

WEEKLY NEWS ANALYSIS BY JOSEPH W. LaBINE

New Government Lending Plan Will Hit Trouble, Say Experts; Strikes Spending Key for 1940

(EDITOR'S NOTE—When opinions are expressed in these columns, they are those of the news analyst and not necessarily of this newspaper.)
Released by Western Newspaper Union.

POLITICS: Looking to 1940

"A year ago when the President sent his \$4,500,000,000 lend-lease message to congress, I said it was like putting a shin plaster on a cancer. This plan now is just another shin plaster."

What looks like a shin plaster to North Carolina's Sen. Josiah W. Bailey looks to dubious U. S. business men as a timely reiteration of the politico-economic philosophy President Roosevelt expounded before congress last January 4, namely, that "government investment" in U. S. financial stability should not merely be an emergency stop gap, but a long-range standard policy. The new plan:

Government agencies would issue extra-budgetary federal-guaranteed securities for financing self-liquidating projects. Special U. S. authori-

crats point out that the new lending plan provides \$870,000,000 to be spent next year; with FHA's new lending power (\$800,000,000), with the emergency relief appropriation (\$1,735,000,000) and record agricultural subsidies (\$1,000,000,000) the coming fiscal year will bring expenditures of \$4,405,000,000 as a prelude to the campaign and election. However sincere the President's intentions for recovery, the political connection is inescapable and leads many observers to believe Mr. Roosevelt will positively seek a third term.

Finance. Fears of orthodox U. S. financiers went unnoticed in the deluge of political comment. Among the fears:

It was recalled that even Brain-truster Adolf Berle Jr., assistant secretary of state, recently said such lending methods must eventually lead to government absorption of the country's most productive plants.

Mr. Roosevelt's insistence that the so-called "self liquidating" bonds be taxable brought investigation which revealed many projects are self-sustaining by so close a margin that to tax the bonds would make them a losing investment.

Loans to municipalities will be blocked in many cases by local laws and state regulations covering municipal indebtedness. Most large cities, moreover, have already reached their debt limit.

Since the Johnson act forbids new loans to nations already indebted to the U. S., only South America and Scandinavian countries could use the \$500,000,000 trade-boosting loan. Financiers fear a loss here, since there is no method to force collection short of war.

Leasing of equipment to railroads would, it is alleged, be an unsatisfactory substitute for the remedial legislation necessary to place U. S. carriers back on their feet. Restoration of rail prosperity is regarded as far preferable.

FRANCE: Lesson

When French Foreign Minister Georges Bonnet signed a mutual assistance pact with Turkish Ambassador Suad Davaz, Italo-German aggression into the eastern Mediterranean seemed effectively stymied. Moreover, for Signor Benito Mussolini it was an object lesson in gentlemanly behavior. Results: (1) Turkey is wooed away from the Rome-Berlin axis; (2) Anglo-French wartime control of the strategic Dardanelles makes German invasion of



TURKEY'S GAIN
It pays to be a gentleman.

The Balkans less likely; (3) pro-Nazi Bulgaria is isolated; (4) Turkey's big neighbor, Russia, should now be more willing to enter a military agreement with Britain.

Mussolini's object lesson was that Turkey won the strategic Republic of Hatay (Syrian Alexandretta) in return. Though the transfer was probably illegal in League of Nations eyes, under whose mandate France ruled it, Turkey nevertheless gained by negotiation what Italy has been unable to gain by threat. Stubborn Frenchmen still refuse to bow before Mussolini's demands for Suez canal rights, the Addis Ababa-Djibouti railroad and Italian minority rights in Tunisia.

NAVY: Speed-Up

Fiscal year's start July 1 means new funds for new work in most U. S. government departments. Biggest appropriations for the 1939-40 fiscal year cover rearmament, and before July has passed into history the navy will be well under way with three new jobs:

Bases. Costing \$65,000,000 are 12 plane and submarine bases for which congress has appropriated \$31,621,000 to handle the first year's work. Outlying bases will be at San Juan, Puerto Rico; Kaneohe and Pearl Harbor, Hawaii; Sitka and Kodiak, Alaska; Midway island; Johnston island and Palmyra island in the western Pacific. Continental bases will be at Pensacola and Jacksonville, Fla., and Tongue Point, Ore.

