

News Review of Current Events the World Over

World Court Adherence Proposal Sidetracked in Senate—President's Social Security Plan Arouses Storm of Discussion.

By EDWARD W. PICKARD
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RATIFICATION of the world court protocols received a setback when Senator Hiram Johnson, Republican, California, bitterly denounced such action as a "back door entry" to the League of Nations, and senate leaders rather than risk an immediate vote, delayed definite action.



Sen. Hiram Johnson

Senator Johnson's attack came on the heels of a special message to the senate from President Roosevelt who asked for early ratification of the protocols. It was the most determined movement yet made to put the United States into the court.

Other senators, it is said, were ready to follow Johnson's lead, particularly Senator Borah, long time foe of the court.

Johnson supported his opening attack on the court by offering four embarrassing reservations to the resolution of ratification:

1. Prohibit the court from entertaining jurisdiction on any question relating wholly or in part to its internal affairs.
 2. Permit recourse to the court only by agreement through general or special treaties between the parties in dispute.
 3. Prohibit the court and the league of nations from trying to assume jurisdiction on any question which depends upon or relates to the Monroe Doctrine.
 4. Declare the United States, by joining the court, assumes no obligations.
- Through Johnson's action, these questions must be voted upon before a final vote can be reached on the resolution of adherence.
- Although the question has been sidetracked for a time, it will be brought up soon, it is said, and Senator Robinson, Democratic leader, has stated that he was confident of ratification when the final test comes.

THE third phase of testimony presented by the state in the trial of Bruno Richard Hauptmann, charged with the murder of Col. Charles A. Lindbergh's son, has begun. Eight handwriting experts called by the prosecution have completed their testimony, each declaring that in his opinion, the dour ex-carpenter was author of the ransom notes, and the state now moves on to the story of finding the tiny corpse in a shallow grave in the woods near Hopewell, N. J., two months and twelve days after the kidnaping on the night of March 1, 1932. Following this, the story of how Hauptmann was captured last September through identification of one of the gold certificates which made up the ransom, will be told.

Eight men, who have qualified with the court as experts, have declared that Hauptmann penned the ransom notes. Photographic enlargements of the notes and of Hauptmann's admitted writings have been shown in the court, and each peculiarity of each character has been carefully gone over.

Defense lawyers have fought each scrap of testimony bit by bit. An attempt has been made to show that some one might have forged Hauptmann's handwriting in an effort to throw suspicion on him, but this has been vigorously refuted by witnesses who have been firm in their assertions that only the prisoner could have been the author.

An attempt to forestall efforts of the defense to pin the crime on Isador Fisch, furrier, who died in Germany, is being made by New Jersey officials. Pinkus Fisch, brother of Isador, his wife, Czerna; his sister, Hannah, and Fisch's nurse, Minne Steingnitz, have been brought from Germany to testify. Pinkus has asserted his belief that his brother is not guilty.

THE Saar will be returned to Germany on March 1, a special committee of the League of Nations has decided. The proposal will be submitted to Berlin at once. Opposition to this proposal is expected, since the reich originally demanded the basin's return formally on or before February 15.

Another difficulty arises over France's demand that Article 42 of the Versailles treaty establishing a demilitarized zone should be applied to the Saarland. This would ban Nazi storm troops and Brown Shirts from the territory after its return. Compliance of this demand would be an admission from Germany that the Brown Shirts are a semi-military organization, and this Berlin has long denied in computing her military strength.

Germany won an overwhelming victory in the plebiscite held to determine the wishes of the inhabitants of the rich Saar basin as to the future status of that territory. The complete vote as announced by the commission was: for return to Germany 477,119, for annexation to France 2,124, and for return

to present status under League of Nations control 46,513. Their margin of victory exceeded the hopes of even the most optimistic Nazi leaders.

