>
<td>24 490 842</td>
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<tr>
<td>Passenger fatalities per 100 million passenger miles</td>
<td>2.4</td>
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<th>1943</th>
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<td>Airplane miles flown</td>
<td>98 194 058</td>
<td>144 239 738</td>
<td>218 189 135</td>
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<tr>
<td>Total number of fatal accidents</td>
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<td>Plane miles per fatal accident</td>
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<td>1 427 394 260</td>
<td>2 297 782 195</td>
<td>3 554 714 828</td>
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<td>Passenger miles per passenger fatalities</td>
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<td>Passenger fatalities per 100 million passenger miles</td>
<td>1.5</td>
<td>2.09</td>
<td>2.14</td>
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1. ANNUAL REPORT OF THE CIVIL AERONAUTICS BOARD, Washington, D. C., 1943, Page 7

2. C. A. A. JOURNAL, Office of Aviation Information, Department of Commerce, Vol. 8, No. 2, Page 17
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Pipe Lines

In recent years, pipe lines have been used for the transportation of gasoline, crude oil, and refined products, and experiments have been made for the transportation of alcohol, wheat, and pulverized coal.

In 1938, there were 115,000 miles of oil pipe lines and 6,500 miles of gasoline pipe lines in the United States. 1

Oil pipe lines extend from southern Texas and Wyoming to Chicago, the Great Lakes, and the Atlantic seacoast. Gasoline pipe lines extend from Texas to Chicago and from St. Louis and Toledo to the Atlantic seacoast. 2

The ton mileage of commercial pipe-line traffic was 8% of the total commercial traffic in the United States in 1938 and is steadily increasing. Of the 190,000,000 tones of crude and refined petroleum moved in the United States in 1937, 70% moved by pipe lines. 3

All natural gas moves by pipe line. This industry has become important and will be discussed further on in this chapter.

As pipe line transportation serves few shippers, handles a single commodity, and the pipe lines are owned by chief customers, it does not need much control to protect the public interest; and therefore, its

1 INVESTIGATION OF CONCENTRATION OF ECONOMIC POWER, 76th Congress, 2d Session, Part 14A, Page 7722, 1940
3 REPORT OF COMMITTEE OF SIX TO PRESIDENT OF THE UNITED STATES, December 23, 1938, Page 74
Pike River

In recent years, the price of coal has been high for the transportation of coal, many railroads having seen a drop in their profits. In 1929, there were 1,000 miles of all types of lines in the United States.

All the lines express the common traits of each connecting town and growing of芝加哥, the great lake, and the Atlantic seacoast. Genetic lines have extended their lines to Chicago and New York; and Tunnel to the Atlantic.

The demand for commercial lines—like the Union Pacific—has been $8 billion of the

That total commercial traffic in the United States in 1929 was

interest in. Of the $1,000,000 tons of coal and railroad equipment

worth in the United States in 1929, 40% was of coal lines.

All major lines save on the line. This factor not become

important may still be given necessary attention in this section.

Are those lines in transportation same two episodes, common for

single commodity, any the price lines are among of other commodities. It is seen

INVESTIGATION OF COMMERCE AT KONOMIC POWER, 1929 Conference, by A.-E. See.

soor Part I, Page 1293, 1929:

J.T.O. U.S.A. Conference, Senate Document No. 5, 70th Congress

1st Session, April 9th, 1929, Page 79
regulation is relatively unimportant.

The Interstate Commerce Commission has had jurisdiction over petroleum lines since 1906, and the Federal Trade Commission has had jurisdiction over natural gas lines since 1938. The basis of the regulation exercised is to protect small producers and refiners from large companies owning pipe lines who can curtail small companies by setting high rates for transport or minimum requirements. The states in general declare pipe lines to be common carriers and must file rates, reports, and keep accounts.¹

The following table shows the growing importance of petroleum pipe lines in the United States. From 70,009 miles of line operated in 1925, the mileage increased to 111,615 in 1944.²

**PETROLEUM PIPE LINES, 1925 - 1944**

*All figures except miles of line operated in thousands of dollars*

<table>
<thead>
<tr>
<th>Year</th>
<th>Miles of Line Operated</th>
<th>Investment In Pipe Lines</th>
<th>Operating Revenue</th>
<th>Operating Expense</th>
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<tr>
<td>1925</td>
<td>70 009</td>
<td>511 088</td>
<td>164 645</td>
<td>80 232</td>
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<tr>
<td>1930</td>
<td>88 727</td>
<td>772 711</td>
<td>237 910</td>
<td>99 363</td>
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<td>1935</td>
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<td>763 009</td>
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<td>92 899</td>
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<td>96 611</td>
<td>802 946</td>
<td>248 198</td>
<td>98 641</td>
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<tr>
<td>1938</td>
<td>95 775</td>
<td>807 657</td>
<td>228 211</td>
<td>98 756</td>
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<tr>
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<td>172 368</td>
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</table>


Regulation of our transportation facilities has proceeded unevenly. The aim of the government in its regulation of transportation facilities has been to furnish adequate service at the lowest cost possible to society. This has involved regulation for prohibition of monopolistic and discriminatory rates, to prevent waste of capital and needless duplication of facilities, to stabilize rate structures, and to promote coordination in transportation.

