Weekly News Analysis

Reversal of Foreign Policy Seen In U. S., British Loans to China

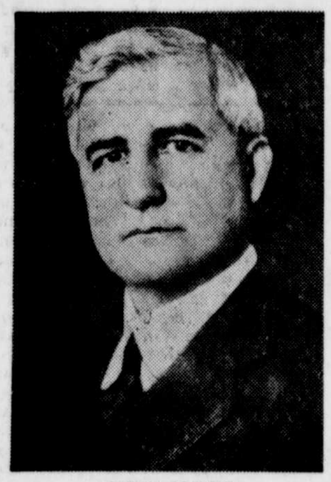
By Joseph W. La Bine

EDITOR'S NOTE—*When opinions are expressed in these columns they are those of the news analyst and not necessarily of the newspaper.*

International

Although U. S.-British sympathies in the Chinese-Jap war have always been with China, industrialists of both nations have gladly profited by selling arms to more prosperous Japan. In the U. S., this activity continued unabated until last June 11, when Secretary of State Cordell Hull asked that it be discontinued. Still later came a serious blow to U. S. prestige when Japan, having conquered Shanghai, Canton, Hankow and Nanking, proceeded systematically to shut China's "open door" in violation of the nine-power treaty. Obviously, U. S.-British supremacy in the Orient was at an end unless the two nations would reverse their soft-stepping policy and take military or economic recourse against Tokyo. After weeks of undercover negotiation between London and Washington, the recourse now emerges as economic. Still acting without apparent co-operation, the two capitals made similar news on the same day:

Washington. The government-operated Export-Import bank advanced $25,000,000 in credits to a New York company for exporting U. S. agricultural and manufactured



JESSE JONES
His bank answered Japan.

goods to China. Recognized as a very thinly veiled government loan, most funds will be used for automobile trucks and gasoline to haul munitions over the new Chinese gateway from Burma. To mature in five years, the loan is guaranteed by the Bank of China. Chief U. S. negotiator was Jesse Jones, chairman of the Reconstruction Finance corporation.

London. Now en route through parliament is an allotment of 10,000,000 pounds for export credits to protect Great Britain's far-flung foreign trade from Nazi encroachment. Already earmarked is an initial credit of 450,000 pounds for the Chinese government, to purchase trucks and roadmaking equipment for the new Burma gateway. Also under consideration is a British loan to the Chinese exchange equalization fund to help China's dollar.

While Chinese officials hailed the simultaneous moves as a "diplomatic victory," while Tokyo wondered what recourse to take, while Chinese government bonds showed good strength, Germany's foreign office commented in its official mouthpiece, Diplomatische Korrespondenz: "The United States' new policy furnishes food for thought. It shows that Washington apparently pursues aims which go beyond its old-established policy of good relations with other countries . . . No opportunity is missed for directing attacks or innuendos against authoritarian states."

Rumania

Of all the lesser European nations subjected to Nazi Germany's political-economic pressure, Rumania has alone stood up on its feet and barked back. Reason: Rumania has been able to buy her imports anywhere she desires, but Germany must have Rumanian wheat and oil. Until last fall this upper hand served King Carol well, but the ring of Nazi-dominated nations around Bucharest has now grown so powerful that he must bow to Berlin or risk economic starvation.

Thus Rumania watched anxiously as German aggression in Austria and Czechoslovakia threatened to wipe out her prospering trade with those two nations. Since most of Rumania's Czech imports came from Sudetenland, now a part of Germany, the Reich gained an enormous advantage through this territorial acquisition.

To woo Rumania successfully, Germany must only meet the dilatory competition of Great Britain, whose promise to buy part of King Carol's wheat surplus is overshadowed by a German offer to buy all of it. Thus heartened, Rumania has signed a trade agreement whereby the Reich will take almost a third of its exports, meanwhile buying half its imports from Berlin.

How long Rumania can remain independent of Germany's beck-and-call is problematical. Like a child who wants cake but won't brush its teeth, King Carol has successfully smashed the rising Nazi party within his borders. Yet he followed this coup with a totalitarian declaration under which Rumania becomes a one-party country politically similar to Germany. Likewise, while begging for German trade he has started an intensified program of fortification against German aggression.

Spain

On a gloomy November day in 1931, Spain's parliament stripped King Alfonso of his citizenship and properties. Already, the previous April, Alfonso had left for France, soon taking residence in Italy where Premier Benito Mussolini has not been unfriendly to his once-royal guest.

