

The Hidden Hand

* SECTION 801 of Revenue Act of 1942 provides for the renegotiation of war contracts made by the War Department, the Navy Department, the Treasury Department and the Maritime Commission. Whenever, in the opinion of the secretary of such department (or the chairman of the Maritime Commission), the profits realized or likely to be realized from any contract with such department, or from any subcontract thereunder, may be excessive, the secretary shall require the contractor or subcontractor to renegotiate the contract price.

However, the provisions of this section "shall not apply to any contract or subcontract for the product of a mine, oil or gas well or other mineral or natural deposit or timber which has not been processed, refined, or treated beyond the first form or state suitable for industrial use." And we further find in the Act, a clause which authorizes the secretary of a department in his discretion to exempt from renegotiation agreements for the purchase of real property, leases and license agreements.

The zeal in certain quarters to recover "excessive profits" apparently vanishes when incomes which arise out of economic rent are to be considered.

—JOSEPH JESPERSEN