UNCLE SAM CHECKS HIS BOOKS

End of Fiscal Year Finds Goverment Costs Still Mounting; Balance of Budget Not Yet in Sight; Treasury Reports.

By CARLTON WILLIAMS

THE fiscal year 1936 is now ended, and the United States government's financial operations broke at least three records—records which, if Secretary of the Treasury Morgenthau's reckoning holds true, will be broken again in the 1937 fiscal year which comes to a close next June 30.

During the last 12 months the government spent more money than it ever had in any peacetime fiscal year. The total was approximately 8 billion 880 million dollars.

The deficit was also the largest ever compiled by the United States government in times of peace. It was about 4 billion 754 million dollars. It would have been only about 2 billion 700 million had it not been for the passing of the veterans' bonus.

Federal expenditures, emergency and regular, advanced the public debt during the fiscal year to an all-time record high of 34 billion 427 million dollars on June 17. Between then and June 30, it was

Comptroller General McCarl, Who Recently Resigned After 15 Years

reduced to 33 billion 779 million, largely through the redemption of soldiers' bonus bonds.

Cites Recoverable Assets.

Against this debt, Secretary Morgenthau pointed out, must be held about 8¾ billions, which the government holds in what he calls recoverable assets. Most of them, to be sure, are recoverable, but a certain portion of them, including about 4 billions in loans to farmers, railroads, banks, insurance companies, states and cities, are open to question; it hardly seems possible that any organization could make loans so varied in nature and combining to make so large a total, could expect to collect them all.

Other recoverable assets listed by the secretary are 2 billion 700 million cash and "money in the bank," and 2 billion in the "stabilization" fund. This latter fund, however, it would probably be unwise to touch, because it was established for specific purposes, principally for stabilizing the dollar in foreign exchange markets.

Besides what Mr. Morgenthau apparently considered legitimate subtractions from the public debt are about 4¾ billions in equally legitimate additions to the debt. These are government guaranties and obligations—federally undercritten corporations and the like.

It was apparent as the new fiscal year began that little or no progress in balancing the budget would be made. Although revenues are due to continue increasing, as the country enjoys a continuation of the trend back toward prosperity and as the administration's new revenue producing measures become more effective, expenditures are also due for a rise, some of them expenditures unforeseen by the government a year or two ago.

Taxes and other revenues, according to estimates, will probably surpass those of any other year in history with the exception of 1920. An important phase of the new fiscal year will be the appearance for the first time in the ledger of the new social security program.

The federal ledger in the new fiscal year will be important historically because of the changing nature of its entries. It will see the institution as permanent expenditures of many of the measures which the administration adopted at first as purely "emergency" in character.

How Spending Has Increased

Before 1934 the largest expenditures in peace time during a single year had been 6 billion 404 million. During the 1934 fiscal year the government found it necessary to lay out 7 billion 244 million dollars; the next year expenditures were up 132 million, but during the 1936 fiscal year they went back to 7 billion 200 million, if the veterans' bonus is excluded, as it fairly may be, to make sure this report is not biased politically in any way. Certainly enough, it will have to be regarded as part of the public debt.

Many expenditures which in 1933 were regarded as "emergency" have now been included in the regular government expenditures, as may be seen in one of the charts shown here. While there has of late been a decline in emergency spending, there has been a corresponding increase in regular expenditures.

Direct relief, work relief and emergency public works expenditures have decreased from 3 billion 59 million in 1935 to 2 billion 569 million in the 1936 fiscal year. Spending for the Civilian Conservation corps is due to decline from 469 million to 308 million in the new fiscal year. Farm relief costs, too, will probably be on the downswing.

"Regular" Costs Mount.

In regular operating and administrative costs have the greatest rises been apparent. The present administration, it is estimated, has added some 250,000 federal full-time employees in addition to the relief rolls. Operating and administrative costs were 550 million for the 1935 fiscal year, increased to 735 million in the 1936 year, and for the new one are expected to reach 1 billion 48 million.

Incorporated somewhere in the explanation of this is the fact that the operations of many of the federal departments, especially those dealing with public works, were severely cut during the economy wave which followed the change of administration in 1933, but they are now finding their ways back into the budget.

For instance, when President Roosevelt first came into office he effected immediate and drastic economies in river and harbor and public building work. They were subsequently revived in the emergency programs. Now Mr. Roosevelt has indicated his desire to return them to the permanent budget, with an annual appropriation of about 500 million dollars.

Taxes Keep Going Up.

Generally, the switch of public works programs back to the regular budget, combined with other transitions, is regarded as the beginning of the attempt to make most of the New Deal a permanent phase of the government. The President has asked for the institution of the CCC and the farm control program as permanent measures of his program.

