WEEKLY NEWS ANALYSIS BY JOSEPH W. LaBINE

New Government Lending Plan Will Hit Trouble, Say Experts; Strikes Spending Key for 1940

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

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POLITICS:
Looking to 1940

"A year ago when the President sent his $4,500,000,000 lend-spend message to congress, I said it was like putting a shin plaster on a cancer. This plan now is just another shin plaster."

What looks like a shin plaster to North Carolina's Sen. Josiah W. Bailey looks to dubious U. S. business men as a timely reiteration of the politico-economic philosophy President Roosevelt expounded before congress last January 4, namely, that "government investment" in U. S. financial stability should not merely be an emergency stop gap, but a long-range standard policy. The new plan:

Government agencies would issue extra-budgetary federal-guaranteed securities for financing self-liquidating projects. Special U. S. authori-

SENATOR BAILEY
Shin plaster for a cancer.

ties would loan a total of $3,860,000,000 within periods ranging from two to seven years, the total program to be divided as follows:

Non-federal public works like bridges, hospitals and waterworks	$350,000,000
Toll roads, express highways, city by-passes, etc.	750,000,000
Railroad equipment to be leased to carriers	500,000,000
Rural electrification expansion	460,000,000
Farm tenancy program	500,000,000
Increase in U. S. Housing Authority's borrowing power	800,000,000
Loans to foreign nations to purchase U. S. surpluses	500,000,000

While Senate Majority Leader Alben Barkley assured reporters the measure would pass immediately, political wiseacres took great pains to make an undiluted election issue of it. Almost universally overlooked was the White House's violent retreat from the costly, ineffectual pump-priming methods it has tried before, which consisted not of loans but straight spending. Also overlooked was the small size of a seven-year $3,860,000,000 program compared with $20,678,000,000 the New Deal spent on recovery and relief from 1933 to 1938. Nevertheless many a vital hole and many a political portent could be read from the measure:

Politics. With 10,000,000 still unemployed and national income about $12,000,000,000 under the "ideal" of $80,000,000,000 a year, the administration will obviously seek to perpetuate itself in 1940 by stimulating a temporary recovery as in 1938. Republicans and conservative Democrats point out that the new lending plan provides $870,000,000 to be spent next year; with FHA's new lending power ($800,000,000), with the emergency relief appropriation ($1,735,000,000) and record agricultural subsidies ($1,000,000,000) the coming fiscal year will bring expenditures of $4,405,000,000 as a prelude to the campaign and election. However sincere the President's intentions for recovery, the political connection is inescapable and leads many observers to believe Mr. Roosevelt will positively seek a third term.

Finance. Fears of orthodox U. S. financiers went unnoticed in the deluge of political comment. Among the fears:

¶ It was recalled that even Brain-truster Adolf Berle Jr., assistant secretary of state, recently said such lending methods must eventually lead to government absorption of the country's most productive plants.

¶ Mr. Roosevelt's insistence that the so-called "self liquidating" bonds be taxable brought investigation which revealed many projects are self-sustaining by so close a margin that to tax the bonds would make them a losing investment.

¶ Loans to municipalities will be blocked in many cases by local laws and state regulations covering municipal indebtedness. Most large cities, moreover, have already reached their debt limit.

¶ Since the Johnson act forbids new loans to nations already indebted to the U. S., only South America and Scandinavian countries could use the $500,000,000 trade-boosting loan. Financiers fear a loss here, since there is no method to force collection short of war.

¶ Leasing of equipment to railroads would, it is alleged, be an unsatisfactory substitute for the remedial legislation necessary to place U. S. carriers back on their feet. Restoration of rail prosperity is regarded as far preferable.

FRANCE:
Lesson

When French Foreign Minister Georges Bonnet signed a mutual assistance pact with Turkish Ambassador Suad Davaz, Italo-German aggression into the eastern Mediterranean seemed effectively stymied. Moreover, for Signor Benito Mussolini it was an object lesson in gentlemanly behavior. Results: (1) Turkey is wooed away from the Rome-Berlin axis; (2) Anglo-French wartime control of the strategic Dardanelles makes German invasion of

TURKEY'S GAIN
It pays to be a gentleman.

the Balkans less likely; (3) pro-Nazi Bulgaria is isolated; (4) Turkey's big neighbor, Russia, should now be more willing to enter a military agreement with Britain.

Mussolini's object lesson was that Turkey won the strategic Republic of Hatay (Syrian Alexandretta) in return. Though the transfer was probably illegal in League of Nations' eyes, under whose mandate France ruled it, Turkey nevertheless gained by negotiation what Italy has been unable to gain by threat. Stubborn Frenchmen still refuse to bow before Mussolini's demands for Suez canal rights, the Addis Ababa-Djibouti railroad and Italian minority rights in Tunisia.