Love of the fatherland won over antipathy to Hitler principles in influencing the voters. The Saarlanders in voting to return to reich rule exchanged their personal and political liberties for the regimentation of a dictatorship with its curb on the press, free speech and individualism.

GENERAL REVISION of air mail rates to prevent possible destruction of commercial aviation has been recommended by the bureau of air mail of the Interstate Commerce Commission. An investigation conducted by the bureau discloses that most of the routes are being operated at substantial losses, and rate increases were recommended on 19 routes. Rates on one route would remain unchanged, and 11 others would be decreased, if the recommendations are carried out.

The proposed new increases range up from nine cents per mile for poundage not to exceed 300 pounds per mile, while the reductions ranged as high as 13.5 cents per mile. Operation losses of \$1,757,993.39 were shown in tables submitted by the 31 existing operating companies, and it was pointed out that the industry would be endangered if the contractors were forced to continue operating at tremendous losses.

THE most far-flung innovation of the New Deal has proposed thus far—the "social security plan" proposed by President Roosevelt—has aroused a storm of discussion.

Administration adherents greeted the scheme with wild enthusiasm, while the opposition, led by Senator Borah, Idaho, has voiced vigorous criticisms.

All business in congress has been sidetracked to permit immediate action on the proposed measure.

Public hearings have already been started in the senate finance committee, and the house ways and means committee has postponed consideration of the bonus bill to work on the security plan. This is being done at the President's behest. The plan provides:

Flexible, but compulsory unemployment insurance under a federal-state system restricted to workers and financed by a 3 per cent tax on pay rolls after January 1, 1938. The government will aid in bearing administration costs, and the treasury will handle the fund. Ninety per cent of the pay roll tax is to be refunded to employers who contributed to state unemployment plans. A maximum of \$15 a week of compensation to begin four weeks after the worker loses his job and to last for not more than sixteen weeks is contemplated.

The second part of the plan provides for old-age pensions. The government is to co-operate with the states and pay a maximum of \$30 a month to persons over sixty-five. The national government is also to aid states in formulating a plan for persons under sixty-five which will be financed jointly by employer and employee through a pay roll tax; the funds to be handled by the federal government; the amount of pensions to be a percentage of the employee's wage; with non-manual employees receiving more than \$250 a month to be exempt from the plan.

The third section of the scheme provides for appropriations to give better facilities to caring for mothers, and dependent and crippled children, and the fourth section would furnish larger appropriations for public health aid, investigation and research.

Cost of the entire program to the federal government will be \$100,000,000 next year and \$200,000,000 in succeeding years. The cost to the states will be \$75,000,000 next year and \$150,000,000 in succeeding years. Some idea of the size of the plan may be gained from the report of the President's cabinet which said reserves for old-age pensions must be maintained after some years at \$15,250,000,000.

ONE of the most spectacular prison breaks in history was effected when four convicts in the San Quentin (Calif.) state prison overpowered two guards, slugged the warden unconscious, kidnaped six hostages including four members of the state prison board, and fled in a state owned automobile. The felons were captured two hours later 54 miles from the prison after a running gun fight with prison guards and posses. One of the convicts was wounded, as were two of the hostages.

Trouble has been expected at San Quentin, where some 6,000 prisoners are housed in space designed for only 3,000. Unrest has been evident for some time, especially since it became necessary to put more than one man in each cell. Only 100 guards have been regularly employed.

EXTENSION of life of the Reconstruction Finance corporation for two years will be asked, informed congressmen assert. The RFC's authority to make loans expires on January 31. It is rumored that the extension will include a proviso permitting the President to put the organization out of business by proclaiming the emergency ended at the conclusion of one year.

The extension plan may also carry a section doubling the length of time for maturity of loans the RFC may make. The present limit is five years. It is also said that the RFC may be permitted to extend instead of renew existing loans providing value of security is unchanged.

THE final fate of NRA seems to be up to the President. Reports from the capital say the National Industrial Recovery board, successor to Gen.



