

News Review of Current Events the World Over

Eastman Foresees Government Ownership and Operation of Railways—Progress of President's Money Bill—American Recognition for Mendieta.

By EDWARD W. PICKARD

WHEN the railroad problem of the United States is solved, it will be found that the solution is government ownership and operation, in the opinion of Joseph B. Eastman, federal co-ordinator of transportation. The conclusion is set forth in his first report, made to the Interstate Commerce commission and transmitted to President Roosevelt, Vice President Garner and Speaker Rainey. Mr. Eastman says the solution would not be inconsistent with our theory of government.

J. B. Eastman

Explaining that when governments acquire private property they normally pay more than it is worth, Mr. Eastman reaches the conclusion that the remedy should not be applied to railroads now because the country is not financially in a condition to stand the strain of an acquisition of these great properties.

The co-ordinator, having set up what he wishes to be the objective of future national railroad policy, then proceeds to make recommendations within the limits of existing laws. He is decidedly skeptical of the Prince plan for consolidation of the roads, for his assistant, William B. Poland, has made studies that show the economies under this scheme would be less than one-third of the original estimates.

Most significant of the recommendations on consolidations is that proposals for compulsory consolidations should be given a trial, provided that the commission and the co-ordinator find the proposed mergers to be in the public interest. Mr. Eastman throws the weight of his approval behind a method of compulsory consolidation through exchange of securities without the use of cash. Execution of such a method, which the co-ordinator's legal assistant, Leslie Craven, believes can be accomplished, would accelerate the merging of eastern railroads into the four systems previously agreed upon.

Mr. Eastman says that reorganization of railroads now bankrupt "should be effected as speedily as practicable, and in a manner which will result in a very material reduction in fixed charges." He calls attention to the fact that some of the most successful reorganizations in railroad history took place in the midst of financial depressions. Wall Street theory has been that reorganizations should be postponed as long as possible.

Many of the railroads' vital problems can be dealt with adequately by the carriers themselves, but "there is as yet insufficient organization and leadership in the industry for effective co-operation in such undertakings." It is quite possible, Mr. Eastman believes, that a study of these problems "will pave the way to a much larger use of motor vehicles as an adjunct to railroad service, and to a reving and simplification of the freight-rate structure."

CARLOS MENDIETA is quite satisfactory to the United States as president of Cuba in view of the fact that he has the backing of a majority of the Cuban people and apparently is capable of restoring order in the island. So President Roosevelt informed the diplomatic envoys of the other Latin-American countries whom he had summoned to the White House. The President virtually invited the other nations to take the same course but made it clear that his mind was made up anyway. Next day Jefferson Caffery, acting for the United States government, went to the state department in Havana and handed to Secretary of State Cossio de la Torriente a document notifying the Cubans that the United States was ready to resume diplomatic relations.



Carlos Mendietta

The Cubans went wild with joy and the 21-gun salute from the American warship Wyoming in the harbor was answered by salutes from the forts.

Mr. Caffery will be our ambassador to Cuba, and Manuel Marquez Sterling will be the Cuban ambassador to Washington.

Recognition of the Mendietta regime came from practically all other nations. President Roosevelt plans to do several favors to Cuba that should make Mendietta solid with his people. The warships in Cuban waters will be withdrawn. The Platt amendment to the Cuban constitution, permitting the United States to intervene in Cuban affairs to maintain law and order will be junked. And congress will be asked to give Cuba a big preferential reduction in the American sugar tariff. Sugar raising is the island's chief industry and for five years it has been in a severe slump, and the resulting depression has caused much of the political disturbance.

DEVELOPMENTS in Japan indicate that the military clique is losing out and that Foreign Minister Koki Hirota will be able to carry out his plans to establish more friendly relations with the United States.

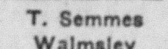
Gen. Sadao Araki, who had been minister of war since December, 1931, and who conducted the campaign against China, has resigned ostensibly because of ill health, and has been succeeded by Gen. Senjuro Haya. Koki Hirota, last October Araki declared in an interview that "if people believe the foreign policy toward the United States will change, they are absolutely wrong." It was then predicted that there would be a split in the cabinet, and this appears to have come, with the less warlike ministers, led by Hirota, having the upper hand.



Koki Hirota

Hirota told the diet at its opening that Japan "fervently desires American friendship" and added that no question exists between Japan and the United States that is intrinsically difficult of solution.

SENATOR HUYE P. LONG of Louisiana sustained another severe blow in the New Orleans Democratic mayoral primary, which is equivalent to an election. The "Kingfish" candidate, John Klorer, was soundly beaten by T. Semmes Walmesley, the present incumbent and now one of Long's bitterest foes. There was a third candidate and Walmesley did not obtain a clear majority, but Klorer announced that he would not force a run-off primary.



