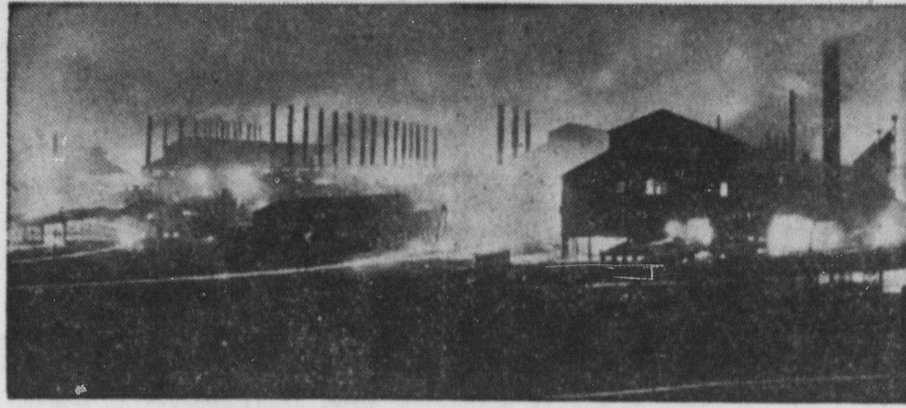


WEEKLY NEWS ANALYSIS BY JOSEPH W. LaBINE

Dutch-Belgian Arbitration Bid Lost in Beer Hall Excitement; Fear of Nazi Invasion Mounts

(EDITOR'S NOTE—When opinions are expressed in these columns, they are those of the news analyst and not necessarily of this newspaper.)
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STEEL MILLS BLOSSOM AT GARY, IND.
Some industries expand; neutrality stifles others.

TRADE & INDUSTRY

Repeat of the U. S. arms embargo, which keeps American ships out of combat zones and allows belligerents "cash and carry" rights, not only set off a partial business boom at home but also brought major repercussions in world diplomatic, trade and maritime circles. A survey by the Northwestern National Life Insurance company showed luxury and semi-luxury goods began moving swiftly in September, but Federal Works Administrator John Carmody spiced any boom hopes: Only 500,000 of the 9,000,000 unemployed can expect new jobs.

There was cautious expansion in U. S. industry, where building awards for October totaled \$49,910,000 against \$12,814,000 a year ago. Many firms announced stock dividends payable in December. Railroads, which coupled their expansion with a plea that they might be permitted to operate without government interference in times of emergency, were offered a new recovery program by Jesse Jones, federal loan administrator. This plan, used first by the Boston and Maine line, calls for postponing debt payments and reducing annual interest charges through a refunding process to be financed by Reconstruction



MAX TRUITT
"Completely sound."
Consulted A. F. of L.'s William Green and C. I. O.'s John Lewis on this problem, also discussing the chances for labor peace.

Finance corporation. The government restricted foreign commerce in some quarters and expanded it in others. Approved was a new reciprocal trade pact with Venezuela, "freezing" tariff schedules on exports of wheat flour, oatmeal, lard and lumber. In return, the U. S. will reduce import taxes 50 per cent on Venezuelan crude petroleum.

Meanwhile, an inter-administration squabble flared over the U. S. maritime commission's transfer of more than 40 ships to foreign registry as a means of avoiding the ban on American shipping in belligerent zones. Secretary of State Cordell Hull objected, not because the step was illegal, but because it would violate the integrity and spirit of the neutrality law. Commented Maritime Commissioner Max O'Rell Truitt. "I don't see any element of a dodge at all; I think it's a completely sound, bona fide situation all around." President Roosevelt finally decided against the transfer, promising to change his mind later if tension eased. Meanwhile, C. I. O.'s maritime union estimated 10,000 U. S. seamen were thrown out of work by the neutrality provision banning nationals from combat zones. (At Washington the President consulted A. F. of L.'s William Green and C. I. O.'s John Lewis on this problem, also discussing the chances for labor peace.)