Revenues have never failed to improve since 1932. They were 3 billion 800 million dollars in the 1935 fiscal year, and jumped to 4 billion 116 million in the year just closed. Next year, it is estimated, they will reach 5 billion 540 million. This, if it proves true, will mean the biggest tax bill since 1920, when revenues amounted to 6 billion 695 million.

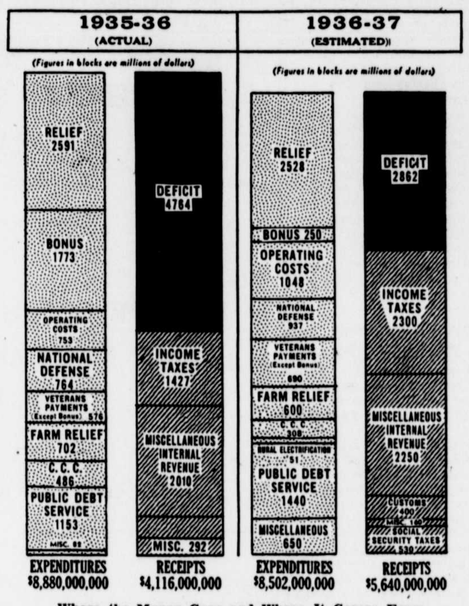
In the new fiscal year it is estimated that income taxes will provide more revenue than they have at any time since 1930, when rates were low, but incomes (1929) were at their highest. The Revenue Act of 1935 will be a factor in the rise of income taxes in the last half of the fiscal year.

Balance Six Years Off.

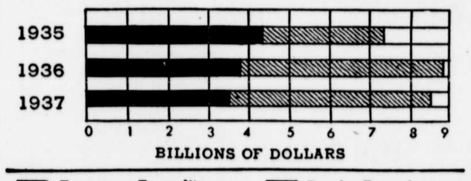
During the depression the major part of the tax burden has shifted from income to the excise taxes and the stamp taxes on cigarettes, liquor, gasoline, security issues and transactions, electric energy, automobiles, matches and many other items of indirect taxation. When incomes were high, they used to provide about 70 per cent of the government tax revenue, but today the "hidden" taxes, which are paid by all, regardless of income, provide more than 60 per cent of the government revenue.

These "miscellaneous internal revenue" taxes have for the past several years established records. In the 1936 fiscal year for the first time they passed the 2 billion mark. In the new year they will probably reach 2 billion 250 million.

Even with revenues rising the way they are, they will not, at the present rate, be able to bring about a balanced budget before about six years. In order to pay for expenditures which could not come out of the regular income, and to handle the 2 billion soldiers' bonus, the treasury had to let the national debt skyrocket to 27 billion at the end of the 1934 fiscal year, 28 billion 700 million at the close of the next and now to 33 billion 750 million. Until results of pending bond transactions are known, it cannot be estimated what the debt will be at the close of the new fiscal year.



Where the Money Goes and Where It Comes From



Three Years of Federal Spending (Does Not Include the Veterans' Bonus)

Secretary of the Treasury Morgenthau

One of the interesting developments in the financial operations of the government recently has been the retirement of John Raymond McCarl, comptroller general of the United States and popularly known as the "watchdog of the treasury." He warned against wild and unjustified expenditures, and many times during his 15 years of service was a valuable check on too enthusiastic spending of public funds.

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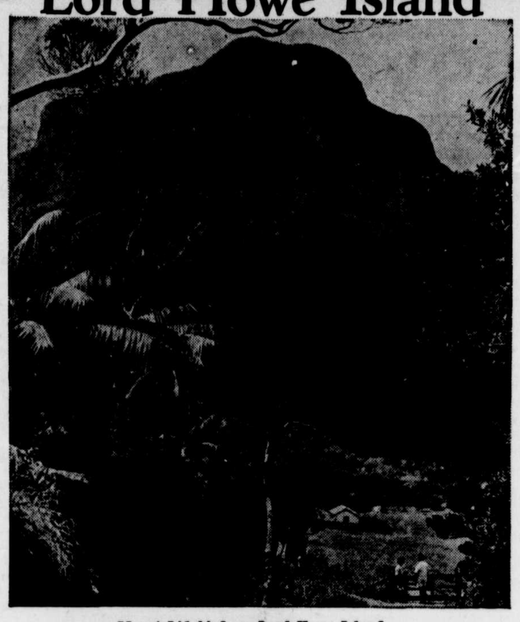
"Franks" Used on Early Pony Express, Writer Says

While letters were carried by mail, on horseback, before the issuance of postage stamps, in 1847, at Eastern points, the first record we have of a Pony Express in California was in 1848, the year gold was discovered, notes a writer in the New York Sun. Samuel Brannon, publisher of the California Star, at Yerba Buena (now San Francisco) is claimed to have created the first pioneer pony express.

