Weekly News Analysis

Europe Faces Final Showdown In Democracy-Dictator Battle

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

"There are in Europe two madmen . . . Hitler and Mussolini. There are in Europe two damn fools who sleep—Chamberlain and Daladier."

Such was the parting shot of Albania's King Zog as he fled Italian invasion. Symbolic of British-French lethargy were Mr. Chamberlain's warships, which lay at anchor off Greek Corfu, within cannon range of the invader. One shot, said Zog, would have stopped the Italians. But one shot might also have been the sendoff for a conflict more frightful than the one which started from a pistol shot at nearby Sarajevo 25 years ago.

When Il Duce captured Albania, a month had passed since Britain and France dropped their futile appeasement policy for a Stop Hitler—Stop Mussolini program. Poland, Rumania and Turkey were fairly well lined up with the democracies but such Balkan states as Jugo-Slavia, Bulgaria and Hungary knew when they were well off. Alignment with Britain would invite invasion from Italy or Germany. Meanwhile Berlin's covetous eyes began looking at Switzerland and the Netherlands, while Herr Doktor Paul Joseph Goebbels shouted from his propaganda office a German answer to the key question facing Europe today: Will Britain really fight to defend any lesser European nation's independence?

Herr Goebbels said no, and many an alert Britisher said the same thing, wondering if aggressive Germany and Italy were not right in maintaining that Great Britain has passed her empirical peak and is falling into decadence. Under the appeasement policy it was only passingly embarrassing for Mr. Chamberlain to make repeated concessions for peace's sake. But under the new policy Britain at last faces reality; Europe's dictators are obviously forcing a showdown to demonstrate that Mr. Chamberlain will never fight to protect them, therefore the little nations had best beg for mercy from Hitler and Mussolini.

Hence observers agree the worst of Europe's recurrent crises—and England's, too—may come within the present month. Neither Britain nor France have backed up their new umbrella-waving policy in the case of Albania, whose occupation was a direct violation of the Anglo-Italian pact of 1938. A swift German jab at Poland or an Italian march into Greece would provide the ultimate test; if Britain fails to march in such a situation, then European democracies are indeed decadent and the Old World has new undisputed masters in Hitler and Mussolini. At the same time Mr. Chamberlain's government would undoubtedly collapse.

On the other hand, if Britain and France act to block the next dictator aggression, there is a pathetically good likelihood of general European warfare.

Trade

State trade barriers are usually brainchildren of panicky, depression-ridden legislatures. Though sectional barriers (like North-sponsored high freight rates in alleged discrimination against poorer Southern states) are also to blame, most of them spring from a forlorn hope that the individual commonwealth can protect its own prosperity by discriminating against tradesmen from neighboring states. Sample barriers are: (1) preference to home-state industries, often resulting in monopolies and exorbitant prices; (2) excessively high license rates for out-of-state truckers; (3) unreasonable sanitary laws which bar dairy imports.

Most such regulations tread on questionable ground, assuming round-about jurisdiction over interstate commerce which is really a federal power. Early this year Washington became so alarmed that several officials like Secretary of Agriculture Henry A. Wallace threatened to use a federal mallet to knock down the barriers. The most important result came from intervention by the Council of State Governments which called a "national conference on interstate trade barriers" in Chicago. Surprisingly, though most of the 44 states represented were themselves guilty, they condemned barriers to a man. A clear-cut prophecy, actually keynoting the session, came from Missouri's Gov. Lloyd C. Stark:

MISSOURI'S GOV. STARK
Temporary advantage, eventual chaos.

"The point is this: If the states try to get these additional revenues at the expense of their neighbors they are gaining only a temporary advantage. They are laying the groundwork for an unprecedented economic breakdown and eventually nationwide financial chaos which will affect their own citizens along with citizens of all other states."

Assents came from U. S. Solicitor Gen. Robert H. Jackson and Fred I. Kent of the American Bankers' association. Principal dissent was from Arkansas' Gov. Carl Bailey, whose complaint about sectionally discriminating freight rates was finally included in the conference's resolutions. Other condemnations: (1) discriminatory state alcoholic beverage laws; (2) sales taxes and "use" taxes, in states where no "offset" provision is made for goods produced in another state having sales tax; (3) discriminatory out-of-state truck permits.

Homeward bound delegates were admonished to work generally for uniform regulations among the various states. If they must discriminate, it was decided to do it "directly, and not by masquerading under the taxing power." But every delegate knew it would be a tough job—even political suicide—to destroy the invisible barriers which folks back home consider a justifiable protection for their state's industries.

People

Invited, **Col. Charles A. Lindbergh,** back home to help the house foreign affairs subcommittee in an urgent task, shaping an "ideal" neutrality policy in the event of war.

