

News Review of Current Events the World Over

Grand Jury Asked by Ickes to Investigate PWA Craft Charges—Future of NRA Hangs Upon Outcome of Suit Against Little Sawmill Operator.

By EDWARD W. PICKARD
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"HONEST HAROLD" Ickes has been subjected to lots of abuse by congressmen and others, but he does not intend to let anything be put over on the Public Works administration, of which he is the administrator. At his request a special grand jury has been summoned to meet in Washington on February 6 to inquire into charges of graft in the PWA. Assistant United States Attorney John W. Filhely has the matter in hand for the government and will present first testimony concerning the \$4,000,000 canal project in Texas. It was asserted that the contract for this project was withdrawn after Mr. Ickes' investigators had uncovered evidence that there was a huge conspiracy to defraud the United States. Eight or ten persons, including federal officials, are said to be involved. Mr. Ickes himself said:

"The Public Works administration investigation division has made a long and careful study of the Texas project upon the direction of the administrator (Ickes) and presented to the proper prosecuting officials of the government a full report for such action as they deem proper to take."

This Texas case may consume several weeks, and afterward the grand jury is expected to investigate some other projects and also charges of fraud in the War department.

ALMOST unnoticed among the spectacular issues of the day, yet of momentous importance, the case of the United States against Belcher will be set for hearing by the Supreme court within a few days. This case opens up discussion on the constitutionality of the heart of the entire NRA experiment—the power of the federal government to regulate wages and working hours through codes.

Upon this refusal of a small Alabama sawmill operator to comply with the code hangs the entire fate of the NRA, for if the government loses there will be nothing left of NRA except an empty statement of desirable business ethics. If the government cannot control wages and hours in the production of goods intended for interstate commerce, there is a strong likelihood that the course of legislation to extend the NRA beyond June 16 will be strongly affected. Other cases now pending before the court touch upon certain portions of the vital question, but this case goes straight to the basic purpose of the recovery act. It affords a clear-cut determination of the fundamental issues, because there is no dispute as to facts, no technicalities of law upon which the issue can be avoided. The case comes almost as an original case, since the attorney general took advantage of legal machinery permitting an appeal directly to the Supreme court from the decision of a federal district court without recourse to a Court of Appeals.

The defendant openly violated the lumber code. Instead of adhering to code provision requiring payment of 24 cents per hour for a 40-hour maximum week, he admitted paying his men 10 to 15 cents per hour and that he worked them as many hours as he saw fit.

What the government's line of defense will be is not known. The case involves all the constitutional objections which might be raised against the recovery act. Decisions of the court in the recent oil cases did not touch upon the constitutionality of the main body of the act, but involved only a special section.

WHEN the senate passes the \$4,000,000,000 work relief measure, as it certainly will after all the orators get through, there need be no fussing as to who is to administer the huge fund. President Roosevelt himself, according to an authority high in administration circles, will undertake that job and will allocate the money to the various agencies as he sees fit. There will be no new set-up for this purpose, unless it may be a small group of advisors selected by Mr. Roosevelt. These may be members of the cabinet or technical experts—more likely the latter. This information was given the senate finance committee as it began consideration of the bill, and was designed to quiet some of the opposition and also to curb the ambition of certain gentlemen who had hoped to handle the \$4,000,000,000. It did not, however, silence those senators of both parties who still contend that too much power is given the President when he is handed such a vast sum to dispose of as he pleases.

A strong possibility is seen that the bill may be split into two separate parts, so that the \$80 million dollars needed for relief purposes may be passed without delay, and the senate can then take its time in considering the extraordinary measure which gives the President such unprecedented powers in spending the four billion dollars.

Part of the money may be used to put the government into the filling station business, Senator Elmer Thomas (Dem., Okla.) revealed. Gasoline stations may be erected along "self-liquidating" highways, he said. The government may also purchase land adjoining these highways and improve it with houses for rent or sale.

Little hope is seen in reporting the measure out before February 10 when the relief funds on hand will expire. The only hope of meeting this emergency, it is pointed out, is in the possible segregation of the \$80 million dollar cash relief provision from the main bill.

One development which was of interest to many was that the measure was prepared under the supervision of Mr. Bell, the budget director, thus making him a candidate for the "physical hanging" advocated by Senator James Couzens of Michigan.

FEARING the anger of their aroused constituents more than the administration's whip, the senate kicked over the traces to defeat ratification of the world court protocols. The final count was seven votes short of the necessary two-thirds.

