

WEEKLY NEWS ANALYSIS BY JOSEPH W. LaBINE

Congress May Out-Spree FDR In Boosting Defense Budget, Despite Election-Year Fears

(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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CONGRESS: On Guard (?)

Biggest item on the congressional agenda was Franklin Roosevelt's \$8,242,000,000 budget, which the senate voted to investigate via a joint super-committee. But there was more talk than action. While congressmen fumed to bury their teeth in the \$1,800,000,000 defense program, major budget items, they also hesitated, watching developments abroad. In an election year there must be economy talk, but 1940's congress may end up by spending more on defense than even the President asked.

There were probes aplenty. Even though the house might kill that unprecedented super-committee, four more groups were hard at it. The house naval affairs committee began by slapping newly appointed Navy Secretary Charles Edison. The slaps: Pigeon-holing a proposal that the President be given peace-time power to commandeer factories, materials and ships. Next came Admiral Harold Stark, chief of naval operations, who opined (1) that the U. S. now has no two-ocean

the fortification plan. (See ASIA.) Appropriations, under Colorado's Alva Adams, wanted to junk the emergency defense fund and probably would.

What would eventually happen, most observers were willing to guess. Investigations will probably string along several months until Europe's war gathers steam. Then, overnight, congress will shoot the works and forget that it's an election year.

Also in congress:
 ¶ The house passed Rep. Joseph Gavagan's (D., N. Y.) perennial anti-lynching bill imposing fines on county or state officials who fail, by negligence, to prevent mob killings. The bill went to the senate, which customarily defeats it, two years ago by a South-sponsored filibuster.
 ¶ The house ways and means committee heard Secretary of State Cordell Hull defend his reciprocal trade act, which expires June 12 unless renewed. Score: Ten Republicans in favor. But on the floor it will face greater opposition, probably being renewed only on the condition that the senate shall ratify all pacts. Meanwhile doughty Sen. Bill Borah of Idaho inferred that the breakdown of trade talks with Argentina and Uruguay was a plot to win continuation of the act.
 ¶ Adolph Sabath of Illinois, chairman of the house rules committee, said he opposed any more money for Martin Dies' un-Americanism committee. Reason: "After all, Mr. Dies has had enough publicity for any and all purposes and perhaps he will be still in demand for public speeches and writing magazine articles."

ASIA:
Naughty U. S.
 By mid-January the U. S. was giving Japan so much trouble that the cabinet of Gen. Nobuyuki Abe was ready to fall. It was not enough that Tokyo's emissaries had been unable to win a new trade treaty replacing the pact being abrogated this month by Washington. Japanese also learned:
 (1) That the senate foreign affairs committee was talking again of imposing an embargo on war material shipments to Japan. Leader of the move is Nevada's Sen. Key Pittman, committee chairman. Such



EDISON (LEFT) AND VINSON
The committee was jealous.

navy, and (2) that 52,000-ton battleships wouldn't be a bad idea. (Now building are two 45,000-tonners, with two more provided in the current bill.)

Chairman Carl Vinson stepped in at this point with the week's No. 1 surprise, a proposal to boost naval strength 25 per cent the next three years through a \$1,300,000,000 added appropriation. With this suggestion Admiral Stark agreed in toto.

Another house committee, appropriations, showed neither spendthriftiness nor laziness in okaying \$267,197,000 for immediate emergency defense (army, navy, coast guard and FBI). The committee simply knew not where to turn. But if the senate approved this fund the current year's defense bill will be higher than next year's. Next day, when Carl Vinson learned the appropriation committee might okay another \$4,000,000 to fortify Guam, he boiled over. That question, he insisted, should first come to his attention. Said he: "This committee (naval affairs) is jealous of its prerogatives."

Two senate committees meanwhile got up steam. Foreign affairs looked suspiciously at Guam, wondering how Japan would swallow

TREND

How the wind is blowing . . .

BANKING—At San Francisco L. M. Giannini threatened to withdraw his Bank of America from the federal banking system unless Secretary of the Treasury Morgenthau halts "persecution" of its officers through the Securities Exchange Commission, which has been examining records of Trans-



GIANNINI

america corporation, owner of 40 per cent of the bank's stock. Next day Henry Morgenthau struck back.

FOLIOLOGY—At Washington it was indicated that Chicago can have both Republican and Democratic national conventions for the asking providing the city posts a \$150,000 financial guarantee for each.

AGRICULTURE—Although 1940 cotton marketing quotas were approved by 91 per cent of the farmers voting (962,273), it was estimated by the department of agriculture that the election had been staged by only 38 per cent of all cotton growers (2,300,000).