Donald Richberg

Hugh Johnson, who asserts NRA is "as extinct as the dodo," has avoided a direct recommendation that the institution be made permanent. Since this was evidently done with the approval of the President, the future of the Blue Eagle seems to be somewhat clouded.

The board, of which Donald Richberg is chairman, pointed out three possible courses which the President can follow. The first course would be to make NRA permanent, but in simplified form. Under this plan, every industry would have to go under a code fixing wage and hour limits and prohibiting child labor. Trade practice provisions would be entirely voluntary. In rare cases where price fixing is employed, the government, not the industry, would fix the price.

The second course would be to extend the NRA as it now stands, but for a limited period. Unless legislation of this kind is enacted, the act will expire automatically on June 10. The third course would amend and extend the NRA.

Most members of the board, it is said, prefer the "permanent" plan which would broaden the government's regulation of business. No industry would escape the wage and hour codes. Today many industries, among them the telephone, telegraph, and tobacco industries, are not under trade codes, since these have not been able to agree on terms. The present law permits the President to impose a code only when an industry refuses to submit voluntarily, such as in the case of the cotton garment industry.

Observers are not at all sure the President wants a permanent code. Several uncertainties have made it difficult for the President to decide, one of which is the status of section 7a, the collective bargaining clause.

A NUMBER of important issues await the League of Nations as it convenes at Geneva on its fifteenth birthday. Five major disputes will come before the body, of which the Saar plebiscite, involving as it does the disposition of the future national allegiance of that rich territory, holds most immediate interest.

Other decisions which await action of the league include: the dispute between Iraq and Persia over alleged border violations by the latter; the border conflict between Italy and Ethiopia; the Greek complaint that Greek minorities in Albania are being deprived of their guaranteed rights; and the long war in the Chaco Boreal between Bolivia and Paraguay.

FIRST legislation to be put through the house of representatives was completed as the \$779,916,000 independent offices appropriation bill was passed in virtually the same form as recommended by the appropriations committee. The amount for the securities and exchange commission was increased to \$2,000,000. Efforts of Representative Blanton of Texas to reduce the \$294,043 for the home loan bank board and of Representative Taber, New York, to cut down the appropriation for the federal communications commission were defeated.

Signs of gathering storms were seen, however, as Representative Rayburn, Democrat, Texas, chairman of the house interstate commerce committee, declared on the floor that he would not support a bill to place production of oil under government control. Emergency legislation to supplant control measures invalidated by the recent decision of the United States Supreme court will undoubtedly be proposed, and Rayburn's declaration is seen as an indication that opposition may develop.

SWEDEN, apparently, has found a way to beat the depression. King Gustave in his annual message to parliament, reported that solution of the problem of unemployment appears near, the budget is balanced without new taxes having been imposed or new loans floated, and the national debt will be reduced this year. Only 60,000,000 kroner (about \$15,000,000) has been asked for unemployment relief, as compared to 160,000,000 kroner last year.

IMPROVED conditions among corn belt farmers are indicated by a federal report which shows a gain of \$82,989,592, or more than 30 cents a bushel for each grower, has been realized by farmers in 10 states who availed themselves of the government 45-cent corn loans. Only slightly more than \$500,000 of the \$120,492,250 remains unpaid. About 18,000,000 bushels are under sale under the new 55-cent price support statute.

SEEN and HEARD around the National Capital

By CARTER FIELD

Washington.—A drive against "rackets" in so-called protective committees of stock or bondholders of corporations, especially those in receiverships, is about to begin as an altogether unexpected development of the securities and exchange commission activities.

Every investor has realized for some time that there were grave abuses in these committees, that they ran up fees and charges even when they were legitimate, and that all too often their main purpose was to be bought off by those really trying to revamp the corporation in the interest of the stockholders.

So far there is no indication that the commission is going any further, but its reports to congress, which will be made in a few months, will, according to very reliable sources, at least start a move—whether it gets very far or not—at doing something about the high cost of receiverships.

