

News Review of Current Affairs the World Over

War Debt Parleys to Open in Washington Early in March; More Cabinet Speculation; Hitler Becomes Chancellor of Germany.

By EDWARD W. PICKARD

WAR debts, cabinets and economies—or the lack of them—drew much of the public attention during the week. Sir Ronald Lindsay, the British ambassador, spent four hours talking with President-Elect Roosevelt at Warm Springs, and then started home in a hurry to tell his government what he had or had not learned about the next administration's intentions. Neither gentleman would inform the people concerning their conversation, though Sir Ronald said he was hopeful that his country and the United States might reach an accord on their economic problems. Mr. Roosevelt's spokesman said little beyond the statement that the meetings in Washington probably would begin early in March. It was understood in London that Prime Minister MacDonald would be invited to come over and take part in the negotiations. The British also were convinced that they would be required to give something substantial in return for even a reduction of the war debt, and gloomily they contended this could not be done. Return to the gold standard, tariff preferences to American goods and ceding of territory were all declared out of the question.

Italy and Czechoslovakia were the first nations to follow England's example and accept the invitation to the Washington conferences. Our own statements, of both parties, were dubious concerning the wisdom of the course Mr. Roosevelt has embarked upon. Senator James Hamilton Lewis of Illinois, Democrat, in a speech in the senate warned the incoming President not to emulate the "mistake" of President Wilson in undertaking to be his own ambassador. Senator David Reed of Pennsylvania, Republican, supported the position of Senator Lewis and indicated he would consider it "going over the head of congress" for Mr. Roosevelt to arrive at debt agreements or understandings with the foreign delegates invited here to discuss the question.

Replying to Reed, Senator Lewis said he could not believe that President-Elect Roosevelt had gone over the head of President Hoover and congress to negotiate on the debts with Sir Ronald. He asserted that it was his opinion that Europe was attempting to maneuver this country into a position where it could repudiate its eleven billions of debts. "I cannot believe," Senator Lewis said, "that President-Elect Roosevelt would tolerate the British ambassador going to him to deal directly when he knows that if he reaches a judgment it must be approved by the senate.

"I will say to the senator from Pennsylvania that if the President-Elect were so to fall from his plane of high character, his sense of obligation, his knowledge of statecraft, and his allegiance to the American people as to deal directly over the heads of the President and congress, then I say that that would be a folly he will regret."

MOMENTARILY aroused to meet its responsibilities, the house passed one important measure designed to provide relief in the depression, and sent it on to the senate. This was the bankruptcy bill to aid debtors in procuring reduction of their financial obligations or extension of time in which to pay. Its provisions apply to individuals and corporations, and it is believed to be of especial help to the railroads.

Chairman Pomerene of the Reconstruction Finance corporation told a senate subcommittee that the corporation would have to continue to finance the railroads of the country unless the banks came to their assistance. He declared the banks were not doing their share, adding: "They get the country's money, and then treat it as if it were in cold storage."

EXPERT cabinet makers continued to put forth lists of names that would be found in President-Elect Roosevelt's official family, if their guesses were correct; but Mr. Roosevelt, just before leaving Warm Springs for Jacksonville to embark on the Astor yacht *Nourmahal*, offered to bet the correspondents that 80 per cent of their stories on the cabinet would be wrong. Another name was added to the possibilities when Senator Cordell Hull was summoned to Georgia for a conference. It was at once asserted by the wise ones that Hull might be made secretary of state or, if another man was found for that post, would be given some other port-

folio. Bernard M. Baruch of New York continued a favorite for a cabinet place, but the speculators were guessing that he would be appointed secretary of commerce. Mr. Baruch has been very active in devising Democratic measures to reduce the cost of the federal government and was the author of the plank in his party's platform that pledged a 25 per cent reduction. He thinks the limit of taxing power has been reached and has furnished Mr. Roosevelt with an estimate of possible economies aggregating nearly \$1,200,000,000 by which to balance the budget.

