

News Review of Current Events the World Over

Congress Opens and President Delivers His Message at a Night Session—Neutrality and Bonus Are Due for Speedy Action.

By EDWARD W. PICKARD
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CONGRESS began a session that gives promise of being, not short and calm, as administration leaders had predicted, but long and lively.



President Roosevelt

Right at the start President Roosevelt caused the Republicans to howl loudly by deciding to deliver his annual message on the state of the Union before a joint night session of congress so it could be broadcast at a time when the maximum number of American citizens could be beside their radios.

This required a special rule in the house for without it that body can meet but once a day; and the minority leaders made no considerable objection.

But Chairman Fletcher of the Republican national committee was so aroused by Mr. Roosevelt's plan that he demanded equal time on the national radio chains for a Republican reply. Mr. Fletcher was sarcastic in his comments, saying:

"The President's decision to dramatize his message and to bring down to the level of a political speech his constitutional right and duty to address the congress on the state of the Union, is understandable in the light of past performances."

Senator Dickinson of Iowa denounced what he called "an attempt to use congress as the sounding board for a grand stand play by the President," but Senator Borah said he had no objection to the plan and no criticism to offer.

Anyhow, the President went ahead with his program and in his message gave his view of the nation's present condition, naturally holding that the New Deal was proving a success.

TWO major issues that call for quick consideration by congress are neutrality and the veterans' bonus. The existing neutrality law expires on February 29, and the President and his advisers have determined that a new law shall be passed which will give him broad discretionary powers with regard to shipments, loans and credits to belligerents. There is in congress a strong group, headed by Senators Clark of Missouri, Vandenberg of Michigan and Nye of North Dakota and Representative Maury Maverick of Texas, that demands extension of the present mandatory neutrality law. Presumably the new measure will be a compromise.

Speedy passage of bonus payment legislation is expected, for its proponents are determined and vigorous. Officials of the American Legion, Veterans of Foreign Wars and Disabled American Veterans have just agreed on a bill which will include these provisions:

Immediate full cash payment of the adjusted service certificates.

Refund of interest paid on loans on certificates.

Cancellation of interest accrued and unpaid.

Provision that veterans who do not desire to cash their certificates may draw interest upon the maturity value thereof (less principal of loan, if any), to be paid thereon from a date to be specified.

Provision for issuance of special government obligations in lieu of adjusted service certificates to the value of about a half a billion dollars now held as security by the United States life insurance reserves account.

The veterans' organizations estimated their united proposal would entail a cash expenditure of approximately \$1,000,000,000, rather than the \$2,200,000,000 generally accepted as the cost of payment.

SENATOR PAT HARRISON of Mississippi, chairman of the senate finance committee, on his arrival in Washington for the opening of congress gave out the welcome statement that: no new general tax legislation would be pushed through during this session. Said he: "I don't look for it and I don't think it is in the realm of possibility."



Sen. Harrison.

Adoption of a manufacturer's excise tax was also "out," according to Harrison. He pictured an unusually short session of congress with appropriation bills and amendments to existing legislation the principal business to be handled.

In the senator's opinion a compromise on the bonus, always politically vexatious, would be reached and a presidential veto would be avoided. Harrison reiterated his opposition to the Townsend old age pension plan and said it would make no progress at the new session.

Many house members agreed with Harrison as to taxes. It wouldn't be good policy to pass such measures this session for there will be elections in 435 congressional districts in 1936.

Pat Harrison took a crack at the "Liberty League and its legislative pro-

gram offered to congress. The league, he said, was "ready to take over the legislative and judicial functions" of the national government and might be magnanimous enough to take over the executive branch as well. The senator called the league a "lobby" and described its statements as "plutocratic propaganda."

NEW tax levies of more than \$350,000,000 a year went into effect on New Year's day, these being the result of delayed tax rates passed at the last session of congress. The heaviest is from the unemployment insurance and old age pensions act, which is expected to raise about \$240,000,000 in taxes on industrial pay rolls. Other new taxes include:

Raising of individual returns, \$50,000,000.

