

News Review of Current Events the World Over

Johnson Hurrying Industrial Groups Into Federal Control; President Forms an Executive Council; London Economic Conference Nears Recess.

By EDWARD W. PICKARD

SPURRED on by President Roosevelt—though the stimulus was scarcely necessary—Gen. Hugh S. Johnson, industrial recovery administrator, let it be known that he intended to get the principal industrial groups under federal control as speedily as possible.



Hugh S. Johnson

He and the President desire that the industries come in voluntarily, but if they do not, the general is ready to hold arbitrary hearings and then fix the wage rates and working hours of the recalcitrant trades.

These enforced regulations will apply until the industries present their own codes. If it is necessary to adopt arbitrary codes, these will be based on data gathered by the administration's statistical expert, Dr. Alexander Sachs, who has already prepared a setup codifying various leading industries according to a number of conditions. They have been rated according to wage scales existing in various years, chiefly the boom year of 1929, and charts have been prepared showing how far cuts in working hours must be made to restore a mass of employment equal to predepression days.

With these data Doctor Sachs has shown conclusions as to how much each industry ought to pay in minimum wages, how many employees it ought to absorb from the army of idle, and how many hours those employees ought to work every week.

Two important codes received were those for the lumber and steel industries. The former pegged wages so low and working hours so long that General Johnson said: "They are wholly unacceptable and will, in no case, be approved." A public hearing on this code was set for July 20. In submitting the code, John D. Tennant, representing the lumber men, declared it would result in "a substantial increase" in the number of employees, and that it would increase pay rolls by more than \$10,000,000 in the month of August alone.

The most extraordinary thing about the lumber code is that it would set up "an emergency national committee," to be appointed by the 27 associations applying for the code, which would have the strongest of autocratic power, to the point of exerting absolute control over the entire industry.

The cotton textile code was approved by the President and went into effect.

FOR the purpose of co-ordinating the many new functions and new bureaus created since March 4, the President has created a super-cabinet, called the "executive council," similar to the supreme war council of World War days. Besides the President and his cabinet, the members are: The director of the budget, Lewis W. Douglas; the federal relief administrator, Harry L. Hopkins; the chairman of the Reconstruction Finance corporation, J. H. Jones; the governor of the farm credit administration, Henry Morgenthau, Jr.; the chairman of the board of the Home Owners' Farm corporation, William F. Stevenson; the administrator of the industrial recovery act, Gen. Hugh S. Johnson; the administrator of agricultural adjustment, George Peek; the chairman of the board of the Tennessee valley authority, Arthur E. Morgan; the federal railroad co-ordinator, Joseph B. Eastman, and the director of the civilian conservation corps, Robert Fechner.

Frank C. Walker, treasurer of the National Democratic committee, was appointed secretary of the council. During the summer and perhaps longer the regular Tuesday cabinet meeting is to be superseded by a meeting of the council.

SECRETARY OF THE INTERIOR ICKES, in his capacity as public works administrator, and his assistants are mighty busy these days, for government departments, states and municipalities are scrambling for shares of the \$3,300,000,000 which is to be spent under the public works program of the administration. The proposed federal projects were given first consideration, and a long list of them was approved by Mr. Ickes and submitted to the President. Application from states and municipalities came next, many of them having previously been approved by the Reconstruction Finance corporation and passed on to Mr. Ickes.

An additional \$26,276,400 of the \$400,000,000 allocated for public road gifts to the states was approved when the allotments for Ohio, Massachusetts, and Utah received the final indorsements of Secretary Ickes and Secretary of Agriculture Wallace. With the \$22,320,101 already assigned to New York state, this action means a total of \$48,000,501 already donated as an outright grant from the federal treasury for road building. Under the allotments Massachusetts gets \$6,507,

100, Ohio \$15,484,502, and Utah \$4,194,708.

ILLINOIS and Iowa, by their delegates in state conventions, ratified the repeal of the Eighteenth amendment, the votes being unanimous in both cases. They were the tenth and eleventh states to take this action to wipe out prohibition.

Citizens of Oklahoma went to the polls and enthusiastically voted for the legalization of 3.2 beer by a majority of about 2 to 1. In Oklahoma City the people made a rush for sixty carloads of beer that were waiting in the railroad yards for distribution, but the National Guard and kept the cars closed until next day, after which Oklahoma, dry for 26 years, slaked its thirst.

