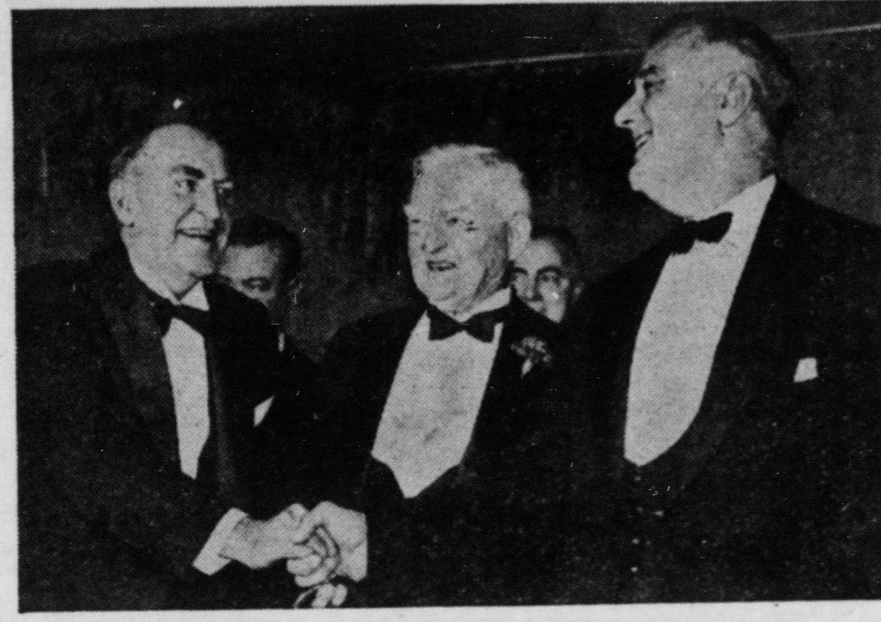


News Review of Current Events

SAMOAN CLIPPER IS LOST

Captain Musick and Six Others Die as Flying Boat is Destroyed Near Pago Pago, Samoa



President Franklin D. Roosevelt, right, shakes hands with the speaker of the house, William B. Bankhead of Alabama, left, as Vice President John Nance Garner looks on, at the Jackson Day dinner in Washington.

**Edward W. Pickard**  
SUMMARIZES THE WORLD'S WEEK  
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Big Flying Boat Destroyed

SAMOAN CLIPPER, huge flying boat of the Pan-American Airways, fell into the Pacific ocean near Samoa, carrying the seven members of the crew to their deaths. There were no passengers for the ship was making one of its pioneering flights on the newly established route across the Pacific. It was on the way from Pago Pago harbor, American Samoa, to Auckland, New Zealand, and had turned back toward Pago Pago because of an oil leak. Presumably it was dumping gasoline to facilitate landing and the fuel exploded, destroying the plane.



Capt. Edwin C. Musick

First in the list of victims was Capt. Edwin C. Musick, considered the most experienced ocean flyer in the world and chief pilot of the Pacific division of Pan-American. He was one of the most conservative of flyers and officials of the company said he and his flight crew were entirely blameless for the disaster. Those who perished with Musick were First Officer Cecil G. Sellers, Junior Flight Officer Paul S. Brunk, F. J. MacLean, J. W. Stickrod, J. A. Brooks and J. T. Findlay.

Plane Crashes in Rockies

ONE of Northwest Airlines' new Lockheed Zephyr passenger planes, flying from Seattle to Chicago, struck a snow-covered peak of the Rocky mountains near Bozeman, Mont., and was smashed and burned. All aboard, including eight passengers and two pilots, were killed, their charred bodies being found by a party that made its way through a raging blizzard to the scene of the accident. Officials of the company could not explain the disaster but said all ships of the new type were grounded pending investigation.

Blow for La Follette

WISCONSIN'S Supreme court gave a smashing blow to the La Follette program for public ownership of utilities when it declared the Wisconsin development authority act unconstitutional, being an illegal delegation of the state's sovereign governmental power to a private corporation. By knocking out the WDA the court also sounded the death knell for the Wisconsin agricultural authority act, court attaches said.

Budget Message Summary

MORE vitally important than his annual message on the state of the nation was President Roosevelt's budget message to congress. In it he forecast a deficit of \$1,088,129,600 for the current fiscal year which ends on June 30, and a deficit of \$949,606,000 for the 1939 fiscal year. There was no promise that the budget would be balanced in the near future, the national revenue estimates being reduced because of the depression.