For the present the commission is aiming chiefly at men who have made practically a business of getting unthinking stock and bondholders, already faced with the prospect of losing part of their investments, to go into moves which benefitted the operators, but in the long run only increased the loss of the investors.

The next logical step, senators familiar with the plan declare, is to go after the perfectly exorbitant legal and other fees being charged for administering financially crippled organizations.

One senator cited a case where a hotel property is being administered by three lawyers, no one of whom ever had any experience in the hotel business, but who are being paid \$10,000 a year each for their services in directing this property's operations. Actually, of course, no one of the three devotes very much time to the actual operation of the hotel.

Hits Bondholder

The point this senator emphasized is: what chance does a stock or bondholder have of getting anything when a property, already crippled or it would not be in receivership, has this additional load put upon it?

More to the point is the case of an office building where two lawyers, after performing a very minor legal service for one of the bondholders' protective committees, sent bills for \$15,000 each! It so happens that if this particular office building had possessed \$20,000 at the time—just the total of this lawyers' bill—it would not have had to go into receivership at all! And it so happens that there are several other "protective" committees operating at the moment in behalf, allegedly, of the bondholders of this particular enterprise.

"The trouble about anything permanent being done," the senator remarked, "is that there are too many lawyers in congress. I happen to be one myself, but the fact is—and if you quote me by name I will deny it even had such a thought—the boys do stick together. And the judges who appoint receivers and who pass on the fees of attorneys for protective committees, are all lawyers. I do not know just what ought to be done about it, but certainly it has approached the stage of a scandal. And beyond the shadow of a doubt the property of investors who are unfortunate enough to have put their money in enterprises which get into receiverships, is actually looted by the present system. I hope that what the securities commission starts will bear fruit."

New Dealers Fused

New Dealers are torn between pride and alarm over the action of New York state electric companies in proposing a substantial reduction in rates. They are proud that President Roosevelt's policy of doing everything possible to lessen the cost of electricity to consumers is meeting with such success. They are a little alarmed as to what these particular cuts in this particular territory may do to the fight approaching in the senate over ratification of the St. Lawrence seaway treaty.

Not that the votes of the New York senators are involved. Both of them are strongly against the treaty, and are expected to stand firmly against it regardless of the power question. Their concern is with the port of New York, and the railroads leading through New York state to it, and with the Erie canal. The question of cheaper power is very mild in importance indeed to them in contrast with the threat to the prosperity of their big port and the communication lines leading to it.

But this cut in power rates in New York state, presupposing further cuts later on, hits a very serious blow at the project as a whole, so to speak. It makes far more difficult the problem of convincing other parts of the United States that the whole scheme is economically sound.

At present there are two sections of the country arrayed against each other on this treaty, for local reasons. All of the Atlantic and Gulf seaboard are against it for the same reason that New York is against it. Most of the Central and Northwestern states are for it on the theory that it would provide cheaper freight rates for their export products by letting ocean going ships come into the Great Lakes.

Illinois is an exception. Its geographic position would naturally make it for the treaty just as Michigan, Wisconsin and Minnesota are for it. The canal would make Chicago

virtually an ocean port. But this is complicated by the fact that Illinois and Chicago want to take more water out of Lake Michigan. And President Roosevelt has not the slightest intention of giving in to Illinois on this.

Might Be Liability

This leaves the Southwest and the Pacific coast not directly interested one way or the other except as the project may tend to prove an additional burden on their taxpayers. And there is where the possibilities of these rate cuts already planned, and those obviously in prospect, come into the picture.

For they mean that the current produced by the St. Lawrence seaway project may actually turn from what has been regarded as an asset, in consideration of the project as an economic whole, into a liability. It is even conceivable that the President may lose some of his keen interest in the project, though he has said nothing to indicate this.