NAVY:
Speed-Up

Fiscal year's start July 1 means new funds for new work in most U. S. government departments. Biggest appropriations for the 1939-40 fiscal year cover rearmament, and before July has passed into history the navy will be well under way with three new jobs:

Bases. Costing $65,000,000 are 12 plane and submarine bases for which congress has appropriated $31,621,000 to handle the first year's work. Outlying bases will be at San Juan, Puerto Rico; Kaneohe and Pearl Harbor, Hawaii; Sitka and Kodiak, Alaska; Midway island; Johnston island and Palmyra island in the western Pacific. Continental bases will be at Pensacola and Jacksonville, Fla., and Tongue Point, Ore.

Ships. Early June found 75 warships under construction, the program running ahead of last year. Meanwhile 24 new ships are being rushed, including two 45,000-ton "super" battleships. All will be laid down in 1940 and will cost about $350,000,000.

Planes. Effective immediately the "speed-up" policy will be applied to 500 new airships, whose completion during the 1939-40 fiscal year will bring the navy's total to 2,132.

HEADLINERS

REAR ADM. HARRY YARNELL

A pop-eyed Japanese consul in Shanghai received an unexpectedly brusque message recently for transmittal to Tokyo. It said that the American navy will go "wherever necessary" to protect American citizens and that it expects no interference from Japan, who has been trying to shove Occidentals out of the Orient.

The message came from Rear Admiral Harry E. Yarnell, spare native of Independence, Iowa, director of America's Asiatic fleet and unofficial Far Eastern diplomatic representative since October, 1936. It was almost the parting shot of a man who has won virtually all disputes with Japan growing out of the Chinese war. For Mr. Yarnell, who meantime has won the admiration and even the respect of Japan, will reach statutory retirement age in July.

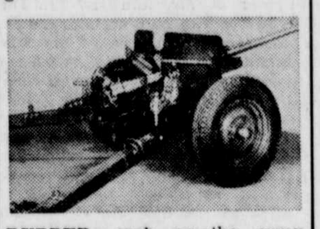
Veteran of the Spanish-American war, Philippine insurrection, Boxer campaign, Vera Cruz occupation and World war (where he commanded the U. S. S. Nashville), his most difficult assignment is the present one. He will be succeeded by Rear Admiral Thomas C. Hart, possibly returning to his prairie home after a job well done.

How It Works

ANGLO-U. S. BARTER PACT

Most nations are deficient in some natural resources and have too much of others. In wartime, inability to export non-essentials and import essentials would be a military handicap. Friendly nations can prepare in advance against such emergencies without disturbing their economic balances. Under the new American-British barter treaty, the U. S. will give England $30,000,000 worth (or 600,000 bales) of surplus

COTTON, such as Britain needs for shells like these. It will come from 11,300,000 bales held by the U. S. as security for loans to farmers, thereby relieving pressure on the domestic market. In return, Britain will give the U. S. 85,000 tons of



RUBBER, such as the army would need in wartime for purposes like tires for the above anti-tank gun. Britain will buy the rubber on open market. Each nation will hold the reserves for seven years as war stocks. Later other materials may be bartered, for America needs items like tin, chromium and manganese. Although the U. S. deplores barter as fostered by Germany, the new arrangement will merely supplement existing "favored nation" treaties and is not a basic economic tenet.

AGRICULTURE:
Strange Feeling

America's "dust bowl" lies roughly in the Panhandles of Texas and Oklahoma, eastern New Mexico and Colorado, and western Kansas. In 1936, at the drouth's depth, some 16,000,000 acres of once-valuable grain and grazing land lost part of its topsoil under ferocious winds that brought no moisture.

Reclamation followed, featured chiefly by conservation of rainfall and "fastening down" of the soil with hardy vegetation. Thousands of square miles were terraced and cultivated in contour furrows that held the moisture and stopped erosion. By this spring the 16,000,000 "blow" acres were reduced to 800,000.

As wind-weary farmers began harvesting the summer's crop, they could look back on a prodigious job well done. Whereas 1935 yielded a wheat crop of only 4,000,000 bushels, the dust bowl's elevator men expect from 15,000,000 to 25,000,000 bushels when this season's grain is threshed.

Smiling, likewise, were drouth-ridden farmers of northern plains states (Nebraska, North and South Dakota, Wyoming, Montana). Though their land was still quite dry and this year's prospects none too good, they have felt something unusual this summer—rain.

TRANSPORTATION:
Pedestrians

"He has been sadly neglected and has had to shift for himself. He has evolved the simple philosophy that his job is to get across the street as best he can. He joins with other pedestrians in mass violation of traffic lights. In rural areas he walks on the pavement, on the wrong side of the road, and wears dark clothing at night."