Nearly a billion dollars was asked by the President for national defense because of "world conditions over which his nation has no control," and more may be called for soon for the same purpose. Summarized, the President's budget statement said:

Revenues for the next fiscal year will total \$5,919,400,000, a decrease of \$401,076,000 from the present fiscal year. Expenditures, exclusive of debt retirements, will total \$6,896,000,000, a decrease of \$539,600,000 from the present fiscal year. National defense appropriations will total \$991,300,000, an increase of \$34,300,000. Later the President may ask for additional funds to construct several extra naval vessels. Relief expenditures for the next fiscal year will total roughly \$1,138,304,000, a decrease of \$841,356,000 from the present fiscal year.

The deficit will be financed through Social Security and other trust funds and not through public borrowing. The deficit estimate for the fiscal year which ends June 30 has been raised from \$695,000,000 to \$1,088,129,600, because of the business recession. Expenditures for new highways, new rivers and harbors projects, new public buildings, new reclamation projects and other new public works will be reduced sharply. The public debt will reach a record high of \$38,528,200,000 on June 30, 1939. More G.O.P. Programs BERTRAND SNELL, minority leader in the house, and Col. Frank Knox, Republican candidate for the vice presidency in 1936, have set forth programs for the G. O. P. and other opponents of the New Deal. Mr. Snell in a radio address proposed to restore confidence to the investing public and revive business activity by stopping wasteful expenditures, balancing the budget and liquidating Roosevelt social and economic experiments that he said have inspired distrust of the government and fears of the destruction of the capitalist system. Colonel Knox, speaking at a dinner in Cleveland, declared that the Republican party must turn away from the high protective tariff, which it has championed for decades, and recognize that the time has come to reduce tariffs to meet changing conditions. "Protect wage standards, yes!" he said. "Continue to protect monopoly, no!" War Vote Plan Killed REPRESENTATIVE LOUIS LUDLOW'S war referendum resolution will not be acted on at present, for the house, by a vote of 209 to 188, left it in committee for the remainder of the session. This was a victory for the administration forces and was brought about after President Roosevelt himself had taken a hand in the controversy. Through a letter to Speaker Bankhead the President had warned congress that adoption of the resolution would hamper any chief executive in the conduct of foreign relations and would lead other nations to believe they could violate American rights with impunity. Jackson Day Feasts DEMOCRATS who partook of Jackson day banquets in various large cities paid about \$250,000 into the purse of the party's national committee. At the dinner in Washington President Roosevelt pleaded with the nation to understand that his administration believes it is helping and not hurting business by the drive against monopolistic practices. His talk was rather conciliatory. He promised a fight, but he called it a cheerful fight, on his part, against a mere handful of the total business men and bankers and industrialists who can be expected to "fight to the last ditch to retain such autocratic control over the industry and the finances of the country as they now possess." At the New York banquet Jim Farley staged the debut of Robert H. Jackson, assistant attorney general, as a candidate for the governorship of the Empire state. The young lawyer, who has attracted public attention recently by attacks on big business, was the principal speaker. At a luncheon party he admitted he would be the Democratic nominee for governor "if the party wants me."

Civil War in C.I.O.

JOHN L. LEWIS, head of the C. I. O., and David Dubinsky, who has been one of his chief lieutenants, seem to have reached the parting of the ways and have been lambasting each other in public without restraint. Dubinsky, chief of the big International Ladies' Garment Workers' union, addressing 1,200 members of his executive boards, said Lewis was to blame for the collapse of peace negotiations between the C. I. O. and the A. F. of L., and declared no one man had a mortgage on the labor movement. He also denounced the infiltration of Communists into the C. I. O. To this Lewis retorted with what Dubinsky called wisecracks, and the latter said: "I venture to say that, without distinction as to group or formation, the laboring masses of America are starving and praying for peace and it is my belief, Mr. Lewis' wisecracking to the contrary notwithstanding, that they will not be denied such peace for long."

Two More for Franco

CHIEF officials of Austria and Hungary, after a conference with Italian Foreign Minister Ciano, announced their governments would recognize the Spanish regime of Gen. Francisco Franco. The two powers, linked with Italy by the Rome pact, expressed sympathy with the Rome-Berlin axis and a determination to fight Communist propaganda, but did not follow Italy into the anti-Communist pact with Germany and Japan.

Japanese Too Arrogant

GREAT BRITAIN'S government, according to dispatches from London, has finally been driven by Japanese arrogance at Shanghai to the point of resistance.