AVIATION—Within the next year, every major airline in the U. S. will be flying four-engine, 40-passenger aircraft in substratosphere levels at speeds more than 50 miles per hour faster than at present. The ships: Douglas DC-4s and Boeing 307s.

a step would sound the death knell of Japan's war in China.

(2) That Washington was again talking about a big navy (See CONGRESS). The Guam fortification plan, pigeon-holed last year, when Japan objected, was making news again. Tokyo papers were warning that the U. S. would soon be No. 1 offensive-defensive power in the Pacific. But the public, suffering from an internal stomach ache, was unexcited.

It seemed likely, meanwhile, that the Abe cabinet's sole accomplishment and last act would be to launch the puppet government of Wang Ching-wei over Japanese-dominated sections of China (see map). But if the U. S. embargo falls, lack of military supplies will make it hard to preserve what Japan has already won.

PEOPLE: Outstanding Stassen

At Chicago, the U. S. Junior Chamber of Commerce chose Minnesota's G. O. P. Gov. Harold Stassen as 1939's most outstanding young man.

¶ Off to Australia from Shanghai went Clarence E. Gauss, U. S. consul general, just named the first American minister to Canberra.

¶ At Washington, chief G-Man, J. Edgar Hoover, told a house committee why he needed a special \$1,475,000 fund to fight saboteurs and spies. Revelation: Plans for an army bomber were stolen from an aircraft plant, but recovered by FBI.

¶ At Baltimore, dethroned gangster Al Capone left the hospital where he has been treated for a brain ailment, taking up residence in a quiet, fashionable section of that city.

¶ Introduced by Tennessee's Democratic Rep. Kenneth McKellar was a measure to cancel the rest (about \$8,000,000) of Finland's war debt.

NEWS QUIZ

Test your nose for news. Answer all these questions and your score is 100. Deduct 20 points for each question you miss. If you miss more than three, better not tell anybody!

1. Bartley, W. Va., is a coal-mining community. Why was it in the news?

2. The man at the right, now British lord of the admiralty, may become supreme defense chief. What's his name?



3. According to the treasury, the average American had how much money in his pocket on January 1: (a) \$57.71; (b) \$10.13; (c) \$126.54; (d) \$1.401.

4. True or false: Thousands of workers at the Binghamton, N. Y., plant of the Edico-Johnson Shoe company made news by voting for affiliation with the C. I. O.

5. Both Republican and Democratic national committees will meet in February to pick their 1940 convention date. Which committee will meet first?

News Quiz Answers

- Ninety miners were trapped two miles underground.
- Winston Churchill.
- (A) is correct. This is the highest per capita circulation since March, 1933.
- False. They made news by thumbing down both C. I. O. and A. F. of L.
- Democrats on February 5; Republicans, February 13. This is important because the Republicans can now delay planning their candidate and platform until the opposition has committed itself.

THE WARS:

In the West

Germany and the allies seemed to be fighting everything else but each other as mid-winter arrived. There was sporadic sea warfare, a "great battle" over Sylt, German air base, and a Nazi raid over 500 miles of English coast. But despite those threats of heightened conflict, public attention was focused elsewhere:

Germany. Nazi soldiers were reported massed along the Baltic shores as the Reich eyed Scandinavia's neutrality, taking a more positive pro-Russian stand in the Soviet-Finnish war and threatening to invade Sweden and Denmark. But Germans were more worried about internal developments. Supplies from Russia and Rumania were held up by disputes, poor rail facilities and frozen river routes. The greatest cold wave in 11 years struck hard in Berlin, where there were shortages of both coal and food. At this unstrategic time, it was rumored workers would soon be paid IOU's instead of cash.

Allies. France was rumored about to shake up her cabinet, something Britain had already done. While the London press still railed at Prime Minister Neville Chamberlain for dismissing War Minister Leslie Hore-Belisha, Chamberlain turned about and rallied the empire to "more vigorous prosecution of the war." Both Hore-Belisha and Chamberlain were soon scheduled to unburden themselves in a secret session of commons. By general consensus, Chamberlain's position was none too secure.

In the North

Catching their breath during a temporary lull in fighting, the Finns estimated they had destroyed three, and possibly four Russian divisions in one month. Still undetermined was a battle raging on the Salla front, where correspondents heard that Soviet relief troops were being encircled. Counting 10,000,000 worth of booty seized when the forty-fourth Russian division was annihilated, the Finns forecast a several weeks' lull.

