



**BUSINESS OUTLOOK**

Inner circle master minds continue to make no progress in persuading the President to revive the billion-dollar spend-lead bill turned down by congress last summer.

With his ear attuned to the clamor for economy on Capitol Hill, Roosevelt has turned his advisers down. But the confidential economic analysis they have submitted to him is disquieting.

On the basis of their estimates, the federal reserve production index, which was around 125 in January, will bog down to 80, or under, by July. This was the low point it reached in May, 1938, at the tail-



end of the 1937 slump, and before the big spending program of that year started another upward spiral.

Cause of the current upsurge, according to government experts, is "inventory liquidation" — that is, halting of production in order to work off piled up goods.

Key signs of this depressive trend are: (1) the heavy drop in steel production, off 30 per cent in February and in many steel plants already under 50 per cent of capacity; (2) an equally marked curtailment in textiles; and (3) a sharp slowing down in the durable goods industries. Also the construction business is back in the doldrums.

**Root Cause.**

Root cause of the present situation, the experts tell Roosevelt, goes back to the flush 1936-37 period when manufacturers "over-produced." The huge inventories built up then were only partially liquidated in the 1938 pick-up, and when the factories, under the war stimulation of last fall, got into high gear again, inventories shot back up.

**Coming Slump.**

Basis of the experts' forecast that the federal reserve index will sag to 80 by July is that there are no important factors on the horizon to halt the tailspin.

They concede that exports, totaling \$3,100,000,000 last year, will rise this year. Their estimates range from \$700,000,000 to \$1,500,000,000. But they contend that even if the maximum is reached, this will not be enough to offset the inventory liquidation which will run at around \$4,000,000,000 for 1940.

In other words, even should the pace of war orders accelerate, it would not be sufficient to induce a return to high production for many months to come.

Roosevelt's economists also point out that whatever war orders do materialize will be limited to a few specialties—aircraft, chemicals, machinery, cotton—all with a relatively small employment range. They will net large profits but won't give "high consumption spending power."

This is where the New Dealers argue hardest for a new government spending program. They contend that only by spreading money out widely, through farm benefits, WPA and PWA, can the slack be taken up.

**MURPHY'S MYSTERY**

There's a big mystery about bachelor Justice Frank Murphy. He will have a birthday next month, and the question is—how old will he be? There's a lot of confusion about it. Some say 47, others 50. The uncertainty arises because recent biographies, including Who's Who, give 1893 as the year of his birth. Earlier records fix it in 1890.

The question was raised by a University of Michigan professor who once taught Murphy, and who read an article about Murphy stating that he had graduated from Michigan in 1914 at the age of 21.

Investigating, he found that the original date of birth was 1890 and that later it had been altered to 1893, spending three years in the "Lit" department and then transferring to Law, where he took a three-year course and was graduated in 1914.

Note—The age of a Supreme court justice is most important, since it fixes the date upon which he can retire at a pension of \$20,000.

**No Roosevelt Announcement.**

You can write it down in the book that Roosevelt will make no announcement regarding a third term, probably not even five minutes before the Democratic national convention opens July 15.

Probably only after the question of his candidacy has gone to the floor of the convention will he indicate his willingness or unwillingness to run for a third term. And those closest to him these days are betting their money that his answer will be "Yes."

