

News Review of Current Events the World Over

President's Four Billion Dollar Relief Program Jammed Through House After Bitter Fight—Hauptmann Takes Stand in Own Defense.

By EDWARD W. PICKARD
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ADMINISTRATION forces using steam roller tactics crushed all opposition to jam the President's \$4,800,000,000 relief program through the house. Efforts to fight the grant of such unprecedented authority to the President were unavailing as the White House cracked the whip over revolting representatives. Final vote on the measure was 328 to 78.



President Roosevelt

The vote climaxed a furious eight-hour debate on the measure. Members attempted to attach amendments which would protect private industry from government projects which might be launched under the relief plan. When this failed they endeavored to allocate the money for specific purposes.

When the debate had reached its height, the President sent a message to the house declaring it would be impossible to segregate items for which the money would be expended, but that the huge outlay of sums would be devoted to public projects and that after the immediate crisis of unemployment had passed it was his hope that the country could set aside \$500,000,000 a year for the "national plan."

The White House message was the signal for the Democratic majority to push the message across with little change from its original form. On the final vote 26 Republicans voted for the bill. Seven Progressives and three Farmer-Laborites also registered affirmative votes. Ten Democrats, five from Georgia, three from Virginia, and two from Indiana, voted with the opposition.

Because of the gag rule adopted by the house, only amendments offered by the appropriations committee could be considered in vital sections of the measure. Such minor amendments as were decided upon went through without serious opposition.

One of the amendments striking out a list of projects that might be included in spending the \$4,000,000,000 and left the vast sum to be used for "federal or nonfederal projects" actually broadened the powers of the President. The \$500,000,000 will be used at the President's discretion for relief purposes while the program is being put into effect.

Another amendment struck out a subsection which gave the President authority to postpone the end of any existing government agency. This was a move to satisfy certain Democrats who were opposed to Secretary Ickes, and his PWA program which expires in June. Another clause granting authority to the President to acquire personal property by the power of eminent domain was also removed, as was the section granting the Chief Executive the power to impose two years' imprisonment on any violator. The only other amendment which succeeded in passage was one which provided that an accounting be made for all moneys spent.

Minority Leader Snell attacked the bill declaring that the money involved amounted to one-eighth of the national income, and that the house was entitled to know what the money was for. Later in conceding the minority's defeat he said that if the opposition was free to speak its mind, the bill would be defeated two to one, but that under the executive lash, there was no chance of defeating it.

NEW DEALERS sighed with relief as the Supreme court recessed until February 4 without handing down its decision in the gold cases, thus giving the administration more time in which to prepare legislation designed to handle the situation in the event the court renders an adverse decision.

At the same time the court promised to decide a case presenting a clear-cut test of the constitutionality of the national recovery act, and which will probably have considerable effect upon the ultimate fate of the already bedraggled Blue Eagle.

LEGISLATION which would permit the small investor to buy government securities and which provides for radical changes in government financing has been introduced in the house by Chairman Doughton of the house ways and means committee.

The bill, prepared by the Treasury department, places the administration squarely against inflation. It provides authority to raise money necessary for the public works, social security and similar measures, meet federal deficits, and might even be used to provide funds for payment of the soldiers' bonus.

Under provisions of the measure there would be ten-year bonds in amounts as small as \$25, and as explained by the Treasury department, would be sold below par. There would be no interest, but each six months the bonds would appreciate in value at the rate of 2 1/2 per cent, plus compounded earnings.

Huge sums are involved: first, the creation of a revolving bond authorization fund of \$2,500,000,000; and second, the consolidation of the two present revolving funds of \$10,000,000,000 each into a joint \$20,000,000,000 fund for bills, certificates and notes.

A NEW lease of life for the Reconstruction Finance corporation was seen as a result of a favorable vote by the senate banking committee, after hearing Jesse Jones RFC chairman, and Commissioner Charles D. Mahaffie of the Interstate commerce commission.