THE BALKANS:

Carol's Choice

Back to Budapest from Venice went Hungary's Foreign Minister Stefan Csaky. In his pocket was a Plan: Italy would safeguard the Balkans from either Russian or German aggression provided that stubborn Rumanian, King Carol, could be whipped into line. All Rumania must do is guarantee territorial revision with Hungary and Bulgaria, in which case Italy and her neighbors will help Rumania if Russia tries to recapture Bessarabia. But should Rumania refuse, her neighbors will not only let Russia come in, but will invade King Carol's precinct themselves.

Actually this Italo-Hungarian agreement constituted an important step in breaking Italy away from Germany. Details of the pact were not published, for fear of "giving offense" to the Reich and Russia.



Bruckart's Washington Digest

Roosevelt's Latest Budget Has Congress Pretty Badly Muddled

Arguments, 'ifs,' Suggestions and Suppositions Leave Solons in Daze; Leaders in Congress to Seek Facts for Themselves.

By WILLIAM BRUCKART

WNU Service, National Press Bldg., Washington, D. C.

WASHINGTON.—Congress is pretty badly muddled up over the latest Roosevelt budget of estimated expenditures and receipts for the government's next fiscal year. And well it may be. There were thousands of greater and lesser items of government cost dumped into its legislative lap at once the other day, but these were not alone. There were arguments and "ifs" and suggestions and suppositions and an official defense of the policy that for 11 years has seen government income fall far behind the expenses—11 years of deficits. And, along with these things came a proposal by the President to add a special tax, or a tax for a special purpose—national defense.

In view of the fact that few persons have been able to arrive at an absolute conclusion on the financial problem submitted by Mr. Roosevelt, some of the more influential leaders of congress have taken the lead in a plan to find out for themselves. Men like Senator Pat Harrison, the old Mississippi w r-horse, who has been chairman of the senate committee on finance for years and who once missed being Democratic leader of the senate because President Roosevelt wrote a letter to "Dear Alben" Barkley of Kentucky. Senator Harrison has support in the move and I am told that he is determined to get affirmative action.

The Harrison plan calls for something new in congressional policy. He would have a joint committee of 12 senators and 12 representatives, divided equally among two senate and two house committees, to do some spadework on the new budget—the budget for the year beginning next July 1. It is a thing never attempted before and may or may not be a wise course since it smacks of utilizing a great new power by congress. But this much can be said: for the first time, if the Harrison plan eventually is adopted, congress will get some information through its own channels instead of accepting the unsupported statements, the wishful thinking and the planned extension of power by the bureaucrats intent upon preserving their agencies.

Annual Federal Budget Once Comparatively Simple Thing
 In years gone by, the annual federal budget was a comparatively simple thing, or as simple as messes of figures could be made. Its proposed items of expense were set down and totaled. The anticipated revenue was calculated. But such is not the case with the current budget, nor any in the last few years, since operations of the federal government have become as general as flies around the barn in midsummer.

Times have changed, indeed. Here is a budget that covers the astounding total of \$8,424,191,570. It is smaller by \$670,000,000 than the last one and that reduction was described by Mr. Roosevelt as a first step toward gradual accomplishment of a balanced budget.
 But the total of proposed expenditures shown was circumscribed with a handful of "ifs." The amount of \$8,424,191,570 will remain that way if cuts are made (from last year's totals) in public works, in federal jobs, in CCC camps, in relief and farm benefits and if there are no other increases voted except for a vast program of expansion in the army and navy.

On the basis of the budget calculation, the government's income will be \$5,547,960,000 in the next fiscal year if congress will lay a special tax for paying the cost of a part of the cost of expanding the army and navy. The President said this tax should be made to yield \$460,000,000.

Thus, on the basis of the budget, the government will be in the red next year, if all things remain as planned to this point, by a total of \$2,416,231,000. The President intends, however, to cut that 'way down by using up some odds and ends of money lying around among the government-owned corporations. By executive order, the President can restore to the federal treasury funds loaned by it to the various corporations. He said there was something like \$700,000,000 in this pot of gold and that will be used to reduce the deficit further.

Budgets These Days Merit Earnest Consideration

And there you have it. If all of the things go through as planned and if there is not another request from any office or agency of government and if there is as much tax collected next year as calculated

and if the proposed "national defense tax" is passed and collected, the government deficit for the fiscal year that ends June 30, 1941, will be \$1,716,231,000.

Senator Harrison may be wrong or he may be right in his proposal to have congress do something about understanding this and subsequent budgets; but it must be said there is something about the condition of budgets these days that merits earnest consideration. These latter day budgets somehow remind me of the broomstick horse that I used to ride when I was a kid. That broomstick had at least 20 different names, but it was always the same broomstick, and my imagination was never successful in transforming it.