Frantic efforts to force the measure through were made by the administration. Several revolting senators were called to the White House, and the President even agreed to amendments to the resolution, but was unable to overcome the effects of thousands of protesting telegrams which had been pouring into Washington from citizens all over the country.

In private, many Democratic senators who face re-election in 1936 heaved sighs of relief as the measure was defeated. Administration forces accepted the verdict, apparently without rancor, although the long memory of the man in the White House is well known. Seemingly the issue is dead, for the present at least.

Senator William Borah, who with Senator Hiram Johnson, led the attack on ratification, was jubilant over the outcome, declaring that it was a great victory for the American people and for this country's traditional policy of keeping aloof from foreign entanglements.

Observers at the capital refused to view the world court vote as any indication of a spreading revolt against Roosevelt's policies, since the court controversy cut deeper than party lines. Several senators who opposed the tribunal will undoubtedly support the administration on other measures, although victory of the small band of irreconcilables who led the fight has undoubtedly added to their prestige.

THAT serio-comic "civil war" in Huey Long's domain is becoming more serious than comical and almost any day may develop into real warfare. It was centered for the present at the state capital. Two hundred armed men, directed by leaders of the Square Deal association, seized the parish court house in East Baton Rouge and held it until assured that one of their friends who had been arrested was released. They then dispersed with a warning from one John Appel to "be sure you have enough ammunition and be ready for the call at any time."

The Kingfish was in New Orleans at the time, but he hastened to Baton Rouge while Governor Allen called out some troops and proclaimed martial law in the capital. Huey immediately ordered the recently appointed Judge J. D. Womack to start an investigation of what he described as a plot to murder him, in which "four sheriffs and a district attorney" were involved. The senator declared:

"We picked up two men, one of them was going to drive the murder car. It was all fixed up. He was going to block my car on the highway between here and New Orleans, make it stop and force me in the ditch, and then 14 or 16 were going to come along in another car and kill me."

"We found all the stuff in the fellow's car. There was sheriff's equipment, and everything."

Maybe Huey was right, for one Sidney Songy testified at the inquiry that he had been given a gun, ammunition and gas bombs to kill the senator.

Long blamed the Standard Oil company for the armed assembly of his enemies in Baton Rouge and said that unless the company stopped the "violence" his compromise with it over the 5-cent oil refinery tax would be called off.

Despite this warning another armed group of Square Dealers gathered at the Baton Rouge air field; but someone betrayed them and a detachment of the National Guard advanced on them in battle array. The sight of machine guns was enough for the citizenry; they surrendered, and were disarmed.

THOSE who view Russia's growing military strength with alarm were not comforted by a statement made by the vice commissar for defense before the seventh All-Union congress of Soviets in Moscow that the Red army has grown from 600,000 to 940,000 men in four years.

Fortifications along the eastern and western frontiers have been strengthened, and all branches of the military service, particularly aviation, have been increased, the vice commissar stated, and more will be spent for defense in 1935 than was spent last year. The delegates, who were meeting to review Bolshevik progress since 1931, greeted the vice commissar's speech with roars of applause.

IN AN effort to build up an alibi for Bruno Richard Hauptmann his attorneys have called a strange collection of witnesses—a minor league bootlegger, a speak-easy operator of various names, a young Swede whose stories have been somewhat vague and conflicting, and a man who has admitted that he served 18 months in jail sentences—a not particularly impressive lot upon which to depend when you are fighting to escape death in the electric chair.

One of the peculiarities of the trial is the number of persons who only saw Hauptmann for a few minutes or seconds, but who are able to identify him more than two years later. The man accused of killing the first Lindbergh child is not outstanding in appearance or one who would be likely to indelibly impress himself on a person's mind, but both the state and the defense have been able to produce persons who swear he was the man they saw the day the crime was committed.

The battle of handwriting experts has also begun, with the state producing experts to swear that the handwriting on the ransom notes does not resemble that on the admitted writing of Hauptmann. Their statements are just as positive as were those made by the defense witnesses, and it all proves just a little confusing to the jury.

Considerable comment was caused when one of the jurors, a woman, smiled broadly at Hauptmann as he left the stand following his examination, and some wagers have been made that a hung jury will be the outcome of the trial. Such predictions are hardly in order, since a single bit of testimony may yet change the entire course of the case.

DURING the debate in the house on an administration bill to increase by \$9,000,000,000 the amount of long-term securities the treasury can issue, Representative Reed of New York quoted Secretary Morgenthau as saying that the treasury could not finance the work relief program unless congress broadened its bond-issuing authority. So the house passed the measure at once.