Ships. Early June found 75 warships under construction, the program running ahead of last year. Meanwhile 24 new ships are being rushed, including two 45,000-ton "super" battleships. All will be laid down in 1940 and will cost about \$350,000,000.

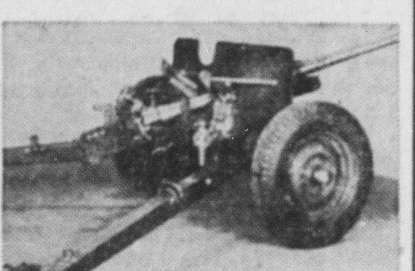
Planes. Effective immediately the "speed-up" policy will be applied to 500 new airships, whose completion during the 1939-40 fiscal year will bring the navy's total to 2,132.

How It Works

ANGLO-U. S. BARTER PACT
Most nations are deficient in some natural resources and have too much of others. In wartime, inability to export non-essentials and import essentials would be a military handicap. Friendly nations can prepare in advance against such emergencies without disturbing their economic balances. Under the new American-British barter treaty, the U. S. will give England \$30,000,000 worth (or 600,000 bales) of surplus



COTTON, such as Britain needs for shells like these. It will come from 11,300,000 bales held by the U. S. as security for loans to farmers, thereby relieving pressure on the domestic market. In return, Britain will give the U. S. 85,000 tons of



RUBBER, such as the army would need in wartime for purposes like tires for the above anti-tank gun. Britain will buy the rubber on open market. Each nation will hold the reserves for seven years as war stocks. Later other materials may be bartered, for America needs items like tin, chromium and manganese. Although the U. S. deplors barter as fostered by Germany, the new arrangement will merely supplement existing "favored nation" treaties and is not a basic economic tenet.

AGRICULTURE: Strange Feeling

America's "dust bowl" lies roughly in the Panhandles of Texas and Oklahoma, eastern New Mexico and Colorado, and western Kansas. In 1936, at the drought's depth, some 16,000,000 acres of once-valuable grain and grazing land lost part of its topsoil under ferocious winds that brought no moisture.

Reclamation followed, featured chiefly by conservation of rainfall and "fastening down" of the soil with hardy vegetation. Thousands of square miles were terraced and cultivated in contour furrows that held the moisture and stopped erosion. By this spring the 16,000,000 "blow" acres were reduced to 800,000.

As wind-weary farmers began harvesting the summer's crop, they could look back on a prodigious job well done. Whereas 1935 yielded a wheat crop of only 4,000,000 bushels, the dust bowl's elevator men expect from 15,000,000 to 25,000,000 bushels when this season's grain is threshed.

Smiling, likewise, were drought-ridden farmers of northern plains states (Nebraska, North and South Dakota, Wyoming, Montana). Though their land was still quite dry and this year's prospects none too good, they have felt something unusual this summer—rain.

TRANSPORTATION: Pedestrians

"He has been sadly neglected and has had to shift for himself. He has evolved the simple philosophy that his job is to get across the street as best he can. He joins with other pedestrians in mass violation of traffic lights. In rural areas he walks on the pavement, on the wrong side of the road, and wears dark clothing at night."

This, said the National Safety Council's Leslie J. Sorenson, is the plight of U. S. pedestrians who in 1938 accounted for three out of every five persons killed in traffic accidents. What made the situation more startling were figures showing two-thirds of pedestrians killed were violating a traffic ordinance or committing an unsafe act. Thirteen per cent of them had been drinking; only 9 per cent of drivers involved in fatal accidents had been drinking.

Suggested cure: Make pedestrians obey stop signals and other traffic regulations just as automobile drivers must do; build sidewalks in the country.

