News Review of Current Events the World Over

National Prohibition Passes Out and Foreign Liquor Comes In—Johnson Put in Control of AAA Codes—Will Budget Director Douglas Resign?

By EDWARD W. PICKARD

NATIONAL prohibition went into the discard on December 5. State conventions in Pennsylvania, Ohio and Utah ratified the repeal amendment on that day, making the necessary thirty-six, and immediately on being notified by telegraph, President Roosevelt and Acting Secretary of State William Phillips issued proclamations that the Eighteenth amendment was no longer a part of the Constitution. In twenty-four of the forty-eight states the manufacture and sale of liquor now is or soon will be legal. The state laws under which it can be sold vary from those providing "wide open" saloons in Nevada to a strict system of dispensing hard liquor in Montana only through state-owned stores, one in every county. Most widely enacted of the laws is one providing for serving of hard liquor only with meals.

Joseph H. Choate, Jr.

Governmental agencies in Washington were swamped with preparatory measures to deal with the importation of foreign liquors, many huge cargoes of which were waiting for entry; and with the federal restrictions necessary to protect the states that remain dry. Joseph H. Choate, Jr., of New York, son of the famous lawyer and statesman, had been appointed director of the federal alcohol control administration, and he arrived in the capital to take up his duties. Mr. Choate halted the issuance of import permits until a few hours before repeal became an accomplished fact, and in the meantime officials checked the financial standing of importers and worked out quotas for foreign countries.

It was understood that between four and five million gallons of foreign spirits and wines would be allowed entry during December and January, and that, if the demand were greater than the supply, the quantity might be increased in order to discourage bootlegging. The government sought to prevent a flood of foreign liquor from swamping the American market to the detriment of domestic producers.

Codes for the distillers and importers already were in effect, and those for the brewers, the rectifiers and blenders and the wine growers were being completed. When congress meets in January one of the first matters to be taken up will be legislation to increase the taxes on liquor and for permanent control of the traffic. To draw up such legislation the house ways and means committee and the senate finance committee were called to meet in joint sessions beginning December 11.

SECRETARY of Agriculture Wallace and Director George Peek of the agricultural adjustment administration, disagreeing radically concerning authority and methods, laid their dispute before President Roosevelt, with the result that the powers of the AAA were sharply curtailed, part of its code work being transferred to the National Recovery administration. Stephen T. Early, one of the President's secretaries, issued this statement:

George Peek

"Following a conference with Secretary Wallace, George Peek, and General Johnson, the President authorized the statement that, for the purpose of co-ordination, all codes under the NRA, including those under negotiations by the AAA, will be turned over to the administrator of the NRA."

Mr. Peek was especially annoyed by press conference statements by Secretary Wallace, which were interpreted among officials as supporting Prof. Rex Tugwell, assistant secretary of agriculture, and the liberal group allied with him. Chief of these liberal associates of Tugwell are Jerome Frank, counsel for AAA, and Frederick Howe, consumers counsel for AAA.

Wallace, in his press conference, questioned the effectiveness of the marketing agreements and codes in the agricultural relief program. He suggested the major necessity in farm relief was strict restriction of crop production. Peek has throughout emphasized marketing agreements rather than crop control methods. Tugwell and other liberals have taken the opposite position, stressing crop control as more important.

LATEST of the farm relief experiments, a $350,000,000 campaign to control the production of corn and hogs by paying federal bounties to the producers, was launched by Secretary Wallace. The money will be raised by processing taxes which the consumer will pay and will go to farmers who sign agreements to reduce their average of corn and production of hogs in 1934. Benefit payments on corn, under the program, will be at the rate of 30 cents a bushel for each bushel the farmer agrees to withhold from production in 1934. The payment will be based on the average yield of the contracted acreage during the previous five-year period. One-half the payment will be made to the farmer as soon as his contract has been approved, the other half when he has fulfilled the terms of the agreement.