But if the proposed cuts of electric rate are followed shortly by such a program of future cuts as has been suggested, actually the chief reason for his being so strong for the treaty will have disappeared. He has never said so publicly—but all his close friends know that since the beginning of his interest in the project his chief concern was not the seaway to make cheaper freight rates to Europe for the Middle and Northwest, but the power. It was part and parcel of his plan for forcing down electric rates all over the country.

He never said so for the simple reason that the St. Lawrence seaway has been a very popular issue—as a seaway, not a hydroelectric scheme—in the Middle and Northwest for many years. But the fact stands out that unless he pulls wires with really extraordinary success, the treaty will be defeated again this year. And he may just content himself with a strong public appeal, perhaps a vigorous message, favoring the treaty, instead of turning on the heat in private, which is the only way the thing can possibly be gotten through the senate.

President Optimistic

President Roosevelt is much more optimistic about the financial future of this government, providing he can hold the bonus compromise down to a reasonable figure, than either his budget message or his explanations of it to newspaper men, senators and members of the house indicate.

To begin with, there is a \$4,000,000,000 "kitty" to use his own word in conversations about it. Only he does not speak of \$4,000,000,000—he speaks of \$2,000,000,000. Which is another indication of how his mind is working. For it will be recalled that in each of his budget messages he has gone out of his way to put the worst foot forward, the aim always being to be able to make the picture look better—by contrast—at some future date.

As a matter of fact, had his strategy been of a different variety—had he been trying to make the financial picture look rosy instead of dark with doubt—he could have painted a rather optimistic picture. Instance: He could have made a fair calculation, say somewhere from 50 cents to 90 cents on the dollar, of the debts owed the Reconstruction Finance corporation. Actually the corporation expects a net profit when it finally winds up. This would have deducted a few billions from the total apparent debt to be reduced by the government by the end of the fiscal year 1936—or July 1, 1937.

He could have used the \$4,000,000,000 "kitty" as another offset. This "kitty" consists of \$2,000,000,000 profit made on the revaluation of gold, and \$2,000,000,000 additional in the equalization fund, which was voted by congress, and is being administered in absolute secrecy by Secretary of the Treasury Morgenthau.

Profit in Silver

Experts who have tried to figure, without inside information which is not obtainable, all agree that there is a considerable profit already. On the silver purchase, for example. Some estimate it as being more than half a billion dollars profit right now, without calculating any further advance in the price of silver.

But the President did not want to make the budget statement any more optimistic than he could help. He wanted as blue a picture as possible for two reasons.

One is that the more rosy the budget outlook, the greater difficulty he would have restraining the bonus seekers. That is fairly obvious. It fits in with his direct threat that if congress boosts the expenditures proposed in the budget in any substantial particular, congress must provide the money by imposing additional taxation.

The other, and in a way the more important, is for the effect at some time in the future. There will be another budget message one year from now, which will be in the year of a Presidential election. If things should not be so rosy for the administration at that time as they are now, it might be very helpful to present a more optimistic picture to the country.

This is not, however, a part of the present strategy. Roosevelt is looking further ahead than that. He is concerned, not about the election of 1936, for in the judgment of Republicans as well as Democrats as far as can be told now, there is nothing to concern him in that, but with the future. He does not want to jeopardize the reforms the New Deal is working. He wants it to look as bright as possible on the eve of 1940, when a new administration will be elected. He wants the country to be thoroughly won to the New Deal then.

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SHOWS SPEED OF THOUGHT

A method of studying the movements of the eye in reading aloud, and correlating them with the actual pronunciation of the words, has been announced in Science Magazine by Prof. Joseph Tiffin of Iowa university.

Photographic records of the eye and the "sound track" produced by the voice show that the voice lags about a second behind the eye. This may be taken as a measure of the speed of thought; the time required for the mind to recognize the word and transmit the necessary orders to the speech apparatus. The record also shows that the eye does not travel smoothly along a line of type, but proceeds by a series of jerks.

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