T. Semmes Walmesley

His chief issue in the race was a drastic reduction in electric rates in New Orleans, and as the present city administration has promised to bring this about, Klorer said he would take it at its word. The campaign for the nomination was exceedingly stormy with prospects of violence that did not develop when the day came. Walmesley and Long in their speeches denounced each other without reserve, and the mayor promised to follow the senator to Washington, if necessary, and give him a good thrashing. Having won the fight at the polls, he probably will abandon this project, though he and his organization have pledged themselves to "exterminate" Huey from public life.

JOHN H. MCCOY, for almost a quarter of a century the big Tammany boss of Brooklyn, died of heart disease, and his demise probably means the end of Tammany's domination of the Democratic party in New York, at least for a time. It was expected that a leader satisfactory to the supporters of President Roosevelt would be selected to succeed McCoy.

Another once notable political leader passed away when Edward J. Brundage of Chicago committed suicide, presumably because of financial troubles. Highly respected as a lawyer and a man, he formerly was prominent in the Republican party in Illinois and had been attorney general of the state.

OSCAR DE PRIEST of Chicago, the only negro in congress, injected the race question into the house of representatives, to the great distress of Speaker Rainey and the other Democratic leaders. Louis Morris, secretary to Mr. De Priest, and his son were refused service in the grill of the house restaurant, the manager informing them that this was in accordance with his orders from Representative Lindsay C. Warren of North Carolina, Democrat, chairman of the committee on accounts which directs the affairs of the restaurant. Mr. De Priest, hearing of this, was exceedingly wroth and insisted on demanding a special investigation to determine by what authority the committee "controls and manages the conduct of the house restaurant, and by what authority said committee or any member thereof issued and enforced rules or instructions whereby any citizen of the United States is discriminated against on account of race, color, or creed."



Oscar De Priest

MORE than 4,000,000 persons were given jobs by the CWA and Mr. Roosevelt is asking for an appropriation of \$350,000,000 to carry on the work to May 1; but he insists that the CWA organization be abandoned on that date according to his previous plan. Protests against this course, in congress and all over the country, have been numerous and loud. It is now considered likely that after May 1, continued employment for more than 2,000,000 of the CWA workers will be found in seasonal employment, public works and a revival of industry.

Senators Nye and Borah, who have been attacking the NRA on the ground that its codes fostered monopolies and tended to ruin small business concerns, won a concession from Administrator Johnson. The general agreed to the establishment of a board of outstanding citizens to which small manufacturers and other business men can bring their complaints of ruinous operation of the codes.

ALL the code authorities have been summoned to meet in Washington February 15 to consider code revisions. THAT recovery outlays can be ended by June 30, 1935, is the belief of the President, and he gave expression to this when he announced his approval of the bill extending the life of the Reconstruction Finance corporation for another year. He enjoined Jesse Jones, chairman of the R. F. C., not to withdraw more than \$200,000,000 from the treasury in the next fiscal year, except with prior Presidential approval.

Washington Digest

National Topics Interpreted
by William Bruckart

Washington.—The President's move, now sanctioned by congress, to provide us with a dollar that has a purchasing power of not to exceed sixty cents by comparison with the dollar that has been our medium of circulation so long has caused about as much controversy in the National Capital as anything that has been done under the New Deal. Nor is there, at this time, any possibility of either side giving up in their arguments, for it must be said frankly that there is merit on either side of the proposition.

Mr. Roosevelt has elected to adopt a course that means roughly the establishment of prices for everything you sell at levels that approximate the range of 1926. At the same time, it means that roughly everything you buy will be proportionately higher than the prices that have obtained during the depression. Thus, it must become readily apparent that raw materials, such as farm commodities, for example, are going to return more to those who are the source of that supply than they have been receiving lately. Coincidentally, everything that the farmer buys will have jumped up in price. And in between, we find the individual who lives by the sweat of his brow, the so-called white-collar worker of the office and residents of towns or cities, who will pay more for everything, and without any perceptible addition to their income.

The theory that has been advanced by those who support the President's plan is that it will start a larger return of cash to the farmers and that, when such a result is obtained, an extended expansion will take place in the general cycle of business. In other words, it is their contention that the agricultural industry constitutes a key that will unlock the door of a more prosperous era.

On the other side of the argument, one hears the insistent contention that nothing has been gained actually by reducing the value of the dollar, as measured by gold. Assuming that there will be the restoration of 1926 price levels, say opponents of the President's course, what will have been gained for the farmer when the things he has to buy are increased in price and the buying power of the millions who live in cities, towns or villages has been reduced. And it cannot be denied that after all the farmers' market is in those areas. It is equally true that wages never keep pace with increasing prices and the natural result of this disparity is to force the residents of urban communities to cut down on their purchases, even if that entails reduction of the food they buy. They cannot buy if they do not have money.

