

Weekly News Review-**Domestic 'Dumping' Favored** In New Farm Relief Proposal -By Joseph W. La Bine-

Agriculture

One feature of the 1938 farm bill calls for U. S. loans on crops affected by falling prices. When crops are sold, loans must be repaid. Due November 1 are repayments on loans covering 48,000,000 bushels of corn. But by mid-October, with corn selling on the farm from 33 to 38 cents, and at market for 44 cents, disgusted farmers saw they would be money ahead to default on loans and give Uncle Sam their corn. Thus, overnight, the U.S. government became the world's largest corn broker.

This is but one phase of a Chinese puzzle known as the American farm problem. Since 1933 it has been the personal headache of Iowa's Henry A. Wallace, secretary of agricul-



SECRETARY WALLACE Poor people are also a problem.

ture, who can remember the halcyon days when all surplus wheat and cotton-the two basic crops-were bought readily by foreign nations. But foreign markets are now glutted. American farm surpluses must either be dumped abroad at any price foreign buyers are willing to pay, or be left to rot in U. S. granaries. Most people have favored the latter policy, meanwhile deploring the economic unbalance that allows many U. S. citizens to go hungry despite bountiful crops.

The easiest remedy would be to let low prices drive American farmers off the land, but this is socially

modities corporation already distributes potatoes, prunes, milk and other minor products not affected by AAA, the new plan would include beef, pork, wheat, corn and cotton. Broadly, it would follow New York city's method of selling milk to re-lief families for eight cents a quart, the city paying the difference. If expanded to a national proposition, the U.S. would pay retailers the difference between standard price and cost price.

To pay for it, Secretary Wallace asks restoration of processing taxes, which theoretically fall on manufacturers but ultimately strike the consumer. Opponents argue that retail prices would rise, that consumption would drop and substitutes would be encouraged, thereby hurting the farmer. But since the government hopes to stabilize farm prices, its counter-argument is that producers would have steady income and increased purchasing power, thereby boosting U. S. prosperity. These are the arguments next winter's congress will hear.

Business

Even as U. S. business has been busy reporting declined profits during its third 1938 quarter, neighboring columns of the financial pages have chronicled what every manufacturer and banker knew was coming: A business upturn. At Detroit, General Motors led the way by placing 35,000 men back at work, meanwhile granting 10 per cent pay boosts to all employees making less than \$300 a month. Chrysler was a close second, announcing recall of 34,000 men since August 1.

The reason was a double one. October, November and December are normal upturn months, especially in the automobile industry where new models begin coming off assembly lines. The other reason, one that made business hold its tongue in cheek, is that the full force of U.S. "pump priming" is just beginning to take force. Whether this combined natural - artificial stimulant will keep business going uphill after January 1 is anybody's guess.

If it accomplishes nothing else, the upturn has brought a measure of industrial peace. Where a month ago new strike waves were sweeping the nation, sudden calm has now descended as industry's wheels again start turning.

Religion

Defense Though the Munich agreement was aimed to preserve Europe's peace, its immediate result has been feverish rearmament. Great Britain has made plans for conscription and new airplane factories; France has appropriated 1,320,000,000 francs for military spending and 887,000,000 more for her navy; Germany is rushing fortification of her Belgian frontier; Italy speeds barriers in the Alps.

Few Americans have hoped that the U.S. can avoid similar preparations. Loudest persuasion of all has come from Britain's Winston Churchill, whose short wave broadcast urged the U.S. to take a commanding lead against dictators, to join Britain in stopping "isms" before it is too late. Added impetus has come from current U.S. espionage investigations (see DOMESTIC).



He wanted billions for defense.

Growing louder, this voice finally reached White House ears, coincidentally bringing comment from Capitalist Bernard Baruch who chairmaned the war industries board in 1917.

Emerging from a White House conference, Mr. Baruch started observers thinking by warning that U. S. defenses were inadequate. Though most Americans regard "defense' as successful repulsion of a North American invasion, a broader conception calls for protection of the entire Western hemisphere. Mr. Baruch's defense program includes: (1) immediate construction of a 'two ocean navy"; (2) increased air power; (3) better equipment for 400,000 regular soldiers and the national guard; (4) subsidies to pro-tect U. S. trade interests in South America; (5) industrial and militalaw; (0) a special tax to pay for these expenses. Though it lacks official confirmation, President Roosevelt plainly favors the Baruch program. The suggested tax boost comes dangerously near election time, but administration leaders minimize this political hazard because: (1) most Americans regard democracy's security as more important than financial security or political partisanship; (2) a speeded-up military and naval program, financed by special tax, would decrease relief rolls and possibly create what Germany has been facing, an actual shortage of labor. Thus WPA and PWA costs could be slashed and the budget balanced.