Since the loyalist government that ousted Alfonso is now fighting a losing battle to Generalissimo Francisco Franco, moreover since Italy and Spanish royalists are on Franco's side, observers have long thought Alfonso has a good chance of returning to the throne some day. Franco hinted as much last spring, indicating that he might retain for himself the premiership and thus make the throne a puppet post.

This theory is now strengthened by action of rebel Spain's council of ministers, not only restoring Alfonso's citizenship, but his lands as well. How soon—if ever—the exking will return to Spain is still a secret, but pessimists regard Franco's gesture as merely an insincere bid for continued royalist support which has been dwindling in recent months. Still others think Alfonso would never return to the throne, that his job would be taken instead by Prince Juan, compromise candidate of both royalist factions—the Carlists and Rennovacion Espanolists.

Politics

Smart politicians lay their campaign groundwork well in advance, swapping favor for favor, smelling out the trail that will most likely lead to success. Thus official Washington has started buzzing with rumors following (1) resignation of Commerce Secretary Daniel C. Roper and Attorney General Homer Cummings, and (2) Vice President John Nance Garner's return to the capital. That Mr. Garner visited President Roosevelt the same day Mr. Roper resigned gave an added zest to the game.

While both the President and vice president look to 1940, they apparently look in opposite directions. No public utterance followed the conference but it is quite obvious that Mr. Garner looks fearfully on the projected appointment of WPA Administrator Harry Hopkins to succeed Mr. Roper. The Roosevelt program: To strive for more New Deal gains such as governmental reorganization, and to give Harry Hopkins a build-up for presidential nomination in 1940. The Garner program: To consolidate the administration's position, to unite arguing factions and make a record in congress which will win public approval.

Both programs lead to 1940, but each goes down its own trail. In the inevitable compromise, it is expected that Mr. Hopkins will be named commerce secretary, but that in return congress will demand drastic revision of relief administration.

VICE PRESIDENT GARNER
He also looks forward to 1940.

How this solution could clarify the 1940 presidential issue is not apparent; moreover, conservative elements in the Democratic party doubt that the commerce department's immediate charge, U. S. business, will like the man whose job has been to dispense $9,500,000,000 since 1933.

While gossiping over this morsel, Washington's politicians have let pass almost unnoticed an equally important bit of groundwork leading to 1940. John L. Lewis, C. I. O. chieftain, has spoken publicly against a labor-sponsored third party, choosing instead to broaden his Labor's Nonpartisan league. Its program: To elect delegates in the presidential primaries who will assure nomination of "progressive candidates." This means that C. I. O. endorses continuation of the New Deal, and that a move to the right would cause the Lewis front to bolt from the Democratic convention.

Congress

Last winter Texas' Rep. Wright Patman offered congress a measure to tax chain stores out of existence. Its gist: To levy graded assessments from $50 per store on small chains to $1,000 per store on large chains, each store tax to be multiplied by the number of states in which the chain operated. Sample: A chain operating in 48 states plus the District of Columbia would pay $49,000 per store annually on each store over 500.

Though boasting 73 co-sponsors, Mr. Patman's bill failed. Also defeated was a New York state chain store tax, which signified that chains had more friends than their foes had expected. But an apparently dying issue was revived as congress adjourned, for Mr. Patman announced his bill would be introduced in Jan-

WRIGHT PATMAN
Fewer noses than last year.

uary, 1939, as House Resolution No. 1. Battle lines since formed presage a bitter contest next month, as chains and anti-chain agitators review their cases:

Anti-Chain. Supporting Mr. Patman is a once-potent national trend (now questionable) which caused 21 state legislatures to enact chain store taxes. Another state, Colorado, last month rejected a referendum to kill a similar levy. Having won passage of his Robinson-Patman act, also an anti-chain measure, Mr. Patman bases his new attack on familiar charges that chains (1) force independent merchants out of business; (2) cause low farm prices; (3) take money out of the community.

Pro-Chain. U. S. census figures show a decreasing number of chain stores and more independents, while federal trade commission statistics credit chains with distributing $8,000,000,000 in goods at an average 10 per cent saving to consumers. If the Patman bill passes, resultant taxes (with the Great Atlantic & Pacific Tea company, they would total more than half 1937's gross sales) would destroy practically all chains, would reportedly wipe out 30 per cent of the farmer's market, throw nearly 1,000,000 chain employees out of work and force a sharp rise in retail prices. Chains point proudly to their two-year campaign of helping farmers move surplus crops like lamb, beef, walnuts, apples, and canned grapefruit juice. Anti-Patmanites include the American Federation of Labor, speaking for its 5,000,000 members (who charge the measure would increase living costs and unemployment), and the National Association of Retail Boards, which termed it "vicious."