What has happened to the dollar, itself, by the President's action? The answer is, "nothing." That is correct if one considers only the physical dollar of silver or dollar in paper currency. But the effect of the action is the bone of contention, and from what I have read of this nation's political history, anybody can be assured of a red-hot argument over proposals for tinkering with our form of money. Mr. Roosevelt has done it, however, and he moved so fast that there has been argument after the fact, rather than before it was accomplished. For that reason, it appears certain, you will hear arguments of a serious nature, and maybe a few fist fights, over money questions through several elections to come.

To get back to the dollar again: The President asked congress to prescribe the limits of the devaluation, or to say it another way, he asked congress to enact legislation (for which it is responsible to the people, of course), that will let him proclaim a new dollar value as measured in terms of gold. He told congress that the upper limit should be sixty cents and the lower limit should be fifty cents. The old dollar was rated as worth 20.67 grains of fine gold. The minimum, or fifty-cent dollar, would be worth just half of that amount of gold and the sixty-cent dollar would be proportionately more. When the terms fifty-cent dollar or sixty-cent dollar are used here, they are for purposes of comparison with the long-established basis of gold, and gold is the accepted basis of international trade. Whatever America does, however, does not alter that basis, and consequently the new Roosevelt dollar, assuming it stands at 10.34 grains of gold, will be worth just half as much in foreign purchases as the former dollar was worth.

So, as I stated above, there has been nothing happen to the physical currency. The revaluation has been manifest only in the effect. You can change a dollar bill into two fifty-cent pieces, or four quarters, or ten dimes or twenty nickels or one hundred pennies under the new scheme as well as before. But when you change that dollar into commodities, a pair of shoes, a shirt, a dress or a suit of clothes—if it works out to increase prices as Mr. Roosevelt contends—the result will be plainly apparent.

It is apparent to most anyone that the full force and effect of the President's action will not be wholly manifested for some time. Conditions have to adjust themselves. But the sponsors of the new arrangement for money have not been able to explain to me why the artificial boosting of prices may not lead to ultimate evils. I mean by that to inquire why, if the prices are started upward, we may not expect to see them reach a level that is disproportionately high, a level that will have the same effect upon you and me, in our daily buying, that drained our resources during the World War.

The legislation affecting monetary matters which the President asked congress to enact included authority for the Federal Reserve banks to take the gold that they have stored up. It amounted to approximately \$3,700,000,000. All of this gold now becomes the property of the treasury. That agency of the government, therefore, possesses all of the gold for monetary purposes that there is available in this country. When the treasury has taken it over, it will pay the Federal Reserve banks in gold certificates, yellow backs of the type that used to be in circulation. But the irony of the thing is that the reserve banks cannot "cash" those certificates. It must simply hold them, awaiting the pleasure of the treasury because they are to be redeemed at the pleasure of the treasury.

Of course, the reserve banks will be allowed to use them as they used to use gold. Federal reserve notes can be issued with the uncashable gold certificates as the collateral, instead of gold. The reserve banks, therefore, simply had to obey the decree of the federal government and turn in their good gold as every one else, individuals or corporations. The federal government is going to use two billions of the gold taken from the reserve banks to establish a "stabilization fund." Simultaneously, the secretary of the treasury has been given authority to buy or sell international exchange. That is, he can buy British pounds or French francs or German marks, or he can sell dollar exchange or buy dollar exchange. Money from the stabilization fund will be used.

The purpose of this is to bring about a balance between the amount any nation pays the United States and the amount paid by the United States to that particular foreign country. By that method, no gold would have to be transferred, or only small amounts would change hands. Thus, it is claimed, the new value of the dollar will be maintained at what amounts to an even trading worth insofar as foreign nations are concerned. Of course, it is not actually the nations that are concerned, but the business of those nations that makes international trade, causes the sale of wheat or cotton or corn or hogs and the purchase of coffee, of sugar, of novelties or the hundred and one other items. No one seems to know how much it will cost to maintain the dollar on a stable basis as measured in international trade. When the President provided for a two-billion-dollar stabilization fund, he apparently was guided by the size of the British fund which was created for exactly the same purpose, namely, protection of the British pound from being made a currency that nobody wanted.

