

News Review of Current Events the World Over

President Asks for Nationalization of Gold Supply—Not Yet Ready to Fix Exact Value of Dollar—Carlos Mendieta Is Given Cuban Presidency.

By EDWARD W. PICKARD

PRESIDENT ROOSEVELT sent to congress his long-awaited message on monetary matters, and it should be in a measure reassuring to business and finance. He asked that the gold supply of the country be nationalized and that his powers be redefined to enable periodic revaluation of the dollar within a range of 50 to 60 per cent of the present gold content. He already had the power to devalue the dollar down to 50 per cent, but he does not do so yet, saying that "because of world uncertainties, I do not believe it desirable in the public interest that an exact value be now fixed." He added that careful study had led him to the conclusion that any revaluation at more than 60 per cent would not be in the public interest.

The President asked full power to take over the last outstanding supplies of gold in the country, much of which belongs to the federal reserve banks. The legislation he requested, he explained, "places the right, title and ownership of our gold reserves in the government itself; it makes clear the government's ownership of any added dollar value of the country's stock of gold which would result from any decrease of the gold content of the dollar which may be made in the public interest."

The profit that may result from cutting the gold content, the President proposed should be used to set up a two-billion-dollar fund for purchases and sales of gold, foreign exchange and government securities.

No further recommendations concerning silver were made in the message, the President saying he believed "we should gain more knowledge of the results of the London agreement and of our other monetary measures."

In talking with the correspondents, Mr. Roosevelt explained once more that the objective of his monetary program is to bring the purchasing power of the dollar back to the level at which the average debts of the country were incurred, so that these debts may be paid off with a dollar equal in value to that at which the debt was incurred. He made it clear that his program does not call for a resort to green-back currency.

Immediately after the reading of the President's message, Senator Duncan U. Fletcher of Florida, chairman of the senate banking and currency committee, introduced the administration's bill to effect the monetary changes proposed. He called his committee together the next day to consider it, and Secretary Morgenthau was the first to be heard in argument for the legislation.

Only two Democratic senators came out in the open promptly in opposition to the President's program, Carter Glass of Virginia and Thomas P. Gore of Oklahoma. Both declared that the appropriation of the reserve banks' gold was unlawful and immoral. Most of the Republicans were cautious in their expressions of opinion.

However, Attorney General Homer Cummings rendered to the senate banking and currency committee a formal opinion upholding that section of the proposed bill.

"The monetary gold stock (of the federal reserve system) may be taken by the government in the exercise of its right of eminent domain," the attorney general's opinion declared. "Such power," he went on, "extends to every form of property required for public use."

Gov. Eugene Black of the reserve board was heard by the committee in closed session and Senator Fletcher said Black was unchanged in his opposition to the seizure of the federal reserve gold and the loss of the profit which would accrue from the devaluation of the dollar.

Senator McAdoo of California was venaciously reported as sharing the views of Senators Glass and Gore, but later sought to silence the rumor, asserting that he had not yet made up his mind.

"WHO is president of Cuba this morning?" asks the man in the street, and there is reason for his uncertainty. At this writing the head of the island republic is Col. Carlos Mendieta, conservative leader of the Nationalists and presumably acceptable to the administration in Washington.

Ramon Grau San Martin, unable to hold on any longer, resigned and some of the factions united in choosing as his successor the youthful Carlos Hevia, secretary of agriculture in Grau's cabinet and a graduate of Annapolis Naval academy. Hevia actually was sworn in before the Supreme court, but he lasted only one day. Then Col. Fulgencio Batista, powerful commander of the army, took command of the situation. There was

a loud demand that he resign his military post, a strike to force this was started by Antonio Gutierrez, late secretary of war and navy, and Hevia ordered that Fulgencio get out. But the army leader promptly brought 3,000 of his troops from Santa Clara province to reinforce the 5,000 at Camp Columbia, on the outskirts of Havana, and compelled Hevia to resign. He then declared that Mendieta was the only man capable of continuing the junta's revolutionary program without the extreme measures that had prevented recognition by the United States; that, he, Batista, recognized the costly mistake the junta had made in installing Grau and would now rectify it. He ordered government employees to remain at work on pain of losing their jobs, but the strike went into effect far enough to tie up Havana's power, light, gas and transportation systems. Batista ordered the arrest of Gutierrez, whom he held responsible for this. A bomb exploded near Mendieta's residence but no one was injured.