To the advocates of the policy of relaxing regulation, the Federal Coordinator of Transportation has presented this argument: ¹

"Any plan of free and unrestrained competition in transportation would be in the teeth of experience. In the case of railroads, it was given a prolonged trial and found wanting many years ago. The results were bad for both the railroads and the country. The present tendency is to place competition under some measure of restraint in industry generally. Uncontrolled competition in transportation would make rates and charges utterly unstable and undependable and invite much the same abuses as existed in the railroad 'rebate' days. It would intensify the financial demoralization of all classes of carriers. It would be particularly dangerous, if indulged in by the railroads, because there is still a very considerable volume of railroad traffic upon which other forms of transportation do not encroach. The tendency, as in the old days, would be to exact the last possible cent from such traffic and made rates on the competitive traffic low enough to stifle the competition. The other forms of transportation have no such reserves of non-competitive traffic to sustain their endurance."

¹Federal Coordinator of Transportation, REGULATION OF TRANSPORTATION AGENCIES, Senate Document No. 152, 73d Congress, 2d Session, Page 58, 1934
The regulation of transportation facilities and services

may interfere with the government's determination of transportation facilities and may cause the government to fail to exercise adequate control over the lower cost of transportation and to promote competition in transportation.

To the advantage of the public in exercising control, the

report of the Committee on Transportation and this Report:
Public Utilities Other Than Transportation

The courts have found many businesses other than transportation to be in the category of public utilities, and therefore, the remaining sections of this chapter will be concerned with the control over communications, electric, gas, and water. These businesses have been subject to more state than federal control for they are involved largely in intrastate commerce. The telephone is approximately 99.5% intrastate as measured by messages and 67.6% as measured by revenues.\(^1\)

Of the 116,681,000,000 kilowatt hours of electricity produced in the United States in 1938, 20% only moved across state lines and only 27% of the natural gas production in 1934 was of an interstate nature.\(^2\)

There is, of course, much difference in the scope of regulatory jurisdiction among the 48 states. Some states have no commission regulation over public utilities; others limit their regulation to certain utilities. Because of the lack of uniformity in state regulation, and of the growing importance of federal legislation in these fields, this chapter will devote itself only to the phase of federal regulation. Whether a public utility is controlled by the federal or state government, many of the problems - fair price, adequate service - are the same.


Several attempts were made by the government to regulate communications prior to 1934 but the Communications Act of 1934 is considered the basis of federal control. By this Act all common carriers of messages by wire or wireless are required to furnish reasonable, adequate service upon a request for it. The Communications Commission takes action for the establishment of physical connection between carriers and for through routes. Construction of new lines or extension of existing ones is subject to the obtaining of a certificate of convenience and necessity from the Commission. The Act of 1934 also provides that charges be just and reasonable and specifically declares that different charges be made for different classes of service. Rate discrimination is forbidden and publication of rates is required. Changes in charges, classifications, or practices concerning rates must be filed with the Commission and 30 days' notice given. To aid the Commission in fixing a reasonable rate, the law provides for valuation of the property of companies subject to the act. They are required to furnish information as to cost of reproduction less depreciation and original cost.\(^1\)

The regulation of combination of communication companies is weak and is no more than a restatement of federal acts making unreasonable restraint of trade unlawful for any business.

In the field of radio, the greatest instrument of power

\(^1\)Herring, J. M., Op. Cit., Page 245-320
The registration of communication under the
Copyright Act of 1911 involves a number of procedures and requirements. The initial step is to submit an application to the Commissioner of Patents along with the appropriate fee. The application must include a description of the communication, the title of the work, and any other relevant information. Once the application is received, it is reviewed for completeness and accuracy. If the application is found to be satisfactory, a certificate of registration is issued to the applicant. The certificate serves as proof of ownership and provides legal protection against infringement. It is also used for the purpose of obtaining a reproduction license for the communication. If an infringement occurs, the owner of the registration can initiate legal action to enforce the rights granted by the certificate. The process of registration is an important step in protecting the rights of creators and ensuring the free flow of information and ideas.
which the Communications Commission holds over radio companies is the authority to grant, revoke or withhold licenses to operate radio stations. No person is permitted to operate a station in interstate and foreign commerce unless he has a license to do so, which licenses are granted for a limited time. In considering applications for licenses, the Commission is directed to make distribution of licenses among the several states as "to provide efficient and equitable distribution of radio service to each of the states." The powers of the Commission over operation of radio stations are extensive. It assigns frequencies and operating times; it prescribes the nature of service to be rendered by the various classes of states, the minimum and maximum power, and the location of stations. Construction of station facilities can be made only after permits are obtained from the Commission and inspection of facilities and personnel is provided for. The Commission is specifically denied the right to censor communications or to interfere with the right of free speech but uttering obscene language is forbidden.\footnote{Koontz, Harold D., Op. Cit., Page 388}

**Water Power**

The federal government entered the field of public control of water power in 1920 with the passage of the Federal Water Power Act which applied only to the use of hydro-electric sites on navigable water of the United States. This act was amended in 1935 to give the
Power Commission broader control over companies utilizing water resources on navigable waters and public lands.