Trade with belligerents zoomed. Even Switzerland, minus a navy, chartered two ships. The state department warned shippers to demand cash from their foreign customers, and the cash was apparently forthcoming because Britain's parliament rushed through a billion dollar fund to carry on the war.

AGRICULTURE: Cotton and Wheat

Three items made news for cotton and wheat farmers as November got underway:

(1) With 10,100,000 bales of surplus cotton stored under government loan, and with an 11,845,000-bale crop (slightly less than 1938) forecast for this year, the agriculture department announced loans based at 8.3 cents a pound on seven-eighths inch middlings would be available to 1939 growers who planted within their acreage allotments. A week earlier the loan program seemed stymied by increased cotton consumption thanks to the war.

(2) The bureau of agricultural economics forecast the same wheat acreage for 1940 as for 1939, i. e., 64,600,000 acres, which would produce about 760,000,000 bushels of spring and winter wheat. But next year's yield will be under par unless unusually favorable weather comes along. Reason: Drouth has already damaged much seeded winter wheat beyond recovery.

(3) Closing its first year, the federal crop insurance corporation was sad. Having taken 6,769,120 bushels of wheat as premiums from 165,551 farmers, the corporation had claims from one-fourth its customers. Indemnities paid, totaling 9,461,730 bushels, brought a loss of about \$1,885,000.

RUSSIA: Unhappy Birthday

Twenty-two years ago a bloody revolution gave birth to the U. S. S. R. Only a month ago Soviet Premier Viacheslav Molotov showed Russia's strapping maturity by denouncing President Roosevelt's intervention in the Finnish-Russian scrap. When Moscow began its three-day anniversary celebration, Premier Molotov again slapped the



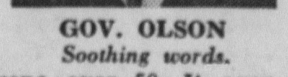
HANS THOMSEN AND WIFE
Most radiant of all.

U. S. "... in the case of certain countries neutrality only serves as a mask to conceal their activities..." On that same day in Washington, the Soviet embassy decorated Lenin's statue with red roses, assembled Scotch whisky and Russian soda, green sherbet in crushed raspberries, and cakes smothered in rum sauce. Awaited were the guests with the money taken from its citizens. This interest surely exists now to a greater extent than at any time within recent months. More and more inquiries are being received, more and more requests for discussion of the subject are reaching officials in Washington. And if my information from outside sources be correct, there is a similar interest being shown in the states and cities.

In this period of changing interest, Secretary Morgenthau announced that the United States treasury is prepared to borrow more money. In the next two months, according to the Secretary, the treasury will borrow an additional half a billion dollars. It will refund something like a billion and a quarter, also, but that process is simply trading new bonds or notes for old ones that fall due. The borrowing is "new" money, in the sense that new bonds will be sold and the proceeds used by the treasury to meet expenses, and naturally the national debt will be increased by that amount. It is well to remember that, as of November 1, the public debt was \$41,139,971,217, and that there are several other billions of bonds issued by such agencies as the Reconstruction Finance corporation, the Home Owners Loan corporation and debts guaranteed by agencies like the Federal Housing administration, for which the treasury is morally, if not actually, responsible.

It is not curious, therefore, that folks are asking each other: where is this spending going to stop? or, how are we going to pay off that debt? or, what are our taxes going to be in the future?

Tax Receipts for Nation Astounding in Magnitude
I am indebted to the federation of tax administration for some totals of tax receipts for the nation that are not only astounding in their magnitude but startling in the implications they give. The statistics disclose that the American people paid \$14,811,000,000 in taxes in 1938. This money was collected by the federal, state, county and city governments and some odds and ends of special taxing districts which levied taxes for special purposes. Of this amount, the federal government collected \$6,034,000,000; state governments collected \$3,857,000,000, and local governments took a toll of \$4,920,000,000.



GOV. OLSON
Soothing words.

