**Weekly News Analysis**

# German 'Encirclement' Rushed But Poland Fears Firm Stand

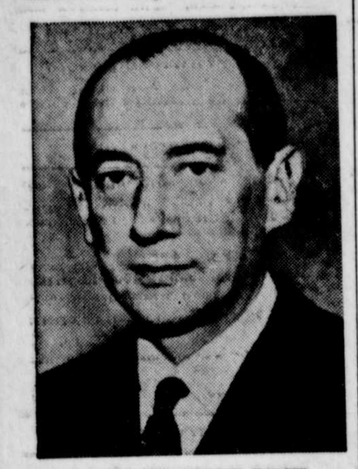
**By Joseph W. La Bine**

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

## Europe

*"The regime of pre-war days had but one fault—it knew the devilish plan of encircling and attacking us, yet it lacked the power or will to ward it off . . . No power in the world can ever again force us to our knees."*

Thus spoke Adolf Hitler at Wilhelmshaven, one day after Britain's Prime Minister Chamberlain had shocked the world by promising to defend Poland against Nazi aggression. Though Der Fuehrer barked boldly, it appeared the heretofore ineffectual Stop Hitler drive had at



**POLAND'S JOSEF BECK**
*He will continue fence-straddling.*

last taken small roots, and that Germany was indeed being encircled.

Outside of Russia, which still scoffs at French-British solidarity efforts, Rumania and Poland are eastern Europe's principal anti-Nazi frontiers. Even as Mr. Chamberlain announced the new Polish guarantee, France was busying herself with Rumania. In Paris the French agreed to double their purchase of Rumanian oil and slash 60 per cent off import duties on Rumanian farm products. Thus will King Carol's Bucharest government be protected from complete economic overlordship under the new trade treaty forced by Germany.

Within a few more days other results appeared. Rumania and Poland, with French-British blessing, reportedly renovated their two-power military alliance to make it operative against Germany as well as Soviet Russia. At the same time Britain apparently extended border guarantees to Rumania.

There was good likelihood, however, that scoffing Russia might be right. En route to London for a three-day conference, Poland's Foreign Minister Josef Beck found a chilly reception in Berlin, which probably made him acutely aware that he must make no rash commitments to the British. After straddling the political fence for years, Poland had its choice between mercy at the hands of Germany or a "security" with France and Britain, the latter meaning little in the light of Czecho-Slovakia's experience.

A good sign of Polish thought was the comment in Kurjer Poranny, semi-official newspaper: "There is no alliance or bloc . . . the British commitments are not in contradiction to nonaggression treaties signed by Poland with Germany and Russia . . . Poland always tries to conform not only to the formal side of these treaties but also to their spirit.

## Asia

For almost a year Japanese aggression against French-British colonial interests has followed on the heels of European dictator coups. With London and Paris jittery after Munich, Tokyo walked into Canton. On February 10, just after Italian troops helped General Franco capture Barcelona and put democracies on the run again, Japan occupied strategic Hainan island which was smack in the middle of the French-British sphere of interest. Moreover, the seizure defied an earlier agreement with France.

With France and Britain again jittery in the wake of Hitler's Czech and Memel conquests, Japan has struck again. The victim: France, who in 1933 laid formal claim to the seven Spratly islands lying 350 miles southwest of the American Philippines, 350 miles west of British Borneo and 350 miles east of French Indo-China.

Though discovered in 1867, the islands went unclaimed until France's declaration of sovereignty. Useful economically only for phosphate, the Spratly group offers Japan a snug haven for seaplanes and submarines which might disrupt French-British-U. S. trade. At Tokyo the foreign office pointed out that Japs have worked Spratly phosphates since 1917, investing capital and establishing small settlements. But since France neglected to establish administrative jurisdiction (a grave oversight) Japan decided to claim the reefs "to eliminate disadvantages and inconveniences."

The expected result of France's protest: Nothing.