Before anyone can use any of the navigable waters or waters on public lands for the development of water power, permission must be obtained from the Federal Power Commission. The applicant must hand in detailed information as to the nature, constructional specifications, legal and financial arrangements, and estimated disposition of power from the project. A license is then issued if the Commission deems the project is in the public interest.¹

By June 30, 1940, the Federal Power Commission had issued licenses covering 128 major projects representing a total cost to licensees of $740,000,000. During 1940, it collected $814,857 from licensees for the use of water resources.²

The law provides that the government may take over the property at the expiration of the license. When the government takes over the property, the basis of compensation to the licensee is the net investment in the project which amount is fixed by the Commission and is not to include the value of any property of the United States used under the license, the value of the license itself, goodwill, going value, and the value of prospective revenues.³

¹Ibid, Page 394
²20th ANNUAL REPORT OF THE F.P.C., 1940, Page 142
Title II of the Public Utility Act of 1935 states that regulation of electric utilities was "to extend only to those matters which are not subject to regulation by the states" and was to apply to "the transmission of electric energy in interstate commerce and to the sale of electric energy at wholesale in interstate commerce but shall not apply to any other sale of electric energy or deprive a state or state commission of its lawful authority now exercised over the exportation of hydro-electric energy which is transmitted across a state line."

As in the case of other public utilities, the government demands that service be adequate, rates be just, unreasonable and non-discriminatory. Another standard regulation in the files of public utilities which applies to the electric field is that they may not issue any security or assume any obligation with respect to any security unless authorized by the Commission. Such authorization is given for the issuance of securities for franchises in an amount not in excess of the actual payment for such franchise or contract. Public utilities are forbidden to apply any proceeds from the sale of securities to a purpose not stated in its approval order.

**Natural Gas**

The demand for the regulation of the natural gas industry arose from the fact that interstate commerce in this commodity has been increasing since 1926. Natural gas moves from the Appalachian, Mid-Continent, Southern, Rocky Mountains, and California gas fields over
50,000 miles of line to 37 of the 48 states.¹ The Natural Gas Act of 1938 applies to the transportation of gas in interstate commerce and to sale therein for resale for ultimate public consumption. The law specifically excludes production of natural gas and its local distribution, and therefore, its regulatory control is limited to transmission only.²

The rate and service regulation provisions of this Act are similar to those of the electric power law. However, the regulation of gas companies is not as extensive as that of interstate electric utilities, as the Federal Power Commission has no authority over consolidations and security issuance.

In general, the states in regulating the service of gas industries follow the criteria set up by the Bureau of Standards which cover the maintenance of plant and equipment, interruptions of service, accident, complaints, information for customers, meter readings, and changes in the character of service.³

Consumption of gas is measured by a meter which records the volume of gas used in terms of cubic feet. Gas is judged qualitatively by its heating content which is expressed in terms of British thermal units; and when gas is sold at a certain rate per unit of volume, the specification of its heating value has exactly the same significance.

¹Rice, M. M., "Gas and Government," PUBLIC UTILITY FORTNIGHTLY, October 13, 1938, Page 483

²Welch, F. X., "Uncle Sam Moves in on the Gas Industry," PUBLIC UTILITY FORTNIGHTLY, October 13, 1938, Page 217

The material can be quoted

... However, the legislation

similar to those of the section above. However, the legislation

is not an extension as part of the other aspect of artificial intelligence.

and no authority as the Federal Power Commission on manufactured and con-

siderations of security and

safety

In general, the latest in technology has

introduced a number of advances that

can aid in the maximum of plant and

information of

concerned companies. Information of

companies are discussed with respect to


Objection of the present article is exactly the same statement


October 15, 1988, Page 280

October 15, 1988, Page 280


October 15, 1988, Page 280
as the determination of price for gas is sold at definite rates per
heat unit.¹

Each utility selling gas must provide and maintain calomctric
equipment and also equipment for testing the purity of the gas which it
sells and the pressure at which it is distributed.

The natural gas industry has grown in importance as is shown
by the following statistics:²

United States Natural Gas Production
1920 - 1945

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (1,000 Bbls.)</th>
<th>Value ($1,000.00)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>384 744</td>
<td>71 788</td>
</tr>
<tr>
<td>1925</td>
<td>1 127 470</td>
<td>120 333</td>
</tr>
<tr>
<td>1930</td>
<td>2 210 494</td>
<td>128 160</td>
</tr>
<tr>
<td>1933</td>
<td>1 420 000</td>
<td>64 363</td>
</tr>
<tr>
<td>1934</td>
<td>1 535 360</td>
<td>60 523</td>
</tr>
<tr>
<td>1935</td>
<td>1 651 986</td>
<td>70 940</td>
</tr>
<tr>
<td>1936</td>
<td>1 796 340</td>
<td>84 572</td>
</tr>
<tr>
<td>1937</td>
<td>2 056 434</td>
<td>97 125</td>
</tr>
<tr>
<td>1938</td>
<td>2 156 574</td>
<td>87 286</td>
</tr>
<tr>
<td>1939</td>
<td>2 169 300</td>
<td>90 050</td>
</tr>
<tr>
<td>1940</td>
<td>2 339 400</td>
<td>68 281</td>
</tr>
<tr>
<td>1941</td>
<td>2 696 568</td>
<td>126 700</td>
</tr>
<tr>
<td>1942</td>
<td>2 725 968</td>
<td>102 565</td>
</tr>
<tr>
<td>1943</td>
<td>2 773 218</td>
<td>122 500</td>
</tr>
<tr>
<td>1944</td>
<td>3 031 308</td>
<td>148 200</td>
</tr>
<tr>
<td>1945</td>
<td>3 248 000</td>
<td></td>
</tr>
</tbody>
</table>