● Needed, a successor for Illinois' late **Sen. James Hamilton Lewis,** age-concealing, sartorially elegant Democratic statesman since the 1890s.

● Facing trial, Kansas City's Democratic boss, **Thomas J. Pendergast,** on grand jury indictment charging income tax evasion.

Aviation

Some 4,100 miles southwest of San Francisco and 3,250 miles northeast of Australia, just south of the equator, are Canton and Enderbury islands, the former named for a Massachusetts whaler wrecked there in 1854. Both islands went officially unclaimed until March, 1938, when President Roosevelt saw them as a vital link in U. S. defense and a logical base for trans-Pacific aviation. When Great Britain disputed the claim it was announced last August that both countries would use the islands for commercial aviation, but not until recently was a formal treaty signed. Its 50-year provisions: U. S. and British administrators will reside there, exercising powers to be determined by consultation; American interests will build an airport, to be used by British aircraft in return for a fee.

Pacific aviation is boomed by the pact, for Canton and Enderbury lie only 1,850 miles from Hawaii, directly on the route a ship would take to Sydney, Australia. Canton boasts a quiet lagoon nine miles long and three miles wide, ideal for planes.

But aviation to the contrary, many a congressman was dubious when asked to ratify the treaty. Reason: If Britain were involved in war, an attack on British property in the Pacific might force the U. S. to defend the islands, thereby getting its own feet in the international puddle.

Agriculture

While congress wrestles with a huge U. S. cotton surplus which threatens to engulf southern planters unless it can be dumped abroad, department of agriculture officials begin to see a faint sunrise over the huge mountain of wheat which constitutes the other major part of America's farm problem. With winter wheat well under way and spring planting estimates taking definite form, the situation might be summarized as follows:

In 1938 the total U. S. wheat production was 931,000,000 bushels (687,000,000 in winter wheat, 244,164,000 in spring wheat). But 1939's winter planting is cut to 46,173,000 acres compared with 56,355,000 last year, and spring planting is dropping about 17 per cent under 1938. Thus 1939 prospects are for slightly more than 700,000,000 bushels, only a mite above normal domestic requirements. This means the July 1 surplus of 275,000,000 bushels (compared with 154,000,000 bushels a year previous) will be reduced if export volume is maintained during the coming season.

The "if" remains a big factor, however. U. S. delegates to the forthcoming world wheat conference can boast that America leads the way in trying to slash surpluses, but that accomplishment holds little satisfaction because pace-setting U. S. farmers can find no nation falling in line behind them. With most European plantings bigger than last year, with Argentina just harvesting its second largest crop on record, and with Canada almost certain to offer a price guarantee, there remains slight hope that America's carry-over from last year will be reduced materially by sale abroad.

Miscellany

Total U. S. expenditures for the fiscal year's first nine months ($6,764,353,436) exceeded income ($4,390,177,312) by $2,374,176,124.

● Ninety-five per cent of the voters in Europe's tiny Liechtenstein (population, 12,000) have signed a privately circulated declaration rejecting union with Germany.

● The U. S. Steel corporation will soon begin marketing completely prefabricated steel buildings, including residences for small towns.

Taxation

Time was when the ambitious U. S. mother wanted her son to be a banker. But nowadays the hand that counts money keeps far less of it. Today's ambitious mother should tutor her son (or daughter) to enter the motion picture industry. At Washington, the house ways and means committee received its annual list of top flight U. S. wage earners and their salaries for 1937, disclosing that Movie Magnate Louis B. Mayer led the pack with $1,296,503 ($1,161,753 as production executive for Loew's, Inc., $134,750 as vice president of Metro-Goldwyn - Mayer). Second place went to Loew President J. Robert Rubin, $651,123; third, Publisher William Randolph Hearst, $500,000; fourth, Loew's N. M. Schenck, $489,602.

Louis B. Mayer

Of 63 salaries topping $200,000, an even 40 were reported by movie workers. Highest paid cinema star: Greta Garbo, $472,499. Highest paid radio star: Maj. Edward Bowes, $427,817. Highest paid industrialist: International Business Machines' Pres. Thomas J. Watson, $419,398.

One consolation for bread-and-butter workers is that the more a man makes, the more he pays the government. Sample: More than $800,000 of Louis Mayer's $1,296,503 probably went out in federal taxes. On net incomes of $50,000, the government gets 17.7 per cent, or $8,869; on $1,000,000 it gets 67.9 per cent, or $679,044. Often heaped atop this levy is a state income tax, like New York's, which ranges from 2 per cent of the first $1,000 taxable income to 7 per cent of all taxable income over $9,000.