Another phase of the monetary program upon which Mr. Roosevelt has launched seems to be a credit warrant discussion. The new legislation has the effect, I am told by authorities, of giving the treasury the greatest power it has ever held in the matter of credit control. It has taken over this power from the Federal Reserve system, which was created under the Democratic administration of Woodrow Wilson, to provide a flexible currency for business. Its purpose was to make certain that as business expanded and its need for more currency developed, the Federal Reserve banks could supply it. Whether that purpose has been destroyed, authorities inform me it is too early to tell. But from all of the fear that is evident in some quarters, there must be at least some threat of danger.

I have been told, too, that the legislation almost makes a central bank of the treasury. If that be true, the treasury will be able to tell the Federal Reserve banks, to some extent, how high or low their rates of discount shall be. Perhaps that does not seem important; perhaps it appears to be far removed from life in a small town or in a city, but it is of direct consequence to the little general store or the larger department store, or the hardware dealer or the druggist, or any other business. The discount rate more frequently than not determines the interest rate which your local business man must pay for money he borrows. He must figure the interest as a part of his business cost, and add that to the price we pay for the things we buy. If I were to select one phase of the central bank idea as being more objectionable than another, it is that too much control is being concentrated in Washington, Washington is permeated with politics.

Russians Easily Lead World as Tea Drinkers

Of the three great national drinks of Russia, tea is first in the affections of the Russians, vodka second and kvass third. Russians take their tea viciously hot, in glasses. For butter-fingered foreigners there are tea glass holders of filigreed silver. To make tea in the Russian style you must get whole leaves—small, but not crushed—of the choicest quality. Pour boiling water into your glass with your left hand as you sift in a few leaves from your right. As the leaves settle, fragrant amber trails arise. Let it strengthen to your taste. If you like sugar, take it between your teeth and sip the tea as the peasants do—hold a lump throughout it.

The tea habit is everywhere; it grew because Russian water is bad—needs boiling. The first time I was on a Russian train and it stopped at a way station, all the Russians got off and ran like the devil. So I got off and ran like the devil, too—with no idea why, or where to. I found myself in line at a faucet of boiling water. There is one on the platform of every sizable railroad station in Russia.

The passengers take this water, in a variety of containers, and go back to their seats to make tea. It fortifies them for the rigors of travel on railroads which remain the world's most haphazard.—W. B. Courtney in Collier's Weekly.

How Acid Stomach Makes Itself Known to You

- HERE ARE THE SIGNS:
- Nervousness
 - Frequent Headaches
 - Neuralgia
 - Feeling of Weakness
 - Indigestion
 - Sleeplessness
 - Loss of Appetite
 - Mouth Acidity
 - Nausea
 - Sour Stomach
 - Auto-intoxication

WHAT TO DO FOR IT:

TAKE—2 teaspoonsful of PHILLIPS' Milk of Magnesia in a glass of water every morning when you get up. Take another teaspoonful 30 minutes after eating. And another before you go to bed.

OR—Take the new PHILLIPS' Milk of Magnesia Tablets—one tablet for each teaspoonful as directed above.

If you have Acid Stomach, don't worry about it. Follow the simple directions given above. This small dosage of Phillips' Milk of Magnesia acts at once to neutralize the acids that cause headache, stomach pains and other distress. Try it. You'll feel like a new person.

But—be careful you get REAL milk of magnesia when you buy—genuine PHILLIPS' Milk of Magnesia. See that the name "PHILLIPS" is on the label.

ALSO IN TABLET FORM

Each tiny tablet is the equivalent of a teaspoonful of Genuine Phillips' Milk of Magnesia.

MEMBER N. R. A.

Phillips' Milk of Magnesia

Bronchial Irritations Need Creosote

For many years our best doctors have prescribed creosote in some form for coughs, colds and bronchitis, knowing how dangerous it is to let them hang on.

Creomulsion with creosote and six other highly important medicinal elements, quickly and effectively stops coughs and colds that otherwise might lead to serious trouble.

Creomulsion is powerful in the treatment of colds and coughs, yet it is absolutely harmless and is pleasant and easy to take.

Your own druggist guarantees Creomulsion by refunding your money if you are not relieved after taking Creomulsion as directed. Beware the cough or cold that hangs on. Always keep Creomulsion on hand for instant use. (adv.)

Cuticura Talcum Cooling Refreshing

Fragrant and refreshing oriental balsamic essential oils comprise the medication of Cuticura Talcum. Instantly upon touching the skin these oils start their soothing and cooling work and your skin is protected against irritation.

Price 25c

Sample free. Address "Cuticura," Dept. S, Malden, Mass.

Rheumacide

Indicated as an Alternative in the Treatment of RHEUMATIC FEVER, GOUT, Simple Neuralgia, Muscular Aches and Pains

At All Druggists

Jan. Baly & Son, Wholesale Distributors, Baltimore, Md.

© by Western Newspaper Union