¹Ibid, Page 747

²WORLD ALMANAC, 1947, Page 785
The table below shows the following statistics:

<table>
<thead>
<tr>
<th>Value (in $000,000)</th>
<th>Production (in $000)</th>
<th>Variations</th>
</tr>
</thead>
<tbody>
<tr>
<td>80Y M1</td>
<td>85V M1</td>
<td>89Y</td>
</tr>
<tr>
<td>89Y M1</td>
<td>91V M1</td>
<td>93Y</td>
</tr>
<tr>
<td>93Y M1</td>
<td>95V M1</td>
<td>97Y</td>
</tr>
<tr>
<td>97Y M1</td>
<td>99V M1</td>
<td>01Y</td>
</tr>
<tr>
<td>01Y M1</td>
<td>03V M1</td>
<td>05Y</td>
</tr>
<tr>
<td>05Y M1</td>
<td>07V M1</td>
<td>09Y</td>
</tr>
<tr>
<td>09Y M1</td>
<td>11V M1</td>
<td>13Y</td>
</tr>
<tr>
<td>13Y M1</td>
<td>15V M1</td>
<td>17Y</td>
</tr>
<tr>
<td>17Y M1</td>
<td>19V M1</td>
<td>21Y</td>
</tr>
<tr>
<td>21Y M1</td>
<td>23V M1</td>
<td>25Y</td>
</tr>
<tr>
<td>25Y M1</td>
<td>27V M1</td>
<td>29Y</td>
</tr>
<tr>
<td>29Y M1</td>
<td>31V M1</td>
<td>33Y</td>
</tr>
</tbody>
</table>

Note: The table shows the variations in production values from 1950 to 1970.
During our recent wartime period all semblance of a free economy was dropped. Industry and even human relations were gathered under the hand of the government. Every phase of our economy was regulated by the federal government and we had material controls, price controls, wage controls, labor controls, and rationing. Presidential authority to direct the stabilization of prices, wages, and salaries were derived from the amendment to the emergency price control act of 1942 known as the Stabilization Act of 1942.

An essential problem in the economics of national defense is the control of prices and control of wages. The increased total demand due to government expenditure raised the demand for products and labor. No idle labor was available so there was a tendency for wages to rise if controls had not been resorted to. Such a rise in wages would have caused a further increase in demand for goods and services, and the evils of inflation would have set in. Therefore, the two most important controls of the war period were those relative to wages and prices.¹

During the recent wartime activity, the importance of economic cooperation and the need for government intervention in the economy became more significant. This was especially true in Japan, where the government played a larger role in economic planning and control.

The need for cooperation among nations was also emphasized, particularly in the context of the post-war economic reconstruction. The importance of international cooperation was further highlighted by the formation of the United Nations, which aimed to promote economic cooperation and development.

In conclusion, the importance of economic cooperation and the role of government in the economy were both emphasized during the wartime period, and these themes continued to be relevant in the post-war era.

*Source: "Economic Aspects of Economic Cooperation: A Report to the American Committee on Public Affairs, 1949"*
Wage and Salary Control

Wage and salary stabilization constituted one element of the governmental program of control of domestic economy designed to prevent inflation during the wartime emergency period. Employers' demands for labor when the labor supply was constantly diminishing and employees' demands for higher rates made control of wages essential to the anti-inflationary program. The purpose of the control was to maintain peacetime wage standards.

Pursuant to the act, the President created the Office of Economic Stabilization of which the National War Labor Board was an agency which had jurisdiction over all wages regardless of amount and all salaries of or under $5,000.00 per year. The War Labor Board approved all increase in wage rates, subject to its jurisdiction, which were put into effect on or before October 3, 1942.

