Weekly News Analysis

Congress Wins Economy Tussle But Finds It Holds Hot Potato

By Joseph W. La Bine

WHEN SOCIAL SECURITY COSTS WENT DOWN

Secretary of the Treasury Henry Morgenthau Jr. (left), as he recommended before the house ways and means committee that a limited old age reserve fund be substituted for social security's controversial $40,000,000,000 "full reserve" plan. At the right is Arthur J. Altmeyer, social security board chairman.

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

Congress

U. S. business was pouting genuinely last February when Harry Hopkins made his famous Des Moines speech promising a new administration effort to start the recovery ball rolling. But to business men, recovery was precluded by high relief costs and "exorbitant" taxes. When the administration indicated unwillingness to slash costs, Mr. Hopkins' highly touted "appeasement" plan bogged down and in its place arose the most hostile, economy minded congress President Roosevelt has ever faced.

Many administration leaders, like Secretary Morgenthau and Vice President Garner, are economy bent. Others, like Federal Reserve Chairman Marriner Eccles, a White House favorite, believe government should spend when industry will not, providing a semblance of normalcy. But so unpopular a philosophy bucks the public trend, which is poor politics. A smarter course is to give congress and the nation its economy. If prosperity results, the White House will bask in glory; if it misses fire, the public can be reminded that the White House counseled against it all along.

Whatever the reasoning, a sudden switch in administration attitude has brought new peace to Washington:

Eccles Demarche. Appearing before a special senate silver committee, Mr. Eccles confounded his audience by advocating governmental economy. His reasoning: "While I am convinced that such a policy . . . under present conditions would have disastrous results, we live in a democracy, and, therefore . . . the viewpoint of the majority should promptly be made effective." His suggestion: That federal spending be concentrated on non-competing public activities, i.e., buildings, roads, schools, hospitals, housing.

Morgenthau Demarche. Next day Mr. Morgenthau gave administration blessing to congressional plans for postponing scheduled increases in payroll contributions for social security, also endorsing a pay-as-you-go system founded on sound actuarial principles. Present assessments are 1 per cent each against employer and employee. In 1940 and 1941 this would jump to 1½ per cent each; 2 per cent to 1945; 2½ per cent to 1948; 3 per cent each after 1948. Mr. Morgenthau's four alternatives:

(1) One per cent to 1940; 1½ per cent to 1943; 2 per cent to 1946; 2½ per cent to 1949; 3 per cent after that.

(2) Boost from 1 to 1¼ per cent in 1940; to 1½ per cent in 1941; to 1¾ per cent in 1942; present schedule thereafter.

(3) Boost from 1 to 1⅙ per cent in 1940; to 1⅓ per cent in 1941; to 1½ per cent in 1942; present schedule thereafter.

(4) Omit increase to 1½ per cent in 1940; step up rates in 1943 and follow present schedule thereafter.

Morgenthau reasoning: The trend of business conditions in specific future years could not be accurately foreseen in 1935 when social security was started under the present $40,000,000,000 reserve plan. Today it appears a $3,000,000,000 reserve would be sound.

Also recommended was a trustee board to hold social security funds, thereby spiking criticism that the money is now being used to pay governmental expenditures. Under actual operation, payroll contributions now go to the treasury, are shifted to the old-age reserve fund, then invested in treasury securities to bring the cash back to the general fund.

Sour Note. Given a highly coveted concession, congress has found economy is easier to talk about than enforce. Next on the list is the farm appropriations bill, carrying a $250,000,000 item for parity payments which had not been included in the original budget estimate. Farm-state representatives, foreseeing political suicide if parity appropriations were not made, hoped the money might come from a renewal of processing taxes. Industrial-state lawmakers knew their constituents would object. And both groups reflected that less social security income would leave Secretary Morgenthau's cupboard bare.