The proposed bill permits the RFC to buy railroad obligations in reorganization proceedings with the approval of the ICC; to buy stock in mortgage loan companies and similar financial institutions; to purchase the assets of closed banks under certain conditions; to increase authorized investments in preferred stock and capital notes of insurance companies, and to continue the Commodity Credit corporation and the Export-Import bank.

WHITE-FACED, under the glare of the courtroom lights, but apparently cool, Bruno Richard Hauptmann took the stand to begin his fight for life. The little Flemington (N. J.) court-house was packed as the man accused of the murder of the first-born son of Charles A. Lindbergh began his testimony which he appears confident will save him from the electric chair.



Bruno Hauptmann

Calmly, he told of his early life, of his war service, and admitted that he had once been convicted in Germany. His thick, guttural voice resounded through the room as he recounted how he had made three attempts to enter this country before he was successful.

Under the smooth questioning of Chief Defense Counsel Relyly he related the details of his life up until the time of the Lindbergh baby kidnapping, and then proposed the alibi upon which he is apparently relying for acquittal. Hauptmann declared that on the night of April 2, 1932, when \$50,000 was paid to a man in St. Raymond's cemetery, New York, he, his wife and a man named Kloppenberg had been at home until about eleven o'clock and that he did not leave his home at all that evening. He also denied that he had been absent from work on the day the kidnapping took place.

Two witnesses introduced by the defense to establish Hauptmann's alibi were not entirely satisfactory. Christian Frederickson, Bronx baker, said Hauptmann's wife had been employed in his store as a waitress and counter girl and that the accused had called for her on the night of March 1. Upon cross-examination, however, he stated that he was not sure, but that it must have been so because it was Hauptmann's custom to call for his wife whenever she worked late.

Mrs. Frederickson also stated that Mrs. Hauptmann worked late on the night of March 1, but was unable to say whether Hauptmann had been at the bakery. She stated, however, that she had seen Isador Fisch, furrier friend of Hauptmann who died in Germany, on the eve of his sailing for Germany in November, 1932. She said Fisch displayed a large sum of money, but she was unable to say whether it was in greenbacks or gold certificates.

Throughout Hauptmann's testimony Colonel Lindbergh continued to stare at him. During the court session, Lindbergh reiterated his belief that Hauptmann's voice was the same as that of the mysterious "John" who had hoaxed him out of the ransom money nearly three years ago.

WAR flamed again in Manchukuo as Japanese troops struck suddenly at three points in Chahar province in northern China. Three fortified cities were shelled, and there were indications that the drive had only begun.

The Japanese attack came as a surprise since it was reported that negotiations for a peaceful settlement of the dispute over Chahar province had been nearing a successful conclusion. Japan had asserted that Chinese troops in Chahar had invaded Jehol.

Military authorities declined to announce the real objective of the drive. The district which the Japanese troops occupied is about 150 miles long by 50 miles wide, and is said to contain valuable gold mines.

Japan's action is seen by Chinese leaders as a determined gesture to intimidate Mongolian princes of Inner Mongolia and to cut the overland route connecting Peiping with Urga, capital of Soviet controlled Outer Mongolia.

The situation is viewed with considerable apprehension by Soviet Russia. The drive will bring Japanese military operations into direct contact with the borders of Outer Mongolia, and practically all high officials of the territory who have been attending the Soviet anniversary celebrations in Moscow have hurried back to their provinces.

JAPAN'S foreign minister, Koki Hirota, warned Soviet Russia that she should stop fortifying the Siberian frontier north of Manchukuo if friendly relations are to be continued between the two countries. His remarks, made in an address before the Imperial diet, had special significance in view of reports that Japanese troops are invading Chahar province to prevent Sovietization of that region.

Russian fortifications in the Far East, particularly of the strategic crossings of the Amur river, are becoming increasingly irksome to the Japanese army in Manchukuo. Other projects to which Japan is objecting are double-tracking of the Trans-Siberian railway to Vladivostok and remodeling of the strong fortifications of that Pacific port.