Wallace Proposes Two-Price Plan To Market Agricultural Surplus

System Would Create Class Distinction in This Country and Open Road to More Graft and Corruption; Farmers Rebel as Various Schemes Prove Unworkable.

By WILLIAM BRUCKART WNU Service, National Press Bldg., Washington, D. C.

York speech:

this instance, and he said in a New

"In many minds, export subsidies

offer a plausible solution; but such a

method is as unsound at bottom as

it is plausible on its face. Practi-

cal experiences in numerous coun-

tries have shown that this method

creates more problems than it

solves. Export subsidies are pow-

erless to move exports in the face

And so forth. Now Mr. Wallace

said that quotas, licenses and that

sort of thing had forced the export

subsidies, but apparently the depart-

ment of state thinks it is the other way 'round. Mr. Sayre, of course, was supporting the reciprocal trade

agreement program that is fostered

by Secretary Hull, and whether you

believe in that idea or not, you can

hardly dodge the fact that trade

treaties at least seek to put a stop

to the building of more trade re-strictions. Mr. Wallace's export sub-

sidies invite new action against our

shipments. Department of state

plans consider the world market and

hope for American entry into them;

Mr. Wallace apparently is willing to

destroy them by using up our re-

sources to undersell the others, thus

giving foreigners the benefit of low

prices which consumers of America

Again, assuming that it is neces-

sary to care for the destitute-and

ing surpluses from the open mar-

Buying Surplus Products

To Care for Destitute

cannot have.

of foreign quota restrictions, li-censes, etc."

WASHINGTON. - I just cannot | help wondering what the verdict of history is going to be, say 50 years in the future, concerning the present secretary of agriculture, Mr. Henry A. Wallace. From a current perspective, it appears that Mr. Wallace can get out on more limbs -'way out on them-than any man who ever has helped bungle governmental policies. He seems to have a penchant for jumping from a frying pan into the fire, as we see the thing as of today.

Bruckart's Washington Digest

This capacity for jumping here and there has placed the head of the department of agriculture out on another limb. This time, as has been announced, Mr. Wallace is giving serious consideration to a program that seems certain to create a new mess. Having made what appears to be a terrifically bad jobat least that is what tens of thousands of farmers think-of efforts to rehabilitate the agriculture industry, Mr. Wallace is now proposing to enter the consumers' field.

He and his window box farmer. aides are seriously considering establishment of a two-price system in this country. That is, they are proposing that agricultural sur-pluses should be sold to "ordinary" consumers at one price and that the same commodities should be sold to "lower income" persons at a lower price. The federal govern-ment would make up the difference where losses occur in the sale of farm products to the lower in-come groups, swallowing that loss as a subsidy disguised under the fine words "maintaining a sound market for American producers."

Opens the Road to More Graft and Corruption

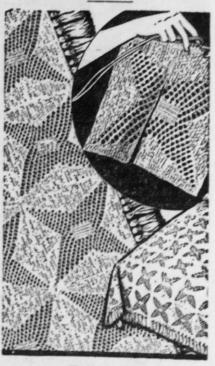
ket. The purpose was to take off a The thing is so cock-eyed that it seems strange it would be given a price depressing influence. It was designed to make a price for the serious thought anywhere. It opens farmer somewhat higher than would the road to more graft and corruphave obtained, whether it has action than can be measured, more complished that end or not. In any governmental pressure and regievent, the surplus products that mentation of people, more vote buying. But my objection goes deeper. I object, and I think the plan ought to be laughed out of the window, because it is proposing to destroy the very reasons for establishment of the United States as a free nation. Everyone knows that the earliest settlers fled England because of the oppression resulting from the class system. Other reasons expanded the desire for freedom, but fundamentally the motivating force that brought colonists to American shores was the class system and the damages done to the lower classes and untitled persons. The current thought, advanced by Mr. Wallace, will create class distinction in this country-and no one can tell where that will lead. I suspect this new limb on to which Mr. Wallace and his crew have climbed sprouted from the failure of some of the other visionary schemes tried by the professional farm planners. It is unnecessary for me to recount the numerous plans that brought, first, the scarcity plan for raising prices; that brought, next, such sweet refrains as "the more abundant life" and that brought various and sundry delightful outlooks. Rain clouds blew up, however, and the schemes that were to solve the farm problems were like the letters in a leaky mail box after a downpour. But always there were checks, government checks, and I never would blame anyone for taking them. I believe surely, however, that it was only the existence of those checks that kept the farmers from moving en masse upon the beautiful grounds of the department of agriculture, de-