Pan-America

In early March Brazil's Foreign Minister Oswaldo Aranha arrived at Washington, spent two weeks making friends and returned home with a basketful of plums. In return for liberal U. S. credit allowances to develop Brazilian trade and industry (partly a Pan American defense measure) Senor Aranha agreed to resume payment on Brazilian debts to U. S. bondholders on July 1.

But commitments that were convenient in Washington were hard to

OSWALDO ARANHA

Back home, his tone changed.

repeat when the foreign minister returned to Rio de Janeiro. To pacify hard-pressed Brazilians, the smooth-tongued statesman told his home folks that "I always subordinated that moral obligation of payment to material capacity to do it . . . My theory (in promising payment) was to tranquilize more than half a million holders of our bonds."

Observers have decided Senor Aranha is merely playing a clever game of diplomatic hide and seek. From safely within his own bailiwick he can make pointed inferences that Brazilian bond payments will not be forthcoming as expected unless U. S. tradesmen jump to reduce his nation's large surpluses.

People

Organized, by **Mrs. Ken Maynard,** estranged wife of the cowboy actor, an escort service to assist inebriated Los Angeles night club guests to their homes.

● Turned religious, **Al Capone,** former Chicago beer baron now imprisoned at Terminal Island, Calif. When a visiting minister asked prisoners to stand if they "felt the need of the Saviour," Capone was the first to rise.

Europe

Almost forgotten in the heat of European affairs was a prediction that came true: That March would be a crisis month. As March neared its lamb-like end, Reichsfuehrer Adolf Hitler and Premier Benito Mussolini had indeed engineered a crisis and Europe's democracies were found wanting. The blunt fact: For nine days after Germany's Czech conquest, France, Britain, Russia and Poland sought unsuccessfully for solidarity while Hitler made hay in Slovakia, Memel, Lithuania, Belgium and Rumania. The aftermath: Mussolini found courage to cry openly (for the first time) for French concessions. By the month's end it appeared flowers would bloom this April in Europe, for only the remote possibility of French anti-Italian action could mar an otherwise complete Nazi-Fascist victory:

Germany. Of minor importance to jittery London and France are new German treaties handcuffing Slovakia and Lithuania. Of greater interest is the barter treaty with Belgium, an inroad that strikes close to home. But most important is the pact Hitler shoved down the throat of Rumania's King Carol. Its gist: About 90 per cent of Carol's farm products, and most of his 9,000,000-ton annual oil production go to Germany; Rumania is brought politically, militarily and economically into the Reich's orbit by concessions unprecedented in modern economic relations between two sovereign nations. With Hitler apparently headed eastward, Rumania offers an excellent Trojan horse for penetration of the Russian Ukraine. But increasingly remembered is the fact that another empire-bound warrior, Napoleon, met his match in Russia.

Spain. By late March the 32-month civil war had apparently run its full course, ready to end with a Nationalist victory, to be followed by German-Italian domination.

Italy. All that remains to complete totalitarianism's 1939 conquest

RUMANIA'S KING CAROL

Something was stuffed down his throat.

is French capitulation to Mussolini's Mediterranean demands. No competent observer expects Paris to balk at (1) giving minority rights to Italians in Tunisia; (2) granting Italy a share in administration of the Suez canal, or (3) allowing Italy to control the railroad from French Djibouti to Addis Ababa, Ethiopia's key city. So long as no territorial demands are made, Paris will register nothing more positive than an air of righteousness.

Significance. Europe's future will henceforth be dictated from Rome and Berlin, since democratic solidarity efforts continue to fail. France and England cannot be expected to oppose any dictator conquest short of encroachment on their own territory, and even here they would balk at armed opposition.

Miscellany

Favored, by more congressmen, expansion of the neutrality act's "cash and carry" provision to include sale of munitions to warring nations.

● Commemorated, by a special Irish postal stamp, the 150th anniversary of the American Constitution and George Washington's installation as first U. S. President.

● Offered, by Japan, return of mandated Caroline islands to Germany "as a gesture of good will and an example to other countries holding former German colonies. Stipulation: The islands are to be surrendered when the Reich recovers colonies from Britain and France.