FORECAST

PURGE—Succeeding retiring Gov. Richard W. Leche, the late Huey Long's brother Earl is expected to "purge" the political machine created by his illustrious brother, thereby preserving an air-tight organization being threatened by dissension. First to leave: Dr. James Monroe Smith, whom Huey Long named president of Louisiana State university.

WRECK—Evidencing the need for better submarine rescue equipment, salvagers of the sunken U. S. submarine Squalus predict the boat will not be raised until at least late July.

ADVENTUROUS AMERICANS

By Elmo Scott Watson

The First Rebel

JAMES SMITH led the first uprising of American colonists against England, drew the first blood in actual battle and all this 10 years before the Revolution began.

At the age of 18, young Smith was captured and held prisoner for four years by the Caughnawaga Indians. During this time he not only acquired their skill in woodcraft and their cunning in warfare but also learned to hate the traffic in whisky and rifles that both the French and British were carrying on with the Indians. He could see the disastrous effects on the red man of the white man's greed for money.

Smith organized a band of frontiersmen called "Black Boys," in 1763. Their purpose was to keep the drunk and bloodthirsty Indians out of Conococheague valley. But two years later, Smith decided that the best way to fight them was to cut off their source of supply for whisky and arms. Accordingly, his "Black Boys" held up a pack train and burned the goods.

On May 6, 1765, a platoon of British Highlanders, members of the Forty-second regiment of His Majesty's army in America—the famous "Black Watch"—marched on the town of Fort Loudon, Pa., to preserve law and order and put this lawless band of "Black Boys" in their place.

But when the British soldiers reached Smith's forces and Sgt. McGlashan ordered them to "Halt! In the king's name, halt!" a pitched battle followed in which the soldiers were driven into the cabin of a certain Widow Barr. The rebels kept them there until the Britishers agreed to march back to Ft. Loudon from whence they came. And so the truly first battle of the American Revolution, fought 10 years before the famous battle of Bunker Hill, was won by America's first rebel, James Smith.

Sky Pilot of Deadwood

AMONG the thousands of adventurers who took part in the gold rush to the Black Hills of South Dakota in 1876 was Connecticut-born Henry Weston Smith.

Smith arrived at Deadwood when the town was at the height of its untamed glory. But he was not seeking gold. He picked rip roaring Deadwood to try out his preaching talents.

He preached in the streets, but received no money for it, supporting himself by manual labor such as cutting trees, chopping wood and firing a sawmill boiler. Even his preaching was not only spiritually but physically difficult—he had to shout at the top of his voice to be heard above the raucous calls of the gamblers and entertainers.

On Sunday, August 20, 1876, after his usual morning services in the main street of Deadwood, he started out for Crook City, 10 miles away. He put his Bible in one pocket, the copy of his sermon in another and pinned a note on his cabin door that said, "Gone to Crook City, and if God is willing, will be back at 2 p. m."

God wasn't willing. When about halfway there, he was stalked and killed by a Sioux war party. For some strange and unknown reason, the Indians did not rob him or scalp him, but crossed his hands peacefully on his breast and put his Bible in them.

The Railroad Raider

ON THE morning of April 12, 1862, a train stopped at Marietta, Ga., en route from Atlanta to Chattanooga. An unusually large number of men passengers came aboard, claiming they were refugees from within the Yankee lines and wanting to join the Confederate forces.

When the train stopped at Big Shanty for breakfast, James J. Andrews, a citizen from Flemingsburg, Ky., and one of the large party of alleged refugees, cut away all but three cars, climbed into the cab and steamed away.

Capt. W. A. Fuller, who was in charge of the train, dashed to the telegraph office to warn the station agents up the line but found that the telegraph wires had been cut. Andrews really was the leader of a group of Union soldiers in civilian clothes who started out to paralyze traffic on the Western and Atlantic railroad—one of the vital arteries of Confederate transport.

Captain Fuller got a handcar and with a couple of men started in pursuit. But Andrews burned 15 bridges, pulled up many sections of track and placed several obstacles along the right of way, all while keeping ahead of his pursuers who finally abandoned the handcar when they were able to board a locomotive.

