

News Review of Current Events

NEW SEAWAY PROPOSAL

Secretary Hull's St. Lawrence Plan Arouses Strong Opposition in Congress . . . Wallace Again Rebuffed



Adolpho Echagay Somohano, commander of the Mexican federal troops engaged in suppressing the revolt in San Luis Potosi state led by Saturnino Cedillo, is here seen, right, giving orders to two of his officers.

Edward W. Pickard
SUMMARIZES THE WORLD'S WEEK
© Western Newspaper Union

Hull's St. Lawrence Plan

PRESUMABLY by direction of the President, Secretary of State Hull submitted to Canada a new proposal for development of the St. Lawrence seaway, asking that it be considered as a basis for a new treaty which would be a revision and amplification of the treaty of 1932 that the senate refused to ratify in 1934. Under the terms of the Hull plan Canada would obtain without cost a completed St. Lawrence deep waterway, ready for power development, and also other valuable concessions. The United States would obtain the privilege of building the seaway at its own expense, increased power development at Niagara Falls, and the recognition by Canada of American sovereignty over Lake Michigan.

Immediate and vociferous opposition to the plan broke out in congress, both Democrats and Republicans characterizing it as a scheme to buy the support of the Dominion for a gigantic water power development planned by the New York state power authority.

From the State department leaked information that not even Canada was expected to approve the proposed treaty. Canadian officials have repeatedly doubted whether recovery from the depression would be promoted by spending millions on a waterway for which there is not sufficient commerce and for development of surplus water power for which there is no demand.

Hull's plan provides that the United States shall develop the international rapids section of the St. Lawrence river at an estimated cost of 400 million dollars. This was denounced by Senator Wagner of New York. Senator Copeland, also of New York, announced he was against the seaway project "1,000 per cent." He called it "an all-British canal."

Senator Key Pittman, chairman of the senate foreign relations committee having jurisdiction of treaties, said the new proposals would not have a chance of ratification unless materially modified.

Senators and representatives from the Middle West were especially aroused. Senator Clark of Missouri pointed out that the treaty would permit diversion of only 1,500 cubic feet of water per second into the Chicago drainage canal. He said the Mississippi river must receive more water than that from the canal in order to fill a nine-foot channel.

Representative Claude Parsons of Illinois was even more emphatic in disapproval. "This proposed treaty," he said, "is about the worst mistake Secretary Hull ever made. Under the terms of his proposal to set up an international commission for the Great Lakes-St. Lawrence basin, Canada would be given control over our all-American Lake Michigan."

"Furthermore, the treaty would prohibit any further diversion of water from Lake Michigan at Chicago of more than 1,500 cubic feet per second. The Illinois and Mississippi rivers must have at least 5,000 c.f.s. to insure a dependable waterway."

Wallace Slapped Again

STERNLY chastising Secretary of Agriculture Henry A. Wallace and Solicitor General Robert H. Jackson for making assertions that were unwarranted and wholly unfounded, the United States Supreme court rejected the government's petition for a rehearing of the Kansas City stockyards rate case.

Twice before the court had rebuffed Wallace in the stockyards case and had set aside his order fixing maximum rates which commission men might charge for services because, the court said, they had been denied a full, fair, and open

hearing by Secretary Wallace. Justice Hugo Black, who was the lone dissenter when the case was decided in April, ran true to form, again being the only member of the court to dissent.

New Food Act Passed

WITHOUT a record vote the house passed the new pure food and drug bill. The senate had passed a similar measure and the differences were to be reconciled in conference. The act brings drugs, therapeutic devices, and foods under regulation of the Department of Agriculture. It prohibits alteration or misbranding of cosmetics, 94 foods and drugs, requires adequate tests of products before they are placed on the market, provides for license restrictions to control bacterial contamination of foods, requires warning labels on habit-forming drugs, and provides for factory inspection.

Reform Bill Shelved

PRESIDENT ROOSEVELT accepted the advice of congressional leaders and consented to the shelving of his bill for reorganization of the executive government. This was announced with the approval of the President by Senator Barkley. At the same time it was made known that the administration would attempt to get the measure through congress early in the 1939 session. Sen. Hiram Johnson of California said the opponents of the bill would be ready to resume their battle against it next year.

