

News Review of Current Events the World Over

United States Pledges Aid for Peace and Security—J. P. Morgan Questioned by Senate Committee—Plan to Finance Public Works Program.

By EDWARD W. PICKARD

RESPONDING to a demand for a clear statement of the policy of the United States in the matter of peace and disarmament, Norman H. Davis, ambassador-at-large, announced to the disarmament conference in Geneva what seems to many a revolutionary departure from traditional American policies.



N. H. Davis

Apparently, it means that the United States has abandoned isolation, neutrality rights and the freedom of the seas. Specifically, Mr. Davis pledged his government never to interfere with international action against a nation that has been satisfactorily identified as an aggressor, and to participate in "effective, automatic and continuous" international supervision designed to make certain that the nations carry out their promises in disarmament.

"President Roosevelt's message," he said, "is a clear indication of the fact that the United States will exert its full power and influence and accept its just share of responsibility to make the results in disarmament definite, prompt and effective."

After announcing that the United States was willing to consult with the other states in case of a threat to peace, Mr. Davis set forth the American policy in these words:

"Further than that, in the event that the states, in conference, determine that a state has been guilty of a breach of the peace in violation of its international obligations and take measures against the violator, then, if we concur in the judgment rendered as to the responsible and guilty party, we will refrain from any action tending to defeat such collective effort which these states may thus make to restore peace."

Asserting that there must be real accomplishment in the way of disarmament, or a reversion to a race in armaments, Mr. Davis proposed drastic arms reductions, and promised that the United States would go as far in this as the other states.

Great Britain, Germany and Italy were highly pleased with Mr. Davis' pronouncement, but France remained dissatisfied, both with the security offered by the United States and with the Davis proposals for armament reduction. The more the French get, the more they demand, and their obstinacy is exceedingly irritating to the other nations. Foreign Minister Paul-Boncour told the conference that France would not reduce her armaments unless a definite system of mutual assistance is created, supplemented by genuine supervision of armaments. The supervision, he said, must especially cover armaments which are manufactured in private factories.

INVESTIGATION of the private banking firm of J. P. Morgan & Co., greatest of its kind in America, was started by the senate banking committee with J. Pierpont Morgan, senior partner, as chief witness. The proceedings were conducted by Ferdinand Pecora on behalf of the committee and attracted a throng of spectators. John W. Davis, former Democratic Presidential candidate, was there as counsel for Morgan, and the banker was several times relieved from nagging questions of Pecora by the protests of Senators Glass and McAdoo. Most interesting to the public of the facts brought out was that no income tax whatever was paid by Morgan or any of his nineteen partners for 1931 and 1932 and that they paid an aggregate of only \$48,000 in 1930. This was because of heavy losses sustained by the firm. Morgan could not recall whether he personally paid any tax in 1930, but counsel for the investigators said he did not. Morgan repeatedly answered "I do not know" to Pecora's queries about a \$21,000,000 loss written off his firm's books on January 2, 1931, in addition to other deductions which already had wiped out taxable income.



J. P. Morgan

Finally the banker asked Leonard Keyes, office manager of the firm, to explain the matter. Keyes said the involved transaction was the inevitable result of a revaluation of assets made necessary by the admission of a new partner, S. Parker Gilbert, on January 2, 1931. Pecora hammered away with questions, but Keyes, a methodical appearing man who spoke crisply and without hesitation, repeated his account over and over. He testified that the \$21,000,000 loss could, as the law then stood, have been deducted from the firm's taxable income in 1931, 1932 or 1933. Three or four million dollars of the \$21,000,000, he said, was deducted from profits in 1931—a year in which the partners paid no tax—but none in 1932, when the firm "had loss enough."

EXPANSION of credit rather than of currency has been started by the government under the powers given the President in the farm act. Secretary of the Treasury Woodin announced that the federal reserve banks had made an initial purchase of \$25,000,000 of government bonds in the open market.

"That is the start of an inflationary step," Woodin said. "It is being done to inject something into the market. In other words, to keep things moving along."

Woodin said additional purchases would be "entirely dependent upon conditions." The new law authorizes the reserve banks to buy up to \$3,000,000,000 of securities.

When the reserve banks buy bonds, cash balances of member banks are increased by equal amounts. The administration hopes that the banks, with these additional funds on hand, will advance them to industry."