Government officials in Washington were said to be favorably impressed with part of Hirota's address which referred to Japan's desire to avoid further expansion of armament. It is hoped that negotiations will be resumed soon for another agreement to replace the renounced Washington treaty which established the 5-5-3 ratio for the United States, Great Britain and Japan.

RECOMMENDATIONS that America's air defense facilities be greatly increased will be made by President Roosevelt in a special message soon to be sent to congress. It has been indicated by those close to the administration. Construction of a series of air bases for the United States, the addition of 4,000 planes to the service, and building a huge dirigible will be among the projects which the President approves.

The proposed construction is in accord with a report just made by the special aviation commission. It is the purpose of the commission to lease the dirigible to a commercial firm as a sister ship to the Graf Zeppelin which will start regular transatlantic service within a few weeks.

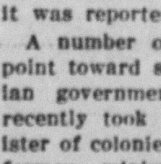
The series of bases along the Pacific and Atlantic coasts will make America impregnable to air attack, the commission believes, while the addition of 4,000 planes to the army and navy service will bring it up to far more than the existing fighting strength.

The commission has also recommended creation of a special five-man aviation commission to regulate civil aeronautics.

THE death toll continued to mount as reports seeped in from north-west Mississippi and southwest Tennessee where the turbulent Coldwater river was a raging torrent, threatening the lives and property of thousands in its march to the Tallahatchie basin.

Freezing weather added to the suffering of thousands driven from their homes. Workers toiled to rescue as many as possible of those who had been marooned on roof tops and in trees. A number of communities have been evacuated because it is feared the waters will continue to spread. Appeals for additional help in caring for the homeless have been made by public officials, and Red Cross aid has been rushed to the stricken areas.

POSSIBILITY of a move by the Italian government to make a protectorate out of Ethiopia was seen by European statesmen. Exploitation of the announcement of the slaying of a French Somaliland administrator and 96 French Somaliland ad-employees and Somalis was said to indicate that a movement was on for Italy to take over the mountainous African kingdom to restore order. The consent of France and Great Britain to the plan has been obtained.



Premier Mussolini

It was reported. A number of recent developments point toward some action by the Italian government. Premier Mussolini recently took over the office of minister of colonies; Gen. Emilio de Bono, former minister of colonies, was named high commissioner of Italian East Africa; military roads have been constructed through Italian Somaliland to the Ethiopian frontier; and the Italians have recently taken over a bigger share in the operation of the Djibouti and Addis Ababa railway.

Recent history affords a number of precedents for the Italian government to follow. Japanese intervention in Manchuria was "to restore order and reduce Chinese banditry," and Italy might use the excuse of reducing Ethiopian banditry as a reason for invasion. The British action in Egypt and the Sudan, and the French subjugation of Tunis also offer parallel cases.

EUROPEAN statesmen anxiously watched developments in the cantons of Eupen and Malmedy on the Belgian frontier as gangsterlike reinforcements were rushed to arrest Nazi agitators who have been advocating annexation of that territory with the German reich. Loyalists report a campaign of terrorism has been carried on against those who have refused to join an organization directed by the Brown Shirts. The Belgian government is expected to lodge a complaint with the League of Nations.

The cantons which were taken from Germany under the Versailles treaty have considerable commercial importance. Formerly a part of Rhenish Prussia, they have an area of about 400 square miles and a population in excess of 60,000 people. Eupen boasts spinning mills and other establishments connected with the textile industry. Iron foundries, machine shops and tan-neries.

SEEN and HEARD around the National Capital

By CARTER FIELD

Washington.—Probability that congress will enact legislation forcing every state bank (except mutual savings banks) to take out a federal charter increased considerably with endorsement of the plan by Representative John W. McCormack of Massachusetts. McCormack is a member of the house ways and means committee, which does not deal with banking legislation, but the importance of his view on this subject is due not to his committee connection, but to his own influence in the houses, plus the fact that he is very obviously carrying the flag for the Treasury department.