Tax Bill Unsigned But Law

FOR the first time since he entered the White House, President Roosevelt permitted an act of congress to become law without his signature.

He took this course with the tax revision bill in order to emphasize his objection to "those unwise parts of the bill" which removed all but the skeleton of the undistributed profits tax and drastically modified the levies upon capital gains.

The President announced his action in a speech delivered to 148 mountain families of the New Deal-sponsored rehabilitation community of Arthurdale, W. Va., at the graduation exercises of 13 high school students. His words, however, were carried to the nation by radio networks.

"I call the definite attention of the American people," said Mr. Roosevelt, "to those unwise parts of the bill I have talked to you about today—one of them which may restore in the future certain forms of tax avoidance, and of concentrated investment power, which we had begun to end, and the other a definite abandonment of a principle of tax policy long ago accepted as part of our American system."

The President declared that he had no objection to removing any obstacles to little business which might be contained in the revenue laws but he reiterated the administration's determination not to allow the use of corporate forms to avoid what it considers legitimate tax burdens.

Mr. Roosevelt made plain that he hoped for a future revision of the revenue laws in line with the objectives he seeks. Such revisions, he said, should be designed to encourage new investment and the entry of private capital into new fields.

Big Fund for Highways

LEGISLATION authorizing new federal highway expenditures of \$357,460,000 for the fiscal years 1940 and 1941 won final congressional approval when the senate adopted a conference report previously accepted by the house. Also authorized was the expenditure of \$150,000,000 of old, unused appropriations.

Another Recovery Plan

ABANDONMENT of experiments by the government and adoption of an industrial program based on experience was advocated by Charles R. Hook, president of the National Association of Manufacturers before a meeting of the Chicago Association of Commerce. "A return to sound economic reasoning and a common sense diagnosis is the sure solution to the problems of America today," Mr. Hook said.

Emphasizing that industry has a definite program for industrial recovery, Mr. Hook, who is president of American Rolling Mill company, outlined three cardinal points, including revision of the Wagner act, revision of the tax structure and banishment of existing and threatened government competition with private enterprise. "Remove these causes of fear and uncertainty," Mr. Hook said, "and private savings will rush back into the channels of private productive enterprise."

"We specifically urge amendments to the Wagner act to correct its one-sided character, to enforce responsibility on labor organizations, to separate the functions of fact finding, prosecution and judicial decision, and establish impartial administration by the national labor relations board."

Twenty More Federal Judges

PRESIDENT ROOSEVELT signed the bill creating 20 additional federal judges throughout the country. The measure is the largest judgeship bill passed by congress since 1921.

Five additional Circuit Court of Appeals judges at \$12,500 a year each and 15 additional district judges at \$10,000 a year each are authorized by the act.

Strike Back at Morgan

TESTIFYING before the joint congressional committee of investigation, David E. Lilienthal and Harcourt Morgan, directors of the Tennessee Valley authority, accused Dr. Arthur E. Morgan, their ousted colleague, with trying to sabotage the TVA's legal defense in a court case involving the constitutionality of the authority. They said, too, that he had engaged in a campaign of dissent and obstruction.



David E. Lilienthal

These charges, together with a general denial of Arthur Morgan's accusations against themselves, constituted in the main their defense statements.

Referring to the trial last winter of the suit of 18 private utility concerns against the TVA, Lilienthal said: "It is a record which suggests that he was seeking to find a way to obtain a judicial decision against his own agency. It is a record of tampering with prospective witnesses for the government and of obstructing and harassing counsel and witnesses in the very heat of the trial of a crucial constitutional case."

Concerning the Berry marble claims, Lilienthal said: "Any assertion that we (Harcourt Morgan and himself) by word or attitude encouraged any one to pull punches on Berry's claims is an outright falsehood. There was absolutely no evidence upon which any charge of fraud could have been based; there were only rumors and suspicions."