## Spain

Though recognition by the United States again placed Gen. Francisco Franco's Spain in the good graces of international society (all other major powers had previously recognized the Nationalist government) the war-torn Iberian peninsula still faces a tremendous task. Franco's sole ineffectual international gesture as a European power has been to join Germany, Italy and Japan in the anti-Communist pact. Having thus shown European democracies his heels, the tired generalissimo could turn to more pressing internal problems. Among them:

**Order.** Though Spain needs manpower to rebuild, many moons will pass before unemployment will be solved. Still breathing in their second wind after 32 months of war, discharged Spanish soldiers will not readily bow to anything less than military law. Franco's answer is expected to be a 1,000,000-man army until early 1940.

**Health.** Substantiated reports from Madrid tell of a scurvy-like disease sweeping former Loyalist territory, caused by lack of fresh fruits, vegetables and milk. Its medicine chest emptied, short of bandages, iodine, salves and medicines, Spain has sent hurry-up orders to cope with the sorriest physical plight an enlightened nation has suffered in modern times.

**Housing.** Though intent on restoring shell-pocked Catholic churches

**JULIAN BESTEIRO**
*A humanitarian was court-martialed.*

in Madrid and other former frontier points, Franco faces a far greater carpentry job in placing roofs over several hundred thousand ex-Madrilenos who fled the capitol in war, returning in peace to find their metropolis a shambles.

**Revenge.** Most Loyalist leaders like Gen. Jose Miaja fled Spain after hoisting the white flag of surrender. Two notable exceptions were Gen. Segismundo Casado, war minister of the defense council, and Julian Besteiro, a moderate Republican who took no active part in the war except to supervise feeding women and children during Madrid's two-year siege. Humanitarian or not, Senor Besteiro was arrested and court martialed along with General Casado.

**Finance.** Before the war Spain's gold reserve of $740,000,000 was exceeded only by the U. S., Britain and France. Also on hand were vast hoards of silver. By April, 1938, the U. S. federal reserve bulletin reported Spanish gold had dropped to $525,000,000, and by this month as General Franco entered Madrid, nobody apparently knew where any Spanish gold might be. One vague hint was that Marino Gamboa, a rich Loyalist-sympathizing Filipino, had moved most of it to Mexico and thereby insured the solvency of Loyalist refugees. Meanwhile Nationalist Spain held an empty bag.

## People

Born, **President Roosevelt's** ninth grandchild, a boy, to Mr. and Mrs. John Boettiger (**Anna Roosevelt Dall**), at Seattle.

● Appointed, New Hampshire's liberal former Sen. **Fred H. Brown,** to the U. S. comptroller generalship.

● **Douglas Fairbanks,** ex-movie star, has been ordered to return $72,186 refunded by the U. S. on income tax payments in 1927-28-29.

## Argentina

In southern Argentina lies little-known Patagonia, *(black section on map)* on whose 267,000 square miles live only 77,750 souls. Though neglected, it constitutes a good third of the nation's territory, a fertile land for expansion in days to come. But Germany also seeks to expand, and surprised Argentinians recently read in their newspaper Noticias Graficas the unsubstantiated report of an outrageous plan:

Germany's Argentine embassy is said to have advised the Berlin colonial office that "Patagonia is nobody's land and we can annex it . . . Argentina considers it hers on the basis of outdated political ideas." Another passage allegedly said the report was submitted with "the theoretical supposition that the whole territory should be annexed as a field for settlement and economic activity by Germans."

While the German embassy fumed and denied, all departments of the Argentine government were ordered to start investigations. What might otherwise be an unimportant issue may have great effect, for Argentina alone among South American nations has been loathe to break away from German trade alliances. If Patagonia is indeed threatened, Buenos Aires will be quick to seek shelter in Pan-American solidarity.