CLASSIFIED DEPARTMENT

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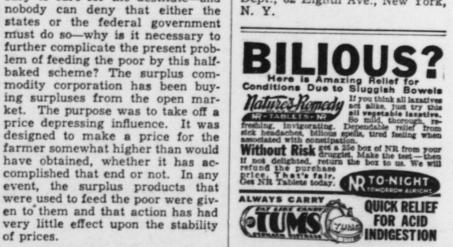
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economically foolhardy. When the New Deal started in 1933, AAA was formulated to pay farmers for limiting their acreage. Funds came from processing taxes levied against manufacturers, but ultimately paid by consumers. When the Supreme court ruled processing taxes invalid, a "soil conservation" program was sent up to pay farmers for retiring their land, ostensibly to give it a rest but actually to limit production. Thirty per cent of customs receipts were set aside to pay for it.

Last spring, with surpluses still piling up, congress passed a new farm law, too late to limit production this year, which partially accounted for its failure. Under it the government may (1) control production with consent of a majority of farmers; (2) make payments for retiring land; (3) make additional "parity" payments as a protection against less - than - production - cost prices; (4) loan money against crops. If compulsory control is enforced next year - as providedwheat and cotton acreages must be reduced one half. Agricultural rebellion would result.

Still seeking the answer, Secretary Wallace recently tried export subsidies, which the state department's Undersecretary Francis B. Sayre condemns as "the uneconomic giving away of our substance to foreign nations." Though U. S. farmers are being subsidized the difference between export prices and the domestic market price, many observers consider it ridiculous to sell surplus foodstuffs abroad at a loss when several million Americans are going hungry. Consequently next winter's congress will be asked to adopt still another farm bill, the most far-reaching attempt yet made to kill two birds with one stone. The birds: farm problem and poor relief. The Wallace plan: surplus farm products would be distributed to U.S. lowincome groups instead of being dumped abroad.

Though the federal surplus com-

uotes' JOSEPH P. KENNEDY, U. S ambassador to Great Britain, on democracies versus dictators: "Instead of hammering away at what are regarded as irreconcilables they could advantageously bend their energies toward solving their common problems '

U. S. SEN. ARTHUR CAPPER on government regulation of business: "We in America must see to it that necessary regulation be thoroughly democratic in form and essence. Else it will be despotic, op-pressive and destructive of our very life."

Had October's national Eucharistic congress gone searching for a discussion theme, it could have found none better than that which Nazi Germany tossed into its lap a fortnight earlier. In Vienna, Theodore Cardinal Innitzer's St. Stephen's cathedral had been mobbed. his palace invaded in protest against the cardinal's strong anti-Nazi stand. By the time 100,000 U.S. Roman Catholics assembled in New Orleans, enough sentiment was crystalized to make the Eucharistic congress a stomping ground for democracy and an unpopular place for dictators.

Messaged Franklin Roosevelt: We still remain true to the faith of our fathers who established religious liberty when the nation be-



POPE PIUS XI He slapped at Dictator Hitler.

gan . . . I doubt if there is any problem in the world today that would not find happy solution in the spirit of the Sermon on the Mount."

But the keynote came from Pope Pius XI, whose six-minute broadcast from the Vatican was a direct slap at Dictator Adolf Hitler, whose lieutenants had tolerated the Vienna outrage. Said the pontiff: "We see many men who hold as valueless and reject and spurn those divine precepts of the gospel which alone can bring salvation to the human race. Scarcely can we refrain from a tear when we behold the eternal majesty of God himself set aside and outraged, or with unspeakable wickedness held up, as an enemy, to reviling and to execration."

Sharpest words of all came from Auxiliary Bishop Bernard J. Sheil of Chicago, who charged "isms" (fascism, communism, paganism, materialism and naturalism) were the sources of world woes. As delegates headed for home, it was clear that U. S. Catholics will line up vigorously behind German-Austrian Catholics in the inevitable battle between Naziism and the church.