Mendieta was assured the support of the Nationalists he leads, the political societies ABC and OCCR and the newer revolutionary organizations. Moreover, he had performed the highly difficult feat of reuniting the army and the navy. They had been split apart previously over the breach between Gutierrez and Batista.

GERMANY'S great church quarrel goes on unabated and the Evangelical pastors are still determined that their religion shall not be nazified.

Reichsbishop Ludwig Mueller, who is a confidant of Chancellor Hitler, issued a decree forbidding pastors to criticize the Nazi Protestant church administration from the pulpits under pain of dismissal from the church. But the rebellious ones, organized as the Pastors' Emergency league, defied Doctor Mueller and for the second time read to their congregations a manifesto demanding his resignation. It was up to the councils of the churches to enforce the reichsbishop's decree, but several of the councils declared openly they would not do so.

Bishop Mueller showed some inclination to recede from his position, but the militant Nazi German Christian pastors brought great pressure to bear, telling him they would support him only so long as he stuck by his decrees. The bishop also seeks to annul all church laws passed in 1933 so he can proclaim new ones.

Reverend Doctor Richter, who is highly considered by President Von Hindenburg, declared in the Berlin cathedral that "a storm is brewing in Germany—a fight between Christianity and heathendom." In this contest, however, Hitler appears to have much more influence than the aged president, who is more and more becoming a figurehead.

RESIGNATIONS from the Democratic national committee seem to be in order and some have already been received. The President let it be known that he did not approve of members of that body opening law offices in Washington and apparently trading on their supposed influence with the administration. Robert Jackson announced his resignation as secretary and committeeman from New Hampshire, and Frank O. Walker said he had resigned as treasurer in order to devote full time to his work as chairman of the President's national executive council. J. Bruce Kremer, practicing law in the Capital, resigned some weeks ago as member for Montana. Postmaster General Jim Farley, it was said, wants to quit as national chairman, but Mr. Roosevelt may not permit this. Arthur Mullen, committeeman from Nebraska and vice chairman of the committee, and Orman Ewing, member from Utah, both have established law offices in the Capital and it would not be surprising if they resigned from the national committee.

SENATORS BORAH of Idaho, Norris of Nebraska and Nye of North Dakota, all independent Republicans whose support has been counted on generally by the administration, have started a concerted attack on the NRA, charging that its codes foster monopolies and result in forcing the small dealers out of business. Their fight is not against the President and his policies, but against Gen. Hugh Johnson, NRA administrator, upon whom they place the blame for the faults they say have developed.

PRACTICALLY without opposition, a measure was put through the house and senate extending the life of the Reconstruction Finance corporation for another year and providing it with \$850,000,000 of new capital. There was little debate, and in the house only Louis T. McFadden of Pennsylvania voted against the bill.

BIRTH control has been put up to both congress and the President. A bill designed to promote it by repealing certain clauses of the penal code has been introduced and hearings started; and a committee headed by Mrs. Thomas N. Hephurn of Connecticut and Mrs. Margaret Sanger carried to the White House a resolution from the birth control and national recovery conference in Washington asking Mr. Roosevelt's support for the measure.

ITALO BALBO, the bearded Italian air marshal who commanded the great mass flight from Italy to Chicago and back last summer and thereby became too popular to suit Premier Mussolini, has made his peace with the Duce and has assumed his new duties as the governor of Libya in north Africa. He crossed the Mediterranean in state on the new cruiser Alberto di Giussano with another cruiser in escort, and when he landed was received by all the Italian officials in the colony and a colorful gathering of the native troops.