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.

JAPANESE forces continued to advance in their drive. Two towns were captured by troops operating in weather 34 degrees below zero, and the forces appear to be converging on an area of disputed territory which lies south of Manchou and Hallar, where northwest Manchou overlaps Outer Mongolia. The indefiniteness of the border is blamed for the contention.

Intimations that the Japanese garrison in Manchou might be increased were made in the Japanese diet, based upon assertions that the Soviet government had continued to enlarge its army in the Far East, and that Soviet penetration into Outer Mongolia has resulted in virtual communication of that territory.

There has been no decided change in the attitude of Chinese leaders toward Japan. Recent interviews with Generalissimo Chiang Kai-shek were said to have brought about no accord between the two nations. Meanwhile the Far East continues to be one of the interesting news spots on the map today.

RICHARD WASHBURN CHILD, former ambassador to Italy, attorney, and author, died of pneumonia at his home in New York. He left a post as editor of Collier's Weekly in 1921 to take that of Ambassador to Italy, where he gained prominence as the chief representative of the United States at the Genoa and Lausanne conferences in 1922.

He was the author of several works and collaborated with Premier Benito Mussolini on the Italian leader's autobiography in 1927.

SEEN and HEARD around the National Capital

By CARTER FIELD

Washington.—The new plan for government aid for financially sick railroads, to be made possible by bills just introduced with the approval of the administration in both house and senate, is a combination of scaling down the capital structure and government guarantee of bond interest. Originally, as told in these dispatches last year, the plan was to have the government guarantee the interest and principal in return for a concession by the bondholders both as to amount of the principal and rate of interest.

The new plan is a variation of this, not actually in the fundamental question involved, but in the method of approach. As in the first place, it is intended to be applied only to railroads for which there is really some economic hope. It is admitted that there are quite a few which are simply beyond saving, economically.

All the proposed legislation does is to give the RFC the right to purchase railroad bonds, regardless of their maturity date, at the market price. Thereupon the RFC regards the amount paid for the bonds as a debt of the railroad to the RFC and charges the railroad the regular RFC rate. This rate is now 4 per cent.

This would not probably enable the RFC to get anywhere with the situation, were it not for another law already on the books, the new bankruptcy law. Under Section 77 of the bankruptcy act any federal court may direct a scaling down of all classes of securities of any railroad if two-thirds of the holders of each class of bonds and preferred stocks approve.

Were it not for the bankruptcy act a small group of bondholders, by refusing to sell at what had been market prices, might either prevent anything from being done or force the government or the railroad company to buy them off.

Thus a 5 per cent railroad bond might be selling for 20, but the plan could not be applied because 5 per cent of the holders insisted on being paid par. Many a railroad merger in the past has been blocked by such attempted holdups, and many another has been overcapitalized because the promoters paid too much to minorities.

Hits Sharpshooters

The new proposal strikes hard at these would-be sharpshooters. It would work something like this: The New York Cripple Creek, to take an imaginary name, is a fairly sound railroad, except that it is overcapitalized. It cannot possibly pay the coupons on its general mortgage 7 per cent bonds, or its 5 per cent first mortgage bonds. So that for the time being the bondholders are getting nothing.

As a result, the first mortgage 5s sell down to 40, and the general mortgage bonds sell down to 20. If the railroad company could buy in all those bonds, at these prices, with money borrowed at 4 per cent, it could then emerge from receivership, and earn enough to pay the 4 per cent. Assuming a total of \$100,000,000 on each bond issue, the interest on the general mortgage bonds would be \$7,000,000 a year, and on the firsts \$5,000,000 a year a total of \$12,000,000 a year. Whereas, the interest at 4 per cent on the market value of the bonds would be only \$2,400,000 a year.

So appeal is made to the bondholders to agree on this plan. If two-thirds of them will consent, the RFC will buy their bonds. They will get something instead of nothing in the way of interest, and from one-fifth to two-fifths of their principal at maturity instead of probably nothing. Not only that, but if they act promptly, they will get practically government bonds, so that actually they need not worry in the future about whether their railroad makes money or not. For another section of the bill authorizes the RFC to exchange its own bonds, which in effect are government bonds, for the securities so taken.

All of which is apt to induce the bondholders to approve, and as only two-thirds need approve to have a court order the plan in effect, the path to reorganization on a sound basis has at least been smoothed.