Corporation tax boost, \$40,000,000. Gift tax increase, \$25,000,000.

Intercorporate tax levy, \$30,000,000. Revision of the personal holding company and corporate liquidation tax provisions of the tax program will increase the country's tax bill. The Treasury department has made no estimate of such income.

WHAT may be expected from Elmer A. Benson, the new Farmer-Laborite senator from Minnesota, is indicated in a radio speech he made in Chicago on his way to the National Capitol. He declared he believed that capitalism is doomed, and urged a much larger measure of public ownership and "production for use rather than for profit."

"I am convinced," he said, "that nothing short of social ownership of key industries can save us. Inasmuch as it has been demonstrated that we can produce enough for all if our productive plant is used wisely, society must take over that plant and our financial system as well and operate them in the interests of all the people because big business definitely refuses to do so."

Mr. Benson, who has been serving as state banking commissioner, was appointed by Gov. Floyd B. Olson to complete the term of the late Senator Thomas B. Schall. He will serve until December 31, 1936. He has been a Farmer-Laborite since the birth of that party and before that was active in the Nonpartisan league in Minnesota.

FRANKLIN C. HOYT has resigned as federal alcohol administrator and his resignation has been accepted by the President with the usual expressions of regret. Mr. Hoyt cited his poor health and other personal reasons to explain his action, but in his letter to Mr. Roosevelt he plainly indicated that he was dissatisfied with the liquor control setup.

MRS. EUGENE TALMADGE, wife of the governor of Georgia, has joined Alfred E. Smith in declining an invitation to the White House. Mrs. Roosevelt asked her to be her guest the afternoon of January 8, the day before a meeting of the Democratic national committee in Washington. Governor Talmadge, a hot opponent of the New Deal, was to attend the meeting, but his wife told Mrs. Roosevelt that her cotton plantation in Telfair county demanded her attention.

"I have to get my farm started on the 1936 crops," explained Mrs. Talmadge to the reporters. "The first few weeks of the year are a busy time."

NEW DEALERS speak scornfully of the Presidential poll conducted by the Literary Digest, but everyone is eager to see what it reveals. The latest returns show a still further decline in New Deal popularity. Out of a total of 1,370,774 votes received, 828,929 answered negatively the question "Do you now approve the acts and policies of the Roosevelt New Deal to date?" This brought the negative percentage to the new high figure of 60.47 per cent. The last preceding percentage was 58.51.

Eleven of the thirteen southern states continued solidly New Deal. Only Florida and Oklahoma voted against it. The twelve middle western farm states continued balloting more than 3 to 2 against the administration. The Rocky Mountain states, with the single exception of Utah, contributed substantial majorities against the New Deal, as did four of the six New England states, which were voting 3 to 1 against Roosevelt.

TWELVE persons, nine of them passengers, perished when the Imperial Airways liner City of Khartoum crashed in the Mediterranean off Alexandria, Egypt. The only survivor was Pilot Vernon G. Wilson, who was taken from the water in a critical condition. Among the victims was one American, James C. Luke of Philadelphia, an oil engineer on his way from London to Basra, Iraq.

The City of Khartoum, which had accommodations for 15 passengers and four members of the crew, had been retired from service recently, but was recalled to replace a flying boat which burned in the harbor of Brindisi.

FROM his field headquarters in Dessye Emperor Haile Selassie sent to the League of Nations a vigorous protest against the war methods of the invading Italians. The emperor charged specifically that Italian flyers, in raining explosives on the southern army of his son-in-law, Ras Desta Demtu, near Dolo, used poison gas and destroyed a Swedish Red Cross ambulance laden with sick and wounded.

A special meeting of the Swedish Red Cross was held in Stockholm to take action in this matter.

The Italian government in Rome asserted the aerial bombardment was fully justified by the alleged beheading of two Italian aviators by the Ethiopians after the flyers had crashed at Daggah Bur in Ogdan. The communique also said it was well known that "Ethiopian chieftains take shelter under Red Cross signs when they see Italian airplanes."