On the second day the senators heard about Morgan & Co.'s "preferred list" of friends to whom the firm sold Alleghany Corporation common for \$20 a share when the market price was \$35. In this list were many well-known names, including William H. Woodin, now secretary of the treasury; Charles Francis Adams, later secretary of the navy; Senator McAdoo, Newton D. Baker, John W. Davis, Gen. John J. Pershing, John J. Raskob, Silas H. Strawn and Col. Charles A. Lindbergh.

Another list revealed included the names of bank officers and directors to whom the Morgan firm had made loans. Some of these loans had been repaid, but many had not, and in the latter category the largest was a little over \$6,000,000 to Charles E. Mitchell, former president of the National City bank of New York, whose trial for alleged income tax evasion was going on in New York city.

FEDERAL JUDGE HAROLD LOUDERBACK of California was acquitted in the impeachment trial in the senate, but he escaped by a narrow margin. On the fifth and most comprehensive charge 45 senators voted guilty and 34 for acquittal. But under the constitutional impeachment procedure a two-thirds vote is necessary for conviction.

IF THE administration and its supporters in congress have their way, the \$3,300,000,000 national recovery bill, providing for regulation of industries and construction of vast public works, will be financed by increased income and gasoline taxes and higher income imposts on stock dividends, as well as the continuation for one year of all the nuisance taxes levied in the revenue bill of 1932.



Hugh S. Johnson

That was the way it was reported to the house by the ways and means committee, and though the Republicans and some others objected to these taxes and fought for a sales tax, that is the way it is likely to become law.

The sum of \$220,000,000 annually will be needed for interest and amortization of the public works bond issue, and the committee decided this should be raised by:

1. Increase of the normal income tax rates from 4 to 6 per cent on the first \$4,000 of net income and from 8 to 10 per cent on all above \$4,000. This levy is estimated to raise \$46,000,000 a year.
2. Extension of the new normal income tax rates to dividends now subject only to surtaxes and taxation at the source. Estimated to yield \$33,000,000 a year.
3. The addition of another three-fourths of a cent to the present 1 cent a gallon federal tax on gasoline. Estimated to bring in \$62,000,000 annually.

These additional taxes, the report said, "are temporary in character and may be eliminated by proclamation by the President when operating revenues exceed operating expenditures, or when the repeal of the Eighteenth amendment opens a new and ample source of revenues to the government."

To administer the industry control features of the measure when it becomes law, President Roosevelt has selected Hugh S. Johnson of Moline, Ill., and he has been busy getting an organization in shape so he can go to work promptly. He had a large part in formulating the bill.

A close associate of Bernard Baruch, Democratic leader and New York financier, Johnson was a member of the old war industries board. He was also head of the first draft board during the World war and since then has had extensive experience in manufacturing. He was born in Kansas in 1882. He turned to the army for a career and was graduated from West Point in 1903. When he retired in 1919 he was a brigadier general.

WITH a stately parade down Michigan avenue, speeches by Postmaster General Farley and others and much picturesque ceremony, a Century of Progress, Chicago's World's fair, was formally thrown open to the public, and thousands of men, women and children entered the vast exposition area and marveled at what had been accomplished. By high pressure work the fair was already virtually completed.

The most thrilling and dramatic part of the proceedings came at nightfall, when through a "hook-up" of three astronomical observatories a ray from the star Arcturus was caught by telescopes, transmitted to the exposition grounds and used to put into operation the gorgeous lighting system of the fair. According to the scientists, the ray started from Arcturus just forty years ago, at the time the fair of 1893 opened.

The fact that Chicago has created this exposition during the depression is as impressive as the fair itself.

WHEN President Roosevelt asked the nations of the world to agree to a tariff truce pending the outcome of the London economic conference, the administration thought it would not be in accord with good faith to assess now the processing taxes on wheat, cotton and perhaps corn and nogs provided for in the farm relief act. But Secretary of Agriculture Wallace thought otherwise, and after a conference with Secretary of State Hull he was permitted to go ahead with this undertaking. Probably there will be protests from Europe and Canada, and then the diplomats must get busy.

Secretary Wallace and George N. Peek, co-administrator of the farm relief act, selected Guy C. Shepard of Evanston as administrator in charge of the packing house products under the act. He will have general charge of trade agreements between packers and between producers and processors relative chiefly to hogs and their products. Mr. Shepard was formerly vice president of the Cudahy Packing company.