## Labor

The unhappy plight of U. S. employer-employee relations may be due either to (1) the Wagner labor relations act, or (2) American Federation of Labor's battle with Congress of Industrial organizations. Like an impatient school teacher, both congress and the White House have resolved to end this squabble, the White House by sponsoring A. F. of L.-C. I. O. peace talks, congress by amending the Wagner act.

When April 11 was chosen starting date for senate committee hearings on Wagner amendments, labor peace talks were in full bloom. But so strong are the workingman's feelings about the proposed changes that many a peace advocate thought hearings might have been delayed until labor's warring factions either make up or draw swords.

To amend the Wagner act, congress can pick from four sets of proposals, all opposed by C. I. O., three of them submitted by coherent factions with special interests:

(1) By Massachusetts' Sen. David I. Walsh, obviously favored by A. F. of L., which opposes all other proposals: Curtail the national labor relations board's power to invalidate union contracts; require NLRB elections by craft rather than by industrial units; permit employer petitions for elections; permit appeals in representation cases.

(2) By Nebraska's Sen. Edward R. Burke, and supported by the potent, strike-weary National Association of Manufacturers: Require that NLRB have representative from labor, management and the public; outlaw deduction of union dues from pay envelopes; outlaw "coercion" by either employers or unions; establish code of "unfair labor practices" for unions as well as employers; forbid strikes unless a majority of employees approve; require all union officials to be U. S. citizens; permit transfer of "unfair labor practice" charges from NLRB to federal district court.

(3) By Oregon's Sen. Rufus Holman: To split NLRB's duties. Administrative and investigatory power would be vested in a labor relations commissioner. Final decisions would be made by a nine-member labor appeals board.

(4) By Kentucky's Sen. M. M. Logan, supported by the National Grange and other farm groups: To extend exemption of agricultural workers under the Wagner act to processors and packers of farm produce.

## Miscellany

Figured, by New York's Rep. Bruce Barton, that the stock market usually gains when President Roosevelt goes fishing or vacationing, usually falls when he goes on a speaking tour.

● Struck, 338,000 Appalachian coal miners after eastern soft coal operators and United Mine Workers representatives failed to agree in wage-hour negotiations.

● Signed, by Russia and Japan, a one-year pact permitting Tokyo fishing fleets to operate off Soviet Asiatic waters, thereby avoiding an almost certain clash this month.

## PROGRESS

**CHEMURGY**—Under a new process, inedible starch can be converted into a transparent wrapping substance at a cost of less than three cents a pound.

**AVIATION**—Capt. Hans Dieterle, German army pilot, has flown an airplane (with 1,175-horsepower engine) at 463.9 miles-per-hour to set a new record.

**GLASS** — At Philadelphia's Franklin institute, scientists were recently shown a new automobile safety glass which bends but will not break, thanks to a plastic "sandwich" filler between the two glass layers.

**ELECTRICITY** — Ninety-seven per cent of the 21,000,000 wired homes in the U. S. have electric irons, 40 per cent have washing machines and vacuum cleaners, and more than a third have refrigeration.

## Quiz . . .

*If you read News Analysis, you should be able to answer these questions:*

● What Argentine territory is allegedly coveted by Germany?

● Identify: Gen. Segismundo Casado; Spratly islands; Fred H. Brown; Col. Josef Beck.

● Of what substance is a new transparent wrapping material made?

● Where might Spain's huge gold reserve have been taken by fleeing Loyalists?

● How is the Polish-Rumanian military alliance being expanded?

● What nation has just signed a trade treaty with France?

***Bruckart's Washington Digest***

# Weakness of Unsound Legislation Does Not Remain Concealed Long

### Old NRA Is Striking Example of Careless Lawmaking; Now Comes Up the Unworkable Conditions of Guffey Law That Has Cost Coal Industry Millions.

By WILLIAM BRUCKART

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

WASHINGTON.—Unsound and unworkable laws have a way of concealing their weaknesses for varying lengths of time. It seems to be true, however, that those weaknesses, like one's sins, will be found out. This is especially true of written laws that are predicated upon a formula of how things ought to be done, rather than upon the basis of known acts and customs and living conditions of the people who make up our nation.