Fierce fighting was going on along the northern front in Ethiopia. In Addis Ababa it was claimed that one of the emperor's armies had scored a decided victory, but there was evidence that others of his units had suffered reverses.

DISPATCHES from Addis Ababa said reliable sources there disclosed the terms on which Emperor Haile Selassie had authorized his delegation at Geneva to discuss peace.

They were thus stated:

Withdrawal of Italian troops from Ethiopia; recognition of the African empire's sovereignty; payment of indemnity by Italy; delimitation of East African boundaries between Ethiopia and the Italian colonies by a league of nations committee, and foreign economic, administrative, and financial aid and advice for Ethiopia only on the condition there would be no Italian influence.

DECLARING that all America is menaced with violence by the Communists, the Uruguayan government severed relations with the government of Soviet Russia; Minister Alexander Hinkin and his staff were handed their passports, and the Uruguayan charge d'affaires was recalled from Moscow. The decree, signed by President Gabriel Terra and all members of the cabinet, asserted that Montevideo was the headquarters of Communists who were plotting uprisings in all South America countries, and quoted the Brazilian charges that the abortive rebellion there in November was instigated by the Soviet government and that the Montevideo legation was its intermediary.

Dr. Jose Espalter, Uruguayan foreign minister, said:

"We have proof that Montevideo was the center of a gigantic Soviet expansionist plot and that Minkin was organizing a revolution in Uruguay for next February or March."

Uruguay is the only South American nation that recognized the Soviet Russian government.

WITHOUT waiting for a ruling by the Supreme court on the validity of the Tennessee Valley authority act, Senator Norris of Nebraska, father of that and much other advanced legislation, has prepared a bill for a Mississippi Valley authority along the same lines as the TVA but immensely greater in scope. He intends to introduce the measure soon in congress. It would embrace more than half of continental United States, including all the vast plain between the Alleghenies and the western continental divide and from near the Canadian border to the delta of the Mississippi; only the Tennessee valley would be omitted from the plan.

Norris said it was an expansion of his former plan for a Missouri valley authority. Flood control would be its chief goal, he disclosed, but it also would direct the development of navigation, irrigation, hydroelectric power, soil conservation and reforestation.

Like TVA it would be managed by a three-man directorate. The cost is not stated. Congress would vote funds from year to year as the work progressed.

NOTEWORTHY among recent deaths are those of Lieut. Gen. Hunter Liggett, hero of four wars and leader of the American first army in France where he was second in command to General Pershing; and Harry B. Smith, well known and prolific light opera librettist who wrote the books and lyrics for "Robin Hood" and many other productions.

COMPTROLLER GENERAL J. R. McCARL issued an order that blocked the plans of the Federal Surplus Commodity corporation to buy surplus farm products for relief distribution. He held that the administration could not use the 30 per cent of gross customs receipts set aside for the AAA to buy farm products to be given to relief clients. In a letter to Secretary Wallace, McCarl said relief legislation and relevant statutes provided another way to handle such purchases.

It was believed McCarl's ruling would not affect AAA plans for purchases for diversion purposes and not for relief distribution. An offer has been made for purchases of surplus potatoes from the 1935 crop, to be diverted into industrial channels. Officials said, however, they did not expect growers to take advantage of this offer because of recently advanced prices for potatoes.

SEEN and HEARD around the NATIONAL CAPITAL

By Carter Field
FAMOUS WASHINGTON CORRESPONDENT



WASHINGTON.—There will be a lot of oratory about the inequities of the Canadian reciprocal trade agreement on the floors of the house and senate in the next few months, but a good deal of the steam has been removed from the punches expected from the Washington and Oregon lumber interests.