Dean Mumford Dies

DEAN HERBERT W. MUMFORD of the University of Illinois is dead, following an automobile accident, and the country loses one of its best agricultural educators and marketing experts. Mumford was a product of Michigan. In 1901 he became professor of animal husbandry in the university at Champaign. Then he was made dean of the college of agriculture and director of the agricultural experiment station and extension service. He was sixty-seven years old at the time of his death.

Sweepstakes Winners

BOIS RUSSEL, a French bred horse, won the English Derby at Epsom Downs, and four sweepstakes ticket holders in the United States won \$150,000 each. Scottish Union, second, won \$75,000 each for 11 United States ticket holders. Pasch, the favorite, finished third, returning \$50,000 each to seven ticket holders in the United States.

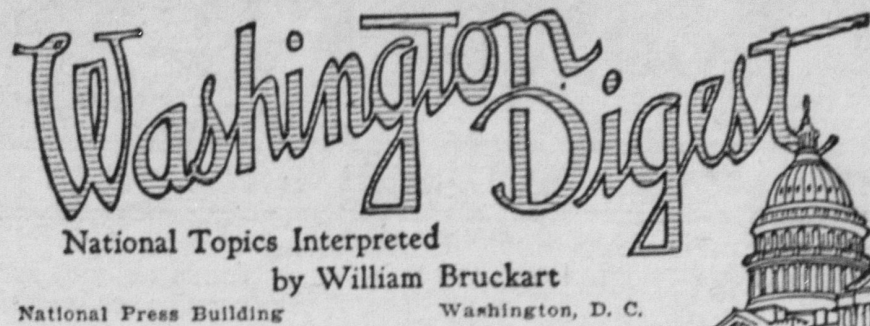
Defies Harry Hopkins

VICTOR A. Christgau, Minnesota WPA administrator, quarreled continually with Gov. Elmer Benson and the Farmer-Labor party leaders in that state. So Harry Hopkins, national head of the WPA, notified him he was ousted. Christgau refused to quit his position, contending that only President Roosevelt, who appointed him, had power to dismiss him.

War Pensions Boosted

PRESIDENT ROOSEVELT signed a bill to increase the pensions of certain soldiers, sailors and nurses who served in the Spanish war, Philippine insurrection or China relief expedition.

The act provides a \$60 monthly pension for veterans sixty-five years old who served at least 90 days and to those who served less than 90 days and were discharged for disability incurred in service.



Washington.—Congress is packing its duds. It doesn't know exactly what date it will go home, but go home it will, in just a few weeks more.

There is nothing more contagious than homesickness among congressmen when primaries are in the air and votes around the grass roots await to be garnered.

I suppose that when they go, there will be a certain amount of criticism about the do-nothing congress. Particularly will they hear barks that they have left the nation's most important problem unsolved. They will be told how they should have charted a course to lead the country out of the depression and how they failed to do anything towards restoring unemployed to permanent jobs.

The prospect of this condition, it seems to me, warrants a general discussion without pulling punches. Congress is supposed to formulate national policies. It, therefore, must accept some blame for its failure. But it is not alone to blame, and the voters ought to know it. There are some other spots to which attention should be directed—in all fairness to the members of the house and senate.

Let us look back a bit. It must be agreed, I believe, that recovery is the foremost problem. Recovery plans must be divided. Attention must be given, first, to relief of the destitute, the unemployed. Secondly, policies must be laid down that will permit business, big and little, to take on workers—or obviously they will remain on the relief rolls. Since last November, there have been pleas, threats, argument—all seeking establishment of policies that would permit business to have confidence. There has been nothing from President Roosevelt in the way of suggestions or proposals along this line, and congress refused, cowardly enough, to lead the way.

As the session wore on, unemployment increased until the other day the social security board made public figures showing that about 19,900,000 persons were receiving government assistance of one kind or another—almost 6,300,000 families. And during the same period, the volume of business fell further into new low levels. The whole picture undeniably has grown worse.

Then, there came from the President the request for the use of further money, some six billion dollars of it. It was the so-called lending-spending program that has just been enacted and the congress, anxious to avoid conflict with presidential will, rubbed its collective hands and said, in effect, "There! That takes care of the unemployed."