Cummings on Spot

Attorney General Homer S. Cummings has jumped from No. 10 to No. 1 in the list of most criticized cabinet members since he argued before the Supreme court the constitutionality of what the government had done about the gold clauses.

He is not only being criticized by lawyers outside the administration, but by New Deal insiders. The criticism, as usually is the case, comes from two extremes—those who think he did not make the case strong enough, and those who think he made it too strong.

Instancing the latter viewpoint, a very prominent diplomat, at a recent dinner party, was asked what he thought would be the effect if the Supreme court should rule against the government.

"I would rather ask that question than answer it," he began, in true diplomatic fashion, but then, suddenly, seeing a perfect "out," exclaimed: "but I am inclined to agree with your Attorney General Cummings—that it would mean chaos."

That is exactly the kind of talk the administration does not want going on. Especially as it does not believe the effect of an adverse decision would be anything like chaos.

A representative of important financial interests in Washington has just

completed a canvass of a large number of prominent constitutional lawyers who have been practicing for years before the Supreme court as to their opinion of the outcome. A very large majority thought the court would uphold the government. What was appraised as a very intelligent minority did not.

But here is the interesting point about this minority view. It held that the court would probably uphold the right of the government to change the terms of private contracts, but not to change the terms of government bonds.

Just Supposing

Now assume for the moment that the court will rule this way, and consider the results. The government would have to pay gold for its gold clause bonds on maturity. But the Supreme court has upheld the right of the government to commandeer gold at the old price. So that anyone holding such a bond could demand the gold, receive it and then have it taken right away by the government at the old price. The net effect of which, so far as American holders of the bonds are concerned, would be precisely zero.

Foreign holders of such bonds, however, would not be subject to having their gold commandeered at the old price. So that the net effect, assuming all foreign holders demanded and received gold at the old rate for their bonds, would cost the government, it is estimated, less than \$60,000,000. Not so good, but hardly chaos.

But there are other complications to minimize even this. For instance, the Hague court decision that the action of the American government had settled the matter!

What gives that worried look to the treasury tax experts, trying to figure out the next taxes to be advocated toward the end of this session, is not the difficulty of devising taxes which will raise the money in the least painful manner, but the idiosyncrasies—as they see them—of senators and members of the house on this point. For instance, when the sales tax was proposed there was a hullabaloo about taxing the poor man's groceries. Whereupon food and clothing were promptly eliminated. But there has hardly been a peep about the processing taxes, designed to aid agriculture, though these touch the poor man's groceries, shirts and clothing, carefully skipping over most of the luxuries!

Reciprocity Treaties

Protracted delay in obtaining the reciprocity treaties that were to liven up American exports and permit entry into this country at lower tariff duties of goods, which would not do very much harm to American workers, is being widely criticized, especially in view of the high hopes with which George Peek and Secretary of State Hull embarked on the enterprise.

The chief, if not the whole, trouble has been the "most favored nation" clause existing in nearly all American treaties with other countries. Which means to say that if America reduces the tariff on brandy, as a concession to France, for example, America would also have to admit Italian, Spanish, Greek and South American brandies at the same reduced rates. Whereas, none of these other countries might be making appropriate concessions to take more American goods.

At the present moment negotiations with Spain have virtually bogged down. The whole trouble is that it has been found next to impossible to define sherry wine in such a way that only Spanish sherry would be meant. Merely to reduce the duty on sherry would not solve the problem.

The Spanish negotiators say, with some point, that cheap—they call them imitation—sheries are produced in many countries, notably Italy, Portugal and Australia, not to mention South America. They are willing to reduce duties on American goods, which would result in a very fair increase in our exports, indeed, according to experts, but only if this country makes a special concession to sherry produced in Spain only.

Which the "most favored nation" clause makes it impossible to do, as our Department of State views the situation.

Causes Mirth

All of which, however, is causing fables of laughter in most of the foreign chancelleries. They say, very privately, of course, that no nation in the world is so utterly squeamish about such things as the United States of America.

But they do not say that to the State department. It seems to be a sort of gentlemen's agreement among the other countries of the world that not even for the selfish advantage of any one of them may that one tip off Uncle Sam to what is going on, lest the effects of that tipping off recoil on them all.

But just as an illustration of what is being done, Britain has special trade agreements with both Spain and Portugal. In those agreements, curiously enough, sherry figures for Spain, and port for Portugal. The agreement with respect to sherry is so drawn that no sherry type wine from any other country is affected. It is done by the simple expedient of defining sherry, as far as the terms of that agreement are concerned, as wine produced in the Xeros district of Spain and exported to Britain from the port of Cadiz!