RACKETEERING is to be wiped out if the federal government can do it and its agencies throughout the country are uniting in a drive to bring about this end. Such was the statement made by Senator Copeland of New York, chairman of the senate committee on crime, after he had called on President Roosevelt and Attorney General Cummings. The first phase of the campaign, he added, will be research and the mapping of lines of cooperation. For the present the work centers in three leading cities, New York, Chicago and Detroit, where it is directed, respectively, by Senators Copeland, Murphy of Iowa and Vandenberg of Michigan.

Manufacture and transportation of guns will be one of the first tasks tackled by the committee, it was indicated. Copeland urged a program which would require all manufacturers of guns to be licensed, all guns numbered, all dealers licensed, and all purchasers examined for permits.

INDICATIONS in London were that the economic conference might continue until the end of July and then recess until September or October. The steering committee favored this course. It also decided that one monetary subcommittee should discuss international commercial indebtedness (war debts excluded), and that another should deal with the questions of central banking and silver. Nearly all the work is being done by subcommittees. Restricting the conference program was a complete victory for the gold bloc nations.

In addressing the house of commons on the government's policy, Neville Chamberlain, chancellor of the exchequer, said: "There is no doubt that the avowed policies of this country and the United States are closely parallel to one another," whereupon the house cheered enthusiastically. Mr. Chamberlain continued: "It is the declared intention of the government to pursue by all means in their power any measures which they think will tend toward raising price levels, which we believe to be the first essential step toward recovery."

"I also agree that this country should not depend wholly upon what is done in conjunction with other countries, but that we should do what we can to help ourselves. That is what we have been doing and we have met with a considerable measure of success, sterling figures of commodities having risen from the first of the year no less than 8 per cent. "We have really at last begun to see signs that show unmistakably that improvement is not a fleeting one, that it has a solid foundation and may be expected to continue."

CHICAGOANS, especially those of Italian birth or descent, were eagerly awaiting the arrival at A Century of Progress of Gen. Italo Balbo and his fleet of 24 Italian royal force seaplanes. The air armada was delayed several days at Reykjavik, Iceland, by unfavorable weather conditions, and then, despite continuing calm that made it difficult to get the huge planes in the air, it took off for Cartwright, Labrador, this being the fourth and probably most perilous stage of the 7,100 mile flight to Chicago. The route thence as laid out in advance was, to Shediac, New Brunswick, 800 miles; Montreal, Quebec, 870 miles, and Chicago, 1,000 miles.

Preparations were made by the exposition officials in Chicago and the city authorities to give the Italian flyers a great reception and to entertain them lavishly during their stay. A landing place for the planes was arranged near the municipal pier, and another on Lake Geneva in case the lake was too rough.

ON THOUSAND veterans of the Rainbow division celebrated the fifteenth anniversary of the battle of Champagne-sur-Mer with a three-days reunion in Chicago including a fete reunion at A Century of Progress exposition. In the list of those who addressed the former soldiers were Maj. Gen. Douglas MacArthur, chief of staff of the United States army; Gen. Charles P. Summerall, former chief of staff; Maj. Gen. George E. Lench, former mayor of Minneapolis; Col. William P. Screws of Alabama; Maj. Gen. Matthew A. Tinley of Iowa, and Col. William J. Donovan of New York.

FINDING of Jimmy Mattern, American aviator, alive but injured in Siberia, was cause for rejoicing. For sixteen days after he crashed in the northern wilds he was barely able to keep alive, and then he was picked up by Eskimos and taken to the village of Anadyr. The Soviet government was active in the efforts to rescue the flyer, and reports from Khabarovsk said a Russian aviator expected to take him from Anadyr to Nome.

THAT Col. Charles A. Lindbergh is still one of the country's most popular figures is made evident by the general interest taken in the route-mapping flight he is making over the northern air course to Europe. Mrs. Lindbergh, her husband's rival in popularity, is with him not as a passenger but as radio operator and assistant pilot of their big monoplane. Their plans were to fly across Labrador, Greenland and Iceland, and perhaps on to Denmark. They had no fixed route or stopping places and did not know when they would return.

The Lindberghs' trip started from New York and the first stop was near Rockland, Me., where they were forced down by fog. When the air cleared they went on to Halifax, and after an overnight stop, proceeded northward on the way to Greenland, stopping en route at St. Johns, New Brunswick. The plane was provided with new pontoons and instruments and the motor had been speeded up considerably.