Balbo, who is just thirty-seven years old, replaces Marshal Pietro Badoglio as Libyan governor. While a new line of activity, it will be a job with an opening for him, for Mussolini wants to make Africa in time an outlet for Italian emigration.

Balbo will keep up his interest in aviation, even though he is just governor of the sandy North African coast.

REPUBLICAN members of the house ways and means committee proposed two important tax reforms. A constitutional amendment authorizing the taxation of federal and state government bonds was suggested by Representative Allen T. Treadway, with the statement that there are now some \$40,000,000,000 of such securities outstanding and free from taxation.

Representative Isaac Bacharach proposed the restoration to the federal tax laws of a credit against earned income. His plan, Mr. Bacharach declared, would lighten materially the tax burden of the small salaried class without seriously cutting into present income tax revenues.

TWO thousand or more persons were killed and 10,000 injured by violent earthquakes that shook all parts of India. The full measure of the disaster will not be known for some time, but airplane surveys revealed that many cities and towns had been virtually destroyed. In some regions the devastation was increased by floods resulting from the temblors. Communication system were shattered and there was great danger of pestilence and starvation among the survivors.

PUERTO RICO has a new governor who may please the islanders better than did Robert H. Gore. He is Gen. Blanton Winship, former judge advocate general of the army, and a man of experience in insular affairs. He served in Cuba and the Philippines as an adviser to the highest American officials in those parts. Also he was a military aide to President Coolidge. His home town is Macon, Ga. Mr. Gore, whose administration was bitterly and constantly attacked by island politicians, resigned, stating his reason was ill health.

President Roosevelt also selected a new chief of the weather bureau in Washington in the person of Willis G. Gregg. He succeeds Dr. Charles F. Marvin.

CAMILLE CHAUTEUPS, fighting desperately to save his French government after the great Bayonne pawnshop scandal, promised the chamber of deputies to clean up that affair, and thereupon was given a vote of confidence, 390 against 229. The vote came on the government's opposition to the creation of a parliamentary commission to investigate the collapse of the Bayonne institution, the death of its founder, Serge Chautemps (Hansome Alex) vinsky, and the part several deputies have accused high officials of taking in the affair. The premier insisted that such a commission would not get to the bottom of the charges.

The premier promised to investigate the affair personally and to spare no names. During the heated debate he admitted there had been looseness and poor functioning of various services, but denied the charges of governmental and police corruption. The opposition deputies were furious and there were open declarations that the country faced a dictatorship. Chautemps replied vigorously and made the assertion that a coup had been prepared several days previously to put the government in the hands of a few "energetic" men to act as a directory.

CHINESE Nationalist forces after severe fighting captured Fochow, the headquarters of the rebels in Fukien province, and it was reported that negotiations were proceeding to settle the dispute between the Nanking government and the leaders of the rebel movement. There was great disorder in Fochow, for all the officers of the Nineteenth route army except its commander, Gen. Tsing Ting-kai, had fled and the leaderless soldiers were running wild. On the request of Vice Consul Gordon Burke, an American naval party was ordered ashore from the gunboat Tulsa to protect 144 Americans in the city.

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Washington Digest

National Topics Interpreted
by William Bruckart

Washington. — In my ramblings around Washington, I find a considerable number of Republican public leaders who seem to be chuckling about their loss of the election to the Democrats in November, 1932. They are, or seem to be, quite well satisfied at having the country pick Franklin D. Roosevelt over Herbert Hoover, and they seem to be equally well satisfied that the President has such a vast majority in the house and senate of congress.

Campaign threats and promises just will not down. The victors have to make good or the vanquished in politics pick up the failures and call attention to them. Consequently, as congress begins to grind away on the biggest federal budget ever submitted in peace time, the Republicans are finding juicy morsels to talk about. And don't think they are overlooking opportunities to do so!