Bruckart's Washington Digest

Time Has Come to Pay the Fiddler New Tax Sources Must Be Found

Supreme Court Decision Opens Way to Tap Salaries of Federal, State and Local Government Employees; Never Has Nation Had Such Gigantic Debt.

By WILLIAM BRUCKART

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WASHINGTON.—Court decisions as a rule are difficult things for laymen to understand. True, most everyone who hears or reads an opinion by a learned justice will know what the result is—whether one side or the other wins. But, generally speaking, the public as a whole fails to understand the full importance of a decision. It is not their fault. Comparatively few persons are trained in law, and a good many of those only believe themselves to be lawyers.

For that reason, as well as the fact that many persons do not have the time or the opportunity to examine court decisions, I have been wondering whether it is clear exactly what happened when Mr. Justice Stone recently read the decision in the case involving taxation of federal and state employees. No doubt, most persons realized that Justice Stone had ruled there can be taxation of the salaries of federal employees by state governments and that the federal government may tax the salaries of state officials and employees and employees of lesser governments like cities and counties. But there is more to the ruling than the simple statement just made, very much more.

As a matter of fact, I believe that those who were privileged to listen to Justice Stone that day heard an opinion that is going to go a long way in changing the course of government from the federal government down to the lowliest township. I think frankly that it will be several years before the full force and effect of that decision will be exerted, both nationally and locally, but I am definitely convinced that it will be felt and that it will have important effects upon governmental policies.

And beyond that, the decision told another story. It told the story that our national, state and local governments are hard up for tax sources. It actually shouted to all who would listen: boys and girls, your spending dance is over; now, it's time to pay the fiddler.

Never Before Has the Nation Had Such a Gigantic Debt

It can not be construed otherwise. Never before in our history has the nation had such a gigantic debt, a debt of more than 40 billion dollars. Never before have the states or the cities or the counties had such debts, where their state constitutions permit creation of debt, as they have today. I do not know of anyone who can give accurate figures on the debts of governments of states, cities, and counties. It is a tremendous sum. They have danced, and they, too, must pay their fiddler.

In the lush days when most folks were working and there was good business, the taxes rolled in and there was little or no thought about spending money for new roads, new post offices, new county courthouses, new city halls, new bridges and so on. Money was spent rather liberally in those days. There were bonds sold, and the proponents campaigned for bond issues in a big way. They said, in effect, "Aw come on and vote these bonds. We can pay them off over 20 years and the little teeny added tax won't hurt." It probably did not hurt, in those days. But there came the depression and there came 10 million men out of work, and there came the worst business in a half century. Then, that teeny little bit of tax did hurt. The taxpayers weren't paying taxes, because they had no money to pay them.

There was, however, a debt. The destitute had to be fed and clothed. First, the local authorities did it; then the states and then the days of the real dance began. Billions upon billions were poured out of the federal treasury to be used for feeding and clothing and housing those whom the states and cities had cared for, but could care for no longer. And up zoomed the national debt. It was about 16 billions to start with because only 9 billions of the World war debt had been paid off. Since the taxes were not bringing in enough money, the federal treasury borrowed and borrowed some more.

Now, They're Seeking Money To Pay Their Fiddlers

Now, the time has come to begin paying off the debts. The states and the cities and the counties have been looking for money to pay their fiddlers. The national government has been looking for money to pay its fiddlers. Each unit of government has had to look around for new spots, new things, to tax. Taxes are as high as can be regarded as productive in many of the usual ways of taxation. So, where shall we turn? was the question.

President Roosevelt has believed for a long time that it was rather silly that officers and employees of the federal government should not be taxed by their home states. He has believed, too, that the federal government should have the right to tax the income of those who were held to be exempt from income taxation because they worked for a state government, or city government or a county government, or some agency of those governments.

Likewise, Mr. Roosevelt has contended that income from federal bonds and income from bonds issued by state and local governments and school districts and drainage districts and irrigation districts should be taxable. He has thus far been unable to accomplish anything in this direction, and the matter was not before the court. It, therefore, did not figure in Justice Stone's opinion. Sometime, such taxation may be brought about. I hope so, anyway, because it is a proper subject of taxation, it seems to me.

But to get down to another direct result of the Stone ruling which, by the way, was supported by seven of the nine justices of the highest court.