Mr. Baruch is opposed to current plans for inflation, saying: "It is not money that is scarce; it is confidence in money. If the stability of money and credit were established beyond peradventure in the eyes of the world, timid money would rush from hiding seeking investment.

"There would be more sound money asking to work than all the inflated money we purpose to create. It is the key to recovery, and it depends upon the simple expedient of balancing the budget in the only way left for us—by reducing spending by about one billion dollars."

INSTEAD of trying to get a comprehensive farm relief program through the short session, the Democratic leaders in congress are now concentrating on legislation to prevent farm foreclosures. This was made plain by Senator Joseph T. Robinson of Arkansas in testimony before a senate subcommittee that was considering various farm mortgage relief bills. The bill which Senator Robinson thought should be taken as the basis of a measure to halt foreclosures is the Hull bill, which would give the R. F. C. \$1,000,000,000 of federal money to be used in paying off farm mortgage holders, the farmer then agreeing to pay the government on easier terms.

BOTH Germany and France have new governments, the former being likely to last indefinitely and the latter probably doomed to an early demise. Adolf Hitler, leader of the National Socialists of Germany, was appointed chancellor by President Von Hindenburg, who was in a dilemma after the resignation of Gen. Kurt von Schleicher. The Nazi chief, however, was compelled to accept as members of his cabinet enough of his opponents to leave actual control in the hands of the aged president, and to promise to observe the constitution of the republic. Former Chancellor Von Papen, one of Von Hindenburg's favorites, was made vice chancellor, and four members of the Von Schleicher ministry were retained. They are Baron Konstantin von Neurath, foreign minister; Count Lutz von Schwerin-Krosigk, finance minister; Baron Eitz von Reubenach, minister of post and communications, and Guenther Gereke, employment minister.

Dr. Alfred Hugenberg, leader of the Nationalist party, was made minister of economics and agriculture. He is a monarchist and a warm friend of the former kaiser. Capt. Herman Goering, Hitler's right-hand man, became a minister without portfolio, acting minister of the interior for Prussia and commissar of aviation, and is in control of all police forces in more than half the republic.

President Von Hindenburg dissolved the reichstag Wednesday and ordered new elections for March 5. The Nazis are confident that they will then obtain a clear majority in the parliament. Speaking over the radio, Hitler promised his government would save the farmer and provide jobs for the "army of idle created in fourteen years of Marxist mismanagement in Germany."

The Socialists and Communists planned a united front against Hitler and threatened a general strike. Of course there were many encounters between the elated Nazis and their foes, with a few deaths and considerable bloodshed. Dr. Wilhelm Frick, the new Nazi minister of the interior, said the government would oppose the strike plans with the sharpest measures.

Since the Nazis are mostly anti-semites an exodus of Jews from Germany is predicted. Indeed many Jews already are leaving the country on various pretexts. When Frick was asked whether he would move to extradite any of them he replied: "If these people leave, that is something which we can only desire."

Continuation of Hitler's rule depends largely on whether he can obtain the support of the Catholic Centrists who have 70 members of the reichstag. They are especially antagonistic to Hugenberg, Von Papen and Seidler, chief of the Steel Helmet war veterans' association, all of whom are considered "reactionary."

FRANCE'S new premier is Edouard Daladier, and his cabinet, in which he is also minister of war, is very much the same as the Paul Boncour ministry which the Socialist party overthrew. Paul Boncour is foreign minister, Camille Chautemps minister of the interior, George Bonnet has the finance portfolio and Lamouraux that of the budget. Daladier presented his cabinet to the chamber of deputies Friday and is scheduled soon to lay before that body his financial program. Since that is substantially the same as that of his predecessor, the political sharps in Paris predicted that his ministry would soon be overthrown.