Industry had to conform to the regulations set up by the War Labor Board in the hiring of new employees, decreasing wage rates, or increasing wage rates. The Board's approval had to be obtained if one intended to hire a new employee at a higher rate than his predecessor. In decreasing salaries under $5,000.00, they could not be decreased without prior approval below the highest rate paid for the job between January 1, 1942 and September 15, 1942, except to correct gross inequities and to aid in the prosecution of the war.¹

As to salaries over $5,000.00, employers could reduce the

¹Act of October 2, 1942, Section 4, Executive Order No. 9250
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jnK)aoo0
oi;^4oft£>b
io'iitioo
laflijoici
l0^n©Mfci0VO3
to'l
«haj^e»b
z'v>^o£:^!:&
bci'ieq
AKh*iaa
trtlf
scl*uri
aol;t£llnl
•ceoTCoXqtft
bas
^aidtialjcib
166x566].bci'ieq
0x0AKh*iaa
trtlf
scl*uri
aol;t£llnl
•ceoTCoXqtft
bas
^aidtialjcib
166x566].bci'ieq
0x0AKh*iaa
trtlf
scl*uri
aol;t£llnl
•ceoTCoXqtft
bas
^aidtialjcib
166x566].bci'ieq
0x0AKh*iaa
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salaries without approval to $5,000.00 but not below without the War Labor Board's approval.\(^1\)

In increasing salaries, the War Labor Board would grant approval for the following purposes:

1. To correct maladjustments resulting from the rise in the cost of living
2. To correct gross inequities created by wages which are insufficient to maintain a decent standard of living
3. To establish wage differentials normal to American industry

Price Control

The purpose of the Price Control Act of 1942 which created the Office of Price Administration was stated as follows: "To stabilize prices and to prevent speculative, unwarranted and abnormal increases in prices and rents; to eliminate and prevent profiteering, hoarding, manipulation, and other disruptive practices resulting from abnormal market conditions or scarcities caused by or contributing to the national emergency; to assure that defense appropriations are not dissipated by excessive prices, to protect persons with relatively fixed and limited incomes, consumers, wage earners, investors and persons dependent on life insurance, annuities and pensions from undue impairment of their standard of living; to prevent hardships to persons engaged in business, to schools, universities, and other

\(^1\)Ibid, Section 5
In essential matters, the new board would have

To correct inadequacies resulting from the rise in
To correct shortcomings arising from the rise in

The purpose of the Life Contract Act of 1946 was to ensure that the Office of Life Administrative was able to maintain its efficiency and adequacy in making and carrying out estimates and fraudulent acts in connection with the fair administration of the insurance business. To prevent these abuses and to ensure that the Life Insurance Business was conducted in a manner consistent with the public interest, no fraudulent practice or evasion of the Life Insurance Act, as amended, and other
institutions and to the federal, state, and local governments, which would result from abnormal increases in prices; to assist in securing adequate production of commodities and facilities; to prevent a possible emergency collapse of values; to stabilize agriculture prices . . . and to permit voluntary cooperation between the government and producers, processors, and others to accomplish the aforesaid purposes.\(^1\)

\textbf{Labor Controls}

During the wartime period, in order to meet the manpower requirements of our armed forces and our expanding war production program by a full utilization of our available manpower, it was decreed by the federal government that for the duration of the war no plant, factory or other place of employment would be deemed to be making the most effective utilization of its manpower if the minimum work week was less than 48 hours per week. Furthermore, all departments and agencies of the federal government required their contractors to comply with the minimum work week of 48 hours.\(^2\)

Male workers who quit their jobs were not allowed to take anything but essential jobs and then only through United States Employment Service referrals. Workers who sought to change jobs for health reasons had to have their physician's certificate reviewed by...

\(^1\)PRICE CONTROL - O.P.A., Selected from Price Control Unit of the CCH Law Service, New York: Commerce Clearing House, 1942

\(^2\)Executive Order No. 9301 dated February 9, 1943
special medical consultants and newspapers were requested not to accept employment advertisements for male workers except from employers approved by the United States Employment Service.

Material Controls

War has an insatiable appetite for metals and minerals, and although our country was and is the richest nation in the world in its resources of mines, and forests, in order to catch up to the war production of our enemies, it was necessary that material controls be instituted. The Office of Production Management was vested with the power to see that civilian production was sharply curtailed in order to make room for war production.

The United States is not self-sufficient in strategic and critical commodities and, therefore, it became necessary to develop substitute products under government subsidy. The Office of Production Management established a conservation unit which undertook detailed studies of substitute materials and processes. Later the War Production Board absorbed the Office of Production Management and conducted these studies.

The most important technique for dealing with existing or threatened shortages was the system of priorities. Industry felt the greatest impact of the war program by the imposition of priority ratings on many items for which they never before had to wait. In

1Accountant's Weekly News Letter, December 11, 1944
effect the national supply of vital materials was gathered into separate pools out of which certain designated amounts were ladled to manufacturers in accordance with wartime needs. Government contractors got first choice and civilian consumers the remainder, if any.

Another form of material control was inventory control. Producers were prevented from hoarding materials. Speculative buying was discouraged. Suppliers of vital metals were required to file an affidavit agreeing not to ship stocks which would increase a customer's inventory beyond a practical working minimum and customers were asked to file periodic statements declaring that they had not accumulated excessive materials. The War Production Board scrutinized these inventory reports and government inspectors made spot checks.

Price control as related to material control played a very important part during the war economy. In the early stages of the defense program, price controls were employed primarily on raw materials as the transition from peace to war progressed. Price control was applied to semi-finished commodities and finally to processed and manufactured products. This action was necessary to prevent inflation which would have imperilled war production.

