Weekly News Review

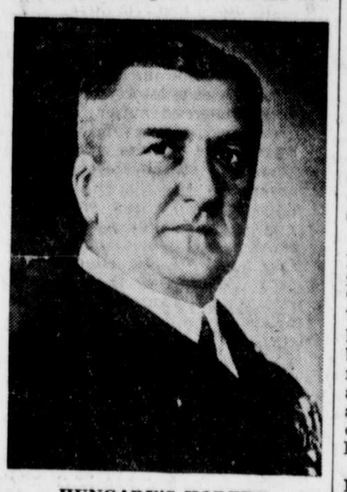
Hitler Woos Central Europe With Overtures to Hungary

By Joseph W. LaBine

Foreign

At Nickelsdorf, Austria, an imposing triumphal arch was raised. Vienna's railway station was decorated. At Kiel a 10,000-ton battleship awaited launching. Thus, feeling like a girl with several ardent suitors, Hungary's Regent Nicholas Horthy sped in glory last week from Budapest to Berlin.

Not since Benito Mussolini visited Adolf Hitler last spring had Berlin made such plans. Indeed the same trappings that greeted Il Duce now



HUNGARY'S HORTHY
Like a sought-after maiden.

greeted Admiral Horthy. But Adolf Hitler had more than benign friendship in mind.

Hungary lies directly in the path of Germany's "drive to the east" in which she would swallow Czechoslovakia, Rumania and Jugo-Slavia, thereby unifying all central Europe. As Nicholas Horthy closeted himself with Hitler, rumors of proposals began flying. Rumors: (1) Joint proposal by Italy and Germany to incorporate Hungary in the Rome-Berlin axis; (2) proposal that Hungary leave the League of Nations, declaring the Trianon treaty of 1920 void; (3) offer by Italy and Germany for extended Hungarian minority rights in Czechoslovakia, Rumania, Jugo-Slavia; (4) German-Hungarian economic unity.

What made Regent Horthy feel like a sought-after maiden was another offer, this one from foreign ministers of Czechoslovakia, Jugo-Slavia and Rumania, whose Little Entente met at Bled, Jugo-Slavia. Their offers included a nonaggression pact and military equality.

War

In Paris, Premier Edouard Daladier jolted France from its vacation sluggishness to demand abolition of the 40-hour week "in the interests of military and economic defense." In Germany, Adolf Hitler's giant war maneuvers entered their second week. In both Rome and London, eyes focused from distant China to nearby Spain, theaters of 1938's two wars. The war picture:

● Having set Britain's Neville Chamberlain back on his ear by refusing a proposal for evacuating foreign soldiers, Insurgent Generalissimo Francisco Franco opened his drive to end Spain's civil war before a third winter sets in. Aimed at loyalist Barcelona were crack Navarese and Italian troops, while overhead rebel planes rained death. Along the Ebro river front, 5,000 government militiamen were captured. But biggest news of the Spanish war came not from Spain, but from Switzerland.

At Zurich, Premier Juan Negrin arrived for conferences with the duke of Alba, Franco envoy. After three days of hide-and-seek in which neither Negrin nor Alba could be found, observers wondered whether Spain's two emissaries were hiding from each other or had agreed on terms.

● While China's Chiang Kai-Shek led his troops in defense of Hankow last week, Former Premier Wang-Ching-Wei threatened to supplant him as leader of what little government now remains in that battle-pocked country. Tired of war, Japan mobilized 1,000,000 men and looked to Italy for help.

Britain has already refused negotiations with Japan unless her rights in China are safeguarded. But after two months of secret mediation, Italy came out in the open with a plan to establish Wang Ching-Wei as head of a revised Chinese central government. That Germany belonged in this picture was apparent; one of Wang's chief aims would be adherence to the German-Jap-Italian pact against communism.

Labor

President William Green of the American Federation of Labor had two reasons to be happy last week. Smallest reason was that Franklin Roosevelt agreed the Wagner labor act must be amended. Biggest reason was that John Lewis' Committee for Industrial Organization was embroiled in several family quarrels.

Several weeks ago, Homer Martin, president of C. I. O.'s United Automobile Workers, expelled five vice presidents for alleged communistic leanings. Last week these vice presidents called a convention of U. A. W.'s insurgent bloc in Toledo, asking Boss Lewis to end the fight. Specific requests were (1) appointment of a "dictator" for U. A. W., and (2) an election to let members themselves decide the issue.