Edouard Daladier

The revolt against excessive taxation, in evidence in most countries of the civilized world, was marked in France by two enormous demonstrations during the week. The first was a meeting of nearly 15,000 substantial business men representing 750 syndicates and commercial and industrial interests throughout the country. A resolution was adopted declaring that taxation is strangling the country's business and announcing that if the new government attempts to increase the burden of taxation all interests represented will shut down their shops and plants.

A second meeting was held by smaller merchants, artisans and industrialists not included in the above association. They adopted a similar resolution. **E**MPEROR HIROHITO and Prince Saionji, last of the elder statesmen of Japan, have approved the determination of Foreign Minister Uchida to recall the Japanese delegates from Geneva when the report of the committee of 19 is accepted by the League of Nations and article 15, paragraph 4, of the covenant is applied. Nevertheless, to strengthen her position, Japan has withdrawn certain of her objections to the league's formula for conciliation of the Manchuria dispute provided the league makes some concessions. The foreign office in Tokyo was not hopeful that its terms would be accepted, and admitted that Japan's withdrawal from the league was probable.

Small powers on the committee of 19 defeated the British in drafting the final two findings in the report on the Sino-Japanese conflict. Over the protests of Anthony Eden, English member, who was mildly supported by the French, it was agreed in principle to declare that the Chinese boycott since September 18, 1931, when Japan started military operations in Manchuria, should be considered as a reprisal. The small powers considered that this amounted to justifying the boycott.

Regarding the other finding, it was agreed in principle to declare not merely that the Japanese actions of September 18, 1931, but also since then, could not be regarded as legitimate measures of self-defense. Moreover, Sweden finally got this amended to add that the league alone, and not Japan, as that nation claimed, had the right to determine in such cases what constituted legitimate self-defense.

FARMERS of middle western states continued their efforts to balk mortgage foreclosures on farm lands and property, and in many instances they were successful, either preventing the sales or buying in the properties for a few cents and returning them to the owners.

Responding to a request from the governor of Iowa, the New York Life Insurance company announced that it had suspended foreclosures on farm properties in that state. Other companies took similar action. In Nebraska Governor Bryan named a board of conciliation to attempt to bring debtors and creditors together and obtain fair settlements. Farm leaders said this plan was no good.

PLANS for protracted hearings on the beer and wine bill were canceled by the senate finance committee, despite the urgings of Chairman Smoot. Nevertheless its chances for passage at this session were considered remote as both the repeal resolution and appropriation bills have precedence over it. Senator Walsh of Massachusetts said he would lead a fight to knock out of the bill all provisions for federal control over the sale and manufacture of beer; and Senator Bingham of Connecticut said he would work to replace the senate bill with the house measure. Representative Fred Britten of Illinois came to the front again with a bill for the repeal of the Jones 5 and 10 law which he declared was now "thoroughly discredited."

In the Canadian parliament two separate moves were made to kill the law passed by the old Liberal government prohibiting liquor exports to the United States so long as prohibition is the law of this land.

JOHAN GALS WORTHY, one of the best of modern English novelists, died at his home in Hampstead after an illness of several weeks. Author of the notable "Forayte Saga" among many other works, he was awarded the Nobel prize for literature for 1932. Three days before his death England lost another eminent man of letters, the veteran George Saintsbury. Sara Teasdale, well-known American poet, was found dead in her bath in New York.

WHAT'S GOING ON IN WASHINGTON

Clearing Up This Inflation Thing; What It Is and What It Will Do.

By WILLIAM BRUCKART

Washington.—It appears from the inquiries I have had that there is a good deal of confusion as to what this inflation thing is all about. It is equally confusing, on this same basis, that inflation talk is going on everywhere, and its widespread character would indicate that some sort of inflation is going to come out of the extra session of congress that now appears to be scheduled for April.

The unbiased truth is that a very great part of this talk is wholly meaningless, because there are millions of persons who have had no opportunity to inform themselves about it. It is a further truth that many men are talking for or against inflation without a background of knowledge that warrants their discussions. Their views, in some instances, are worthless but they express them and people who have been denied authoritative information are thus being misled.