Pay of Federal Employees Tax Exempt for 69 Years

For the last 69 years, the pay of any federal official or employee could not be taxed in any form by any state or local government. Of course, there was no income tax during most of that time, either national or state, and during most of that time, as well, there was not the press for government revenue that now obtains. But, to repeat, for 69 years state or local governments could not touch the pay of a federal worker, nor could the federal government touch the pay of a state or city or county worker, even after the federal government turned to income taxes as a revenue source. Some judge, somewhere, sometime, had said the Constitution prevented it. It was just taken for granted. All of that now has been changed, however, and if the pay of a county judge is sufficient to fall within the federal tax brackets, he will pay. It will be the same with everyone from the governor on down and from the mayor on down. It will be the same with federal officials and other federal employees stationed or living within a state that imposes income taxes on its residents.

No one has yet calculated how much additional tax will be obtained by the federal government as a result of the decision. Nor has anyone made a real guess as to what the ruling will mean in additional dollars and cents to state governments which may now safely impose the income tax on all federal employees. In the case of the federal payroll, the civil service commission figures there are something like 800 thousand receiving checks twice each month. There are in addition, hundreds of employees of outfits like TVA, RFC and other corporations. The stock of these is owned by the federal government and they are, therefore, "instrumentalities" of the federal government, hitherto with payrolls exempt from state income taxes.

There is one thing, however, of which we may be sure: the jobs, the political plums, the 5-thousand and 10-thousand dollar jobs have suddenly become less juicy. They are less lucrative by about $560 on a 10-thousand dollar job.

What Effect Will Additional Taxes Have on Jobholders?

Very important also, in my opinion, is the effect this additional tax will have upon the mind of the jobholder. You know, a jobholder very frequently is most willing, even anxious, to spend the taxpayers' money. It is one way by which he can curry favor, make votes for himself. I have a feeling that many of those jobholders are going to stop and think a wee bit more. He may possibly stop to think how much it will take out of his pocketbook. That ought to be helpful, because it ought to reduce the number of flannel-mouths going about the county or district, shouting for another bond issue before the ink on the last one gets dry. One of the results, therefore, possibly may be to cause that type of public official and advocate of "improvement" to favor living within the income of tax receipts.

To make it complete, now, we ought to have the same kind of reciprocal taxation of income from federal bonds and bonds issued by state and local governments and their agencies. Mr. Roosevelt has said he believes these can be taxed—that is, those to be issued in the future—under present laws. Some very fine legal minds in congress believe, on the other hand, that creation of such a taxing right will require amendment of the Constitution. In any event, it ought to be done for the good of the country.

There can be no doubt in the mind of anybody that "tax free" bonds sell like hot cakes. They bring better prices than bonds of industrial corporations and the like, because the interest from those bonds must bear its fair share of tax.

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Small Waists and Becoming Necklines

THE neckline is a very important detail in making your dress becoming. Thus No. 1719, designed for large figures, has a plain, deep v-neckline which is especially slenderizing. Darts at the waistline tend to make you look inches slimmer. This is a particularly comfortable dress to work in, with its deep armholes, slashed sleeves, and easy waist. It's easy to put on and to iron, too, thanks to the button-front. A diagram design, it may be all finished in a few hours. Calico, gingham, percale or seersucker are nice for this.

For slender, youthful figures, the heart-shaped, frill-trimmed neckline of No. 1726 is perfectly charming and as flattering as can be! The pointed basque bodice diminishes your waistline to practically nothing, and the wide-shouldered sleeves and flaring skirt accent the slender youth of the silhouette. Make this pretty dress of silk crepe, taffeta or prints, and see if it doesn't win you many compliments!

No. 1719 is designed for sizes 36, 38, 40, 42, 44, 46, 48, 50 and 52. Size 38 requires 4⅝ yards of 35-inch material; 4½ yards of braid.

No. 1726 is designed for sizes 12, 14, 16, 18 and 20. Size 14 takes 4¼ yards of 39-inch material; 1½ yards of pleating or ruffling.

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SAFETY TALKS

Defective Cars in Accidents

COMPILATION by the National Safety council of state motor vehicle accident reports shows that 9 per cent of the motor vehicles in fatal accidents were reported as defective.

In non-fatal accidents defective vehicles numbered 4 per cent.

The council commented that "it seems certain that mass statistics understate the true importance of this problem. A careful study made several years ago indicated that vehicular defects were at least a contributing cause in 15 per cent of the accidents.

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Utter Poverty

Debt is the worst kind of poverty.—Proverb.

That Nagging Backache
May Warn of Disordered Kidney Action
Modern life with its hurry and worry, irregular habits, improper eating and drinking—its risk of exposure and infection—throws heavy strain on the work of the kidneys. They are apt to become over-taxed and fail to filter excess acid and other impurities from the life-giving blood.
You may suffer nagging backache, headache, dizziness, getting up nights, leg pains, swelling—feel constantly tired, nervous, all worn out. Other signs of kidney or bladder disorder may be burning, scanty or too frequent urination.
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