There was merited applause from congress for Mr. Roosevelt's declaration that he was prepared to curtail spending. He tossed some cold water on that enthusiasm, however, by a statement of policy that he did not favor too much curtailment at one time. Rather, "government support" for the many functions now a part of the federal structure ought "to be tapered off." There was not too much pleasure about that among the real supporters of an economy policy, and there was considerably less when attempts were made to analyze the true results.

I have a hunch that more disappointment is due. The budget that was sent to congress the other day, in my opinion, is not going to be nearly all that will be needed in the way of money.

It is just a guess that I here make: the totals for relief and for agricultural benefits and public works, etc., are not nearly large enough for 12 months if an election

BRUCKART ON THE BUDGET

Finds congress badly muddled over the latest estimates. Harrison plans for congress to get information about the budget through its own channels. Something new. Present estimates will leave the government in the red \$2,416,231,000. Condition of budgets these days merits earnest consideration. Possibilities cause wonder as to the future.

falls within that year. So, the forecast I offer is that requests will be in the hands of congress, in January, 1941, for deficiency appropriations to cover expenditures that have run short.

Present National Debt Runs Right Close to Line

There is, however, still another "if" to be considered. Mr. Roosevelt advised congress that if all conditions materialized as he expected, the national debt on June 30, 1941, would be \$44,938,577,622. That is right close to the line, for the present law limits the national debt to \$45,000,000,000. It was suggested that the administration was able to stay under the limit only by taking away some of the funds from the in-laws and stepchildren, known as government corporations. That probably is proper, for the government gave each of them money with which to set up housekeeping. It was more important to the administration, however, since it thereby became necessary to ask congress to raise the limit of the national debt—a request that was sure to raise a row.

One cannot survey the budget and all of its possibilities and probabilities without wondering what lies in the future.

Whether this is the reason behind the action of the conservatives in congress who seek to end this spending spree of seven long years or whether the conservatives are worried about future burdens of taxes, the fact remains there should be some tangible policy laid down. And that policy must come from congress. The present administration will not do it. Each year, there have been statements about a balanced budget—in the future.

Take a look at this general division of where the federal money is being spent, and I think you will agree there is a critical need for a general revamping of the functions of the government at Washington:

- National Defense, \$1,800,000,000.
- Work Relief Programs, \$1,300,000,000.
- Agricultural Programs, \$900,000,000.
- Public Works and Investments, \$1,100,000,000.
- Interest on the Public Debt, \$1,100,000,000.
- Pensions, Retirements and Assistance, \$1,200,000,000.
- Regular Operating Expenses, \$1,000,000,000.



Easy Task
 "Father was very pleased when I told him you were a poet."
 "Oh, I'm glad to hear that."
 "Yes, the last of my boys he tried to throw out was an amateur boxer."

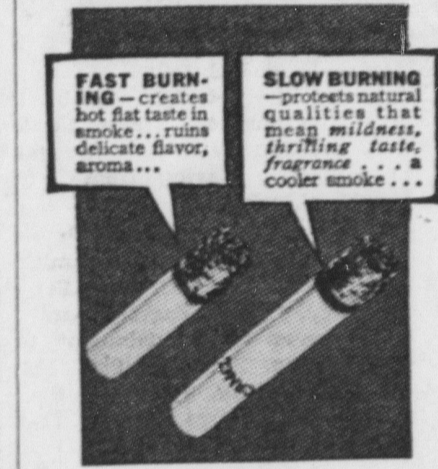
For Further Use
 McTavish called at the head office of his bank and asked to see the general manager.
 "Have you a card, sir?" he was asked.

"Aye, I have that," replied McTavish, "but first let me see if yer hands are clean."

Marvelous
 She had toured Europe last summer, and her long-suffering friends had no chance to forget the fact.
 "And Paris!" she gushed. "Paris is wonderful. The people are all so well educated. Why, even the street cleaners talk French."

And the Wedding's Off
 A young man ordered two dozen roses to be sent to his fiancée, aged 24, and wrote on the card that was to go with them: "A rose for every year of your precious life."

"Throw in an extra dozen," said the florist; "he's a good customer."
 The assistant did as he was told.

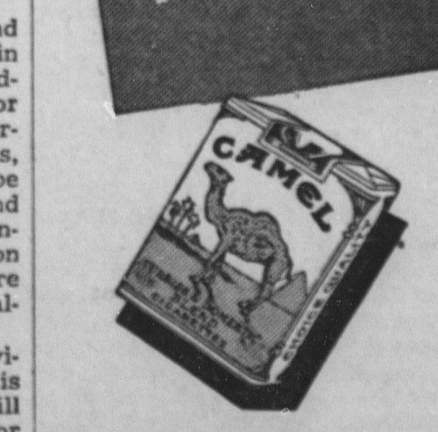


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