NATIONAL AFFAIRS

Reviewed by
CARTER FIELD

Indirect loans to Britain likely before Congress is asked to act . . . United States busy with plans to help Britain meet serious ship shortage.

(Bell Syndicate—WNU Service.)

WASHINGTON.—It seems probable now that this government will be giving Britain credits indirectly, or by going 'round Robin Hood's barn in order to avoid violating the Johnson or neutrality acts, before the direct onslaught is made in congress to clear the way to straight-out loans.

Despite the emphatic declaration of Secretary of the Treasury Henry Morgenthau Jr. that the $100,000,000 loan to China is not a precedent, it may well turn out to be a pattern, the eventual following of which will result in technically indirect but actually very direct loans to Britain.

There is already a scheme on foot to finance, with American dollars, the sale of beef and grain from the Argentine Republic to Britain. This would be worked out, assuming it is approved, in this fashion. Argentina would ship $100,000,000 worth of beef and grain to Britain. She would then have a credit for that amount in London.

Uncle Sam is anxious to make good-will loans in South America, so he lends Argentina $100,000,000. As collateral for this loan, Jesse Jones, if it is RFC money that is to be used, or Henry Morgenthau, if stabilization funds are to be employed, takes that credit Argentina has in London.

ENGLAND RECEIVES CREDITS

So the whole thing winds up this way. London has $100,000,000 worth of needed supplies. Argentina has sold $100,000,000 worth of exports she was anxious to sell. Uncle Sam has a note for $100,000,000 given him by the Argentine, secured by British endorsement. Which, of course, means merely that John Bull owes Uncle Sam $100,000,000.

Some color is given to the reasonableness of the prediction that this sort of thing will be done by the pains taken by the administration to gain approval on Capitol Hill for the Chinese loan.

Recently Jesse Jones stated publicly that he considered Great Britain a "good risk."

And on the same day Sen. Hiram W. Johnson, arriving in California, said that the administration was "mad" to get into the war at the earliest possible moment.

Of course, that depends upon what one means by getting "into" the war. If you ask the Germans, the United States is "in the war" now, and if any useful purpose would be served, from the German standpoint, the Nazis would declare war on us.

There may have been such a situation sometime before in history, but it seems to escape most students of past wars.

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BRITISH SHIPPING SUFFERS

Seriousness of the British shipping situation is causing all sorts of planning by the United States government in the hope of working out ways and means of meeting the problem. Incidentally, the German embassy in Washington is devoting considerable effort to keeping informed as to what new plans for aiding Britain are under consideration. The Germans do not know just what to do about it, but they are massing data as though they were about to undertake a publicity barrage.

If this war should ever reach the note-writing stage that preceded American entry in the last war, the Germans will have plenty of items to write into their diplomatic missives.

The big question at the moment is ships, due to the surprise sprung by the Germans in playing such havoc with a convoy. As a matter of fact, this problem has been apparent to observers from the opening of the war, even though the success in attacking convoys—something which was not accomplished in the last war—was not anticipated.

But these dispatches a year ago pointed out that the biggest need of the British before the war was over would be ships—ships to carry vital supplies and foodstuffs to Britain.

The British planning for the emergency was far from perfect. It seems, for example, that after Munich something should have been done to get more acres in Britain to producing foodstuffs. It was revealed by the London Times some time back that there were more than 3,000,000 acres which had been producing food toward the end of the last war which were NOT producing food this time.

Three million acres will produce a lot of food—will feed a lot of people, even if poorly cultivated.

The whole thing ties in with airplanes, of course. If the British had equaled the Germans in air power, there would now have been no such threat to the shipping that supplies the tight little island.

Arbitration Association Settles Disputes Out of Court to Save Time and Money

By WARREN FARNHAM
(Released by Western Newspaper Union.)

NEW YORK.—Working quietly and without profit, a group of men little known to the average citizen is enabling the nation's business to avoid a serious bottleneck in the national defense program—that of commercial disputes which bog down industry and tie up the flow of capital.

If allowed to pursue their normal course through the courts, these disputes might seriously slow the march of America's rearmament program by a stifling mass of legal red tape, disheartening expense and growing ill will.