Neville Chamberlain

The invaders have been demanding full control of the captured city, to the virtual exclusion of other foreign interests, and their troops there have treated British policemen in the international settlement very roughly. Prime Minister Chamberlain has taken personal command of a British program designed to curb the Japanese expansion of power, and is keeping Washington and Paris fully informed of his plans and actions. Also he has been in frequent telephonic conversation with Foreign Minister Eden, vacationing at Cannes. A high government official in London said Chamberlain had resolved "not to stand for Japanese use of military superiority in the present emergency to force concessions in Shanghai." It was made plain that Britain would act only in harmony with the United States and France. That the Japanese are not afraid of Great Britain was indicated by a statement by Rear Admiral Tanetsuga Sosa, retired, maintaining that it would be easy for the Japanese navy to reduce the British strongholds at Hongkong and Singapore before the British main fleet could get there. Sosa said the only thing that could save Britain was to draw the United States into the war.

Naval Building Race

FRANCE'S reply to the recent announcement that Italy would build 20,000 ton battleships is the decision to construct two battleships of 42,000 tons each, exceeded in size only by the British battle cruiser Hood. The navy committee of the chamber of deputies was preparing to ask Minister of Finance Georges Bonnet to supplement the 1938 naval budget by 2,000,000,000 francs from the sorely pressed treasury to keep ahead of Mussolini's forces at sea.

Marriage Mills Stopped

INDIANA'S notorious marriage mills were given a death blow when the State Supreme court upheld a statute enacted 86 years ago forbidding county clerks to issue marriage licenses to women who are not residents of the county in which the license is issued. The decision was hailed by officials of states that have raised their marital standards by enacting hygienic laws regulating issuance of marriage licenses.

Civil Service Lags

CONGRESS was told by the civil service commission that its failure to place employees of newly created government agencies was becoming "a matter of grave public concern."

In its annual report the commission said there was no important extension of the civil service during the fiscal year of 1937. "Wholesale exemptions such as have been permitted in the last year must cease if the merit system is to prevail," the commission said.

Wheeler Hits I.C.C.

SENATOR BURTON K. WHEELER of Montana, chairman of the senate railroad finance investigating committee, charged in a statement that the interstate commerce commission is using "trick rabbits" in solving carrier problems. Wheeler's ire was aroused by conditions surrounding a loan of \$6,000,000 by the RFC to the Erie railroad and an \$8,000,000 RFC loan to the Baltimore and Ohio railroad.

Washington Digest  
National Topics Interpreted  
by William Bruckart  
National Press Building Washington, D. C.

In Terms of Billions

Washington.—Some seventeen or eighteen years ago when I was a staff writer for the Associated Press, specializing in finance, I was called upon to write the "lead" or general story about the annual estimates of expenditures sent to congress that day. The late L. C. Probert was my chief. He read my story and ordered me to rewrite the first paragraph, saying: "You ought to stress that total more; make it read something to the effect that 'billion dollar congress has arrived.' Show where these government expenditures are heading."

The circumstance impressed me for some reason. I can recall the incident as vividly as though it were yesterday: "The era of billion dollar congresses appears to be upon us" but it was one of those incidents that was just a good story to a writer. Little did I realize then what it would mean when viewed from the perspective, say, of 1938, for only the other day President Roosevelt submitted the annual estimates, now called the budget, for the next fiscal year. The call was for \$6,869,043,000. That was not all. He said there likely would be additional requests for money later and he added a most significant expression or observation that probably we can expect the annual federal budget to run around seven billion dollars in the future.

In truth, where are these government expenses heading? And what do they mean in the lives of present and future citizens and taxpayers? What does it mean in taxation and especially when one considers that besides this list of scheduled expenditures, there is a little matter of thirty-eight billion dollars in national debt? Then, we ought to remember there has been a deficit for nine successive years—nine years during which the government has spent more than it received in income, and there probably will be at least one more.

As the figures were approved by the President and sent to the capitol, the government will spend \$539,000,000 (its deficits) more during the fiscal year that starts next July 1 than taxes will bring into the treasury. That means, of course, more borrowing and more borrowing means an increase in the public debt. Onward and upward! Or should we say it in a revised form: upward—and upward! Most of the newspapers made headlines out of several items because they were huge, immense. Attention was called to the fact that the appropriation for national defense—the army, the navy, the marine corps—was \$991,000,000. That was the greatest peacetime total in history. They also referred at length to a billion dollar appropriation for relief, and to an item of \$976,000,000 in interest on the public debt, and to \$338,000,000 for pensions to veterans of wars.