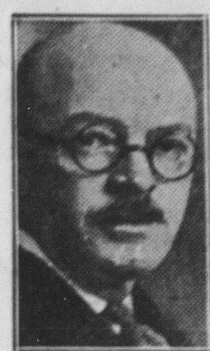
In the agreement with Portugal the same technique is followed, the district of Portugal being specified, and the port of Oporto.

And yet Britain has "most favored nation" clauses in her treaties. Nor has any nation gotten anywhere protesting against this discrimination against her in favor of Spain or Portugal.

Let Our Motto Be
GOOD HEALTH
BY DR. LLOYD ARNOLD
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ADULTS

Heart disease among young adults, that is, people between the ages of twenty and forty-five, caused almost 9,000 deaths in Illinois during the last five years. Of each 100 people who died from heart disease, 11 are from the young adult age group. Heart disease among the younger half of this age group is due chiefly to bacterial infections and is only a continuation of the same causes of death that affect the heart during adolescence. After thirty years of age the heart diseases belong more and more to the chronic variety and are usually heart failures due to the exhaustion of a previously damaged heart.



Anyone running a distance finds that his speed decreases because he is tired. He automatically slows up and rests. If he starts running again before having had a complete rest, he finds that he cannot run the same distance as before. This is a crude comparison of just what the heart does when it is impaired or diseased.

Anyone with a disease of the heart cannot do the physical work of the individual with a normal heart. Muscular work demands a strenuous pumping action on the part of the heart during the period of exertion. The patient with a chronic heart disease finds it difficult to rest his heart. It is in a continuous state of exhaustion. The whole problem of the prevention of death from heart disease is prevention of exhaustion of the heart muscle.

During adolescence and young adult life the exhaustion of the heart is usually due to an infection of the lining of the muscle wall of the heart itself. In other words, it is a local bacterial growth that causes a poisoning of the heart muscle and uses up the energy that should be devoted to resting and reserve force. Older individuals, those past forty and forty-five, who suffer from chronic heart disease may not have any bacteria growing in the heart but have damaged hearts due to previous history or past experiences of bacterial growths in the heart. If the heart muscle has been damaged and so has scar tissue, the heart will naturally have less pumping force and it will try to pump faster in order to carry the same load. This decreases its reserve power, and as the reserve power decreases, the heart goes still faster. Finally the beat becomes irregular. A person with such a heart is facing heart failure unless he can in some way rest the heart muscle.

The whole system of treatment of heart disease is based upon the prevention of the dissipation of the reserve force of the heart and the consequent failure of action. You can probably recall that during your adolescent period of life, after running a race or doing some other strenuous exercise, you had to stop because you became short of breath, and you had a tight feeling in the chest or even slight pains on the left side of the chest. After a few minutes rest, these symptoms passed off and you could again take part. This is a typical example of cardiac exhaustion, and it is the way some of the heart diseases of adult life began. There is a tight feeling in the chest, shortness of breath, exhaustion, a tired feeling, and even pain around the heart region. These spells usually come on after some form of illness of an exhaustive nature.

A beginning heart attack should be a red light. You should go to a physician right after the first attack to see just why your heart is exhausted. The average individual, however, doesn't do this, but continues working and may work for ten or fifteen years with increased frequency of the mild heart attacks. Then when he ultimately does go to a physician, his heart is so exhausted that only a prolonged rest in bed will offer any relief at all. If a person with beginning evidences of exhaustion of the heart muscle could take short periods of rest each day, just long enough to restore the tired muscle, he would find that the heart would function better and he might prevent a serious condition. An individual with an exhausted heart should not walk to work, or dig in the garden, or fire the furnace, for instance. Many of these little duties are just too much for the heart when it is in a state of exhaustion.

A person with heart disease who knows the limits his heart will stand, can live a happy and useful life by adjusting himself and his daily duties to his heart. Emphasis should also be placed upon the use of tobacco, alcohol and sometimes coffee, as irritants to the heart under certain conditions. Sore throats, head colds, sinusitis, give off toxins that irritate the heart, make it go faster and increase its load. Certain weather conditions, particularly during the fall, winter and spring months, may irritate the heart muscle and cause increased frequency of heart attacks.

The heart has wonderful power of adaptation. We can use this power to change our lives so that we can favor an exhausted heart. This will prevent heart failure.

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