But what is inflation? What will it do? Why do so many persons think it is advisable or necessary?

The answer to the first requires a detailed statement. The other two questions can be traced directly to the depression, so that "hard times" constitutes the answer.

Records fail to disclose any more precipitous decline in commodity prices than this country, and the world as well, have known in the last three years. By commodity prices, one necessarily must refer to that extensive list of things which constitute the base of commerce and industry. Typical of them are wheat, cotton, corn, steel, chemicals, rubber, coffee or foodstuffs. Everyone of them has suffered a price decline to points as low, or lower, than ever before in modern times. The obvious, and natural, result is reduction of income for everyone having any part in their production and distribution. And the effect carries through to those who work with their hands in the factories of the country, in the shape of wage cuts or part time work or no work at all.

Those factors partially explain why there is so much talk about inflation.

But about inflation, itself? In common discussion, it refers to inflation of the currency, some of which you and I have had the privilege of touching in days gone by. But there is also inflation of credit, which is another and more intricate matter. The two are inseparably linked, however. Inflation of credit is bound to occur when there has been inflation of the currency, although inflation of credit can be accomplished without inflation of the currency. From present indications, the thing which congress probably will do will be to inflate credit more.

Our present money unit is the dollar. It represents 25.8 grains of gold. Then, there is our currency. That is paper money. It has been described as "representing" the gold coin. The treasury officials tell me that most folks mean all of the various kinds of money when they speak of currency. That is not quite true. Currency, nevertheless, represents the gold that lies in the treasury and the possessor of paper money can get gold for it, except in respect of the limited amount of paper money known as silver certificates.

So, actually, when people talk about inflation of the currency, they are talking about increasing the volume of this currency.

Three Methods of Inflation.

So we come to the point. How can this inflation be arranged and what is its effect?

There are three commonly accepted ways of accomplishing inflation. One way is to increase the volume of the money units, or dollars actually available, which means there must be an increase in the gold stock held by the treasury. A second method is to increase the quantity of the paper that represents the gold, without, at the same time, increasing that gold stock. The third plan is by creating a new dollar, a different dollar from that which we have been using. All three methods have their partisans. Each has arguments in its favor, if you assume, believe or know positively, that inflation is the proper thing to do. It may be said just here that experts everywhere know the first method is next to impossible, because there is not enough gold in the world to permit it.

As to the second plan: Some of its sponsors call it a "managed currency," because by increasing the number of paper dollars, the total is supposed to be maintained at a level consonant with prices of commodities. That implies decreasing the volume, as well as increasing it, when the conditions warrant the former course. Yet it causes the question to be asked, "Will the paper dollar then represent the gold which it now represents, or will it be something of a rather uncertain character when people are asked to accept it?"

Insofar as I have been able to obtain accurate statements concerning this second plan, it contemplates at least partially disregarding gold. Those who have spent their lives in handling the federal currency insist that to increase the volume of the paper, without increasing the gold stock, can mean only that the representative

unit of that gold is worth less to the people.

On the other hand, a fair representation of the case requires statements to the effect that money of any kind is worth only what it will buy in commodities.

There is yet the third plan. It proposes a new dollar; it would start from scratch, so to speak, and we would be provided with a dollar which we could recognize, if we would, just as we recognize that unit now accepted.

Obviously, this plan is susceptible of as many variations as the weather. This is true for the reason that it would be possible to fix the gold content of the dollar (of which the paper currency would be the representative) on a basis reached. It could be made to have half as much gold as now, or three-fourths, or one-fourth, or any other variation.