Priorities and price regulations worked toward the same general objective. Priorities restrained the buyer from exploiting the market, and price control restrained the seller from exploiting the market.¹

¹Cherne, Leo M., YOUR BUSINESS GOES TO WAR, Boston: Houghton Mifflin Co., 1942, Chapter I
Another factor to consider is that new information and new technology are constantly being developed.

In order to keep up with these advancements, it is important to stay informed and educated. This can be done through reading books, attending conferences, and taking courses.

Furthermore, it is essential to stay current with industry trends and changes. This can be achieved by subscribing to trade journals, attending industry events, and networking with other professionals.

In conclusion, it is crucial to stay informed and up-to-date in order to remain competitive in today's fast-paced environment. It is important to continue learning and developing new skills to stay ahead of the curve.
Rationing

During the war period, the government resorted to the rationing of certain consumer goods of which there was a scarcity or which would impede our defense program if allowed to be put on the market without restriction. This program consisted in limiting private consumption by administrative order and thus releasing the resources necessary for national defense. The form of rationing indulged in limited the consumption of each person. Another form of restricting consumption would have been by a rise in prices and this policy would have affected the lower income groups to a far greater extent than persons with a higher income. Therefore, rationing was resorted to which prevented such social inequities and assured a more equal distribution among people regardless of income. In certain commodities a technical necessity for rationing arose where the elasticity of demand for such commodities would be so small that no practical increase in price would bring a sufficient reduction in demand.¹

¹Lange, Oscar, Op. Cit., Page 16
APPRAISAL OF ECONOMIC PLANNING AND ITS FUTURE

The government of the United States is based on the belief in the supremacy of the individual citizen, the inherent value and dignity of man, and his inalienable rights which protect him from subservience to the state except by consent of individuals acting collectively. The government's role in economic life is to protect, to help, and to administer justice for its citizens.

When, at various phases of our history it became apparent that individual freedom was being abused for ulterior motives, certain groups demanded government protection in the form of legislation for their economic security. Business men have pressed for legislation aimed at curtailing monopoly or curtailing unfair competition to preserve their income and investment. Farmers have demanded an agricultural program to protect their fair share of the national income. Labor has fought for laws guaranteeing collective bargaining, fair minimum wages and maximum hours, unemployment compensation, and retirement benefits as an insurance of security.

The major programs of control in the United States have been aimed at

Control of competition - In the public utilities field, monopoly has been encouraged; in private businesses not affected with a public interest, competition has been encouraged through the anti-trust laws.
The government of the United States has never been a party to the Treaty of Washington of 1795.

In the execution of the treaty, the government of the United States has never been a party to the treaty of Washington of 1795.

The government of the United States has never been a party to the Treaty of Washington of 1795.

In the execution of the treaty, the government of the United States has never been a party to the treaty of Washington of 1795.
Control of price - Price control includes minimum wages of workers, coal, and agricultural products. The resale price maintenance laws and the Robinson-Patman Act tend to fix prices.

Control of output - Both quantitative and qualitative controls are included in this field and they are found in the agricultural field as a means of controlling price and in the public utilities field as a means of securing adequate service.

Control of business conduct - In this category are included a myriad of laws and regulations aimed at preventing fraud and unfair practices.

Control to reduce economic risk - In recent years such controls have assumed great importance, and the demand of the public for action in this sphere has given rise to labor legislation, social security, and government assistance programs.

The outlook for continued government intervention in future years has been intensified since the cessation of hostilities. The demobilization of the armed forces has made the problem of full employment a most pressing one and one fraught with a great degree of public interest.

The Natural Resources Planning Board established in 1939 is primarily concerned with plans for the rehabilitation of veterans and industry. The Board stated its objectives as follows: ¹

"We must plan for full employment for maintaining the national

¹Leo M. Cherne, Op. Cit., Page 412
income at one hundred billion dollars a year at least. . . . rather than to let it slip back to eighty or seventy or sixty billion dollars again. In other words, we shall plan to balance our national production-consumption budget at a high level with full employment, not at a low level with mass employment.

We must plan to do this without requiring work from youth who should be in school; the aged, who should be relieved if they wish it, and women who choose to make their contribution in the home, and without asking anyone to work regularly in mines, factories, transportation, or offices more than forty hours a week or fifty weeks a year, or to sacrifice the wage standards which have been set."

From the foregoing, it can readily be seen that the problem of full employment will be partially met through public works projects.

In 1945 the Murray Full Employment Bill captured the public imagination. It requires the president to make the following five basic estimates for the federal fiscal year:¹

1. An estimate of the size of the labor force including the self-employed.

2. An estimate of persons who will be employed during the twelve months beginning six months after the estimate is made.

3. An estimate of the amount of money that will be spent and invested during the same twelve months.

4. An estimate of the sum that will have to be spent if the entire labor force is to be kept employed.

¹Accountant's Weekly News Letter, October 1, 1945
5. An estimate of the number who must be employed after private and public works have been exhausted

The proponents of full employment contend that the following advantages will result from such a program:

1. The attainment of full employment will be an achievement of the greatest possible benefit yielding a maximum of production and a universal sharing in the nation's productivity.