Domestic

Inescapably connected with the government's new emphasis on military defense against Nazi-Fascist world powers is President Roosevelt's interest in espionage. For 20 years the U. S. has disregarded spies, though the increasing frequency of arrests has made Americans fearful of Germany, Italy, Japan and Russia. Heightening the tension have been: (1) the Munich agreement which placed democracies on the defensive; (2) arrest in mid-October of four Germans taking photographs in the Canal Zone; (3) trial in New York of four alleged Nazi agents, with coincident efforts to prove indictments against 14 others who escaped the spy net and fled to Germany.

Greatest interest in the espionage trial lies in red-haired, 26-year-old Johanna Hoffman, who reportedly transported spy messages from New York to Germany while serving as hairdresser on the liner Europa. Second interest lies in Guenther Gustav Rumrich, former U. S. army sergeant who deserted and made a blundering attempt to secure 35 passport blanks last June. Legitimacy of U. S. fears was verified when Rumrich pleaded guilty and turned state's witness.

Though New York's spy trial appears commonplace, its significance is tremendous. Not only does it mark an emboldened U. S. defense attitude, but legal experts also explain it is the first time America has named a supposedly friendly power (Germany) in direct charges. Since indictments are filed against heads of the German secret service and naval intelligence, the trial is a potential international dynamite

It may be predicted that next winter's congress will co-ordinate and tighten the government's outmoded anti-spy regulations, including the espionage act of 1917 which applies only to individuals and carries no teeth against spy-inspiring organizations. Although the U.S. has never indulged in peacetime spy activities. there is speculation whether congress may adopt this activity which has been an important European governmental function for 300 years.

Farmers Raise Voices as

manding fair treatment.

Schemes Prove Unworkable As the latest schemes from the department have proved unworkable, the farmers with their better knowledge of what is good for the industry have raised their voices in the

objection, notwithstanding the checks. Mr. Wallace and his theorists have had to look quickly for something new. They have hit upon the two-price system, largely in a hope that they can stall off a general farm uprising, but also because the idea of governmental purchase of farm crops has piled up such tremendous stocks that the boys are afraid their lives will be snuffed out by cave-ins. In other words, the small houses they were building have turned out to be skyscrapers.

It is not only my conclusion that such things as the recently tried export subsidy idea have failed. Another, and very important, agency of the government apparently has reached the same conclusion. Only recently, the department of state took a slap at the Wallace policies on export subsidies. Assistant Secretary Francis B. Sayre was the voice of the department of state in were used to feed the poor were given to them and that action has had very little effect upon the stability of prices.

But Mr. Wallace is not satisfied with that arrangement. Why? Well, apparently, he is getting afraid of the huge piles of government-owned products, acquired because of the fuzzy character of his earlier promises to make agriculture safe for democracy, or the New Deal, or something.

Mr. Wallace's experts have just concluded a survey which leads to the conclusion that if everyone in the United States had an "adequate diet." this country would consume all that is produced on farms annually, and in addition would require the production of two additional states of the size of Iowa. We must assume that their findings are correct, but questions will occur to everyone about them. First, what is an adequate diet? People have different ideas about that, especially the fat man or the fat woman who wants to hold the belt line within reason. But the more important question is: if there is that additional production needed to insure an adequate diet, why does Mr. Wallace still cling to crop control, to a scheme for cutting down production? The two systems do not rhyme in my humble mind.

How Will History Regard Policies of Wallace?

So, when we see Mr. Wallace's own policies doing a contradictory loop-the-loop; when we find him trying to promote foreign trade by killing the goose that laid the golden egg, and when we find him turning to the development-or, considera-tion, at least,-of a scheme to create class feelings within our own population, I wonder what the end will be. To repeat, I cannot help wondering how history will regard him and the policies he is now seeking to carry through.

Mr. Wallace made a speech to a group of Washington women the other day, in which he said that the Democrats were now paying off the debt to the population which the Republicans had created. The farm benefits that are being paid out under the New Deal were held to be liquidation of obligations which the Republicans caused to be established by their administrative failures.

The Republicans were in power for 12 years preceding the New Deal. I had the privilege of watching them ball up the farm problem. They played politics with it, too. I think that probably about the only difference in the situation, by and large, is that the Republicans spent only about 15 per cent as much out of the treasury as Mr. Wallace has done and they did not try as many assinine schemes. © Western Newspaper Union.



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