Trend

How the wind is blowing . . .

RISK—Thanks to Adolf Hitler, rates on marine war risk insurance covering shipments through the Baltic sea have been raised.

SPIES — Attorney General Frank Murphy reports foreign spies are becoming more active in the U. S., but that federal counter-espionage agencies are prepared to cope with them "100 per cent."

TREES — The national forest service in 1938 planted 140,000,000 trees in 31 states, covering 154,268 acres.

DIVORCE—Seeking new industries, the Kansas legislature is considering a one-day divorce law to attract more people to the state.

FORECAST

RESIGNATION of John W. Hanes, undersecretary of the U. S. treasury, due to difficulty of closing breach between business and government.

RELEASE of Kurt Schuschnigg, former chancellor of Austria who has been held captive by Germany since the anschluss a year ago.

APPOINTMENT of University of Chicago President Robert Maynard Hutchins to chairmanship of the securities and exchange commission, following new Supreme Court Justice William O. Douglas.

GROWTH of U. S. third party movement by Philip LaFollette, former Progressive governor of Wisconsin and founder of national Progressive party.

Bruckart's Washington Digest

Find Joker in Department of Agriculture Appropriation Bill

It's the Soon-to-Be-Famous Food Stamps and Here's How Advanced Thinkers Think It Will Work; Billion Dollars Is All They Want.

By WILLIAM BRUCKART

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

WASHINGTON.—It was not so long ago—six or eight years, perhaps—that the annual cost of the department of agriculture to the taxpayers of the country amounted to something like $40,000,000. There was some talk even in those days about the drain upon the federal treasury resulting from department of agriculture operations. The totals were questioned; many persons wondered whether the politicians were justified in voting that much money to the department because there was little to show in the way of results. That is, congressmen could show very little except the packages of seeds sent out to their districts.

It was in those days, however, that the department of agriculture was seeking to operate effectively. Farming was not regarded by the folks who used to run the department as a subject for politics. The departmental officials were going about their business, rendering assistance in the form of advice and promoting better farming—when the farmers asked for it.

I was reminded of those days recently when the house appropriations committee brought out for consideration the appropriations bill for the department of agriculture for the fiscal year that begins next July 1. A Rip Van Winkle who could have slept through the last 10 years would have believed, truly, that he was in another world. The new money bill for the department contains a total of more than $1,000,000,000. The measure, indeed, ranks as the third largest appropriations bill of this year when altogether there is likely to be almost $10,000,000,000 appropriated.

What Is Planned to Do With a Billion Dollars

It is extremely difficult to realize what a billion dollars is. That is, it is difficult for me to understand what it is. I can write the figures glibly enough. But to comprehend that sum of money, or a billion of anything, is something almost outside the pale of human knowledge. Yet that is what the department of agriculture seeks this year, and here is how that money is supposed to be divided:

$429,560,000 for soil conservation payments.

$250,000,000 for parity payments.

$191,000,000 for road building.

$21,462,000 for soil and moisture conservation and operations.

$24,984,000 for the farm tenancy program.

$7,175,000 for eradicating tuberculosis and Bang's disease.

$6,996,570 for the weather bureau and its services.

$4,978,000 for retiring submarginal lands.

$1,631,000 for soil and moisture investigation.

$1,500,000 for wild life restoration.

$300,000 for co-operative farm forestry.

$250,000 for the water facilities program.

There were some other odds and ends embracing items of 20 or 40 or 90 thousand dollars, amounts so small that men almost smirk because they have forgotten how to speak in such limited numbers.

Then, and here is the joker which is hidden away. I really should not say "hidden" because no reference is made in the agriculture bill language. The joker is that there are almost countless millions of other dollars with which the department can play around, including approximately $100,000,000 of money for use in getting rid of farm surpluses. That is the money from which Secretary Wallace and his advanced thinkers will draw funds for the soon-to-be-famous food stamps.