SECRETARY SWANSON is determined to build the navy up to treaty limits, and his department has been allotted \$238,000,000 of the public works money. The navy's construction program, it is estimated, will create more than 2,430,000 "man weeks" of work, and will result in the modernization of the fleet. Bids on seventeen of the authorized vessels will be opened in a few days. The remaining fifteen vessels will be constructed speedily in government navy yards.

DURING the fiscal year 1933, ending July 1, the people of the United States paid an additional \$62,000,000 in federal taxes, this being because the new levies more than offset the decline in wealth due to the depression. Internal revenue collections for the year were about \$7,616,000,000. The yield increased in 31 states and dropped in the other 19.

Most of the drop in income taxes had been in corporation returns which showed a decline of 35 per cent last year. Corporations' income yielded only \$395,000,000 of federal taxes last year, compared with \$630,000,000 the year before. Returns from individuals, where the rate increases were heaviest, dropped from \$427,000,000 a year ago to \$351,000,000 last year.

PRESIDENT ROOSEVELT has granted a full pardon to Francis H. Shoemaker, congressman from Minnesota, who served a year in Leavenworth penitentiary before his election to congress. He was convicted in 1930 of sending libelous and defamatory matter through the mails, to a political enemy. The President also pardoned Owen Lamb, whom Shoemaker met in prison and took to Washington as his secretary. Lamb was convicted of abstracting money from a national bank.

LEADERS of the Republican party determined that the G. O. P. shall not die or even sleep, are actively planning for the elections of 1934 and profess the belief that they can regain much of the ground lost in 1932. Under the personal direction of Everett Sanders, chairman of the national committee, a series of regional meetings is being held, the latest being in Chicago where national committee members and a few others from eight central states gathered. Their proceedings were not made public, but it was learned that they are banking on the "mistakes" made by the Democratic administration and are expecting more of them to be made in the future. Later there will be similar meetings in western cities.

Mr. Sanders said in Chicago that three conferences in the East had given assurance of better times ahead for the party, provided enough hard work was done. He said the attitude of national headquarters is one of looking forward and not backward. Nonpartisan observers are inclined to think that at present no headway can be made on the basis of opposition to the Roosevelt policies—at least not before they have been given a fair chance to succeed or fail.

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Washington Digest

National Topics Interpreted by William Bruckart

Washington.—One of the most depressing factors in the three-year-old economic crisis has been and still is the discouragement experienced by vast numbers of solid, substantial citizens as a result of inability to continue payments on their farms or homes in towns and cities. They have struggled, worked and saved to apply the sums so accumulated on a home or farm that they can call their own. In the last three years, thousands upon thousands of them have seen these savings swept away, the homes or farms taken by the holders of mortgages.

It has taken an extraordinarily long time, observers here are agreed, for mortgage holders to learn the lesson that they gain very little by the shylock practice of exacting the pound of flesh in the shape of foreclosure of the mortgage. A good many mortgage holders, such as life insurance companies, began more than two years ago to "go easy" in foreclosing on property, but unfortunately the number who pursued that policy were entirely too few for the good of the country or the good of the mortgage holders as a class, according to the consensus I gather around the National Capital.

The result of the failure, or refusal, of mortgage holders to realize the conditions confronting them—I speak of them as a class—is such legislation as the home loan act. One of these laws was passed at the request of President Hoover, but that was revamped and a new set-up made at the request of President Roosevelt. If the present law works, as it appears it may, without too much of an expense upon the federal government, lenders of money on farm mortgages and on homes in towns and cities will find themselves paying something of a penalty in the end.

In any analysis of the mortgage situation one cannot overlook the dangers inherent in any governmentally managed institution that functions in a half-way private fashion. The home loan act and its purposes are subject to entirely the same influences and face the same possibilities as the farm loan act that was initiated by the late President Wilson. That enactment has cost the government (which means the taxpayers) many millions of dollars, yet it has done some good. Of that there is no doubt. But it never does any good to deny weaknesses. The results will be revealed eventually, and they will be disclosed in the home loan act just as they have been shown in the farm loan law.