He proposed to carry letters for 50 cents each to Eastern points and guaranteed they would reach their destination within two weeks. On April 1, 1848, his pony started carrying mail to Independence, Mo. Instead of arriving there in the specified two weeks' time it took all summer. Then gold was discovered, and in the attendant excitement caused thereby this Pony Express became a forgotten enterprise.

At the time of the gold rush California as a place of importance was entirely non-existent. Population and activity were centered in the north, with three rivers utilized as the main highway. San Francisco had become a city almost overnight, and the other important points were Sacramento, reached by the Sacramento River; Marysville, on the Feather River, and Stockton, on the San Joaquin. Express messengers made the rounds of the mining camps, the envelopes bearing the "frank" of the express company.

Lord Howe Island



Mount Lidgbird on Lord Howe Island.

Prepared by the National Geographic Society, Washington, D. C.—WNU Service.

"DECORATED with palms"—how often the phrase occurs in descriptions of social events! Wherever florists ply their trade and have a hand in beautifying public occasions, palms play an important part. Without them hotel lobbies, steamship salons, dance halls, and churches would lack their refreshing greenness.

Often referred to as just "florists' palms," they are taken for granted, like many of our common blessings. In reality, they belong to a small group usually called Kentia palms, found only in remote islands of the Coral sea, and their present widespread use throughout the civilized world is one of the romantic tales of horticulture. A little more than half a century ago they became an important article of commerce, and few people even today realize from what a tiny bit of the earth's surface that particular commerce originates.

In 1788 Lieut. Henry Lidgbird Ball, en route from Sydney, New South Wales, to Norfolk island, discovered a remarkable pyramid of volcanic rock rising straight out of the Tasman sea to a height of 1,816 feet. He descried land to the northwest, which further investigation revealed as an island of unusual conformation and striking beauty.

In honor of Richard Howe, the British admiral who played an important part in the war with the American colonies, Ball called his contribution to the British Empire Lord Howe island. His own name was given later to the massive rock which first attracted his attention, and Balls Pyramid is his enduring monument.

Lord Howe island lies 360 miles east of Australia and 480 northeast of Sydney. It has the form of a boomerang, with its length extending nearly north and south, the concave side facing Australia and the precipitous eastern coast arched against the surging Pacific. In an air line the northernmost part of the island is only seven miles from its southern tip and the greatest breadth is but a mile and a half.

Formation of the Island.

The northern half is hilly, but the highest point is only 700 feet above the sea. The southern half is mountainous, rugged, and wild. Two peaks occupy most of this area, the southernmost, Mount Gower, rising directly from the sea to 2,840 feet, while its fellow, Mount Lidgbird, is but 300 feet lower. The mountains are thickly wooded, so far as their precipitous sides permit, and are separated from each other by a lush valley into which man rarely penetrates. Between the northern hills and Mount Lidgbird is rolling country with fertile soil and a plentiful water supply.

Extending from the northwestern tip of the island straight south to below Mount Lidgbird is a broad coral rerf, notable as the southernmost coral reef in the world. Between this reef and the island itself lies the lagoon which it protects, its eastern side bounded by a bathing beach of clean white sand some two miles long. The reefs prevent vessels from approaching close; they must anchor about a mile offshore, and passengers and freight are then landed, by means of motor-towed barges, at the jetty near the northern end of the lagoon.

When Ball first landed on the island there were no signs of the genus Homo; he and his men were probably the first human beings who ever set eyes on its beauties. The richness of the vegetation, the abundance of birds, and the numerous rivulets of clear, cold water indicated plainly, however, that here was a little paradise awaiting settlers. Nevertheless, for many years the island lay neglected.

About 1833 or 1834 a small company from New Zealand, including several Maoris, were brought to Lord Howe, but in two years they were so discontented that they were taken back to their old homes in New Zealand, and Nature once more was left in untroubled possession.

But not for long! American whaling vessels, scouring the southern seas, found that Lord Howe island was an excellent place to replenish their water supply. There were no government officials to deal with, no distractions to tempt desertion, and no natives with whom the sailors could get into trouble. By 1840 reports of these numerous visiting whalers reached Sydney, and two families established themselves on Lord Howe to grow fruit and vegetables for the crews. So well did the settlers prosper that others followed, and by 1850 a small community was well rooted on the island.

Excellent Climate and Soil.

The climate is delightful, with much bright sunshine, yet a plentiful supply of rain; abundant breezes, but no cyclones; never a trace of frost, but very little excessive heat. The soil is fertile, and nearly everything which grows in warm, temperate or subtropical countries can be grown on Lord Howe. The island has such a tropical appearance and there are so many palms that the entire absence of coconuts is striking. The explanation is that the mean annual temperature is not high enough for that heat-loving palm.