The men are members of the national panel of arbitrators of the American Arbitration association. For 14 years their network of tribunals throughout the United States has been helping business men settle their grievances out of court.

Now launching a major expansion of their efforts in the light of the defense emergency, they have behind them a record of satisfactory settlements which might be viewed with envy by any system of courts in the world. Yet their methods are so simple as to seem too easy to be true in a time when business has been finding its life more complicated than ever before.

Idea in Operation.

One can see how the arbitration idea operates, fundamentally, by taking some such hypothetical situation as this one that might arise in your own home town almost any day:

Let us say Otto Schultz, your neighborhood butcher, orders a consignment of homemade sausages from Fred Perkins, a farmer on the edge of town. Otto keeps the sausages in his icebox for a few days, holding them for a big Saturday sale. When he opens them, he finds they are spoiled.

He claims that they must have been delivered in that condition and refuses to pay his bill of some twenty-odd dollars. Farmer Perkins insists that the goods were delivered in perfect condition and wants to collect his bill. There are a lot of harsh words, but both men would like to iron out the difficulty in a hurry because they know they'll probably have to get along with each other for years to come.

They decide to arbitrate. Otto and Farmer Perkins sign an agreement to put their case up to the association and to abide by its decision. Within 10 days three men are selected as arbitrators from the immediate vicinity of the town; Bill Jones, cashier of the Farmers and Merchants bank; George Smith, the hardware store owner, and Mark Daniels, milk and eggs dealer.

Meeting Is Held.

The five men meet in Bill Jones' office, since the cashier is the most active designated arbitrator for that area and knows the procedure. In less than three hours, the three arbitrators have settled the case at a cost of a few dollars.

It is brought out in the course of the hearing that Farmer Perkins sold several other batches of sausages to customers during the 48 hours preceding his sale to Otto, and that these people had no complaint.

The hardware store man remembers that Otto has had some trouble with his refrigerator in the past year and the bank cashier points out that the butcher already has ordered a new motor for the machine. Farmer Perkins is paid in full for his sausages and the case is ended quickly, except that Otto and his wife are invited to a special sausage dinner at the Perkins' home on the following evening.

Only one hour was required by this New York arbitrator seated in the center above to settle a case involving claims for $200 property damage. Causes of the accident were discussed informally by the witnesses seated about him. The arbitrator is a member of the American Arbitration association which maintains nation-wide facilities for settling disputes out of court.

In just as simple a manner as that, the association, a private nonprofit organization, has handled cases involving sums ranging from $5 to $2,000,000.

Some 20,000 disputes have been submitted for arbitration in the tribunals of the association since 1926. About 8,000 of these were settled before reaching the hearing stage. This indicates, according to the association, that the mere willingness to arbitrate is a long step toward forgiving and forgetting. Of the 12,000 awards made, 6 per cent have been appealed to the courts and not more than half a dozen have been sent back by the judges for rehearing.

Other Larger Cases.

The case of Butcher Otto and Farmer Perkins, of course, does not affect the national defense program—except that enmity is stopped at its source—but it is a simple illustration of how the bigger cases are being settled without fanfare or embarrassing publicity, and at an average cost of only 1 per cent of the amount involved.

Behind the association's plan for encouraging business to avoid the delays of litigation is Cornelius V. Whitney, newly elected president of the organization and former chief of the board of liaison officers.

Whitney, who is also board chairman of the Pan American Airways, worked out the program in cooperation with such prominent business figures as P. M. Haight, secretary - treasurer of the International General Electric company; James F. Hughes, former president of the American Society of Certified Public Accountants, and Evan E. Young, vice president of Pan American Airways.

C. V. Whitney

Seven thousand business and professional leaders in 1,700 cities and towns are being enlisted as "industrial minute men" in the group's nation-wide program for keeping peace in business and commerce.

According to Whitney, the members of the local tribunals, because of their background, prestige and experience, "will form the backbone in this plan to smooth the flow of trade through the increased use of arbitration with the aim of eliminating long court delays and costly fees that bog down industry."

Local Functions.

Primary functions of their efforts locally will be to survey the vital industries of their areas and urge business men to join the 430 other trade groups using the arbitration method as a standard means for settling business disputes.