No one in the treasury, from Secretary Morgenthau down, and including Comptroller of the Currency J. F. T. O'Connor, is talking on this subject at all. It is not a subject which lends itself to much open talking, for to advocate such a change is to antagonize not only the stockholders, officers and directors of all the state banking institutions, but the 48 state banking offices. The latter see in any move to end state banks a threat at their jobs. And some of them are quite important politically.

But down underneath the administration is strong for a unified banking system, for much the same reasons as voiced by McCormack. And if treasury officials see a chance to get the desired legislation enacted they will come out for it strongly. They have several influential members of the house and senate talking their arguments—without official authority—and trying to find out what the chances are.

For in the nature of things the administration would much rather this particular move originate in congress than to demand it. And it is not vital enough to President Roosevelt's program for him to turn the heat on members whose connections back home would make it politic for them to oppose the change.

"The present depression has shown the weakness of the present banking structure," Mr. McCormack told the writer. "The conflict of laws and of supervision is responsible for much of our banking troubles. The idea of having 49 authorities granting charters to banks is absurd. The idea of 49 agencies examining banks to see if they are solvent, and are complying with 49 sets of banking laws, is ridiculous."

Require Federal Charter

"I would force every bank doing a commercial business to take out a federal charter. In fact, I would permit no bank save mutual savings banks to do what is normally regarded as a banking business. Then all the banks that loan money commercially would have similar charters, granted under the same laws and by the same agency of the government, and all would be examined by the same agency. It is not just a question of economy. That is important enough, but the benefits of the change far transcend that."

"I am not discussing the central bank idea, nor the authority of the Federal Reserve board over the 12 regional banks. I am considering simply the question of granting charters, and of examining the banks which loan money to our citizens."

"I am strongly in favor of our dual system of government, national and state, and I would resist strongly the encroachment of the federal government on the rights, functions and prerogatives of the states. But times and conditions change. It is no longer the case that what happens to our banks in Boston is confined, in its effects, within the state lines of Massachusetts."

"Any ten-year-old child knows that if a group of banks, or perhaps only one big bank, should close in Chicago, the reverberations would affect business harmfully from Maine to California. The people of Oregon have a right to have their national government protect them from harm, which may come to them through reckless banking in Florida."

"I meet men who oppose this change. In defending state rights they ask me if I would have the federal government take over conduct of the schools also. It seems to me that the line of demarcation is very clear. Of course I would not want to have the federal government take over the conduct of the schools."

Would Affect All

"Suppose anything imaginable that might happen in the schools of my city of Boston—a strike of the pupils, or the inclusion of some debatable subject in the curriculum, or whatnot. How could that possibly affect the people of Kentucky? Or Texas?"

"But if two or three big banks in Boston failed, every bank in those states, and every other state, would be affected, seriously, and at once. And those failures might be due entirely to perfunctory, careless, or even crooked examination of those banks by the state banking examiners, or perhaps by some oversight in drafting the state banking laws, or any one of a dozen things about the set-up with which no one outside Massachusetts had anything to do whatever."

"Many of us remember the so-called panic of 1907. It was started by the collapse of the Knickerbocker Trust company in New York city. There was no excuse for a depression at that time. It was simply a money panic produced by a very local situation. We learned our lesson from that. As a result, we had first the Aldrich-

Irishland emergency currency bill, and later the federal reserve system. "Now the time has come to take the next step, and make impossible for the future nation-wide troubles due to preventable local disturbances. Banking is not a local function any more. It is national, if not international. So it must be controlled, in toto and not just in part, by the strong arm of the federal government."

Extend Authority

Not only does the administration want to force all commercial banks to become national banks, as told in a recent dispatch, but it desires to have the authority of the Federal Reserve board over the 12 regional banks made a great deal stronger.

The fact is the aim of the administration is not very different from the purpose of the late Senator Nelson W. Aldrich of Rhode Island, whose central bank studies were actually the basis of the federal reserve system.

When the Democrats came into power in 1913 they rewrote the Aldrich bill, giving him as little credit as possible. They did not change the fundamental features very much, but in several spectacular details they varied it. One of the most important details, in the minds of the Democratic framers, including Senator Carter Glass, then chairman of the house banking and currency committee, and Senator Robert L. Owen of Oklahoma, then chairman of the senate committee of the same name, was that instead of one central reserve bank they made 12.