The country got its belly full of blue eagles before the NRA was plowed under. But the undistinguished, yet befitting, end that came to the NRA blue eagle has not deterred the advanced thinkers from attempting something else that is blue—a blue stamp for relief food. Yes, relief workers will have the same wages as before, but they will receive free blue stamps with which to buy surplus products for foods.

How Wallace's Men Think Blue Food Stamp Will Work

I must write a little bit about that blue food stamp, about how the advanced thinkers think it will work, before I report on the main department of agriculture appropriation bill.

It seems to be Secretary Wallace's idea of a more abundant life to designate certain farm products each week as being "surplus" and to help get them off of the glutted market by making them available for relief workers' kitchens. The first trial of the scheme will be limited to six cities. In those areas, the relief supervisors will be supplied with books of blue stamps. They are rather pretty stamps, too. Each WPA worker will get a book of stamps of a specified value. He can take those stamps to his grocery store and use them just like they were quarters, or half dollars or dollars. The groceryman will take them and he will be paid honest-to-goodness United States money for them. Thus will the surplus stocks of food products be reduced and the remainder will bring better prices. Or so say the advanced thinkers.

When I read the explanation of the program that was sent me by one of Mr. Wallace's publicity staff, the first thing that struck me was the extreme discrimination that will result. It is easy to see. Take any man who is trying to hold down a private job. It may be paying him only $50 a month, or about the same as the relief worker gets. Naturally, he would like to be making more money. Who wouldn't? But he sticks on his job and stays off of relief. Then, when he gets paid he goes to the grocery store to buy some food. He pays cash, and gets his food.

About the same moment a relief worker walks in, orders the same list of groceries, perhaps, and pays for them out of a stamp book. It appears to me that the hard bitten private worker is going to find little solace in remaining on his job. It strikes me he—and millions of others—are going to be resentful of such tactics.

See Possibility of Creating A Lot of Bootleggers

There is another phase of the picture which was mentioned to me by Representative Hope of Kansas, one of the ranking members of the house committee on agriculture. He suggested that the blue stamps are going to create a lot of bootleggers. For example: the relief workers are not permitted to buy liquor with the stamps. They won't be redeemed if they are used to buy anything but food. However, Mr. Hope could see no reason why a relief worker couldn't use the stamps to buy liquor from a liquor store and the liquor store owner might possibly be a crook. It is possible, you know. He might own a food store, too, or he might have an understanding with a food store owner who would take the stamps at a few pennies discount. What is to stop such procedure? It's your guess.

The whole thing strikes me as being so silly as to defy one's powers of imagination. It is dealt with here at such length only because I regard it as typical of a great many things that are going on within the department of agriculture for which more than $1,000,000,000 is soon to be appropriated for a year's operations. The blue stamp scheme is destined to fail, even as the plowing under of crops and the slaughtering of 6,000,000 pigs was doomed a-bornin' and as the limitation of crop production was certain to flare back on those who were sucked into the maelstrom of nit wit plans.

Now, lest I be misunderstood, let me restate with emphasis that there is good work that the department can do, and has been doing. Road building appropriations, for instance. Where would this country be had there been no attempt to build usable roads? Who can say that eradication of tuberculosis and Bang's disease among live stock is not a valuable aid to farmers?

Learn Beautiful Phrases But at Rather High Cost

I am not prepared to say that the wild life restoration program is wholly bad. It seems probable that the country ought to rebuild the wild life stocks that have been wantonly destroyed in the days when people could go out and shoot ducks or deer or what have you without thought of the morrow. It is a program for which considerable justification can be advanced.

But it is to be noted that most of these items are small. Neither the department of agriculture administration nor the members of the house and the senate have seen fit to do more than maintain them. I have seen the inmates of the capitol squirm and fuss and scowl about some of them, while swallowing the items reaching into hundreds of millions with the greatest of glee.