In return for the farmers' agreement to curtail hog production the government will pay $5 a head on 75 per cent of the average number of hogs marketed or to be marketed from litters farrowed by the producers' sows in the last two years.

PRESIDENT ROOSEVELT returned from his two weeks in Warm Springs and plunged at once into the work of solving the various financial problems confronting his administration. Most immediate of these was the refinancing of government obligations amounting to about $727,000,000 maturing the middle of the month. This matter was easily and speedily settled when an entire block of $950,000,000 of treasury certificates was sold in one day. The fact that it was heavily oversubscribed was considered in administration circles to be a marked victory for the New Deal economics.

There was no cessation of the controversy over the President's monetary policy and the arguments on both sides grew more bitter, though Mr. Roosevelt himself maintained silence. Financial interests have been considerably annoyed by the fact that the severe federal securities act has checked the movement of capital into legitimate channels, and they were cheered up by Senator Fletcher's statement that President Roosevelt wants the act amended to correct this fault without diminishing the protection of the investing public. Mr. Fletcher, who is chairman of the senate banking committee, said Mr. Roosevelt's attitude had been brought to him by Acting Secretary Morgenthau of the treasury. In this connection he said the President had not asked the banking committee to recommend legislation to curtail the stock exchange operations.

HOW long Budget Director Lewis Douglas will continue to hold his job is a question that interests observers in Washington. He has worried over the expansion of emergency obligations of the government and has warned against any further increase, but almost certainly his warning will not be heeded when congress meets.

Lewis Douglas

Mr. Douglas thinks that the entire budget, including both general and emergency funds, may be brought into balance toward the end of the fiscal year 1935 if no further emergency funds are authorized after the $3,300,000,000 public works fund and the less than a billion left in the RFC fund are used up. He thinks these funds should be sufficient for emergency purposes.

Others in the administration, including the President, have different ideas. Secretary of the Interior Ickes expects to ask for an increase of as much as $1,700,000,000 in the public works fund. The RFC probably will want $1,000,000,000 or more. The new civil works administration will run out of money in the middle of the winter and the President already has expressed the hope that additional funds will be forthcoming from congress. Its allotments have come thus far from both the public works funds and the relief fund of the RFC.

PRESIDENT Roosevelt, addressing the Federal Council of Churches of Christ in America, took occasion to condemn severely all those who condone lynchings, and his remarks were interpreted especially as a sharp rebuke for Governor Rolph of California who approved the actions of the mob that hanged two kidnapers and murderers at San Jose.

"This new generation" said Mr. Roosevelt, "is not content with preachings against that vile form of collective murder—lynch law—which has broken out in our midst anew. We know that it is murder and a deliberate and definite disobedience of the commandment, 'thou shalt not kill.' We do not excuse those in high places or in low who condone lynch law."

WHEN Col. Charles A. Lindbergh starts out to do something in the way of aviation, he does it competently, skilfully and neatly. Accompanied and ably assisted by Mrs. Lindbergh, he piloted his big monoplane across the southern Atlantic from Bathurst, Gambia, Africa, to Natal, Brazil, making the 1,875 miles in 16 hours and 10 minutes and landing smoothly in the Natal harbor, where the entire population of the city was gathered to welcome them. Through the long flight Mrs. Lindbergh at the wireless instrument kept in constant communication with Rio de Janeiro.

DEATH came suddenly to Alexander Legge, president of the International Harvester company and one of the country's leading industrialists, in his suburban home near Chicago. He was almost sixty-eight years of age and apparently had been in good health.

Mr. Legge was the first chairman of the federal farm board, under President Hoover, giving up his $100,000 post with the Harvester company in the summer of 1929 to accept the $12,000-a-year government position. For 20 months he devoted himself to farm relief experiments, standing his ground in the face of widespread criticism. Then he resigned and returned to his former place.

By the gift of $400,000 some time prior to his death and of $500,000 in his will, Mr. Legge brought to completion months of work to perfect a philanthropic organization to be known as the Farm Foundation, it was made known by Frank O. Lowden, former governor of Illinois, and chairman of the foundation.