Counting noses on the eve of congress' opening, Mr. Patman finds his 73 original co-sponsors dwindled to 32 through election defeats, while another (New York's Caroline O'Day) has withdrawn support. If the Patman bill succeeds in reaching the house floor, political observers wonder whether continually mounting sentiment will not bury it in a protest vote.

People

Lost, by the duchess of Windsor, the title of world's best dressed woman, accorded annually by Parisian dressmakers. New title holder: Mme. Antenor Patino, daughter-in-law of Bolivia's Simon Patino, tin millionaire.

● Resigned, from the New York stock exchange's board, President Robert M. Hutchins of the University of Chicago, because the board refused to re-open its quiz of Financier Richard Whitney's "criminal conduct."

● Sold, by Franklin D. Roosevelt, 1,000 Christmas trees from the farm on his Hyde Park estate.

FORECAST

CANCELLATION of the 1933 concordat between Germany and the Vatican, to precede enactment of Nazi laws directed against the Roman Catholic church.

REVITALIZATION of Japan's drive north and west of Canton, to strengthen Tokyo's position in the event of a Russian war, which is expected very soon.

INCREASE in lending power of U. S. Export-Import bank to expand trade with Latin America.

CANDIDACY of Franklin D. Roosevelt for the Presidency, not in 1940, but in 1944.

REQUEST by small businessmen for congressional creation of a system of credit banks to meet the needs of "little business."

Bruckart's Washington Digest

Three Important Problems For Congress to Consider

National Defense, Relief, and the Railroads Are Pressing Questions; This Congress Will Not Vote Money Just to Please the President.

By WILLIAM BRUCKART
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WASHINGTON.—If it were possible to close one's eyes to the tragedy of the scene and forget all about the sadness of the world, one might produce a masterpiece of humor concerning the situation in the nation's capital this week. After the manner of the circus hawker, one might shout that the greatest show on earth is about to open; one might call attention to the fact that this show is unlike most others because it has two "big tops," and one might, without stretching the imagination, suggest that if you want to understand what is happening, or is about to happen, you had best keep your eyes trained on both tents.

Yes, in all seriousness, there are two shows this winter. One of them has many actors, many voices. It is to be found in the halls of congress on Capitol Hill. The man on the flying trapeze never excelled by comparison with members of the house and senate. Never were there better clownish acts than are staged annually in those chambers. Instead of vocal applause and much clapping of hands, however, the actors in the Capitol Hill circus want applause in the shape of votes; they want to have the home folks approve.

Now, concerning the other tent, there is only one actor. But he controls many Charlie McCarthys. He used to operate a puppet show. He made his actors perform so well that they became known as rubber stamps. But an election has intervened. Some of the strings that controlled puppets have been broken, others have become knotted, and the master actor probably has somewhat more critics in his audience than he formerly had.

National Defense and the Railroads Serious Problems

And so we get down to cases. President Roosevelt will offer to congress in a few days his program for building up the national defense. He will tell congress, as well, what the needs of the destitute are and how he conceives that they must be met.

As a third great problem, and probably the most difficult as well as of concern to every one of us, there is the question of what to do to save the railroads of the country. No official seems to have found a proper or sane solution, but to me it appears that the time has come when national action is called for in a much more concrete form than the "intellectual liberals" surrounding the White House are accustomed to advance in bringing about the more abundant life. Trains run on money, as well as steel, and if the owners do not get some money very soon there won't be more than half a dozen rail lines in the country that have escaped bankruptcy.

In addition to these problems, we are likely to see competition between the two shows for some very juicy jobs. Of course, these concern largely the north ring of the Capitol Hill circus, namely, the senate, which must confirm presidential appointments before the act is completed. It is not too much to expect that there will be considerable difference of opinion between the White House and the senate over a good many of these selections.

There is always the annual mess of appropriation bills. Work has been started on many of them by committees which have charge. But it should be remarked that the work has been only started. It is by no means finished. For in these money bills this year there are tons and tons of hot air. There are not enough rubber stamps to bring a majority vote if, as and when wanted, like it has been for the last several sessions. In other words, in the forthcoming session, unless all signs fail, there will be close scrutiny of appropriation bills.