But the point of this consideration is that extraordinary measures have been and are necessary. One of the things that must be accomplished is a revival of confidence. It is agreed among students of the situation that if the home loan act and the revamped farm loan structure develop any appreciable amount of new confidence or restore old confidence, it will have been worth the price. If the combined help extended by those two laws can enable individual owners of property to have a feeling of self-reliance, a feeling of security and independence, they will have done much to lead the country out onto solid ground of economic prosperity again.

The home loan administration is exceedingly slow in getting into motion. Admitting that time always is required in the development of any organization that is predicated on a new law, it does appear that the home loan board has been guilty of too much delay. It may be said to the board's credit, however, that it is trying to encourage holders of mortgages to postpone mortgage foreclosures and to await the time when the new structure has been completely formed. The argument being used is to the effect that if mortgage holders forego their rights, as denominated in their mortgages, for a short while, they have a chance to emerge from the situation with new bonds on which the government guarantees the interest payments.

Let us examine that privilege and see how mortgage owners as well as home owners may benefit. This must necessarily be considered in conjunction with what the law offers to the home owner, and which will lead him to utilize its privileges. The mortgage holder may surrender his existing mortgage to the home owners loan corporation, the official name of the agency which will handle the funds under the supervision of the home loan board. He will get in exchange new bonds, bearing 4 per cent interest. The payment of the interest is guaranteed by the government, but the principal of those bonds remains in the same category as does the principal of the existing mortgage. The bonds are exempt from all taxation and I think it is generally agreed they will constitute a high-class investment.

It is to be remembered that the law limits the amount of the mortgage that may be issued against any property to \$14,000. The total loan may not be more than 80 per cent of the appraised value of the home, so that it may be said the security behind

the bonds is somewhat better than average when it is remembered the interest will be paid by the government if not otherwise. The mortgage holder obtains a long term bond, he is freed from the necessity of making advances to keep the property in shape or pay taxes, etc., and he takes only the usual chance on the principal.

Now, from the standpoint of the home owner, there is the probability that the home owners' loan corporation will be more lenient in the matter of enforcing the terms of its mortgage by foreclosure, which it would have the right to do. That ought to make home owners feel more secure.

The mortgage holder has another alternative. He may borrow up to 40 per cent of the value of the property and give the home owners' loan corporation his mortgage as security.

When the home owner seeks to use the home loan act privileges, he gets a benefit in the shape of a postponement of the maturity date of his debt.

That is, there is a new mortgage written and it may run as long as fifteen years. In addition, if the home owners' loan corporation agrees, the home owner may be allowed what amounts to a moratorium in the payment of either the interest or any installment on the principal. That gives the home owner a breathing spell so that if, for example, he is out of a job but his reputation for paying his debts is good, it is not necessary for him to lose his home.

Then, the home owner can obtain funds from the corporation without the necessity of paying a commission to anybody, and say what you will, these commissions for obtaining a loan are a burden. The law makes sure there will be no commissions charged by making such an act a crime.

Another available benefit is provided for the home owner in the provision allowing him to pay off a part or all of his mortgage with bonds of the home owners' loan corporation. It may be readily seen that if by any chance the bonds of the corporation should sell below par, a borrower might be able to buy the bonds, say, at 85 per cent of their value and turn them in at 100 per cent. Of course, everybody here connected with administration of the act insists that the bond price will never fall below par, yet there are some who think that condition may eventuate.

I hope in a few weeks to be able to discuss the set-up arranged by the home owners' loan corporation by which home owners can take advantage of the legislation's terms. The machinery is being created slowly and it is obvious why that is so because there will be two agents of the home loan board in virtually every county of the nation. They will be the point of contact for the individual home owner and it will be from those agents that all necessary details can be ascertained and with them that individual problems may be solved.

The farm loan structure is somewhat further advanced. There was some machinery already in existence for use under the terms of that law and Henry Morgenthau, Jr., the farm credit administrator, is getting things in shape so that his organization soon will be making loans on farm lands.

We have just witnessed the United States treasury adopt a new system of reporting its condition. It is required by the Constitution and by law to make public a statement of its receipts and expenditures, and a daily statement of these items has been issued consistently for many years. Now, however, the statement has appeared in a new suit of clothes, and an explanation of why this has been done appears to be important.