One of the new taxes—the tax on payrolls to maintain pensions and unemployment—yielded in excess of \$1,500,000,000, or almost one-tenth of all of the money taken by the tax collector. Its total seems to give

Bruckart's Washington Digest

Home Folks Fed Up on War Talk; Want to Know About Tax Problem

Considerable Transition From Interest in European Affairs To Domestic Concerns on Part of Public Is Noted; Treasury to Borrow More Money.

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

WASHINGTON.—Observers, here in Washington, have a little way of their own by which they are able to forecast the trend of public thought and interest. It is a method that was developed solely from experience. Most of us who attempt to serve you, outside of Washington, as eyes and ears have learned to watch the demand for speakers and subjects upon which public men are asked to talk. It is not an infallible method, but it is usually correct. The only fly in the ointment is that we must learn to distinguish between the propaganda preachers and the legitimate desires of groups to have government questions explained to them.

It is to be noted here, by way of review, that three months ago the bulk of the speeches by men from Washington had to do with war, our chances of getting involved, neutrality, etc. There were interspersed with these, of course, the usual truckloads of guff from Secretary Wallace and the other self-appointed spokesmen for agriculture, rinds and cracklings from Secretary Ickes, and about the usual quantity of mouthings from the "superior minds" whose owners are greatly concerned in development of culture, liberal thinking. But it was about the war and related subjects that most people wanted to know.

The scene is changing now; indeed, a considerable transition already has taken place. Home folks are getting fed up, at last, and are desirous of knowing more about home problems and what the government intends to do about them. It is a trend most pleasant to contemplate. There simply can be no doubt about the fact that if the people of the United States forget about that war in Europe and pay attention to their own business, we will be able to stay out rather easily.

Comes an Awakening To The Problem of Taxation

With this background, then, let me call attention to the number of persons who appear at long last to have awakened to the problem of taxation—federal, state, county and city. Obviously, when there is an interest in taxation there is a parallel interest in what government does with the money taken from its citizens. This interest surely exists now to a greater extent than at any time within recent months. More and more inquiries are being received, more and more requests for discussion of the subject are reaching officials in Washington. And if my information from outside sources be correct, there is a similar interest being shown in the states and cities.

Which brings us to a recent speech made by John W. Hanes, under-secretary of the treasury. Mr. Hanes arrived at a conclusion that only a general increase in business would provide enough income for all of the tax eaters. He suggested that there were few, if any, untapped sources of income, insofar as the federal government is concerned. And other students have talked frankly about the similarity of tax problems among the federal, state and local governments.

Cut in Personal Exemptions Would Add Only 60 Millions

The school of thought that has advocated broadening the base of income taxes by the federal government, by reducing the personal exemptions from \$2,500 for married couples and \$1,000 for single persons, was shown by Mr. Hanes to be somewhat ignorant of facts. He pointed out that an exemption of \$2,000 for married couples and \$800 for single persons, instead of the present limits, would add only \$60,000,000 a year to the national revenue. That is not a good drop in the bucket. If all of the present income tax amendments that have been mentioned were now in force, the total taxes they would yield would be only about \$250,000,000, according to Mr. Hanes. Hence, Mr. Hanes said, with reference to the federal government:

"You, the American public, have the final control. Demands from 'back home' upon the Congress for more and more federal expenditures, for less and less needed projects, are at least a partial source of difficulties."
"We have developed our country a \$10,000,000,000 appetite with a \$5,000,000,000 pocketbook. I think our problem is not so much when we balance our budget, as where. In other words, how much federal expenditure are you going to demand and how do you propose that the government raise the funds?"

I am hoping that the apparent trend toward a public consciousness of the government's financial condition—whether that government be national or state or local—will expand and begin to roll like mountain flood waters.

CLASSIFIED DEPARTMENT

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Removing Odors.—Odors can be removed from bottles by rinsing with cold water to which a little dry mustard is added.