Meanwhile, in western Kentucky, President Joseph Ozanic of the Progressive Mine Workers of America gave John Lewis another headache. Four thousand miners, who left C. I. O.'s United Mine Workers three years ago, took out membership in A. F. of L.'s Progressive body.

Final quarrel was that between Francis Gorman, United Textile Workers president, and Sidney Hillman, head of Amalgamated Clothing Workers of America. Last week Gorman asked his followers to desert C. I. O. because of "dictatorship and communism."

Canada

Fortnight ago, the economic ties linking Canada and the U. S. were forged tighter at Kingston, Ontario. There, Franklin Roosevelt promised U. S. aid should Canada ever find herself at war. There, too, he spoke bravely for the long-argued St. Lawrence waterway project. Last week, as Franklin Roosevelt settled back at Hyde Park, these bits of Canadian-American news made headlines:

(1) Ontario's Premier Mitchell Hepburn bluntly told Prime Minister MacKenzie King he would oppose the St. Lawrence project until Canada's railroad losses stop.

(2) Observers predicted America's neutrality act would be revised to insert Canada among Western Hemisphere nations excepted from the act's applications.

(3) Washington continued negotiations for an international highway to Alaska, passing through Canadian soil, which would probably be built with $14,000,000 PWA funds.

Domestic

New York rushed to work one morning last week. All subway stations were crowded; at one the crowd was too great. Pulling away from this station a train stopped momentarily to free a woman caught in the door. Behind, unable to stop, rushed a second train piloted by Motorman Salvatore Cota. His train crashed into the rear of the first, telescoping. Then came explosion, darkness, panic. Half-hour later authorities were able to report two dead, 40 injured. As Mayor Fiorella H. LaGuardia looked on, Motorman Cota had his leg amputated before he could be released from the wreckage.

Politics

"Purge" crept into John Public's vocabulary last week with devastating speed. More than ever before, U. S. voters looked at New York, Maryland and Georgia where reside Franklin Roosevelt's three favorite "purgees," Democratic legislators he wants ousted in next month's primaries because they oppose certain New Deal measures. Last week these senators caused this news:

● In Georgia, Purgee Walter F. George drew support from James W. Arnold, Republican national committeeman who asked G. O. P. partisans to vote for George against his Roosevelt opponent, Lawrence S. Camp. Two days earlier, RFC Attorney Edgar B. Dunlap was asked to resign because he was stumping for George's re-election.

● In Maryland, Purgee Millard E. Tydings thundered into a microphone that his commonwealth "will

MILLARD E. TYDINGS
The purgee refused to be purged.

not permit her star in the flag to be purged from the constellation of the states."

● In New York, Purgee John J. O'Connor picked up "the gage which the President has thrown down," promised to fight Franklin Roosevelt's "invitation to a dictatorship." Three days later Franklin Roosevelt and WPA Administrator Harry Hopkins found themselves embarrassed when New York's Worker's alliance, a WPA union, announced plans to raise a $50,000 war chest to use against Representative O'Connor. Said Harry Hopkins: "I don't like it . . . I don't know what can be done about it."

Crime

At stake in a Manhattan courtroom last week was an Owosso, Mich., boy's chance to be Republican candidate for governor of New York. The boy was District Attorney Thomas E. Dewey. His chance lay in conviction of James J. Hines, Tammany leader, for alleged conspiracy in the flourishing 100 million-dollar-a-year "numbers" racket, once conducted by the late Arthur (Dutch Schultz) Flegenheimer.

Fortnight ago, the trial opened as witness after witness added to the pile of evidence that made New York bookies bet 5 to 1 on Hines' conviction. One-time associate of Flegenheimer, George Weinberg told of attending a meeting where Hines was placed on the payroll at $500 to $1,000 a week as 'fixer." Julius ("Red") Williams, Negro, repudiated grand jury testimony linking Hines and Weinberg, was promptly slapped back in jail. "Big Joe" Ison, another Harlemite, told how $125 was deducted from his weekly racket salary for "Jimmy Hines' club." But the expose Tom Dewey waited for did not begin until one Alexander Pompez took the stand.

Shortly before the trial opened, Dewey filed a bill of particulars accusing his predecessor, William E. Dodge, and Magistrate Hulon Capshaw of connection with the numbers racket. When Alexander Pompez told last week how Magistrate Capshaw's court had dismissed 12 of his workers who had been caught red-handed, it seemed Dewey's chance had come. But solemn Judge Ferdinand Pecora ruled there was improper foundation for bringing Capshaw's name into the case.