This, said the National Safety Council's Leslie J. Sorenson, is the plight of U. S. pedestrians who in 1938 accounted for three out of every five persons killed in traffic accidents. What made the situation more startling were figures showing two-thirds of pedestrians killed were violating a traffic ordinance or committing an unsafe act. Thirteen per cent of them had been drinking; only 9 per cent of drivers involved in fatal accidents had been drinking.

Suggested cure: Make pedestrians obey stop signals and other traffic regulations just as automobile drivers must do; build sidewalks in the country.

FORECAST

PURGE—Succeeding retiring Gov. Richard W. Leche, the late Huey Long's brother Earl is expected to "purge" the political machine created by his illustrious brother, thereby preserving an air-tight organization being threatened by dissension. First to leave: Dr. James Monroe Smith, whom Huey Long named president of Louisiana State university.

WRECK—Evidencing the need for better submarine rescue equipment, salvagers of the sunken U. S. submarine Squalus predict the boat will not be raised until at least late July.

Bruckart's Washington Digest

Mixed Reaction Created by Huge Money Lending Program

Some Legislators Shout Halleluiahs, Others Are Bitter in Opposition to What They See as Another Gigantic Flop; Government Credit Menaced!

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

WASHINGTON.—President Roosevelt has asked congress for approval of another gigantic money lending program. He wants to put out $3,860,000,000 as a "stimulant to business." He wants to start right away and he wants to keep the money pouring into sinkholes through the summer and fall and winter and spring and next summer, too.

The President is not proposing government spending, as distinguished from government lending. That is important. While it has been shown by the experiences of the last half dozen years that this spending idea is just as successful as trying to pull one's self up by one's boot straps, those who favor the lending program say this method of bringing about recovery has not yet been fully tested. The brilliant-minded, self-appointed saviors of America, therefore, are out to prove that government cash can end a depression.

Arrival of the President's letter at the Capitol created quite a mixed reaction. Some members shouted their halleluiahs of more manna for the spawning ground for votes. Others expressed approval of parts of the gigantic outpouring of cash and objected to other items of the program. The third group on capitol hill at once voiced their wholehearted opposition to the scheme, offering several reasons why they could not support the President.

Nearly everything that is done in the national government is tinged with or steeped in politics. So the political phases immediately were stressed by the opponents of the program, and they are putting more steam behind their attacks as the days go by. Some of these members are objecting to further outlays by the government because they fear that government credit is about to crack any way, and they predict the newest presidential plan will seriously endanger the government's financial stability. The other group of oppositionists take a brutal position.

Say Roosevelt Is Paving Way for His Renomination

They say Mr. Roosevelt is proposing this new lending program now in order to pave the way for his renomination to a third term in the White House. I expect that we will hear more of this aspect of the situation as the debate develops on the floors of the house and senate.

There is every reason to believe that the President will obtain approval for most of his program. He may not get it all, but when it comes to getting a legislative program through congress, nothing equals the distribution of money as bait.

Thus, it appears to me that we can treat the proposition from the standpoint of what will come from the program in the way of beneficial results, if any, and to find, if possible, what the long range effect will be.

First, let me recall that during the administration of Herbert Hoover, when the present depression first fastened its fangs on our economic structure, there was the first major outpouring of government funds. The Hoover thought was to stimulate business by lending money and by spending for public construction. It was Mr. Hoover, too, who sponsored "self-liquidating projects" for which federal cash would be loaned—the idea being that a self-liquidating project would earn enough money to pay off the government loan. That was the way the reconstruction finance corporation came into being, and that was the greatest mistake of the early days of the world depression insofar as our nation is concerned.

Well, the Hoover administration promoted loans for self-liquidating projects in a big way. As a stimulant of business, the plan was a magnificent flop. The current program, being modeled exactly as Herbert Hoover designed the first one, also will be a glorious flop. There is, as a matter of fact, not one bit of difference between the new Roosevelt program and the futile move in the Hoover day.

Few Have Confidence in Policies of Government

Whether this government lending idea is sponsored by Republicans or Democrats, by Communists or Fascists, the result is bound to be the same as far as accomplishing anything toward business revival. By its very nature, government lending creates a doubt in the minds of every one whether they recognize it just that way or not. The feeling that most every one gets is manifest in the form of a question: well, where are we headed when conditions are so bad that the United States treasury has to supply money upon which business operates? Which, to my way of thinking, is simply saying that few, if any, persons have confidence in the policies of their government. It was distinctly true in the Hoover administration, and I think it is equally true in the Roosevelt administration.

But I want to go deeper into this problem. There is something more that we ought to think about, and it makes me shudder to talk about the possibilities inherent in moves of this kind by a democracy.