Using Celery Tops.—Celery tops dried in the oven and then rubbed through the fingers to a powder, make an excellent flavoring for soups and stews. They will keep for months if stored in an air-tight jar or tin.

Topping for Pork Roast.—For a tasty topping for that pork loin roast: when the roast is nearly cooked, spread generously with applesauce mixed with brown sugar and a little cinnamon and clove, then brown until a slight crust is formed.

Restoring Leather Bindings.—Equal parts of milk and white of egg beaten together will freshen leather bindings. Rub on gently with old handkerchief. Polish with an old silk handkerchief.

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IN THIS PAPER

EUROPE: Cause Celebre?

"This," said Prime Minister Chamberlain, "is not a state of war but a state of siege." He was not far wrong. The French claimed nine of their U. S.-made planes had downed one-third of a 27-plane German force over the western front. There was also a mysterious battle in the North sea from which the



WILHELMINA AND LEOPOLD
Their peace exploded.

Ark Royal reportedly limped home with a captured vessel. But, as usual, the biggest war news was made far from the front.

Some 20 Nazi divisions stationed on their frontiers worried Belgium's King Leopold and The Netherlands' Queen Wilhelmina. Moreover, they heard rumors that Adolf Hitler would invade on November 15, claiming as an excuse that the allies would do likewise if Germany didn't invade first.

Though steadfastly denying any German "ultimatum" for a statement of their positions, the king and queen held all-night consultations with their foreign ministers. Result: A peace appeal was dispatched to all combatants offering Belgian-Dutch mediation services. Britain rejected it politely.

Fuehrer Hitler was less polite. Not waiting to reply directly, he hastened to the beer hall at Munich where his notorious *putsch* took place in 1923. There, on Nazism's sixteenth birthday, he scorned peace: "There can be only one victor—that is we."

Hardly had Hitler left the beer

hall before a mysterious blast in the empty attic upstairs sent its heavy ceiling crashing on the hangers-on who had stayed behind. Next day, while the Nazi press railed at Jews and the British secret service as "instigators" of the plot, the Wilhelmstrasse offered a \$200,000 reward for capture of the perpetrators. While seers wondered if the Munich explosion might not prove another cause celebre like Sarajevo or the Peiping bridge incident, pro-Hitler sentiment began crystallizing in Germany. Dead as a doornail was the Belgian-Dutch peace plea; in fact, the Dutch opened their dykes in self defense following border clashes that smelled suspiciously like those before the Polish invasion.

CONGRESS: Committee Time

Home to the stamping grounds went most senators and congressmen when the special neutrality session adjourned. But between sessions is a fine time for committee hearings. Still in session is Martin Dies' un-Americanism group, ballyhoing for another appropriation. Two other groups, working out legislative suggestions for next January's term, are:

House Tax Subcommittee. Opening its hearings under Tennessee's Rep. Jere Cooper, the committee talked about broadening income tax bases. But there was a disinclination to offer concrete proposals. It was announced final determination of a program will await the opening of congress. Two official reasons: (1) The treasury is studying taxes, soliciting suggestions from business and industry; (2) National defense needs for the next fiscal year are not yet known. Besides, the committee is wondering about taxes on excess war profits, not knowing where to turn. Equally important, how would tax revision be received in an election year like 1940?

(At Washington, Secretary of the Treasury Morgenthau told reporters any initiative for raising the U. S. debt limit above \$45,000,000,000 must come from congress, not from himself or the White House. Present debt: About \$41,000,000,000.)

NLRB Investigating Committee. Deferring hearings until its Chairman Howard Smith (Dem., Va.) gets well, the house labor committee found new kindling for its campaign against the labor board in a new strike technique, the "slow-down." Defined Ohio's Rep. Harry Rutzohn: "The slowdown is almost the same as the sidown." Its origin, he said, could be traced to the northwest lumber camps, thence to the recent Chrysler strike.