How important the government regards the need for a swift and effective alternative to court action in times of emergency can be gauged from the fact that army contracts of $15,000 or less now contain provisions for three-man arbitration boards to decide questions of material whenever a disagreement arises between a business firm and military purchasing agencies.

The British Purchasing commission, which spent more than $80,000,000 for aeronautical products alone in this country during 1940, has been using a similar arbitration clause in its contracts with many American firms.

Commenting on these measures, Whitney said:

"Such forethought on the part of both government and private industry is symbolic of a desire to avoid any of the situations of the World war, when millions of dollars' worth of vital contracts became tied up in lengthy court suits."

In the field of commercial peace, the association this year has come upon even greener pastures. It has been named as administrator of all disputes in the motion picture industry by the federal government and the department of justice. This is the first time that an independent agency has ever been selected by the government to settle disagreements in a large industry.

31 Special Tribunals.

As a result of this arrangement, the association is establishing 31 special tribunals in major cities where motion picture producers and distributors will have their trade disputes settled by lay arbitrators.

The committee and the association's six-year-old Inter-American Commercial Arbitration commission, led by Thomas J. Watson, International Business Machines president, have reported virtual perfection of a method to settle commercial disputes anywhere in the Western hemisphere and portions of the Far East entirely by mail.

Through this arbitration machinery the disputants receive the services of top-flight authorities on their problem without ever seeing one another. With the cementing of inter-American relations as its primary aim, the association has launched this mail arbitration campaign to help avoid costly delays in handling of merchandise or in the release of funds involved in trade.

The smallest claim adjudicated by the association was for $5, for a spot a cleaning concern left on a parlor rug. The arbitrator and all concerned visited the rug owner's home, held the hearing "on the spot" and agreed on $1.47 as damages.

The largest amount involved was $2,000,000, sought by an agent as commission on a fur contract. The case had been tried in a state court, and the jury, after listening and pondering for six weeks, had disagreed. Having spent a little over $9,500 in litigation without getting anywhere, the principals tried arbitration. This time, before three arbitrators, the case was settled in nine days at a cost of $507, not counting stenographic charges.

Oddest Dispute.

What is perhaps the oddest dispute and the swiftest settlement in recent records is told in the story of a controversy which arose concerning a Broadway theater hit. On the afternoon of the opening the leading man, according to the case report, found that his name was not in lights on the theater marquee. He threatened a walkout. The producers gave way, but almost immediately the leading lady threatened a walkout of her own. Under their Actors' Equity contracts both stars were bound to arbitrate.

It was nearly 5 p. m. when the association was called. An hour and a half later three arbitrators appeared, and by 8 p. m. the leading man's name went up in lights. The curtain rose on time.

The A. A. A. is supported by membership fees and small contributions graduated up to $100 paid in by 400-odd corporations, organizations, and individuals.

New York Started It.

Congress and many state legislatures have followed the lead of New York, which 20 years ago granted legal standing to private arbitration. Courts and bar associations have voiced approval of it, for it helps keep clogged calendars clear. The New York law was the first of its kind in America.

In recent years the arbitration network, branching out of the organization's main offices in New York city, has spread over all the Americas from Canada to Argentina, following trade routes.

Studies Evidence

When a New York housewife claimed that her rug was damaged by a carpet cleaning company, this arbitrator, an expert, came to her home to examine the "evidence." It took only five minutes to decide the woman's claim was justified and awarded her $1.47 damages.

New Lightweight Engine Develops Great Power

The most modern and efficient airplane engines may soon become as obsolete as flintlocks as the result of a new scientific discovery.

Development of a jet-propulsion blast engine, deriving its power from the controlled detonation of an explosive fuel mixture composed of two liquids, was announced recently at the Guggenheim school of aeronautics of New York university.

The new motor, weighing less than 250 pounds with fuel tanks and fuel, develops 4,000 horsepower and would cost approximately $1,000.

It was developed by E. B. Myers, who worked with the aid of Dr. Alexander Klemin, head of the Guggenheim school.

He reports that it might be adapted to installation in military airplanes as an auxiliary motor to assist in take-offs with enormous bomb loads and to give sudden bursts of speed which are vital during combat.