In developing his project, whose funds and activities will be devoted to the improvement of "the social, cultural and economic conditions of rural life," Mr. Lowden disclosed, Mr. Legge enlisted as trustees a group of twenty industrialists, educators, capitalists and farm leaders from all parts of the country.

WITH considerable ceremony and military display the seventh Pan-American conference was opened in Montevideo, Uruguay, to continue probably three weeks. Its deliberations are managed by Enrique E. Buero as secretary-general. He is one of Uruguay's most prominent young diplomats and was summoned from his post as minister to Germany to this duty in the conference.

E. E. Buero

In his speech inaugurating the sessions President Gabriel Terra of Uruguay demanded the "scaling down in all American countries of customs tariffs which President Roosevelt justly termed unsound, fatal and direct originators of world economic disaster." He referred to Mr. Roosevelt's indictment of the Hawley-Smoot tariff measure and retaliatory acts "to which other nations were forced."

Concerning the war in the Gran Chaco between Bolivia and Paraguay, he said, "The noble American juridical tradition cannot remain buried in the swamps of the Chaco."

Postponed from 1932 because of the depression, a gathering in which all 21 nations of the western hemisphere were participating found uppermost in the minds of delegates a mutual search for co-operative methods to improve the economic status of their countries.

Secretary of State Hull heads the delegation from United States, and nine other foreign ministers are participating in the conference.

FOREIGN COMMISSAR MAXIM LITVINOV of Russia, on his way home from his triumphant visit in Washington, stopped over in Rome for a conference with Premier Mussolini, and the correspondents said this resulted in an agreement for Soviet-Fascist collaboration to better the situation in Europe. The well informed thought Mussolini had obtained the support of Russia in his efforts to solve the disarmament problem and that he and Litvinov were in accord in the matter of having Russia and the United States asked to join in the four-power pact. Before Litvinov left Rome he was given a brilliant banquet by the Duce, which was attended by numerous dignitaries.

WITH his experience as a delegate to the disarmament conference at Geneva clearly in mind, Secretary of the Navy Swanson in his annual report urges that the United States abandon leadership in the disarmament movement "by example" and proceed as soon as possible to build its navy up to full treaty strength. He says our concessions in the past have been "dangerous extravagance" and that peace is jeopardized by our weakened condition "because balanced armaments fortify diplomacy."

Secretary Swanson

The report showed Japan will have its full treaty strength of 183 vessels with a total tonnage of 775,370 when the treaty expires December 31, 1936, whereas the United States will have only 113 under-age vessels with a total tonnage of 988,520. Under the treaty, the report said, the United States could construct ninety-six more ships with 157,280 tons displacement.

The British empire, according to the secretary, will have 161 vessels with 999,398 tons displacement at the same date, permitting it to build sixty-four ships with a displacement of 197,607 tons.

Japan was highly displeased by Secretary Swanson's approval of the present treaty ratios for navies. The spokesman for the naval office in Tokio declared that Japan is thoroughly dissatisfied with her present allotments under the 5-5-3 ratio and is determined to demand an upward revision of Japan's quota when the naval powers reconvene to consider extension of the Washington and London treaties.

Only a few days before the Japanese cabinet had approved the navy's replenishment program calling for about $245,000,000 for the next three years.

Washington Digest

National Topics Interpreted by William Bruckart

Washington.—When the Eighteenth amendment to the Federal Constitution became a matter of history the other day, I took occasion to look up some old records about the consumption of liquor in the days gone by. One of the things I found was that 1914 was the record year and that in those twelve months our nation, then consisting of approximately 100,000,000, had disposed of almost 800,000,000 gallons of whiskys, wines and other liquors and beer, that slightly more than 80,000,000 of the total was in whisky.