With the discovery of petroleum the decline of the whaling fleet began and hard times came to Lord Howe. Without the whalers, there was no market for the produce, both Australia and New Zealand being too far away.

But necessity often leads to discoveries which prove epoch-making, and so it proved in this case.

There is no record of who first noticed the unusual hardiness of the palms growing so abundantly or who was first to offer them for sale. But a demand for the palms from Lord Howe gradually developed, and long before the Twentieth century dawned they were in use all over the world wherever there were florists.

A few of these palms have begun to fruit in the coast belt of California. But still the world looks to Lord Howe island for its most popular and universally used palm, and the demand for the seed is so great that the income derived from its sale maintains the entire population.

This dependence on a natural monopoly has led to an interesting social organization and a community life of unusual charm. The fundamentally important basis of the community is good, clean, human stock—homogeneous, healthy, and harmonious. About 150 permanent residents make their homes on Lord Howe, and for their income are dependent, directly or indirectly, on the sale of the palm seeds.

Four Kinds of Residents.

Governmental machinery is simple. Local affairs are handled by a local committee of three, chosen by the islanders themselves. The marketing of the palm seeds and relations with the Australian government are handled by the Lord Howe Island board of control, composed of three New South Wales officials in Sydney, the island being politically a dependency of that state.

The residents on the island are divided by two lines of cleavage into four natural groups; one line separates those born on Lord Howe, and hence known as "islanders," from those born elsewhere, and so known as "non-islanders. This cleavage is not the basis of a social distinction; if the islanders look down on the non-islanders they conceal their feelings perfectly.

The second line of cleavage separates "participants" from "non-participants," an economic division of the island's income from the sale of the palm seeds. To be a participant one must be an islander, or else married to an islander, and a resident for ten years or more.

The degree of participation depends on age and sex. All males twenty-one years of age, or more have 25 shares in the allotment. Women of like age have 10 shares, but on marriage their holding is increased to 25 shares. A married couple will thus have 50 shares when starting their home. For each child born to them 10 additional shares come to them, with a maximum of 35 shares for children. Upon reach the age of thirty-one years, married islanders, male and female, receive an additional 25 shares each, thus giving each 50 shares in his or her own right.

At the present time the population of the island is less than 150 and the number of participants scarcely half that. The non-participant group consists partly of non-islanders employed in various occupations, partly of islanders who have been away and are not yet restored to sharing, and partly of more or less permanent "guests" who are attracted to the island as a delightful place to live

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All Around the House

Celery, lettuce or almost any vegetable may be refreshened by adding a little lemon juice to some cold water and letting the vegetables stand in it for a few hours.

• • •

If you use slip covers on your furniture, remove them occasionally and look for moths. Moths get into the tufts of furniture and multiply rapidly.

• • •

If the rind is left on a ham it will boil or bake more rapidly.

• • •

Green vegetables will retain their natural color if cooked in an uncovered saucepan.

• • •

Chamois gloves will be soft and pliable if a few drops of olive oil are added to the water in which they are washed.

• • •

Potatoes to be French fried will be more crisp if allowed to stand in cold water for half an hour before frying.

• • •

When lighting a birthday cake always light the candles in the middle first and those on outside last.

• • •

Waterlilies grow best in a garden pool that is not too clean. They like sunshine and seldom bloom in shaded places.

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Uncle Phil Says:

It's Pleasant to Forget

How pleasant to wake up in the morning and not be able to remember what it was that worried you the evening before.

Promises that are the hardest to obtain are the surest of fulfillment.

Life is a grind, but it doesn't always make things smooth.

What were mysteries to the ancients are our commonplaces.

Despair Often Close

Few know the thin partitions that separate their fellow men from despair.

Life is but a fleeting show—yet it is the best show man has on earth.

Don't use your common sense so much to take your friends to task. Be thankful that they like you.

Leave Worker Alone

A man who does his work best is the one who does it his own way. Be satisfied and say nothing.

Yesterday, if its memories are pleasant, is more to be cherished than any dream of tomorrow.

A man could learn a great many things if he didn't think that he already knew them.

Life Reflects

Remember that in life as in a mirror you never get more out than you put in.

Wit is the saying of something brilliant at the right time, "wits" is not saying something when you shouldn't.

Saddest change in our old friend, when affluence and honors are heaped upon him, is that he grows more effusive than ever to us and thinks about us far less frequently.

Man Eats a Ton

According to science, a healthy youth weighing 100 pounds, eats 20 times his own weight during the year. A ton a year is what the average man is said to consume. Think how appalling it would be to see one's year's allowance of bread and butter, steak and tomato catchup, potatoes and salad and rice pudding laid end to end!

Title in Full

The full title of the present King of England is Edward VIII, by the Grace of God, of Great Britain, Ireland and the British Dominions beyond the Seas, King, Defender of the Faith, Emperor of India.

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