To handle the cotton work under the farm act C. A. Cobb of Atlanta, Ga., was named. He is editor of the Progressive Farmer-Ruralist. Both he and Shepard rank alongside of Prof. M. L. Wilson, appointed wheat administrator some time ago.

NEW YORK state came to the fore in favor of prohibition repeal in a manner that surprised even the ardent wets. The vote was about twelve to one throughout the state, and in New York city it was approximately forty to one. The 150 delegates elected to the convention all are pledged to repeal, and they will meet in Albany on June 27 to execute the will of the people. The Empire state will thus become the sixth to ratify the repeal amendment to the Constitution.

PRESIDENT ROOSEVELT asked of congress the suspension of the law requiring the governor of Hawaii to be an actual resident of the islands. He said:

"It is particularly necessary to select for the post of governor of Hawaii a man of experience and vision who will be regarded by all citizens of the islands as one who will be absolutely impartial in his decisions on matters as to which there may be a difference of local opinion.

"In making my choice, I should like to be free to pick either from the islands themselves or from the entire United States the best man for this post."

REPORTS from China, confirmed by the foreign office in Tokyo, said that an agreement for a Chinese-Japanese truce in the north China zone had been reached and was about to be signed. The Chinese defenders of Peiping already had withdrawn from that city and the Japanese were only a few miles away. It was understood that the truce required the Chinese troops to remain south of a line running from the Great Wall north of Peiping southeast to Lutal on the coast, the line passing north of both Peiping and Tientsin. Thus the Japanese would establish the buffer zone which they demand between China and Manchukuo. The Chinese understood this zone was to be administered by Han Fu-chu, governor of Shantung province, and Hwang-fu, national government representative at Peiping.

Despite the reported truce there was renewed fighting at the walled city of Tungchow, 13 miles east of Peiping.

PEACE in Cuba seems to be a long way off, though the government continues with vigor its efforts to wipe out the revolutionists. And, according to the latter, President Machado is using more than vigor. Operations against the opposition are being directed by Maj. Arsenio Ortiz, Machado's chief military strategist, and he is pursuing the same tactics with which he terrorized Oriente province in 1931. In Santa Clara and Canagüey provinces he has been hanging captured rebels to the trees along the highways and in the towns, and it was reported that he held as hostages the family of Carlos Leyva, who led a rebel raid on Taguasco, threatening to kill them unless Leyva surrendered with fifty followers. Then Ortiz returned to Sancti Spiritus, and it was believed he would pursue the same ruthless methods in that section.



Major Ortiz

Thus, we see the government fostering a program that is designed to assure for business a living wage and in providing that, it is the hope of the President that there will be a living wage for workers, too. To see that his policies are carried out and that the code is observed, the President has the right to revoke licenses which he has given with his approval of the competition agreements or codes.

But the program is not all a bed of roses for business. The President may, as a condition of his approval of the codes, "impose such conditions (including requirements for the making of reports and the keeping of accounts) for the protection of consumers, competitors, employees and others" as he may deem necessary in the public interest. That provision is a touchy spot. In effect, of course, the President will take little part in administration of the law. It will be done by those to whom he has given the administrative duty. And it never has been and probably never will be that any group of government officials see things the same way. Consequently, one hears many predictions that commerce and industry will be making reports in such detail and in such numbers, and investigations will be going on to such an extent that industry will be engaged in going over its books in one way or another about all of the time.

Further, it never has been popular among American business men to have all of the facts about their affairs disclosed. It is predicted now that this

Washington Digest

National Topics Interpreted
by William Bruckart

People Trust Roosevelt

Washington.—The country has just witnessed the move by President Roosevelt to gather himself another armful of authority in his broad program to put the nation's business back on its feet. In the legislation to encourage national recovery and provide for construction of public works as a stimulant to the economic machinery, the President asked for authority to use in his discretion second in amount only to that accorded him in the inflation provisions of the farm relief program.