New Source of Revenue

From those statistics, I learned also that the federal government had obtained roughly $430,000,000 in taxes, and that the states, counties and municipalities had raised enough additional revenue from liquor and occupational taxes, such as licenses for saloons, to make the total tribute paid by liquor exceed $1,000,000,000. The taxes in effect were distributed and passed along until the consumers of these beverages paid them. There were strong anti-tax fights launched in many places, but the taxes were duly "levied, collected and paid." Plenty of taxes are being levied these days, but collecting them is a different proposition, because most of our taxes are handled differently than liquor taxes.

To get back to 1914, the consumption of liquors was accomplished by the people in about nineteen wet states. We have started the new era (which repeal of the Eighteenth amendment must be held to represent) with twenty-four states in which liquor sale is legal. The federal tax rate is roughly the same as it was twenty years ago, although it has been higher in the meantime due to war levies.

The rate of $1.10 a gallon on "hard" liquor will be the rate operative until congress acts; the tax of $5 a barrel on beer that was levied when the three-point-two product was legalized early this year compares with $6 per barrel in 1914, and there is about the same relation to other taxes of twenty years ago. So the federal government and the states, counties and municipalities are going to start with a new source of revenue to relieve other tax sources that are heavily burdened. Which is the point to which so much attention has been directed in urging repeal.

It is a matter of governmental policy, of course, as to where funds will be raised by taxes to defray costs of government. By advocating repeal, those who supported that course have in effect argued for transfer of taxes only from one base to another. But there is a lesson in it, as I see the thing. This transfer of tax has been from levies on productive enterprise and commerce and industry that may be called a necessity back to an item of use in life largely of the character of a luxury. The same is true of the taxes on tobacco. Tobacco taxes consistently have yielded about $300,000,000 annually, and yet constant smokers, of which your correspondent happens to be one, have objected little. The answer seems to lie in the fact that so little is taken from one person at one time. Since repeal had the support of such a vast portion of the nation's population, one can hardly arrive at any other conclusion than that this method of taxation has their approval. The circumstance has given rise to some conjecture, also, as to whether sales taxes generally might not serve better than such things as income and property taxes under which human backs are bending.

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Important Questions

Now that repeal has been accomplished and the states and local communities can determine their own courses in dealing with the liquor traffic after a lapse since 1919, two other questions are agitating everyone who is interested in sound government. Each of them is national in its scope, but one of them is wholly local in its application. I refer to the problem of revising or re-establishing the tax rates by congress, and the settlement of what are distinctly local issues relating to whether there will be sale of liquor and how those shall be handled. In other words, it is the old, old question of local option.

As soon as the congress gets back in Washington after January 1, legislation will be submitted by the administration to effect permanent control of liquor traffic and lay such taxes as the legislators think proper to assess against liquor. This problem sounds simple, but it is far from it. There is obviously a proper tax base that will yield the maximum of revenue and at the same time be low enough to discourage bootlegging activities which necessarily must have a big margin of profit.

There is at this time considerable support for the idea that the present tax rate of $1.10 per gallon will remain unchanged for six months or so. The idea behind this is that a tax rate so low will make whisky cheap and bootleggers cannot compete. If they are once driven out, this school of thought contends, they will have great difficulty in getting started again. I have been unable to obtain any accurate measurement of the strength behind this movement, but there is no doubt that it is finding favor.

As to the local option problem, Washington observers are able only to guess that there will be many heated fights in numerous communities throughout the country. People always have fought over the prohibition question since it has been an issue, and they will argue about it now in many areas that otherwise are noted for their peaceful atmosphere where politics are taken usually in smaller doses.

There seems to be assurance here of a continuing problem resulting from one community being wet and its next-door neighbor being dry, or vice versa. Such a condition is conducive to enforcement difficulties, and there are obvious enmities as a consequence. So, from the Washington viewpoint, it appears there are troubles just beginning for a good many communities; they will continue for a long time, and so far as present prospects indicate the future, it will require much more experience and much more wisdom than we now have to bring about a permanent solution of the local option problem.