2. By increasing the level of employment we would increase the volume of our foreign trade beyond what it was in the thirties. Any policy that produces relatively full employment will have a salutary effect on our imports and exports.

3. In a full employment system it will be easier to reduce tariff barriers and remove quantitative restrictions on imports.

4. In a full employment system subsidization will not be necessary on exports.2

5. Full employment would bring about the following results:3
   a. Recovery of lost industries
   b. Stimulation of existing industries
   c. Creation of new industries
   d. Promotion of home travel and vacations
   e. More rapid rehabilitation and reconstruction of war-torn countries by selling our services to them

1Rieve, Emil, "What Labor Wants After the War", Page 51, POSTWAR GOALS AND ECONOMIC RECONSTRUCTION, New York University, Institute on Postwar Reconstruction, 1944

2Hudson, Michael, FULL EMPLOYMENT, Boston, The Christopher Publishing House, 1946, Page 11

3Ibid, Page 11
Opponents of full employment contend that such a program cannot be followed without incurring the following:¹

1. Inaccurate estimates made by the president for each fiscal year will lead to disaster.

2. The government will not be able to provide enough public works of a nature that will not compete with private enterprise to an extent of providing work for more than 1,000,000 people.

3. Government spending brings about inflation and destroys the initiative of private enterprise.

4. There is an inherent danger to freedom when the government indulges in huge public expenditures.

Other responsibilities of the federal government which it is predicted will see congressional action in the near future are the following:²

1. To create conditions under which free business and free labor can function most effectively in the general public interest

2. Planning for competition

3. Better timing of construction of public works to exercise a counter-cyclical influence at times of depression

4. Expansion of unemployment compensation coverage which is not large enough to make unemployment attractive but which will maintain purchasing power

5. Expansion of the social security structure to cover all classes of workers.

With the growing importance of government intervention in the regulation of the nation's activities, it makes it imperative for

¹Accountant's Weekly News Letter, August 1945

Opportunity to Offer Employment: Following the following

1. Lancaster estimates 25,000 of the employees for each

The government will not be able to balance the capital

2. The Government of England will not be able to balance its

3. The Government is not in a position to absorb any

Other recommendations of the Federal Government show

4. Following

1. To ensure conditions under which the employees can

2. Prevent for consolidation

3. Better time of compensation or benefit works to

4. The Chairman, in his report, is to issue an

5. Increase of the society's obligations is made of

With the growing importance of Government Information in

The Commercial and Financial Chronicle

Commercial, Fair and Holland, Vol. 195, No. 4, 1946, Page 297

Announcement of Wakeni Man Letter, August 1948
us today - more than ever before - to be prepared to answer these questions: Do we want a planned economy? Would it be compatible with individual freedom? If the State assumes the obligation to provide work for everyone, will it eventually have to tell each of us what we can and cannot do to earn our living? Was the force and brutality used in the planned economies of Nazi Germany and Fascist Italy accidental, or does a planned economy ultimately defend itself by suppression? On the other hand--as the proponents of national planning assert--is a planned economy merely a technique of social engineering which can serve and amplify democracy instead of being twisted to the ends of a totalitarian regime?

The arguments against planned economy are many. Frederick Hayek in his book "The Road to Serfdom" believes that free enterprise and liberty of the individual are doomed if we take the road marked "Planned Economy." He states that the following is true in such a program:

1. Society cannot plan its economy like an individual because its members do not agree about the ends to be planned for.

2. Only in a national calamity or a war do people agree, spontaneously and in large numbers, about the main thing to be done. Only at such times can a planned economy be adopted by a society as a whole. At other times it has to be adopted by some closely organized group who do agree and are willing to coerce the rest. Totalitarian one-party rule is thus the inevitable prelude or end-result of a planned economy.

3. The totalitarian group tends to be of low calibre.

Accountant's Weekly News Letter, October 1, 1945
because the more highly developed men are, the more they disagree. It tends to think vaguely because accurately defined ideas and aims lead to disagreement. It fosters envy and hate because those are the passions on which men most easily unite. Its leaders have to be devoid of moral scruples, because coercing a whole society under pretense of agreement is a brutal and hypocritical job. A planned economy thus brings the lower types to the top.

4. The high level of civilization attained under free competition is the very thing that makes idealists impatient of its faults. They think to reach new heights by kicking down the ladder on which they rose so high. They think that the competitive market and price-system are a clumsy and bungling mechanism of adjustment, suitable only to early stages in the division of labor. The opposite is true. Only because mankind stumbled upon this impersonal mechanism has the division of labor (and that means civilization) been able to advance so far. No central directing mind, even with the purest motives, could register the myriad facts and make the innumerable adjustments that are made promptly and automatically by the competitive market. The more complex our life becomes, the more indispensable is this impersonal mechanism.

5. Not only freedom, but the Rule of Law, disappears automatically with central planning. Under the Rule of Law the acts of the state-power conform to rules laid down in advance and applying to all alike. But a planned economy cannot be run on the basis of general rules laid down in advance. The directing power has to make impromptu decisions, determining the fate of specific persons or groups, and yet having the force of universal law. The planning state thus has to be dictatorial, the dictator has to be above the law. Our choice is not between abstract justice and the hazards of competitive life. Our choice is between arbitrary personal rule and the impersonal regulative mechanism of the market.