Lumber had to be in that treaty. Canada was more wrought up about the imposition of that special duty on lumber—added when the copper, oil and coal interests were getting their specific protections—than about anything else. Her point appealed particularly to Secretary of State Cordell Hull because she could easily demonstrate that she had been buying two dollars worth of American goods for every one dollar of Canadian goods bought in the United States. And Mr. Hull doesn't like tariffs anyhow.

But once lumber was put in the Canadian treaty, the Pacific Northwest hit the ceiling, and stayed there for some time—hit the ceiling so hard that trusty scouts reported to Postmaster General James A. Farley that if the election were held today both Washington and Oregon would go Republican—or rather, would go anti-Roosevelt.

There were plenty of conferences here on that news. No one not familiar with the electoral vote tables, which insiders have been jiggling here for the last few months, would realize how big that news was—how bad to the New Dealers—how grand to Republicans.

For with New England concededly on the window—as confirmed by every poll—it is imperative for President Roosevelt to make a pretty clean sweep in the West. Washington has eight electoral votes, Oregon five, but those thirteen become mighty important if the whole Northwest is leaning Republican. Woodrow Wilson carried Washington, but lost Oregon, but he carried Ohio, and that big bloc of electoral votes is far from safe for Roosevelt, from all present reports.

Promises Made

As a result of all this worry there was some conferring with officials of the lumber associations. All sorts of promises were made. Canada was to stagger her shipments to the United States, so that Canadian lumber would not be dumped up to the full quota allowance during any one period. Lumber was to be given more consideration in various other treaties which are on the fire. Big efforts will be made by the State department to open up new markets for American lumber.

Some of the lumber men have been pretty well taken into camp as a result. They promise to smooth down their senators and representatives on Capitol Hill. They even promise kind words for the administration.

But some of the promises made are not so easy of fulfillment. The trouble lies in that "most favored nation" clause, which is dear to Secretary Hull's heart. To illustrate, this country might induce some country anxious to buy a lot of lumber to reduce its tariff, and thus open up a new market for the American lumber interests.

But the moment that nation did that she would also be reducing the tariff to precisely the same degree to every other nation. Which would mean that Canada would have the same opportunity, on an equal basis, and probably without any quota restriction. So the net result would be the same as if Canada shipped that lumber into the United States.

Mr. Hull, it is learned, hopes to wiggle out of this problem by more quota juggling, though admittedly quotas run contrary to the spirit of the "most favored nation" clause.

Union Hours on Farm

Union hours for farm hands is the latest farm relief suggestion. Sounds weird to men who were boys on farms, and crazier still to farmers at first blush. But there is a real idea behind it, and you may be hearing a lot about it before election day.

For—although the suggestion is now being weighed in the secret deliberations of certain Department of Agriculture officials, it may just possibly be the Republican farm plank—that long sought substitute for AAA farm benefits and processing taxes.

Of course there would be nothing like the Adamson eight-hour act for railroad workers, or even the minimum wage laws of certain states. It would have to be approached with far more delicacy.

For instance, there would have to be nothing compulsory about it at all, and no effort could be made to apply it to farmers owning and cultivating their own acres. The idea would be to put it in the form of a bonus paid to each farmer for every hired hand regularly employed throughout the year who was not made to work more than a given number of hours per day, on the average—a liberal bonus, which would make the thing attractive.

Every one concedes the need for something of the sort. Farmers and farm hands are still working absurdly long hours for this day and generation. Yet the average product per man hour has increased on the farm as much as in many highly mechanized lines of industry.

It is not only farm machinery which

has brought about this increase in productivity per hour of employment. It is better fertilizer, more intelligently chosen, and it is better seeds, producing larger yields for the same amount of work.

This increase in yields per man hour of work ranges from 14 times in the case of some farm products down to 2 1/2 times. But the last figure is the minimum.

No Restriction

There would be no disposition, of course, to restrict the bonus only to farmers whose hands had not worked more than the maximum number of hours set on any one day. It would be applied on the average number of hours for the number of working days specified for the year. There is some suggestion of making this average as low as eight hours, though others advocate starting at nine.