It might be assumed that the delegation of so much power to the President would create a distrust among the people of the nation, and that probably would be the result in any country save our own. Here, however, it appears that the great masses of the people would rather have that power vested in Mr. Roosevelt than in the 500-odd representatives of their own selection who sit in the two houses of congress. I find in my rounds in Washington that the opinion of observers is virtually unanimous. Their information comes largely from "back home," as the politicians say, and so everybody seems to believe the President is more capable of doing things in this crisis than congress, except congress. I might add parenthetically the reason congress has granted so much is because individuality and collectively it is afraid to go against the wishes of a man who has caught the imagination of the electorate as President Roosevelt has done.

Although the legislation accords the President the sweeping powers only for two years, his rights during that time to form a partnership with commerce and industry are almost limitless, albeit they depend upon voluntary co-operation by commerce and industry to a certain extent. But by the system of licensing which is set up, it is made to appear without much analysis that business had better cooperate or else.

In the first instance, all the long-standing antitrust laws are abrogated, kicked out of the window, so to speak. Upon the application of any association or group or business, the President is empowered to arrange with that organization and its individual members for a code of rules governing its competition. In other words, he is empowered to say in substance that prices may be set high enough to afford all of them a reasonable return of profit. It is obvious, of course, if there is a fair return factories will open and normal channels of trade will begin to flow. That means employment, and employment means creation of buying power. But the agreement must be within the bounds of reason or the President will not accept it.

Two Restrictions

There are only two restrictions to the President's power in this direction. Let me quote them: The President may agree to those codes of competition if he finds (1) that such associations or groups impose no inequitable restrictions on admission to membership and are truly representative of such trades or industries or subdivisions thereof, and (2) that such code or codes are not designed to promote monopolies or to eliminate or oppress small enterprises and will not operate to discriminate against them. It is the plain purpose of that provision to see that such things as chain stores do not swallow up the corner grocery and that a great corporation may not drive lesser ones out of business.

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condition, developed highly by the federal trade commission, will be very much worse and that one factory will probably know all about its competitor, including the so-called manufacturing secrets. From these has come the progress of modern manufacturing and distribution.

HopetoSpeed Recovery

The public works section of the bill is of a less imaginative character. Outright and with no exceptions, it makes provision for the expenditure of three billion three hundred million dollars for public construction. It proposes the expenditure of these funds over a period of two years, or so much of it as may be necessary, to provide employment. The construction work, of course, will cause all of the lines of business making or selling material for building to speed up. It ought to expand pay rolls in a hundred-odd lines as well as give the railroads some business. It appears to be a gigantic effort to increase the momentum of recovery which most everyone believes to be well under way. If it succeeds, no one will question the cost. It holds out that hope anyway, according to the President.

Mr. Roosevelt has not drafted the program of construction, nor did he offer to congress the plan of taxation to raise funds for the interest on the bonds for financing the work. He left the tax matter to congress and thus avoided causing trouble for himself, for he can say thereafter that the taxes were laid by the wisdom of congress.

After a lapse of twenty years, the senate of the United States again has performed the functions of a court of trial on articles of impeachment. It has just concluded this task on charges of impeachment adopted in the house of representatives against Harold Louderback, a federal judge in the northern district of California, marking the tenth time in our history that the senate has organized as a court of trial.

Even bias Washington is not acquainted with the procedure because it occurs so seldom, and the trial drew to the galleries crowds of the proportion attracted by the most extraordinary murder case. They were, for the most part, curiosity seekers. The thing was new. Of course, there were some seventy witnesses in the galleries, awaiting call, but there were enough others desiring to see the trial that the places of the witnesses would have been taken instantly had they stayed away.

When Senate Acts as Court

Because the senate sits as a court so seldom, it might be worth while to recall what the procedure is. In general, the federal constitution prescribes the work to be done and how it shall be performed. The house of representatives sits as a grand jury, hearing accusations or charges brought against a federal official. The charge originally is one of "high crimes and misdemeanors" followed by a statement of a house member that "I, therefore, impeach" the individual named.

The next step is performed by a house committee to which is referred a resolution of impeachment and that committee determines whether it will recommend a formal vote of impeachment by the house itself. Thus, when the matter is placed before the house it votes for or against impeachment, which to all intents and purposes is like an indictment by a grand jury.

On March 4, just a few hours before the old congress adjourned, a senate attaché appeared in the middle aisle of the chamber and addressed Vice President Curtis, announcing the arrival of a committee of the house. Their arrival having been duly noted, the Vice President inquired their mission.