Congress could enact a law to set the gold content at any one of those various figures. The result would be a gradual increase in the amount of paper currency outstanding. I say the increase would be gradual because the existence of fifty billions of it would not immediately send that much forth from the treasury. The movement out of the treasury would have to be in response to increased prices of commodities. In other words, money won't just leap the barriers and dash out of the treasury on a dead run. It has to go out of there naturally, which means in the course of business transactions of the nation, or else we do not have a sound currency. Germany has had her experience with rushing money out.

Bringing Up Silver.

In addition to these methods of inflation, there are a considerable number of men in congress, and outside as well, who have been insisting on the greater use of silver. They are proposing bi-metalism. It means making silver just as valuable as gold as the basis of money stocks in the treasury. Senator Wheeler, of Montana, has resurrected the 16-to-1 ratio of Bryan days. Senator Long, of Louisiana, proposes that the treasury shall buy all of the silver that is offered and that this silver shall be paid for by issuing new silver certificates (or representatives of the silver bullion).

There is no doubt that the silver advocates have strong support. They can, and do, refer to the success of silver as a basis of money in India through the centuries, and to Chinese experiences with that metal.

Silver adherents call attention to the limitation on gold supplies of the world, and, in the same breath, to the apparently limitless supply of silver. It is their contention that this type of inflation can be "managed" and controlled to serve the country's purposes. Senator Wheeler said in the senate there was always danger in paper inflation, a danger that it would get out of hand and go too far. Such, he contended, is not the case with his proposal.

Would Raise Prices.

One must look beyond the act of inflation, however, in considering the question which it presents. There is no doubt of the effect, namely, that it will raise prices. It will do that by virtue of its effect on available supplies of every commodity. While opponents of inflation claim this result will be only temporary, advocates of inflationary measures insist the increase in prices will be permanent to the extent that, after the stress and strain of such conditions as now exist have worn off, there will be an easy readjustment to a normal base. That normal base, of course, can be no other than ordinary buying and selling in what we refer to as "good times."

There will be an increase in the prices, also, of such things as securities like stock in corporations. Inflation might possibly develop another boom market, not so bad probably as the 1929 debacle, but higher levels for virtually all of the quotations. The effect on bonds and possibly on preferred stock in corporations seems likely to be the reverse from that on common stock. The reason is obvious. Bonds and preferred stock have a fixed amount to be paid to their holders. Interest is paid on the bonds and dividends on the stocks. Their holders, therefore, get that amount whether the dollar which they are paid is worth 25.8 grains of gold, or only half as much.

Similarly, wages will be affected. The wage earner who is paid \$50 a month will continue to get \$50, but that sum will not purchase as much of the higher priced commodities as it now does, or as it does in normal times. Advocates of inflation point to the benefit which farmers will receive from the increased volume of currency in whatever way it is obtained. Higher prices, say the inflation supporters, when they have been received by the farmer for his wheat, his cotton, his corn, or his live stock, will enable him to buy more from the industrial plants who need the farmer's trade.

Opponents of inflation admit, as true, that the farmer will receive higher prices for his products, but they argue he will be at a disadvantage rather than an advantage. For, say the opponents, prices are not going to be stable when the currency is inflated. They add the further argument that, while the farmer is receiving more for his products, he will be called upon to pay higher prices for everything he buys. It must be remembered, too, that labor costs enter into the manufacture and labor, paid in the inflated dollar, may not constitute anything like a normal market, according to the opposition views.

Howe About:

Giving Good Advice War Those Who Paid

By ED HOWE

NEW York people have laughed at us farmers a long time because of our mortgages. O. G. McIntyre, a farmer from Missouri, is now in New York, looking up the records there, and has discovered so far that every building on Fifth avenue is mortgaged, except St. Patrick's cathedral and Tiffany's jewelry store.

The only rich man I know now recently called on me; he used to work in my shop for eight dollars a week, and I recall thinking occasionally it was too much. He is at present getting fifty dollars a week in the mechanical department of a big town newspaper.

His aim in calling on me was to get help in saving his little home. A building association has a small mortgage on it, and it obligates my friend to pay thirty dollars a month through a term of years, such payment to include his rent and a gradual reduction of the principal sum.