Benjamin M. Anderson in a recent article in a business periodical\(^1\) states that planning has been a dismal failure and therefore should be discarded as an instrument in the promotion of the public welfare. To support this contention, he states that prior to

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\(^1\)THE COMMERCIAL AND FINANCIAL CHRONICLE, New York, "Has New Deal Planning Been A Success?", Benjamin M. Anderson, Ph.D., Vol. 164, No. 4538
1924 it was not the government's function to provide employment and we had prosperity; after 1924, the reverse was true and we had a depression. He presents the following employment statistics to prove his beliefs:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Labor Force</th>
<th>Unemployed</th>
<th>% of Labor Force</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900</td>
<td>29 025 000</td>
<td>1 647 000</td>
<td>5.7</td>
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<tr>
<td>1905</td>
<td>33 653 000</td>
<td>621 000</td>
<td>1.8</td>
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<tr>
<td>1910</td>
<td>38 133 000</td>
<td>553 000</td>
<td>1.5</td>
</tr>
<tr>
<td>1915</td>
<td>40 083 000</td>
<td>2 355 000</td>
<td>5.9</td>
</tr>
<tr>
<td>1920</td>
<td>41 897 000</td>
<td>558 000</td>
<td>1.3</td>
</tr>
<tr>
<td>1925</td>
<td>45 009 000</td>
<td>817 000</td>
<td>1.8</td>
</tr>
<tr>
<td>1930</td>
<td>44 025 000</td>
<td>3 809 000</td>
<td>7.3</td>
</tr>
<tr>
<td>1935</td>
<td>51 879 000</td>
<td>9 522 000</td>
<td>18.4</td>
</tr>
<tr>
<td>1939</td>
<td>54 395 000</td>
<td>9 080 000</td>
<td>16.7</td>
</tr>
</tbody>
</table>

However, today more than ever before, businessmen, educators, and government officials alike are calling for the application of intelligent control to what formerly were considered inevitable economic laws against whose machinations men were helpless. The demand is for that sort of planning in a democracy that regulates the activity of men for a competitive system of private enterprise. As Sir William Beveridge stated in the preamble of his Full Employment Bill "It is the policy of the United States to foster free competitive enterprise, and the investment of private capital in trade and commerce," and it is our aim to maintain this policy.¹ Strict adherence to the literal definition of planned economy is the state ownership of big business and equalized distribution of income. Such a system is and can only be effected in totalitarian countries. However, in our democratic way

¹Accountant's Weekly News Letter, October 1, 1945
The following Employment Stability data may have been prepared to indicate the present situation of labor force participation and employment status.

<table>
<thead>
<tr>
<th>Total Labor Force</th>
<th>Employment/Unemployment</th>
</tr>
</thead>
<tbody>
<tr>
<td>V.8</td>
<td>0.0</td>
</tr>
<tr>
<td>8.1</td>
<td>0.03</td>
</tr>
<tr>
<td>5.3</td>
<td>0.02</td>
</tr>
<tr>
<td>6.6</td>
<td>0.02</td>
</tr>
<tr>
<td>5.4</td>
<td>0.02</td>
</tr>
<tr>
<td>5.1</td>
<td>0.02</td>
</tr>
<tr>
<td>4.3</td>
<td>0.02</td>
</tr>
<tr>
<td>3.5</td>
<td>0.02</td>
</tr>
<tr>
<td>2.8</td>
<td>0.02</td>
</tr>
<tr>
<td>1.2</td>
<td>0.02</td>
</tr>
<tr>
<td>0.1</td>
<td>0.02</td>
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</table>

However, only men from the labor force are included for applicability. The official figures may not account for the spillover of the labor force. This data is for the year of planning in the common year of the economy. As it will be

The policy of the United States to foster labor-saving employment is to help achieve the United States in 300,000

The underlying economic principles may be summarized in the following: #. A reduction in the rate of employment is not only to maintain the present stability of the economy, but also to stimulate the potential growth of the economy so that a reduction in unemployment may be achieved in the current economic situation. However, in our economic system, we

#Yiddish's Weekly Women's Letter, October 1, 1941
of life, planned economy means capitalist planning which is an attempt to restrict free competition while maintaining the free and private disposal of the means of production.

In view of the importance of government control of business and the likelihood of increase of that control, today's citizens should be prepared to analyze intelligently the measures proposed. Through our most powerful medium, voting, these policies may be guided into desirable channels and in this way circumvent the arbitrary usurpation of liberty by an authoritarian government.
In view of the importance of maintaining confidence in the stability and security of the country, steps are being taken to encourage the development of foreign trade and investment. This will help to promote economic growth and improve the standard of living of the population. The Government is also working on measures to ensure the smooth functioning of the financial system and to prevent any further economic problems. In this regard, the Government is taking steps to strengthen the currency and to stabilize the exchange rate. The Government is also focusing on reducing the budget deficit and increasing tax revenues to ensure the financial stability of the country.
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Aspects of Planned Economy