Still in high spirits, Dewey polished up his star witness who was expected to blow the case wide open. The witness: J. Richard ("Dixie") Davis, legal adviser and successor to Schultz, who was indicted with Hines but pleaded guilty and turned state's evidence. He was one of the few persons likely to know where Dutch Schultz got his tremendous political influence.

Aviation

Fliers have long known that safest, fastest air travel is in the stratosphere where "bumpy" weather disappears and storms never occur. Already perfected is mechanism to keep motors and passengers supplied with oxygen in such a rarified atmosphere, but it weighs

HOWARD HUGHES
Breathed across the nation.

so much that commercial travel at these heights is not practicable.

Last month, Mayo Foundation's Dr. Richard Lovelace flew non-stop from Minneapolis to Los Angeles in substratosphere, his crew equipped with light-weight masks that permitted free action. Last week, Globe Girdler Howard Hughes pulled even a better stunt.

One evening his round-the-world plane took off from Glendale airport with a crew of four, rose immediately to 25,000 feet. A few hours later he radioed Kansas City airport while passing overhead. Next morning, 10 hours and 34 minutes out of Glendale, his ship landed in New York. Average altitude for the trip: 20,000 feet.

Though not phenomenal, the overnight hop demonstrated what may be expected of substratosphere flights. All four fliers breathed through oxygen masks attached to a single cylinder.

Miscellany

At Pittsburgh, the corpse of Rev. Joseph A. Frey lay in a funeral parlor, surrounded by members of his congregation. For hours on end a weary photographer kept his camera focused on the dead man's face. Reason for this eerie affair was that Reverend Frey told his flock he would "come back," first with a spiritual manifestation, later with a physical one. The photographer's duty: to catch "spiritual emanations." Said he: "It is possible there will be half a dozen faces of the Reverend Frey's dead friends in the picture when it is developed."

● At Monticello, N. Y., Mayor Luis de Hoyos banned shorts as feminine attire except to "old women, mothers and ladies of mature age." His reasoning: "If I know anything about women, it won't ever come to that."

Bruckart's Washington Digest

New Taxes Sure to Come, Senator Harrison Warns

Another Federal Deficit of Four Billion Dollars Faces Country; New Sources of Revenue Sought; More Persons to Be Hit.

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

WASHINGTON. — It requires a considerable amount of courage for an active politician to talk about more taxes in an election year, and it is a hopeful sign when one tells the truth about such a politically delicate matter. When Sen. Pat Harrison, the veteran Mississippi Democrat, announced the other day that new taxes are coming, therefore, it became a matter of moment. It was significant first that Senator Harrison, speaking as chairman of the powerful senate finance committee, should boldly say there must be new taxes, and it was significant in the second place because Senator Harrison has not always stood shoulder to shoulder with the New Dealers.

But there is another federal treasury deficit of something like $4,000,000,000 staring us in the face, and the size of it indicates that no progress has been made whatsoever in curtailing federal spending. It tells us, too, that the much ballyhooed business recovery of a year ago is yielding less in taxes than had been calculated by the wishful thinkers.

Thirdly, the probable deficit seems to show there was at least some merit in the assertions by Senator Harrison and others in congress last winter that some of the New Deal policies are driving the country further into a hole instead of bringing it out.

Senator Harrison's statements constitute a warning that federal taxes must dig deeper. In effect, he told the country that the government has been taxing to the point where it can not expect any increased returns from the present sources, however heavy the levies, and that the scope of taxes must be extended and expanded.

More Persons to Be Hit by Federal Taxes

What does that mean? Simply, it means that in any new tax laws that are enacted, congress will include a greater number of persons within the realm of federal tax sources; people who never have paid taxes to the federal government before are going to pay them hereafter. I am referring to income taxes, directly, but the way the picture looks to me, there will be more taxes that are indirect—and they hit everybody. If congress doesn't extend the scope of federal taxation, there will never be any chance of a balanced budget, and if the future does not bring forth a balanced budget, we may as well kiss our democratic form of government good-by.

The reason I say there must be additional "hidden taxes," levies that are included in the cost to the consumer such as the cigarette tax, is that Senator Harrison's own statement shows there will be insufficient revenue raised by lowering the personal exemptions under the income tax laws or by making the tax heavier on those of, say, $10,000 annual income and above. There can not be any very large addition to the revenue gained in that field for the very good and sufficient reason that there are not enough of those taxpayers. Bureau of internal revenue statistics prove that about 60 per cent of the country's income earners have less than $2,000 per family. As the laws now stand, a person who is married and has an income of $2,000 or less need pay no tax. So it is seen that only a mere drop in the bucket of new revenue can be obtained in that direction, wholly because if all of them were taxed the amount still would be small. Yet, any serious attempt to raise revenue to balance federal expenses must include levies on the lower incomes as well as other new taxes that apply generally.