About to be overtaken, Andrews set fire to the last freight car, left it on a bridge and ran into the woods with his crew. Mounted militia finally captured all of Andrews' party and he, with several others, was executed as a spy.

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(Bell Syndicate—WNU Service.)

QUICK QUOTES



CITIZENS' RESPONSIBILITY

"THE difficult task of retrenchment in government expenditures cannot be accomplished without the active interest, encouragement and support of the citizens of this country. If economies are to be employed by this government—if expenditures are to be reduced—it will be because such a sentiment has been created back home and the demands made upon the Congress for such a policy."—U. S. Senator Pat Harrison.

ASK ME ANOTHER ?

A Quiz With Answers Offering Information on Various Subjects

The Questions

1. When a gun is fired, do you see the flash or hear the report first?
2. What is the difference between an immigrant and an emigrant?
3. Where are the Plains of Abraham?
4. What is a prestidigitator?
5. Define equilibrium with one word.
6. Who was Mollie Pitcher?
7. Where does ambergris, used largely in perfume, come from?
8. Who built the Hanging Gardens of Babylon?
9. Has a robot umpire been invented?
10. What is German silver?

The Answers

1. The flash. Light travels faster than sound.
2. An immigrant enters a place, and an emigrant leaves a place.
3. Quebec.
4. A juggler or magician.
5. Balance.
6. The wife of a Revolutionary soldier, who took her husband's place at a cannon in the Battle of Monmouth after he had been killed.

7. Ambergris comes from the spermaceti whale.
8. King Nebuchadnezzar.
9. An electrically operated robot umpire has been invented and patented by John Oram of Dallas, Texas.
10. An alloy of copper, zinc and nickel.

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CAMEL THE CIGARETTE OF COSTLIER TOBACCO



SENATOR BAILEY
Shin plaster for a cancer.

ties would loan a total of \$3,860,000,000 within periods ranging from two to seven years, the total program to be divided as follows:

Non-federal public works like bridges, hospitals and waterworks	\$350,000,000
Toll roads, express highways, city by-passes, etc.	750,000,000
Railroad equipment to be leased to carriers	500,000,000
Rural electrification expansion	450,000,000
Farm tenancy program	500,000,000
Increase in U. S. Housing Authority's borrowing power	800,000,000
Loans to foreign nations to purchase U. S. surpluses	500,000,000

While Senate Majority Leader Alben Barkley assured reporters the measure would pass immediately, political wiseacres took great pains to make an undiluted election issue of it. Almost universally overlooked was the White House's violent retreat from the costly, ineffectual pump-priming methods it has tried before, which consisted not of loans but straight spending. Also overlooked was the small size of a seven-year \$3,860,000,000 program compared with \$20,678,000,000 the New Deal spent on recovery and relief from 1933 to 1938. Nevertheless many a vital hole and many a political portent could be read from the measure:

Politics. With 10,000,000 still unemployed and national income about \$12,000,000,000 under the "ideal" of \$30,000,000,000 a year, the administration will obviously seek to perpetuate itself in 1940 by stimulating a temporary recovery as in 1938. Republicans and conservative Demo-

HEADLINERS

REAR ADM. HARRY YARNELL
A pop-eyed Japanese consul in Shanghai received an unexpectedly brusque message recently for transmittal to Tokyo. It said that the American navy will go "wherever necessary" to protect American citizens and that it expects no interference from Japan, who has been trying to shove Occidentals out of the Orient.



The message came from Rear Admiral Harry E. Yarnell, spare native of Independence, Iowa, director of America's Asiatic fleet and unofficial Far Eastern diplomatic representative since October, 1936. It was almost the parting shot of a man who has won virtually all disputes with Japan growing out of the Chinese war. For Mr. Yarnell, who meantime has won the admiration and even the respect of Japan, will reach statutory retirement age in July.

Veteran of the Spanish-American war, Philippine insurrection, Boxer campaign, Vera Cruz occupation and World war (where he commanded the U. S. S. Nashville), his most difficult assignment is the present one. He will be succeeded by Rear Admiral Thomas C. Hart, possibly returning to his prairie home after a job well done.