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DAILY EDITION

Friday, June 2, 1940

EDITORIALS

WAR IN THE AIR

According to an article in an American weekly publication, the war will be won not by the country with the most planes but with the country with the most and best trained aviators. The superiority of British aviators is the result of training and having at the same time more power of quick initiative than the Germans. A German air officer is quoted as remarking that a capable pilot with a mediocre ship can fly rings around an inexperienced pilot in the fastest ship.

The writer goes on to tell what a large number of trained pilots there are in the United States. Yet if the supply of planes is to be as large as is already suggested that is fifty thousand, there would have to be more than fifty thousand additional trained young men to handle them. The writer suggests at least one hundred and fifty thousand men in addition to ground crews. It takes time to train these men and that is why the Empire Training Scheme was adopted in Canada. It was the knowledge that the war would be won by men as well as by machines and the better the men the more likely they are to win, that caused the inception of the scheme.

A CHANGING WORLD

We are in a changing world. The whole mentality of the mass of the people is different from what it was fifty years ago or even a quarter of a century ago. The young people are different. They have less respect for authority and are keener to strike out for themselves. Yet we find in some cases a decided lack of initiative in finding jobs for themselves. They hear from a certain section of the people that the country owes them a living and they sit down and wait for the job to come to them. This is particularly true of what are generally known as wage-earners. Older people have to realize that we are in a changing world and that we must accept the change and even greater changes with complacency.

LUCKY PEOPLE

The people of Canada are lucky people. They are far from the present scenes of carnage in Europe. They are well fed and well clothed, at peace with their neighbors. In order that Canadians can continue this way it is necessary to make sacrifices. We must provide money, necessities for wounded soldiers, food for the people of Great Britain and some must go to Europe to help hold back the enemy so that the war may be prevented from spreading to this country. It is better to be fighting in Europe with the women and children safe at home than to have the savages of Europe bombing our homes, ravishing the women and destroying everywhere.

GERMANY LOWERED STANDARD

Bankrupt Nation's Chance: O
Carrying On Long War At
Enormous Price

By CLAUDE A. JAGGER
Associated Press Financial Editor

NEW YORK, June 21: (AP) — War is fantastically costly. Yet a nation internationally bankrupt and vastly deficient in natural resources is able to build and launch a war machine of such might and destructiveness as to shake the world.

How does Germany do it in defiance of traditional economies, in seeming repudiation of all accepted canons of finance? It was only six years ago that the Reich, denuded of gold and foreign balances and her credit shattered, suspended payments on all foreign debts.

Dr. Hjalmar Schacht, then head of the Reichsbank, complained of his country's dependence on foreign raw materials, appealed to the world for a "spirit of compromise, patience and good will." Financially and economically, the nation seemed down and out. Yet within a few months Adolf Hitler was rapidly developing his vast and costly armament program.

Last autumn Hitler said he had spent 90,000,000,000 Reichsmarks. The world was incredulous. Since the German currency was unbacked by gold and had no free market, one could not say how much that was in dollars but, at the official rate, it would come to \$36,000,000,000.

What Germany is currently spending is not known but the rate of expenditure is enormous. British sources have placed it at \$15,000,000,000 annually. Some estimates are higher. Any consideration of what can be spent on war, economists explain, must begin by banishing all peacetime standards.

In 1914 economists were almost unanimous that no nation was financially able to wage war for more than a few months. Yet the direct money outlays of the First Great War, exclusive of costs of life, destruction of property, depreciation of capital and loss of trade, has been calculated at the astronomical figure of \$188,000,000,000, about seven times the entire amount spent by the United States government from 1789 to 1915.

Sacrifice Standards

Consideration of how Germany, a "poor," "have-not" nation, has been able to pay for this breathtaking adventure in conquest in this era when war rolls on wheels and plunges through the clouds and is immeasurably more expensive than in 1914-18 must go back to the beginnings of the Nazi regime.