So we will have new post offices, new bridges, new roads, new this and new that—some time. Those things can not be put over on a day's notice. It takes time to get them started where they will employ workers. The portion of the six billions allocated for relief, of course, can be used at once because Mr. Harry Hopkins can have his boys and girls write checks at a rate which is positively amazing. The public construction phase will be valuable, or ought to be, to the candidates because the candidates can say to their political meetings: "Here it is—and from my hands, too."

After that money is spent, then what? My conviction is that we will be just where we started. That is to say, we will be just where we were three years ago. Every one recalls, of course, how there was a pump priming of business then. It cost \$4,880,000,000. The result was some very nice postoffices and other public buildings and an addition of \$4,880,000,000 to the national debt. The administration tried some other pump priming, too, and succeeded in building up the national debt still higher. It is now pushing right up to the forty-billion mark.

Since the pump priming and the other spending ideas failed to accomplish anything in the other trials, there seems to be no reason to expect the new outlay of cash to do more than create a new high record for the national debt. It will do that, beyond question.

But I said at the outset that there were others to blame. This fact has been brought to the fore by the condition lately much publicized in Chicago and Cleveland. Scenes distressingly reminiscent of the lines of starving in 1930 were re-enacted in Chicago and Cleveland within the month. The cities were out of cash and the relief lines became riotous. There is not much to be done about starving people but to feed them. That is accepted. Yet, how did that happen? Why was the condition allowed to reach that stage? Here is the fact that will make me very popular, I am sure, in the areas where the shoe fits: The states have failed to assume their proper share of the responsibility.

Let me repeat that: The states have failed to assume their proper share of responsibility! They have consistently done so, and the reason

they have been chiseling and pulling at the federal teat is because they have been taught by the Washington government through six or eight years that they could do it and get away with it. The politicians within a state can not be blamed wholly, because they are politicians, seeking election or seeking to hold office or party power or what have you. It was so much easier to bring pressure to bear in Washington, go home with big checks, shout to the folks that they were bringing home the bacon—without adding to the tax of their home folks. That is, they said there was no additional tax because it was a federal tax that had to make up for what the states drew out and the federal taxes are not as easily seen as taxes in a state, a county or a city.

It has come to such a pass these days that few state politicians dare to suggest at home that they raise the relief funds locally. It would be political suicide, they feel. So they follow the beaten track to Washington, and the Washington politicians from President Roosevelt down haven't the courage to send them back home without some token of appreciation—something of a minor character like a check for a few millions and a promise of more.

If one is really going to trace this thing down to its start, I believe it has to go back to Herbert Hoover's administration. It will be recalled that Mr. Hoover proposed and obtained congressional action on a plan by which the Reconstruction Finance corporation was created. It was to loan money to tide business over until the depression had worn itself out. It was not a sound plan then; it is not sound now. It was opposed by Democrats then but it has been expanded and enlarged and glorified by them since. But the fact that it was created constitutes the tragedy. The fact that there was a spot where government cash could be borrowed started politicians looking to Washington. It was a pretty soft touch for them. The LaFollette type of mind and the group of professors who figured the nation could spend its way out of the depression moved right into the long halls and took over desks in every place they could find chairs. The thing spread like wildfire and it is still going, as witness the latest program involving six billion dollars.

It is going to require many years of effort to restore states to their own boundaries.

Long Road Ahead They have got themselves in to debt with the federal government; they have found how easy it is to do that and they will do more, unless the people themselves realize what it means. Unless the states again take control of their own affairs, state lines will mean nothing. The nation will be run from Washington bureaucrats' desks and good government by the people themselves will be a thing of the past.

There is a phase of this control from Washington upon which I want to record a few special observations. I refer to the great waste that occurs when the federal government attempts to handle such a delicate and direct proposition as relief. This phase irks me and it ought to irk every one who hates to see stupid administration use up so much money needlessly. My morning paper a few days ago carried a dispatch from Cleveland announcing that public funds—from Washington—were going to be used to give work to four hundred men for six months. They are going to count the trees in Cleveland. Think of it—counting trees as a means of giving work! Surely, it is possible to create some other kind of work. I believe it would be better to give that money outright for the construction of some homes for fifty families, or any one of a hundred thousand things.