All of which is by way of leading up to the fact that Candidate Roosevelt told the country over and over again in the fall of 1932 that he proposed to cut government expenses by one-fourth. He started out like he intended to do it by compelling the extra session of congress to trim everywhere, but the trimming seemed only to cause fresh sprouts to shoot up, and they constitute items of expenditures that, when totaled, cause one to wonder why the President ever made his declaration as to reduction of expenses while he was a candidate.

Nine months of the Roosevelt administration have elapsed; nearly ten months are passed, but official figures are available for only nine complete months, and so we have to rely on those. And the expenditures keep on going in the general direction of the sky.

Assuming that the previous administration should accept responsibility for commitments that were fulfilled in expenditures made prior to the end of the fiscal year that ended in June, 1933, we can analyze figures from July 1 to December 31, or a half of one fiscal year over which Mr. Roosevelt has had complete control. The total outgo from the treasury during those six months was \$2,821,570,537. In the corresponding six months of the previous year, or from July 1 to December 31, 1932, the total outgo was \$2,659,395,964. These figures are taken from the treasury's official statement of condition and they cannot be wrong.

I do not know whether Mr. Roosevelt's reference to the 25 per cent reduction was meant to apply to "ordinary" expenditures, as distinguished from those payments that are used in the emergency spending. If that be the case, the assertion that the expenditures would be cut by one-fourth was not understood by a good many people, including myself. Further, if that was the application, then I can ask only what has been accomplished by cutting one item and increasing another so that the total is approximately the same over the six months under review?

The figures for the six months show that for "ordinary" governmental costs, the outgo was \$1,466,045,214, whereas for the six months ending December 31, 1932, the "ordinary" expenditures were \$2,182,172,342. There has been no 25 per cent reduction there, either, although it still is possible for accomplishment of that promise before the current fiscal year ends next June 30.

It happens that through more than a decade I have been in close contact with the treasury and government financial questions, generally. Through that period and for two score years before, there was no material change in the form in which the treasury published its fiscal condition statement, a daily statement. But Mr. Roosevelt brought about a change. He contended, and with just grounds, that the expenditures for relief from the depression constituted outgo that will not recur each year. It is the President's view, therefore, that the relief expenditures should be accounted for separately. He chooses to call them "capital expenditures." So the change in the treasury's statement shows the "ordinary" expenditures of the regular governmental agencies such as the executive departments, congress, the White House, and permanent bureaus, boards and commissions, and itemizes the "capital expenditures" separately.

His budget that was sent to congress when it convened was a reflection of this view. There was the "ordinary" budget and then there were the "capital expenditures." We actually have two budgets for our government now, yet as I said earlier, the expenditures of the government must be totaled eventually, and that total must come out of the taxpayers' pockets, call them "ordinary," "capital expenditures," "extraordinary" or what have you.

The thing that appears to puzzle most of the observers in Washington is how the administration is going to succeed in spending such a vast sum as \$6,357,480,700 between now and June

30, the end of the current fiscal year, as the President announced. The new budget lists that amount for emergency expenditure in the remainder of the fiscal year, and in addition congress is asked to appropriate \$3,533,001,757 for the "ordinary" running expenses during the twelve months beginning with next July 1. There is the basis in those two items that has given rise to the expression: "this is a ten-billion-dollar congress."

The budget lists the "ordinary" expenditures as follows: Departmental (the various executive departments), \$2,890,116,200; legislative, (congress and its staff) \$17,718,500, and for independent establishments, boards, bureaus and commissions, \$616,557,007. The category of independent establishments, of course, includes the heavy-spending veterans' administration which is scheduled to have \$553,210,001 for payment for compensation and for the medical and hospital treatment for veterans in the year beginning July 1. The veterans' administration has appropriations available in the present year, or funds to use until next June 30, of \$602,838,000, so that there has been a reduction, but not the full 25 per cent. My information is, however, that congress may boost that total somewhat. The veterans obviously will obtain more if any group can do so, for they always cause cold chills to run up and down the backs of politicians, especially just ahead of an election. So the veterans' funds can reasonably be expected to be greater than the President proposed.