For the first time in the history of this government the treasury actually is running a double budget system. That is, it is segregating in one set of accounts all of the regular expenditures such as salaries and ordinary running expenses. In another set of accounts, it is listing the so-called extraordinary expenditures. In these items are the long list of relief payments, the emergency construction expenditures, the payments to farm-expenditures, the payments to farm-expenditures for crops destroyed, and other outgo of a similar character.

I have heard both criticism and commendation of the new policy. President Roosevelt has maintained that the emergency expenditures should not be included in the regular budget because they are extraordinary in character and will not recur, or at least none of us hopes they will recur. The emergency expenditures are being financed through borrowings by the government and will be repaid later so that the President says they should not be considered when plans are being worked out for balancing the regular budget.

On the other hand, it is contended that this is a dishonest budget, that it does not properly represent the financial standing of our government.

Our Government—How It Operates

By William Bruckart

THE PRESIDENT'S JOB

IT IS quite apparent to anyone that the job of being President of the United States carries with it something more than the honor that attaches to that great office. Those who have observed the performances of even two or three individuals in their service as President arrive, I believe, at two irrevocable conclusions respecting Presidents. One of them presents a problem for which I can offer no solution. The other constitutes a fact that is a glorification of a nation producing such men.

These convictions are, first, that the office of President of our nation is a burden too great for any one human being to bear and, second, that no person ever has served long in the office without yielding to the guidance of some compelling religious philosophy, regardless of the state of mind he had when he assumed the duties.

It was only a comparatively few years ago when it was a common sight in Washington to see the President strolling about the city unattended, meeting and greeting people. The tasks were not so onerous in those days. But the duties of the President in later years have become so complex, the responsibilities so great, that his work actually never is done. And add to the worries of the office, this fact: he is never free from criticism, some of which is sincere but much of which is purely for political purposes.

As the nation has pushed forward and its government has expanded, more and more responsibility rests with its Chief Executive. It has resulted in a condition wherein the Presidency carries with it entirely too much work. The fact long has been recognized, but the solution is not apparent. A President has Constitutional obligations, and there is no way by which he can be relieved of them.

It is obvious to all that the President cannot personally be in touch with every activity of the far-flung governmental machinery, yet he is held to account for them. He must leave them to others. He has to be content with attempts to co-ordinate the whole and determine general policies. In an organization of some 700,000 persons, it is not difficult to see how unwise decisions may be reached by various subordinates, and in our two-party system of government, the "outs" overlook no opportunity to capitalize the mistakes of the "ins." And so it goes. An error or an unwise decision or a piece of malfeasance becomes as a snowball and grows as it rolls.

The President, therefore, has to be concerned with all of the thousands of activities, and assume responsibility for results without being able at the same time to supervise them except indirectly. Nor is there ever any shortage of critics and agitators to call attention to the vulnerable spots.

There are close advisers to the President, of course. He has his cabinet, but loyal as are the cabinet members and wise and careful as they may be, the head of the nation still must lead. He must frame the policies relating to international affairs; he must think clearly respecting the nation's economic needs, and he cannot escape the thought that from every word or deed of his flows consequences so far-reaching that our nation may be plunged into war or its whole people may suffer the privations of "hard times." Even further, from the things he says or does may come biased reputations or unmerited riches.

Perhaps it is the constant thought of this great responsibility that makes men consult the depths of the souls for the guidance that they need. It is a fact, nevertheless, that whatever they have done or whatever their source of wisdom may have been prior to becoming President of the United States, their private thoughts during their terms of office have shown their regard for the truth as it is imparted in one or another of the religious teachings.

Things of this sort about the President seldom reach the people. It is one of the numerous things which cannot become known. The President is entitled to some privacy, though he gets very little despite all of the effort to provide it. My thought always has been that the President ought to have a lot of sympathy. Everybody is so anxious to get a glimpse of him or to talk with him that he is not given in time to have a good hard-boiled grouch, however much he may feel like it.

It might be just as well, therefore, that the fond mother who looks upon her first-born as a President-to-be might change her hope. If she seeks happiness for him, it may come through the honor that attaches to the Presidency, but patriotism does not prescribe that there shall be a continual rending of heart strings and a searing of souls for all who serve their country.

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Tested by Time "Is there any way in which one can decide whether the standards of conduct set up by society are true or false?" has been asked. If they have been wrought for, fought for, and suffered for, by pioneers of the race, those of value will last. What makes for happiness, order, and final peace is the test.—London Tit-Bits.