Fragrant Flowers Bloom Again To Enhance Winter Ensembles

By CHERIE NICHOLAS

ADORING beaux, brothers, uncles and husbands please take notice. According to latest fashion news that gracious, lovely-lady custom of wearing fragrant flowers in her hair, pinned to her bodice or adorning her fur coat at the game has been revived.

If you long to add happiness and midwinter joys to the one you love best, and of course you do, send her flowers. Should an unkind fate take you out of town on the day of her coming out party or on the night of the college dance she had counted on attending, simply wire her flowers and friend florist will do the rest.

If she is a sophisticated beauty, send her a stunning new oriental headdress of fragrant carnations and rose petals. The appearance created by the black wool evening coat with lavish embroidery pictured to the right in the illustration is greatly enhanced by a matching bouquet pinned on the evening bag.

Perhaps she is a swing addict or a girl who adores waltzes. In this event you will be sure to win her heart if you send her a glamorous romantic headdress of rubrum lilies to wear to the holiday party down on her social calendar. A matching bracelet of blossoms to wear with her airy-fairy dress of silver striped tulle as shown to the left in the group would be very welcome.

The center figure above aptly shows how well-placed flowers can "dress up" a sports ensemble.

When it comes to the masterpiece of flower accessories, see the adorable lei formed of blue cornflowers festooned about the slender young throat and pretty shoulders of the lassie pictured in the oval inset. Small wonder is it that flower necklaces such as this one inspired by the picturesque Hawaiian leis, are coveted by every fashionwise sophisticate who would add more feminine allure to her young charms. Be sure to order this adorable flower lei made with a side clip of pink camellias which as you see by the picture, adds a rapturous note. A necklace of tiny orchids or gardenias would be an equally glamorous choice. To fill her heart full to overflowing with joy, give her a matching flower bracelet.

This trend to flowers bespeaks a new motivating thought in the minds of designers. They are playing up "style" in costume flower arrangements that will prove as flattering and versatile and just as dramatic as most sumptuous jewels or other accessory items. For example, there is the present fad of pinning fresh flowers on your muff or to the cuff of your glove. Diadems of flowers make lovely coiffure adornment, while red, white and blue flowers sound the patriotic note.

(Released by Western Newspaper Union.)

Knit Suit

For good skiing weather here's a sports set which will keep you snug and make you look charming all at the same time. It is a real piece of artistry in every detail. The baby-bonnet, mittens and sweater are trimmed with rows of heavy cable stitch, accented with rows of colorful embroidery. Knit them in sturdy, white knitting worsted for warmth and long wear. The embroidery gives high-color to the entire combination. The buttons repeat the coloring of the embroidery.

Novel Coiffures Traced To Oriental Influences

If you have kept step with the millinery parade your coiffure is concealed under draped fabric contrivances that form part of the brim. Hairdresses worn under draped turban should fit snugly down over the back of the head to the very nape of the neck. These new and fashionable turbans trace their inspiration to Oriental influences. The smartest completely conceal the hair.

Overshoes Have High, Low Heels

Overshoes don't change much from year to year. They just become a little neater looking, a little more streamlined and a bit more decorative. But this year the principal news is that the makers of galoshes have finally realized that many women wear low-heeled shoes during the winter months.

So this season you will find even the velvet carriage shoes trimmed with black bunny fur, available in three heel heights—low, Cuban and high. These are extremely smart worn with a velvet trimmed cloth coat or one of fur.

The familiar all-rubber galoshes are also made in the three heel sizes this year, and the toes are given a boxy look. You'll find a black on black contrast in these, with shiny rubber applied in a pattern over the arch, and in a panel around the toes, and on the heels.

There are low overshoes that look like grown-up rubbers. These are styled to cover the entire shoe, but stop below the ankle. In order to make these look like shoes they are given a smart suede finish and trimmed with shiny rubber for a suede and patent look.

Coats Can Serve As Warm Capes

Leave it to the smart young set to do the unusual. At the moment they are wearing their fur or cloth coats to look like capes. Here's their technique. They turn the sleeves in if coat is of soft wool or if this is not feasible they throw the coat about their shoulders nonchalantly entirely ignorning that it has sleeves.

It is a practical gesture, for with the tailored jacketed wool suits now so fashionable it gives not only a "new" look to add the fur-cape touch, but worn in this easy manner there is comfort without a cumbersome "feel."