"Joe, I have long known you to be a good worker and an honest man," I said to him. "Do you mean to tell me that with wages of fifty dollars a week continuing over eight years, you have not been able to pay thirty dollars a month rent, when this sum included six dollars to apply on your mortgage?"

He thought awhile before answering, as men do when stumped, and I noticed that look of despair I have so often seen lately on the faces of other good men and good fellows.

"Well," he answered finally, "I didn't."

Many a good man has made the same reply, when he knew he was to blame; I have been guilty so often myself I hadn't the heart to say anything further, although I did ask him if he had never heard of the old advice to steadily save something for a rainy day.

"Yes," he replied, "I was brought up on it; mother always fussed at father about that, and I buried him."

It's another American tragedy; I don't know what to do about it.

There was excuse after excuse in this good man's case; for one thing, he had four daughters, and loved them devotedly, for they were good girls, and three of them married shiftless husbands. Still, excuses are usually urged for neglected duty; some of them are eloquent, and true enough, but they don't count much when a mortgage is due.

I have often wondered what would have happened had Woodrow Wilson been a brave and true man before he entered the World War, and said: "We have no sufficient cause to engage in this conflict, which will cost us billions in money, and hundreds of thousands of tragical deaths. There has been popular expression on the question; the people elected me President because I kept them out of it. I will resign, but I will not enter the war in response to clamor of a mistaken minority."

Probably there would have been so much indignation from the mistaken that Mr. Wilson would have resigned; probably his successor would have plunged in.

But today Woodrow Wilson's memory would have been blessed by the majority as the memory of no President has been blessed in the history of the Republic.

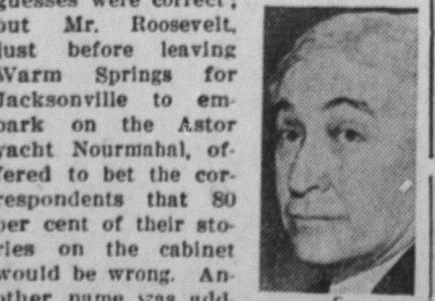
In the early sixties Dr. Oliver Wendell Holmes, while sitting in his home in Boston, received a telegram saying his son had been shot through the neck at the battle of Antietam. The distressed father at once started for the battlefield.

The Atlantic reprints an account of the Journey Doctor Holmes wrote while his events were fresh in his memory, and the horrors of war have never been more powerfully depicted. He walked through many hospitals looking for his son; inspected many wagons carrying dead and wounded; talked with soldiers who had buried unknown dead in long trenches like cattle; met other frantic fathers who were looking for dead or mangled sons; saw the wreck of the battlefield; heard the screams of wounded; wept at sight of thousands of good-looking boys soldiers horribly mangled.

All through my reading of the story I kept thinking. And the people who fought and paid for the war never wanted it, never asked for it; it was ordered by a few men who never suffered; some of whom profited by the carnage. Out of this unnecessary fighting came Abraham Lincoln, who was never in a battle, lost no sons; Lincoln as President issued the first call for troops.

Probably no man ever had a friend, he did not hate a little; we are all so constituted by nature no one can possibly entirely approve of us.

I greatly admire the better class scientists, for this reason: There is no such thing as a first-class man of science who wishes to fool anyone; his ambition is to learn, and, through learning, make life more endurable. These men are the one class who always wish to tell the truth; who always believe honesty is the best policy. Statesmen, writers, doctors, preachers, lawyers, business men, occasionally wish to fool us, but the scientists never do; honesty is their trade.



Bernard M. Baruch

Continuation of Hitler's rule depends largely on whether he can obtain the support of the Catholic Centrists who have 70 members of the reichstag. They are especially antagonistic to Hugenberg, Von Papen and Seidler, chief of the Steel Helmet war veterans' association, all of whom are considered "reactionary."