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To Cut Cotton Acreage

Although 1934 as a crop season for cotton is quite some distance off, the Department of Agriculture has begun seeking agreements with the cotton farmers respecting the reduction of acreage. Secretary Wallace said he hoped to restrict cotton acreage in 1934 to 25,000,000 acres. That is about 35 per cent below the average acreage of years 1928 to 1932, inclusive, and the agriculture adjustment administrative considers it will be a reduction of sufficient size to maintain prices on a higher level than the average for the last four years. In addition, the farmers who withhold land from production will be paid a maximum of $18 per acre in benefit payments by the Department of Agriculture. This money will come from the processing tax, just as was done in the 1933 crop reduction program.

Mere announcement that the program of restricted production is to continue through 1934 would seem to be proof that the parity plan for payments and the federal control over production has been successful. Such, however, is not the case. Moreover, I believe Secretary Wallace does not feel that the 1933 program has proved more than a demonstration of the procedure of how to do the job. These farm aid programs obviously take time. One year cannot possibly serve as a measurement. As the program goes on, however, and as marketing conditions adjust themselves to the new setup, the success or failure of the plan will become evident.

I cannot say that I have found a single unbiased judge who will risk a guess that the cotton adjustment program, or the corn-hog, or the wheat program has been either a success or a failure. Their candid opinions warrant me in writing only that there must be more time elapse before anyone can say definitely that the farm-allotment schemes should be continued or should be withdrawn.

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No Snap Judgment

One reason why there ought not be snap judgment taken is because no one has had a chance to arrive at a fair test of the effect of the processing taxes. We cannot fail to recognize that distribution of $100,000,000 among the growers of a certain crop affords that much return to them, money to spend. On the other hand, the processing tax is being paid by nearly everyone who buys cotton textiles, and the effect eventually will be felt. What the extent will be, I can discern no way of forecasting. Suffice it to say that a fraction of a cent per yard may be the cause of a change in the volume of sales of a given cloth. But such a change ordinarily will take place only under normal competitive conditions. We have not had such conditions since the agricultural adjustment administration began to operate. So it is my conclusion, since the country has embarked upon the policy, hasty judgment ought to be avoided and the return of delicate balances in the economic structure awaited before the allotment plans have been wholly discarded or completely adopted.

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Speaker Rainey, the white-haired leader of the house of representatives, is on record with a declaration that the forthcoming session of congress will be rather mild. The veteran legislator maintains there is not going to be an unusual roaring. He believes congress will enact the newest ideas of the administration into law and go home—unless some one offers better plans. The speaker, of course, being a stalwart follower of President Roosevelt, thinks there are no better plans than those Mr. Roosevelt will propose.

But a few inquiries has convinced me the speaker has not taken note of the things going on around him. He did a fairly good job at controlling the house last spring and summer, but much water has gone over the dam since that time and it is made to appear that Mr. Rainey has overlooked it. I personally have heard two rather distinguished and powerful individuals predict a hot time in the old town and a long night for the next session.

Young Hitlerites Told How to Choose Wives

What kind of a girl should a true-blue German Aryan marry? As first aid to ardent young Hitlerites about to venture into matrimony, the Berlin Das Wissen der Nation (Nation's Wisdom) publishes a series of recommendations designed to ensure the purity of the Germanic race.

This weekly recommends only blonds with blue eyes, an oval face and white skin. The Nazis are warned against brunettes of obviously Mediterranean origin, with long torso and short legs, black hair and thick, sensuous lips.

But the recommendations of Das Wissen der Nation are even more drastic. Suspect also are sophisticated society girls, actresses, breakers of sports records and even young women who earn their living in the liberal professions.

The heroic Aryan is urged to choose a good, industrious and pure girl, who is known to be an adept housekeeper, with an affection for children—"even though she may be stupid."—Literary Digest.

Household Hint

In a custard recipe calling for several eggs, one or more may be left out if one-half tablespoon of cornstarch is added for each egg omitted.