Take the old NRA, for example. Its glaring weaknesses and impossible prescriptions were discovered rather soon by the persons and businesses who had to abide by the terms of that law. It was not so long, however, before most of us discovered that the artist who had sketched the original design of the blue eagle had made a mistake. You will recall, of course, that the design had 13 feathers in one wing and 12 in the other. That was bound to make the bird fly in a circle, and how true it was of the law, itself! Even, then, there were many persons who believed the law was not given a sufficient trial before the Supreme court mowed it down.

Among those who held a conviction that NRA would work was Senator Guffey, the Pennsylvania New Dealer. It is the same Senator Guffey who attempted to destroy, politically, all Democrats who disagreed with President Roosevelt—tried to "read them out of the party" in a radio address.

Senator Guffey, with the aid of John L. Lewis and the C. I. O., pushed through congress the so-called Guffey-little NRA coal law. The coal industry was divided in sentiment about the bill, as I remember the legislative battle, but Senator Guffey won. There came about a national bituminous coal commission, with power to fix prices, with power to compel a lot of other things, including the right of punishment under other laws if a coal mine owner should commit the horrible crime of selling below cost in order to get rid of his coal.

### Guffey Law Cost the Coal Industry Many Millions

The first law so enacted was mowed down by the Supreme court just the same as the original and big brother NRA. Senator Guffey tried again. And so for two years, or thereabouts, there has been a law in force that applied the same principles of regimentation as NRA to the coal industry, and during that time, according to official reports, the soft coal industry has lost money. It lost $37,000,000 in 1937, and it lost about $60,000,000 last year, the coal commission has reported.

Naturally, the coal mine owners are not taking this loss without a squawk. It is not a great deal more than a chirp, however, because the production of coal dropped from 442,000,000 tons in 1937 to 342,000,000 tons in 1938. That is pretty rapid reducing, even if the industry were really fat.

In consequence of this, and other conditions affecting labor and property, Representative Allen, a Pennsylvania Democrat, has introduced in the house a bill to reconstruct the Guffey law. His proposal would eliminate the price fixing; it would eliminate the special tax on the coal industry for upkeep of the high powered, but more or less futile, coal commission, and it would place the industry again on a basis where its individual mines would be competing for public patronage instead of inducing bootlegging of coal.

I mentioned above that the industry had lost money. Well, you and I, as buyers and consumers of coal, not to mention the thousands of great manufacturing plants using coal, also lost money because of the Guffey law. We lost money because of the price conditions. We would be penalized in a big way if the coal commission could ever have accomplished the almost insurmountable job of establishing a set of federally fixed prices. It would have cost us money because we would pay the price that was fixed, and that price would have to be high enough to allow a profit for the lowest grade and most inefficient mine operator.

### Another Tug of War Between Coal Miners and Operators

One of the reasons the mine owners lost money was because many who supported the law were convinced it would mean increased wages for the workers. The United Mine Workers of America, headed by Mr. Lewis, believed so, and two years ago they demanded and obtained an increase of 10 per cent. During the debate on the bill in congress it was talked freely that the miners could get a wage increase and it could be passed on to the consumers. This would be true, it was said, because the coal commission would fix the prices and the selling price, as fixed by law, would have to be above production costs. Certainly, labor's wage is a part of production costs, and the public would not feel it.

The contract then negotiated expired recently and a new one is now being considered in the regular tug of war that occurs between miners and operators every two years. In the meantime, however, things happened to labor in the soft coal mines. As I mentioned above, there was a decline in production of coal. It figures out at 22 per cent. That obviously means that, while labor obtained an increase of one-tenth in the rate of pay, it worked only four-fifths as much time according to the records available to me. I fail to see where labor gained from the law. Moreover, from the federal relief authorities I learn that living conditions and buying power among the persons living in coal mining areas have declined almost in direct ratio to decline in production of coal.