Such things as this are bound to happen, however, when the states, counties and cities lean so heavily on Washington. Citizens lose control when they let their politicians dodge responsibility by calling on Washington for everything. And there is no doubt in the mind of any one who has studied the problem but that the citizens will pay more when their relief needs are met from Washington than if they forced their own officials to assume the responsibilities of their offices.

I suppose, however, that it is not in the interest of the politicians to bring about recovery in a normal way, whether they are local or state or national politicians. If they can accomplish election the way it is now being done, they may as well continue. Each one has only one political life to give to his country and if he can make that political life a good long one by kidding his constituents—well, why not? I repeat, however, and there can be no denying the fact, that relief is going to cost each citizen more because the money is being chiseled out of Washington rather than the state or local treasuries.



WHO'S NEWS THIS WEEK

By LEMUEL F. PARTON

NEW YORK—President Getulio Vargas of Brazil is a far-western frontiersman in his youth, still wearing "bombachos," or gaucho trousers, for informal dress, and quite in character pumping a six-gun at the palace, and putting down a Graustarkian revolt.

A swarthy, stocky little man, quick on the draw, he has never been gun-shy, and impromptu shooting has been an occasional obligato in his rise to supreme power.

When he established his totalitarian state on November 10 of last year, there were those who said he was dealing in the dark of the moon with the green shirts—that here was where Germany and fascism got a toe-hold on this continent.

The green shirt revolt and its vigorous suppression by Sr. Vargas seems to be an answer to that, even if he had not previously made it clear that his authoritarian state was not of the European model.

Brazil has a complex racial makeup which provides no proscribed group or racial myth, the first requirement in fascist technique, and furthermore, when it comes to strong-arm government, all South American countries have plenty of home talent and indigenous skill.

Sr. Vargas recruited his political following as a liberal. He denounced monopoly and promised the overthrow of the "coffee plantation kings."

He seized power in 1930 by the overthrow of President Washington Luiz, with the aid of his lifetime friend, old General Aurelio Monteiro. Luiz had won the election against him, but Vargas raised a cry of fraud.

From the first he ruled partially by decree, now entirely, since the adoption of the constitution of November 10. His reorganization of the country followed established dictatorial practice in the formation of labor "syndicates," the fixing of maximum and minimum wages, and the denial of all rights of free press and free assembly.

He is a famous orator, speaking a fluent and flowery Portuguese, using the radio a great deal in national appeals. He is credited with just about the shrewdest political intelligence in South America. In his prairie town, he attended a private college, later enrolled in a military college, but was diverted to the law.

His rise through minor offices to the national congress parallels the standard career chart of our congressional record biographies—district attorney, state legislature and all the rest of it.

THE make-believe war in which the eastern seaboard was defended against "black" expeditionary forces from overseas was the first large-scale work-out of our "flying fortresses" under a unified command. Major General Frank M. Andrews, running the show, is one of the few flying generals.

He gathered up the strands of the unified service when the GHQ air force, which he commands, moved into the huge air base at Langley field, March 1, 1935.

Called the "handsomest man in the service," he is quietly effective and the last man in the world to be called a swivel-chair officer. He warns the country against a shortage of fliers and urges civilian training. He was not an A. E. F. flier.

In 1934 he made the unusual jump from lieutenant-colonel to brigadier-general and was made a major-general in 1935. He was graduated from West Point in 1906 and was with the cavalry on the Mexican border, before he found his wings.

Consolidated News Features. WNU Service.

The Mayflower Party

The Mayflower brought 41 men and their families—102 in all. The Speedwell, which set out with the Mayflower, proved unseaworthy and turned back. The Mayflower was followed the next year by the Fortune of 55 tons, which arrived at Plymouth in November, 1621, with some 30 additional emigrants. In 1623 the Ann and the James of 140 and 44 tons, respectively, arrived with 60 more members for the colony. The passengers in these vessels completed the list of those who are usually called first-comers.