"To present articles of impeachment against Harold Louderback," replied Representative Summers, of Texas, the chief manager on the part of the house.

"They will be received," replied Mr. Curtis, without emotion. Then the senate sergeant at arms arose in his place. "Hear ye! Hear ye! Hear ye!" cried the sergeant at arms. "All persons are commanded to keep silent on pain of imprisonment while the house of representatives is exhibiting to the senate of the United States articles of impeachment against Harold Louderback."

And so the senate had been notified formally and officially, and in due course it organized itself into a court of trial.

The defendant is allowed legal counsel. Each side may call witnesses and they testify under oath in the senate chamber just as they would in court. There is the direct examination and cross examination, the house managers acting at all times in the role of the prosecution. When all of the evidence is in the case then is left for decision by the jury of senators, two-thirds of whom must vote for conviction or the defendant is automatically acquitted of the charges.

How I Broke Into The Movies

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By BILLIE DOVE

A MATEUR theatricals, physical culture and dancing were the avenues by which I reached the screen.

I was born in New York, where I was educated. In one of the schools I attended, physical culture was taught religiously and I became very proficient, partly because I enjoyed the exercises. From this it was an easy step to dancing.

Then it was discovered that I "screened well." That means, in movie parlance, that one has a face that registers favorably before the camera. Not always is this the case and sometimes a very beautiful face will not photograph satisfactorily. It seems to be something for which there is no real explanation, you either screen well or you don't. I was fortunate.

I studied and took part in amateur theatricals in my high school days. It took me just four and a half years, however, to reach any eminence in the films. My first role was with Constance Talmadge in "Polly of the Follies." To Lois Weber, I owe much of my success in attaining what we are pleased to term "stardom." My greatest chances came with two of her films, "The Sensation Seekers" and "The Marriage Clause." Then I had a marvelous opportunity when I played the feminine lead with Douglas Fairbanks in "The Black Pirate." "The Lone Wolf Returns" gave me another opportunity and finally came my contract with First National pictures. At first I was featured—later came stardom. The initial picture under this contract was "An Affair of the Follies." Then came "The Tender Hour" and with "The Stolen Bride," I was starred. I have since made "American Beauty" and "The Love



Billie Dove

Mart." The latter is a George Fitzmaurice production and a beautiful story of old New Orleans. More recently I starred in "The Night Watch," "Yellow Lily," "Adoration" and such talking picture as "Careers" and "Her Private Life."

What shall I say to the thousands of girls who seek a career in pictures? Must it be "Don't?"

I hate to say that, in a way, because I hate to discourage ambition, and yet, as I look back over even my brief career, think of the innumerable disappointments, the difficult work, the innumerable problems, I wonder if I would be justified in advising anyone to try it. Of course, I have been treated with consideration by the producers, directors and associate players. I have no complaints to offer in that respect. It is merely that the work is exacting and that the competition is very keen. All one's fortitude and courage are needed in the long months and years that must precede any sort of success. And then, of course, not many do succeed. I don't put that down to any wonderful talent or other qualification on my part—I think it is mainly hard work and the fact that I did screen well.

The compensations are great. I am very happy now. But I, too, might have failed and turned to other walks of life disillusioned and discouraged. It's a good deal a matter of fate, I expect. Anyway, I am grateful, exceedingly grateful, to all who have helped me on the road.

WNU Service

Unwise Investments Sent John Halliday to Stage

Back in his younger days John Halliday was a gold prospector and did well at it. He joined the army of gold hunters in the bleak Nevada deserts. That adventure brought him close to a half-million, which he duly lost in the Sacramento stock market. Stranded in that city, he joined Nat Goodwin's repertory company and a few years later played the lead in a world tour with T. Daniel Crowley. Back on Broadway, he played with John Drew, in "The Circle" and later appeared prominently in "The Whip," "Sour Grapes," "The Spider," "Jealousy" and other plays. Mr. Halliday began his screen career with "Scarlet Pages" and then appeared in "Captain Applejack" and "Fifty Million Frenchmen." He was placed under contract to RKO-Radio Pictures and since then has been seen in, among other pictures, "Smart Women," "Consolation Marriage," "Transatlantic," "The Ruling Voice," "Men of Chance," "Bird of Paradise" and "The Age of Consent."