Hitler found some 30 percent of German workers unemployed. Factories were idle. There was lack of money to import essential materials and food supplies. In this crisis Germans willingly acquiesced in a system of controls of industry, labor, trade and finance such as had never before been applied in any modern, industrialized nation.

These controls increased until today, if you are a German, the government tells you what you may eat, what you may wear, where you must work, the hours you shall labor, what wages you may receive, what prices you shall pay for the essentials of life.

If you are a manufacturer, you are told what you shall make, what you will sell it for and that, after you have paid your taxes, profits must be loaned to the government. If you operate a savings bank or an insurance company, you are told where you must invest the funds of your institution.

Only last month, the British government asked and received similar authorization powers. Regimentation is a program of enormous detail and takes time. Hitler had a six-year start.

Germany is paying not only by levying staggering taxes, and borrowing all of the people's savings the government can lay its hands on, but by severe sacrifice of the standard of living, and of the creature comforts of her people.

Short on Stockings

Of food, one may have but one pound of meat a week. Only cabbages and potatoes are reasonably plentiful. You are told exactly what items of clothing you may buy in a year and the quota per person makes prison life in America seem

almost opulent. For instance, women are allowed four pairs of stockings annually.

Thus, economists explain, the whole national effort is geared for war. Normal replacements and repairs to industrial plants, housing, institutions, not needed for the conduct of the war, are neglected. Walther Funk, present head of the Reichsbank, said in April production of consumers' goods must be restricted and business men must refrain from investing in replacements. Savings, he said, must be made available to the Reich through savings banks and credit institutions.

How much of the total German effort is going into war it is impossible to estimate, but an analysis of the situation at the outbreak of the war, recently made public by the U. S. Department of Commerce, said that taxes and other levies in the fiscal year 1938-39 took 47 percent of the national income. Currently, the percentage is presumably higher.

But aside from the intensive internal organization of the Reich, she has the problem of finding ways to obtain essential materials from abroad. Of three principal industrial materials—coal, iron and petroleum—Germany is well supplied only with coal. Domestic sources of cotton, wool, copper, rubber and a host of other materials, are lacking.

Regulation of Trade

First, say international trade authorities, it must be remembered that Germany imported greatly more than her normal needs of many supplies in the years before the war. Also, early in the Nazi regime, all foreign trade was placed under rigid regulation.

Free dealings in the world mar-

ket in German currency were banned. An American exporter could get payment in German money but it was kept in the country. The exporter could use the currency there to buy German goods, which he could then import to the United States, sell here, and thus get dollars.

This sounds complicated, but a whole range of different kinds of German money, which one could get in varying amounts, depending upon the type of transaction, often enough made these deals attractive to foreign traders. For instance, the Reichsmark has an "official" exchange rate of about 40 American cents, so that in selling a \$40 article in Germany, one would get 100 Reichsmarks. But on certain transactions, desirable to that government, one would get 20-cent Reichsmarks, or 200 of them.

Nevertheless, the supply problem for Germany, in the minds of most economic and military experts, remains Hitler's Achilles heel. Of coal, he has plenty. Iron supplies have been increased by the seizure of Luxembourg, and Sweden, chief ore supply base, must presumably do what she can to meet German demands, taking currency good only in Germany, spending it there for what supplies she can get, since she is cut off from assistance and supplies from Allied powers.

The Reich has acquired big food and industrial supplies by her seizure of the Low Countries and Denmark but will have a problem of feeding their peoples when the supplies are used.

Oil seems the most serious problem. International oil experts say even if Germany were able to get the entire Roumanian flow, the an-



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nual output of that country, together with the Reich's own small production and what she is getting from Russia, would mean in a year only what the United States produces in 20 days.

Thus, most experts agree, the fantastic German organization and endeavor, economically and finan-

cially, seems to make a "short" war essential to German victory. In addition to the supply problem, some experts observe, there is also the question of how long the German people would endure the sacrifices they are called upon to make.

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