Mr. Roosevelt says that, without a doubt, all of this money that he proposes to lend will be paid back. He said in his message on the subject that there would be no loans approved unless there was assurance that the sums would be repaid. Which is all very well and good. But experience of banking institutions and other lending agencies indicates that a certain per cent of the loans go bad. Poor management, unforeseen business conditions, deaths of key figures, labor disturbances, changes in the taste of the buying public for certain marketable products—all of these things, as well as the responsibility of the borrowers, go to determine whether the money will be paid back. And so it does not seem unreasonable to suppose that Mr. Roosevelt is a bit, a teeny, weeny bit, optimistic about recovering all of the funds that are loaned.

Personal Political Element Is the Most Disturbing

If we can dismiss the doubt, however, there yet remains the factor, the potentiality, of the program that makes me jittery. Frankly, it is the personal political element that disturbs me most.

Let me illustrate. When Senator Norris, of Nebraska, began fighting a number of years ago for what turned out to be the TVA, he and all other sponsors of that socialistic government-owned power project shouted denials all over the place when it was charged they intended to put the government deeper into the field of private business. All they wanted to do, they insisted, was to develop a government power plant that would serve to measure profits of private companies. They argued that this experiment would show the power companies were taking too much profit out of the hides of consumers of electricity. They said that if this were not true, the TVA would be a blessing to private ownership.

What happened? The answer is pretty well known. TVA began competing with private companies wherever it could get in the field against them. Its means of entering some of the fields of competition were of the rottenest type.

On top of that came the operations of Secretary Ickes, and his public works administration. Mr. Ickes wanted to see more and better publicly owned power plants. He tried, and is still trying, to make power plants grow where power plants never grew before—all from money loaned by the government. Throughout the nation, therefore, are scores of power plants, small as well as large, that were forced to sell out to the competing plant, financed by Uncle Sam, and the investors got what the little boy shot at. TVA, itself, has driven flocks of them out of the field and has negotiated to buy one of the great privately owned systems that could not sell in competition with the government octopus which has no taxes to pay and borrows money on government-backed bonds.

Officials Say Thought Is To Help Private Business

It is only fair to report that the top officials in the government say there is no intention to use these funds as was done through the Public Works administration. There is, they say, no thought of discouraging private business; the thought is to help private business. But it is pointed out, meanwhile, that the funds which are planned to be used in this program will be under the control of half a dozen different agencies. Those who know the setup in the federal government recognize this fact as important. It means this: Every agency of the federal government always has sought and always will seek to perpetuate itself, to expand its power and its functions. Give it a hundred millions or so to play with; and then express any doubt, if you can, that its officials will overlook any spot where they can boost their own importance. Truly, that would be too much to expect.

Then, give consideration to the fact that the current lending proposal contemplates expanding the original Hoover-initiated program into fields of loaning not hitherto occupied by a government agency. Self-liquidating highways, toll bridges, purchase of railway equipment, construction of more electric lines, to name only a few, are fields where the sloven hand of governmental bureaucracy will retard and handicap private initiative. Apparently, the dear pee-pul are going to be given a great many things to use whether they need them or not and whether they want them or not.

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Strange Facts

Undersea Painters
9-Day Railroad
Thwarting Thunder

SEVERAL European artists, dressed in divers' suits and using weighted equipment and thick oil colors that do not run when in contact with water, have painted pictures while standing on the bottom of the sea, sometimes 50 feet below the surface.

The world's longest continuous railroad journey today is on the Trans-Siberian Express between Moscow and Vladivostok, Russia. Although the distance is only 5,812 miles, the running time is 8 days and 21 hours.

After 12 centuries, the houseleek, Sempervivum tectorum, a common evergreen plant, still is grown on roofs in many villages of several European countries to protect the houses from thunder.

The Peruvian Indians clean their tall straw hats with white-lead paint, which eventually makes the hats as rigid and heavy as steel helmets.

About 50 years ago, a number of barbershops in New York city sold advertising space on their ceilings.—Collier's.

A Faithful Friend

Oh! The comfort, the inexpressible comfort of feeling safe with a person, having neither to weigh thoughts nor measure words, but pouring them all right out, just as they are, chaff and grain together; certain that a faithful hand will take and sift them, keep what is worth keeping and with the breath of kindness, blow the rest away.

NERVOUS?

Do you feel so nervous you want to scream? Are you cross and irritable? Do you scold those dearest to you?

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The heart that boasts it ne'er was broken, is too hard a heart for me.

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Warming Fire

Better a little fire that warms than a big one that burns.—John Ray.

Watch Your Kidneys!

Help Them Cleanse the Blood of Harmful Body Waste

Your kidneys are constantly filtering waste matter from the blood stream. But kidneys sometimes lag in their work—do not act as Nature intended—fail to remove impurities that, if retained, may poison the system and upset the whole body machinery.

Symptoms may be nagging backache, persistent headache, attacks of dizziness, getting up nights, swelling, puffiness under the eyes—a feeling of nervous anxiety and loss of pep and strength.

Other signs of kidney or bladder disorder may be burning, scanty or too frequent urination.

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