To Search for New Tax Possibilities

Senator Harrison's committee will search through all of the various tax possibilities in the next three or four months. It will have to do that. The house committee on ways and means, which considers tax legislation in the house, will not have the courage to go as far in adding to the tax burden. It never has had that much courage for the reason that its members come up for election every two years—and, again, taxes are unpopular things for a politician. Thus, we will have to look to the Harrison committee if progress is made in bringing the nation's tax receipts into some relation with its spending.

The addition of new taxes is a serious matter, yet it appears that new taxes cannot be avoided. We have had our play time, our fun. We have danced; now, the fiddler must be paid. When new taxes are added, the buying power of every person paying the tax is reduced by that amount. But through five years, money has been spent by the government in ways that put to shame the famed drunken sailor ashore for the first time in a year. Waste, wreckage, nit-wit plans and programs—all have cost billions of dollars.

As everyone knows, when new taxes are added, a greater percentage of the country's voting inhabitants are included.

So, maybe the veteran Senator Harrison has a two-fold purpose in mind, and it takes courage for him to have either one of the two ideas because he is in politics. Maybe he sees the necessity for substantial curtailment of federal spending and realizes at the same time that the life of a politician who opposes spending is a hard road. But if the average citizen is touched by some new taxes, he will not be half as anxious to support the candidate who promises pork, projects and patronage—anything that sends money back into the home district. I would just hazard a guess that the amiable and very clever Senator Harrison is going about the latter job in the only way that it can be accomplished.

I give him praise and wish him success, for preservation of our government is of considerably more moment than a few political lives.

This Is No Joke to Bankers of Country

Some time ago, I reported the existence within administration policies of quite contradictory plans. Here is a new one, and one that to me is quite laughable. It probably is not at all humorous to the bankers of the country, whether they be big bankers or little bankers in small towns. Of course, bankers do not always have a sense of humor; nevertheless, I believe they may be forgiven for failing to laugh at this new condition.

To have a clear understanding of the circumstance, it is necessary to line up the several developments in the order of their appearance as government or administration policy.

First, it will be remembered how President Roosevelt ordered all banks closed (and some stayed closed) at the beginning of his administration. He followed that with legislation by congress that placed new restrictions on how the banks could loan money. It was a pretty good law since it prevented some sharp practices of which some bankers had been guilty.

On top of this law, some 10 or 12 months later, Mr. Roosevelt lambasted the bankers for not making loans to business. He charged them with locking their vaults, called them cowards and what-nots, trying to force money out into the channels of trade when there were few business men doing enough business to pay interest on the money they were using.

Then, the urge came for deposit insurance. Mr. Roosevelt was not enthusiastic about any federal deposit insurance scheme, but Senator Vandenberg, Michigan Republican, had developed a terrible desire to have it. He forced it through congress, and Mr. Roosevelt signed the bill. I think the time will come when the country will regret that law, but that is neither here nor there. It is on the statute books, and the federal deposit insurance corporation has a function to see that banks are properly run.

Another Depression Was the Result

There came the time when Mr. Roosevelt's policies failed to work any better than those under President Hoover, and we had another depression on our hands. Mr. Jesse Jones, chairman of the Reconstruction Finance corporation, either of his own volition or by White House urging, made several speeches and statements to the bankers as the depression got really bad. He sought to stem the tide by persuading the bankers to make more loans. Some of us here got the impression that Mr. Jones wanted the bankers to shove out the money and ask later on whether they could get it back. Anyway, the sum and substance of the situation was that Mr. Jones was urging the banks to find ways to loan money.

Then came the climax, the peak, and the laugh. Hardly had Mr. Jones concluded his series of lectures to the bankers (who, according to the Jones picture, really did not want to make money) when another government agency gets into the play. The Federal Deposit Insurance corporation had something to say about the bankers, and Chairman Crowley issued a statement to all and sundry bankers.

Said Mr. Crowley, in substance: Bankers, the FDIC insures your deposits up to $5,000 per depositor; thus they are protected. But that does not mean you can take a chance on unsound loans. You can't take any greater risk than you would if there was no insurance of the deposits. Just remember that, boys; be careful and don't stub your toes!

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