With respect to the added taxation placed upon the owners of the mines, the surface indications and the original declarations of supporters of the law have proven to be quite misleading. The law required the industry to pay a tax of one cent a ton and to meet assessments to cover the expenses of boards that were set up in the various regional areas. It is easy to calculate that the one cent tax raised $3,420,000 on 342,000,000 tons, produced last year. But that figure does not show the extra assessments that were paid to the regional boards, nor does it reveal that every mine owner had to hire extra clerks in the company offices to take care of all of the various and sundry reports that the national commission and the regional boards saw fit to require.

### Simply Became an Added Expense Borne by Industry

Again, it was expected that these costs and taxes would be absorbed—a nice word for concealing the facts from the consumers—in the selling price that was to be fixed. But, as I reported earlier, the commission never quite got around to fixing the prices under the current law. Hence, the hundreds of thousands of dollars which the law's sponsors said would be passed on simply became an added expense borne by the industry.

The law has another feature which you and I, as individuals, do not feel directly. It is another one of those concealed things. The law specifies that no contract can be signed between operator and consumer to last for more than 30 days. That is to say, no price can be quoted for more than 30 days in advance. That may not appear important, but it is highly important.

The practice of large users of coal is to enter into a contract for a supply of coal to last, for example, for a whole year's operation. Having such contract, the owner of the manufacturing establishment, for instance, will be able to know what his fuel costs are when calculating the price of the goods he manufactures and sells. Fuel costs are important, and it therefore becomes plain that large users of fuel have an unknown factor in their expense item for a year's plans. What do they do? They have to estimate that item, and they take the maximum that they can expect to pay for coal—and users of their product have to pay that added amount whether in breakfast food or harvesting machinery or railroad freight rates. That one feature of the law alone has completely disorganized the coal industry.

### Coal Operators Are Left With Supply in Sizes Not Needed

The 30-day limit also has had another effect. When a mine owner could make a year's contract or a number of such contracts, he knew whether it was lump coal or stove coal or slack that his customers needed. Without a contract, the big buyers naturally shop around to get the lowest price. A mine operator, therefore, may sell to one firm one month and the next month, some other mine will supply the coal. The result is that one mine may find itself with hundreds of tons, or even thousands of tons, of lump coal when all that can be sold in a given month is slack or stove coal.

Well, it is the ordinary practice in business that if too large a stock is on hand, prices are reduced to induce someone to buy. But not so in the soft coal industry under the Guffey law. If the price is reduced below the actual cost of mining, costs approved by a bunch of accountants sitting here in Washington, the law steps in—not the Guffey law, but two other laws. They are the federal trade commission act and the Robinson-Patman act. Under either one of these laws, the mine operator who cuts prices below costs becomes tagged as a very bad boy who must be punished by fine or imprisonment. So, the unwanted coal lies in piles beside the mine, crumbling and becoming of less value daily as the weather takes its toll.

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## Trim 'n' Smart for Around the House

A SMART button-front dress that you'll want in street materials like wool crepe, flat crepe and silk prints, as well as in house-keeping cottons, is No. 1723. Simplicity itself, it has lines that are very flattering to the figure. The princess skirt makes your waist and hips look slim; the tucked and gathered bodice gives a nice rounded bust line. It's just absurdly simple to make—a pattern you'll use time and again.

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**The Patterns.**

No. 1723 is designed for sizes 34, 36, 38, 40, 42, 44, 46 and 48. Size 36 requires 4¾ yards of 35-inch material and ½ yard for contrasting collar, if desired.

No. 1622 is designed for sizes 32, 34, 36, 38, 40, 42 and 44. Size 34 takes, for apron No. 1, 2⅜ yards of 35-inch material and 6 yards of braid. For No. 2, 2⅜ yards, and ¾ yard contrasting; for No. 3, 2⅜ yards, and 1 yard pleating or ruffling.

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