Congress Won't Vote Money Just to Please the President

From present indications, I believe it may be said that Mr. Roosevelt will get money out of the current session of congress only when the congress decides it desires to vote money. It will not vote money just because the President says money shall be voted. Further, it appears certain that there will be no more "blank check" appropriations. The end has come for that sort of thing. Hereafter, one may expect that congress will have its say as to what is done with the money, where and how it will be spent. In other words, there is such intense hatred of Professional Reliever Harry Hopkins that the bulk of the congressional membership is awaiting an opportunity to clip Harry's wings as the world's greatest spender. And it might be added just here, too, that there are certain senators and representatives who would rather welcome a chance to take a slap at the whole new deal relief setup, not to mention a sidewise smearing that thereby would be given the President. It must be remembered that Mr. Hopkins is Mr. Roosevelt's closest friend and adviser.

This national defense program about which the administration has been doing so much talking has its merits, I believe. As far as I have talked with officials, with students of international affairs, with foreign representatives, I find none who is happy about the prospect. It is a straight-out challenge to the democracies of the world that has been waved by Hitler, Mussolini and the others. Dictatorship is feeling its oats. With Communism on the one hand and Fascism on the other, there surely is need for preparedness, and that is what Mr. Roosevelt is proposing.

Big Navy Helps to Keep Foreign Statesmen Rational

It looks like a tremendous waste of money, because hundreds upon hundreds of millions will be spent for ships, for aircraft, for fortifications. I always have felt that a big navy—the mere presence of it—helped keep some greedy and aggressive foreign statesmen in their right senses. The change in war methods that has come about from development of the airplane requires that our air force be strengthened. All of these things must be considered. But if they were not to be considered, I have two other reasons for believing the President is on the right track. I witnessed the terrific waste in the attempt to build a war machine in 1917 and 1918. If it is built up according to plans, without haste, by people who know their business, we will at least get something for our money—which we didn't in 1917. Those who have ever visited the James river in Virginia surely will agree with that statement after they have seen several thousand boats, built for war purposes, rotting to the water's edge without ever having been used.

The second reason to be mentioned is that expenditure of money for this type of construction is going to mean jobs. It will take many people off of relief. Again, surely it is worth more to have something substantial built than to have strong men raking up leaves or building privies.

Before the debate on the defense program is over, of course, there will be charges that Mr. Roosevelt has set up a hobgoblin of fear. He will be charged with having proposed the defense program to distract attention from his failure to help business out of its slump. There is some truth in that. But there is truth in the reports that we are not protected, as a nation, and that our army and our navy would be like a terrier fighting a police dog if we should have to mix it with any foreign power.

Railroad Picture Important As Is the Defense Program

The railroad picture is as important in a domestic way as is the defense program. Indeed, I can not help wondering what our defense program would be like if the rail lines break down. I am told that the war department has figures showing that if the railroads were called upon to haul 25 per cent more traffic now than they hauled in 1937, some of the freight trains would be taking short cuts across corn fields and trying to leap over creeks.

Some of the senators and some administration officials want to provide additional government loans to the rail lines to help them build up their rights of way. That sounds foolish to me. To loan them more money is simply to break their backs with added debt. They have all of the debt that they can stand now.

I have about reached the conclusion that an actual subsidy to the railroads may be the best and the cheapest thing to do. Give them cash; treat them as other means of transportation have been treated. There is no use denying it, for the government has subsidized waterways. It is giving cold cash to the merchant marine. It has subsidized highway construction which in turn enabled the sale of motor cars. It has given funds for airport construction and has construction lighted airways for planes. Each and every one of these is a subsidy and calling them by any other name does not change the fact.

It would seem to me, therefore, that if the administration and congress were to vote a plain subsidy of a couple of hundred million dollars a year for, say three years, they would be rebuilding an industry we must have for peace as well as war. The funds could be granted for use on roadbeds and buildings.

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Ask Me Another

● *A General Quiz*

The Questions

1. What is meant by the open door in China?
2. Can you complete the following proverb: "Many go out for wool—"
3. Why are U. S. senators designated "senior" and "junior"?
4. What four nations were the chief colonizers of the territory now constituting continental United States?
5. What three men lived to see their sons elected to the presidency?
6. Has the opera, "The Mikado," ever been produced in Japan?
7. How long has the Vatican state been so called?

The Answers

1. Equality of opportunity for all nations.
2. "That come back shorn."
3. The senator from a state who was first elected is the senior senator and the one last elected is the junior.
4. Great Britain, Spain, Holland and France.
5. John Adams Sr., father of John Quincy Adams; Dr. George Harding, father of Warren G. Harding; John Coolidge, father of Calvin Coolidge.
6. It has not for the reason that the emperor of Japan is considered a deity and the public would regard the travesty as sacrilege.
7. The name was created for the territory in Rome belonging to the Holy See by the Lateran treaty, signed by Cardinal Gasparri, on behalf of the pope, and by the representative of the king of Italy, on February 11, 1929.

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