As I said, it was not so long ago that department of agriculture appropriations were regarded as huge if they totalled 40 millions. As far as I can see, agriculture is no better off today than it was in those years. Of course, a very great number of farmers have learned that the beautiful phrases like "the more abundant life" and such, are meaningless. But I venture the assertion that the education has been rather expensive.

From all of these things it is surely made to appear that there are some large Ethiopian gentlemen in the wood pile. When the politicians and the advanced thinkers joined hands to manage agriculture, just then federal expenses for the department of agriculture began zooming upward.

© Western Newspaper Union.

These New Patterns Have Lovely Lines

THE full-sleeved, high-waisted dress (1721) is a perfectly charming fashion for afternoon parties, club meetings and luncheons. It does nice things to your figure, because the bodice is gathered into just enough fullness, and the high waistline makes you look slimmer around the middle and over the diaphragm. Make it of silk crepe, georgette, prints or chiffon.

Here's a simple little pattern (1670) that brings you one of the very smartest styles of the season—the button-front frock for ev-

ery day wear. It has wide shoulders, a flaring skirt, and the fitting is all by means of simple darts that draw in the waistline and fill out the bust. Flat crepe, prints, thin wool and linen are nice materials for this dress.

The Patterns.

No. 1721 is designed for sizes 34, 36, 38, 40, 42, 44 and 46. Size 36 takes 4⅓ yards of 39 inch material. One yard edging for neckline.

No. 1670 is designed for sizes 34, 36, 38, 40, 42, 44 and 46. With long sleeves, size 36 requires 4⅜ yards of 39 inch material. With short sleeves, 4 yards.

New Spring-Summer Pattern Book.

Send 15 cents for Barbara Bell's Spring-Summer Pattern Book! Make smart new frocks for street, daytime and afternoon, with these simple, carefully planned designs! It's chic, it's easy, it's economical, to sew your own. Each pattern includes a step-by-step sew chart to guide beginners.

Send your order to The Sewing Circle Pattern Dept., 247 W. Forty-third street, New York, N. Y. Price of patterns, 15 cents (in coins) each.

© Bell Syndicate.—WNU Service.

They won't BELIEVE ... it's CASTOR OIL

Good old reliable castor oil, a household stand-by for generations, has been "modernized" at last. A brand new refining process washes away all the impurities, which, in the past, made castor oil so objectionable, leaving Kellogg's Perfected Tasteless Castor Oil odorless, tasteless, EASY TO TAKE, full-strength, always dependable. Get a bottle of Kellogg's Perfected today for general family use. Demand genuine Kellogg's Perfected — accept no so-called "tasteless" substitute. Sold at all drug stores in 3½ oz. refinery-sealed bottles—only 25c a bottle. Approved by Good Housekeeping Bureau.

KELLOGG'S *Perfected*

Keeping at It

Perpetual pushing and assurance put a difficulty out of countenance, and make a seeming impossibility give way.—Jeremy Collier.

How Women in Their 40's Can Attract Men

Here's good advice for a woman during her change (usually from 38 to 52), who fears she'll lose her appeal to men, who worries about hot flashes, loss of pep, dizzy spells, upset nerves and moody spells.

Get more fresh air, 8 hrs. sleep and if you need a good general system tonic take Lydia E. Pinkham's Vegetable Compound, made *especially for women*. It helps Nature build up physical resistance, thus helps give more vivacity to enjoy life and assist calming jittery nerves and disturbing symptoms that often accompany change of life. WELL WORTH TRYING!

***Give a Thought to* MAIN STREET**

• For, in our town . . . and towns like ours clear across the country . . . there's a steady revolution going on. Changes in dress styles and food prices . . . the rise of a hat crown . . . the fall of furniture prices—these matters vitally affect our living . . . And the news is ably covered in advertisements.

• Smart people who like to be up-to-the-minute in living *and* current events, follow advertisements as closely as headlines.

• They know what's doing in America . . . and they also know where money buys most!