Carrying their idea of decentralization as far as possible, they gave a degree of independence to these 12 regional reserve banks, which has often perplexed the federal board since, and, for that matter, various Presidents, who found themselves unable to control the policies of the individual reserve banks as much as they would have liked.

Bearing in mind that one of the objects of the new system was to get the financial control of the country away from New York, and down to Washington, it is rather curious that the reserve bank which has given Washington the most trouble ever since has been the New York bank. Headed by strong-minded gentlemen who knew what they wanted, and had firmly fixed notions of what was best, the New York bank again and again disregarded the pleadings, even, of the federal reserve authorities.

Irks Reserve Board

Reserve board members still remember with anger the stubbornness of the New York bank in the early days of 1929, when the reserve board was doing its utmost to stop the sensational rise in prices on the stock exchange. This effort, backed by President Hoover, proved futile. What would have happened, if the New York bank had been under the control of the reserve board, no one is sure. But as good an illustration as any other is that the federal board began trying to hold down speculation when American Telephone was around 225. Whereas the boom fairly continued until this stock touched 310.

Many contend that anything done at that time would have been futile so far as heading off the crash is concerned, but the present administration wants to be able to control the reserve banks—to be able to give them orders.

This is not the same as the central bank idea about which so much has been heard, and which Secretary Morgenthau has advocated. So far there is no indication that President Roosevelt has been convinced of the necessity of this. On the contrary, all indications are that he is not for it.

But there is no doubt that he does want more control of the reserve banks vested in the Federal Reserve board. Various plans are being advocated, one of them being to give the reserve board the right to appoint the governors of the 12 reserve banks. For the most part the governors have been the "strong men" of the reserve bank boards, generally overshadowing the federal agents who generally acted as chairmen of the boards.

This is just another step in the march of the administration to complete domination by the federal government of the banking structure of the United States, federal control of credit in the interest of recovery, maintenance of prosperity, retarding of speculation, or whatever may be at the moment the policy of the federal government.

Soldier Bonus

The very top figure on which the administration is willing to compromise on the soldier bonus is \$1,200,000,000. So that the fight is to save something like \$1,000,000,000 more. Friends of President Roosevelt say the sky is pretty nearly the limit to which he is willing to go in fighting to hold the bonus figure at \$1,200,000,000.

If the bill which should pass congress exceeds that amount, the President will veto it, beyond any doubt.

The next step is not much in dispute among those who have canvassed the situation. The house will pass the bonus bill, in whatever form it may be by that time, by more than the necessary two-thirds majority to enact a measure over the veto.

The only doubt is as to the senate. Friends of the White House are confident that they will be able to prevent a two-thirds majority for a bonus bill larger than \$1,200,000,000. Bonus advocates think they are fairly sure they can muster the necessary vote.

Any opinion based on the canvasses is only an opinion. It cannot be anything else for the simple reason that there is a small number of senators who do not themselves know at the moment what they will do in such an emergency.

Arctic Not Altogether

Region of Barrenness

The Arctic may have heavy snows and bitter cold for eight or nine months of the year, but during the remainder of the twelve months flowers bloom, meadows appear, and even vegetables grow, writes James Montagnes in the Scientific American.

Flowers have been found growing within 400 miles of the North pole by investigators who traveled to the tip of Ellesmere Island, the last big Arctic island before reaching the pole. There these botanists found hundreds of varieties of flowers, mosses, lichens, and similar plants.

At the settlements, where the long Arctic day averages upward of eighteen hours daily during the summer months, it is possible to grow a large assortment of vegetables, including potatoes, cauliflower, cabbage, tomatoes, radishes, onions, carrots, beets, lettuce, and cucumbers. In a region where canned food, dried meat, and fish form the staples, these fresh vegetables prove an attraction on the menu. Even wheat has been grown, and experiments are now being carried on to find a faster maturing wheat for that region.

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