In addition to the dissatisfaction at seeing the proposed present reduction, veterans are still ranking under the sharp cut in funds given them under the so-called economy act last year. It was advertised as a cut of \$400,000,000, but "readjustments," reviews of "border-line" cases and other methods have been used in straightening out the tangle resulting from an injudicious application of the economy law until the cut of \$400,000,000 is said now to represent actually a cut in total funds for the veterans of less than \$200,000,000 from the high-water mark. What I am trying to say is that a perpendicular slash was made into the pile of money hitherto voted to the veterans, and administration officials have been busy since that action in putting it back, bit by bit. I have heard no particular criticism of the restoration of funds where they are needed; the criticism seems to be directed at the attempted showmanship, instead of statesmanship, employed at the expense of the veterans.

But, advertising to the emergency or the "capital expenditures" section of the budget, few of the officials of the government are willing to admit that they know how six and one-third billions are going to be spent, or even how they can be spent in the five months remaining of the fiscal year. It is to be assumed that the President has plans for the expenditures, and that they will be disclosed in due course.

The military affairs committee of the house has voted a trip for itself.

The congressmen determined it is necessary to go down to Florida to inspect Chapman field, an air base, with a view to making it "into the first of a series of army sea frontier defenses."

They are going in an army airplane, "if one is available" which, of course, it will be, and how onerous the burden is going to be on them! My spies on the frontier tell me that the base is still there and that the congressmen will surely find it when they go down to Florida, even though they will arrive in balmy climate just at the time the "winter season" of the resorts is in full swing. Besides, from what I hear, one can go bathing down there now and otherwise enjoy the delights of summer in the midst of winter.

It is to be remembered that only a short time ago, a congressional committee had to make the junket across the continent to see whether the Pacific fortifications were still there. They were still there; so the congressmen came back. It was only a year or so ago also that a senate committee found it necessary to go down to Florida to inspect the everglades. The senators found the everglades eventually, I learn, but according to the expense account that the committee filed with the senate, the way they proved that the everglades were still intact was by hiring the best hotel suites in the best and most fashionable hotels, buying mineral waters to drink because they must not change water so suddenly, hiring glass-bottomed boats with which to view the glade mud and pay for a dirigible to ride over the morasses for an accurate view. The current inspection of Chapman field won't cost much, either, only \$200 an hour while the plane is flying, several hotel suites for several days and several other items. I certainly hope this country will not be attacked from Cuba or Haiti, or Bermuda, before those congressmen get to see Chapman field.

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More or Less Joyous School Days Recalled

Did you ever glance through an old school book, particularly a reader, and note the pencillings of more or less happy school days? On the fly leaves will be found such sentimental doggerel as "roses are red, violets are blue, sugar is sweet and so are you"; "sure as the vine grows 'round the stump, you're my little sugar lump," and others. But speaking of sentiment, do you remember the canceling of names—yours and that of a childhood sweetheart? You will recall the letters appearing in both names were stricken out. Those remaining were named in rotation, "love, hate, friendship, marriage," and repeated. The last letter was supposed to forecast the windup of that particular love affair. Some of the pupils spent idle moments blacking all the o's in the printed page. Others, myself included, specialized in adding fierce mustaches to Daniel Webster and other smooth-faced men of fame whose pictures appeared. Another very popular stunt was to write in the front of the book: "If my name you want to see, look on Page 203." Turning to the indicated page, however, you were told to look elsewhere and then began a chase that probably ended with a saucy remark instead of the promised name. Oh, the good old days! Oh, to read again of the princess who was black and blue from three peas under fourteen mattresses. Or of the third and last wish that had to be wasted in getting rid of those saucy sages that clung to the old man's nose "and what was more, they would not be pulled off!"—"Pioneer," in the Indianapolis News.

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