These are startling in their size. They should occasion comment. Sometimes I think it requires staggering totals to cause people to stop and think a bit. Maybe these will do that. But in any event, the budget just submitted to me seems to carry some additional significance, matters that deserve more thought than the size of those items mentioned. I refer to the general trend as exemplified by the President's remark that we may expect seven billion dollar budgets in the future.

As to that indication, is it not about time to call a halt? Throughout the nearly twelve hundred pages of figures in the budget, as printed, everywhere one can point to new items or expansion of old ones. When I say new items, I refer to expenditures that have come along in the last six or eight years. Scores of them have bobbed up in the last four or five years in the great war on the depression; others have just bobbed up.

I prefer, therefore, to call attention to these scads of little items that, like so many hoies in a tank, are allowing public money to flow away without trace or benefit. That is why I think there should be a good deal of attention paid to the general heading in the budget "independent units." Because, tucked away in the list is where the dangers lie.

The total for the independent units of the federal government is in excess of \$1,825,000,000. Each of the various agencies therein has its "necessary" expenditures to keep going, and a good many of them, about half a dozen, certainly have their value to the country as a whole. But the new children in that family are growing up. They are funny looking children in some cases. What they will grow out to be, their proud parents surely cannot forecast. Who knows whether they will develop their own call and become rooted as a permanent drain on the taxpayers. Unless history is changed, quite a number of them will have children of their own in the shape of new bureaus and new duties as the politicians find new ways of spending money.

It is made to appear that we cannot avoid such expenditures as those for national defense, those for veterans who have served their country well, those in payment of interest on a debt that ought not to be so great. There is not much chance, therefore, to effect economy in that direction. Thus, it seems that if the President is sincere about reducing government expenditures and if the politicians in congress have any courage, they had better start looking at the children that are growing up. I mean the children of older government agencies as well as the new children whose parents are politicians.

In this connection, let us advert to that budget mentioned at the opening of this discussion. The Department of Commerce that year was getting something like seven million dollars, as I recall. In this year's budget the appropriation is for \$44,710,000.

Now, I assume some one will point out that the functions of the Department of Commerce have expanded immeasurably. That is true. The development of aviation has added many millions to the required expenditure of that government agency. In other words, the federal government has to meet new conditions just like its citizens must meet new conditions. But the point I am trying to make is this: there are enough of those necessary expenditures, outgo that cannot be avoided because they represent real governmental functions, without adding a lot of trick schemes, visionary ideas, theoretical possibilities to the functions of the federal government. There is not space here to list them, but every one of the older agencies has been guilty of biting off new appropriations through the medium of a new child or two or three of its own every few years. I am not suggesting, therefore, that those established agencies, those that have proved necessary, are to be cut out. I am only proposing they be restricted.

Wanton Waste

I have authority, too, for terming many of these expenditures waste. The authority is that a comptroller general of the United States. The comptroller general sent his annual report to congress recently. In it he charged there had been wanton waste of government money by most of the federal agencies. He did not charge dishonesty—just something like weak minds in the way they planned and spent and did not keep books to show exactly what had happened.

The comptroller general, R. N. Elliott, told congress that there was a regular campaign going on among what is usually called the spending agencies of the government to get control of their spending without checkups by the general accounting office. There are continued efforts, he said, "to secure for spending agencies legislation making further surrender by the legislative branch (congress) of its right and authority to direct by law the use of public funds." Of course, Mr. Elliott made no reference to the President's repeated demands of congress for what is called "blank check" appropriations. There were few persons, however, who failed to connect the two. The report singled out the Department of Justice, the War and Navy departments and a whole flock of the independent children as agencies that are getting out of line in keeping track of what they do with their appropriations.

From these facts, it may be apparent to every one that a real need exists for a tight grip by congress on appropriations and an absolute cessation of the great game of starting new agencies.

And here is a story about one teeny, weeny item of government expenditures. It is a story that seems to belie the discussion above about waste by the government agencies.

Here's a Story

The fact is that the story shows how niggardly the government is in some instances when we all know how wanton waste and recklessness characterize larger spending.

Brig. Gen. Harold C. Reisinger, of the marine corps, is being court-martialed on a charge that he "padding" his personal expense account by \$77.35. That is to say the general may be dishonorably discharged after a useful life and perhaps even jailed because the claim is made that he did not spend as much money as his voucher showed.

The point of this story, however, does not involve General Reisinger at all. It was by mere coincidence that his trial started as it did during the closing days of the extra session of congress—that session, you will recall, that met November 15 and adjourned December 22 without having passed a single major piece of legislation. The legislation acted on favorably by that session included passage of one appropriation bill. It appropriated \$225,000 to be paid to representatives and senators as "mileage."

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HELP KIDNEYS

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