During the harvest season, of course, no one would propose that hours be restricted. But long hours at harvest time would mean leisure later on to balance up the average.

Another advantage is pointed out by advocates of this new bonus plan. It is that many farmers now employ extra help only at rush seasons, such as harvest time. If the bonus were made liberal enough, it is contended, farmers would be inclined to take on say one more hand for regular work, taking some pains to find employment for this hand at non-rush times, and thus enabling the employing farmer to claim the bonus.

The effect of this, of course, assuming it worked, would be to provide more regular employment on the farms, and curtail to just that extent the pressure for jobs in the cities at the very time need for employment in urban centers is the greatest—through the winter. And it would cut down—to whatever extent it succeeded—the number of drifters, so frequently one of the toughest problems of charitable relief in winter.

Cut Out Bond Salesmen

There was a time when, at June commencement times, half a dozen or more of the more popular young men in the graduating class of each big college, especially the eastern ones, would be approached by big investment banking houses. The young men, if they accepted the office became bond salesmen. They tried to capitalize their college acquired popularity, especially if they had been lucky enough to win their letters on the football team or crew, selling investment securities to the mothers, fathers, aunts and uncles of the girls at whose houses they had visited during college vacations.

Franklin D. Roosevelt and Jesse H. Jones are giving themselves no concern about this interesting development of our college and social life as they calmly go about eliminating the need for bond salesmen of any sort, popular or merely expert, college graduate or office-boy developed.

The point is that the RFC is putting the bond selling business on the shelf—retiring it to the pages of our economic history. If Roosevelt and Jones succeed in their openly stated objectives, this once very pleasant and profitable, as well as eminently respected, means of earning a living will be no more.

Every one has known for some time now that one of Roosevelt's aims was to reduce the cost of capital—to force interest rates down. It has proved very satisfactory in reducing the interest charges on the government debt. There has not been time—and it may not come—to test what would have happened to private financing.

The high light of recent developments in this connection came when Jesse Jones informed the Illinois Central, following several other examples, that he would not approve that railroad's selling 5 per cent bonds, and paying a one-half of one per cent underwriting charge. As the railroad had to have the money, he said the RFC would advance it at 4 per cent, subject to the approval of the I. C. C., and with no underwriting charge.

Pleases Stockholders

Naturally, this is very pleasing to the railroad stockholders. It is a far cry from the old days when bonds were often sold paying from 5 to 7 per cent, and with a commission to the bankers in addition. For the government to loan the companies money at 4 per cent cuts the carrying charges for that portion of the capital almost in half.

But who is going to pay the expense of marketing bonds in the future? That is the nub of the whole question, as far as the disapproved bankers' commission—one-half of one per cent for underwriting in this case—is concerned. It is another question entirely from merely reduced interest rates. In the Illinois Central case the stockholders will benefit \$1,000 a year for 15 years on every \$100,000 borrowed—the life of the proposed bond issue, from the reduced interest rate. They will benefit an additional \$500 on each \$100,000 from saving the underwriting fee. But this last \$500 saving is not per year. It is spread over the whole 15 years, for the underwriting fee, or bankers' commission, is charged only when the bonds are sold.

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Turning-Back Point Is the Measure of Success

On every hand we see people who have turned back, people who had pluck enough to begin things with enthusiasm, but did not have grit enough to carry them to a finish. The point at which you are tempted to turn back, the point when your grit leaves you, will measure your achievement power. Your ability to go on, to continue after everybody else has turned back, is a good measure of your possible success.

Trouble

A jealous man always finds more than he looks for.—Mile. de Scuderi.

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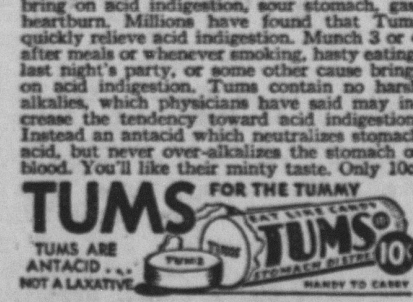
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