**WEEKLY NEWS ANALYSIS BY JOSEPH W. LaBINE**

**Congress Flees New Tax Issue After Boosting Farm Budget; Look Covetously at Treasury**

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

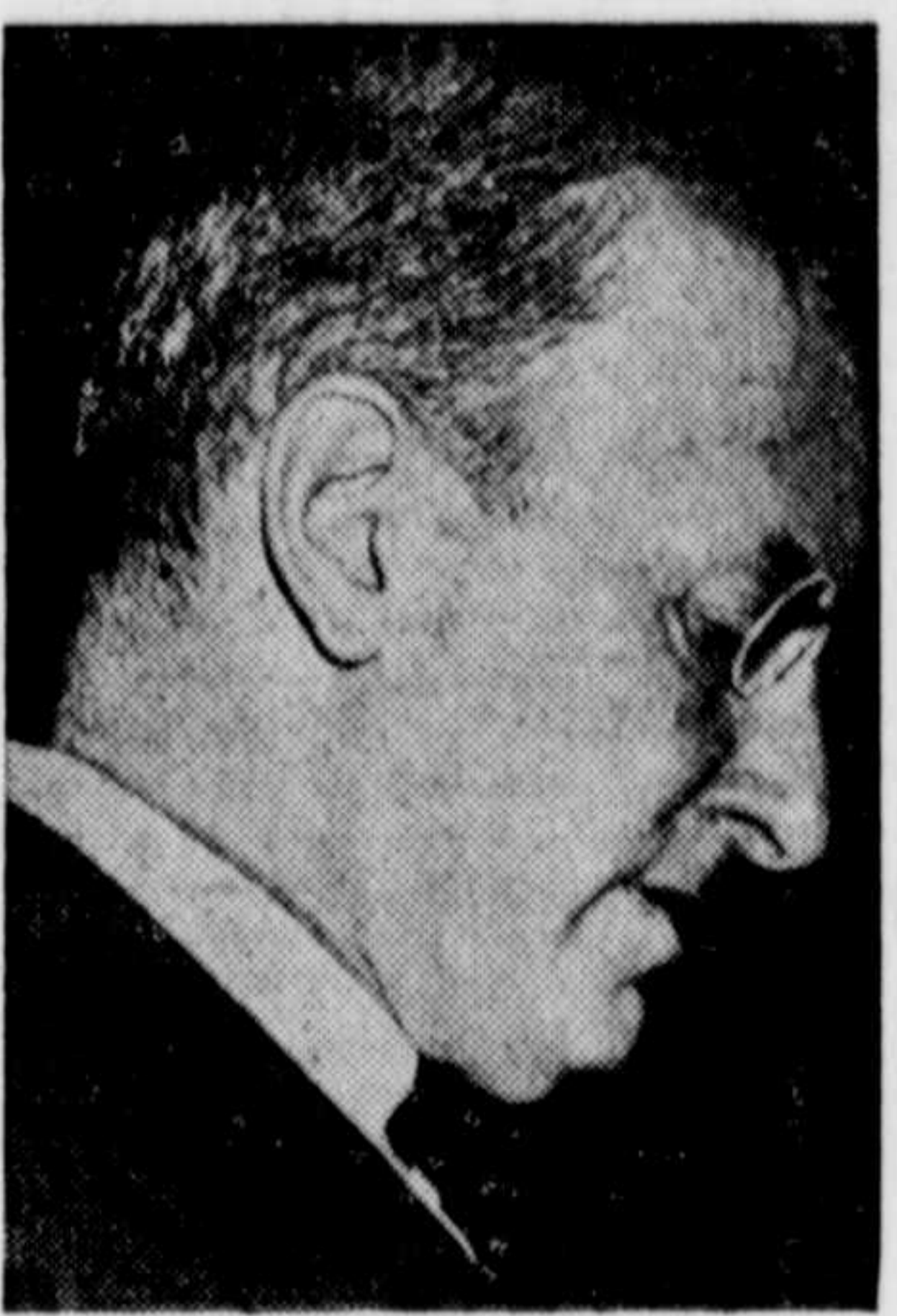
**CONGRESS:**

**Morgenthau's Misery**

Clad in an expensive new Easter suit, the 1940-41 farm appropriation bill was sent back to the house. Only a few weeks earlier, dressed in threadbare tatters, the house had sent it to a big-hearted senate. At that time it stood at \$714,000,000, well under Franklin Roosevelt's "bed rock" figure. Now it was \$923,000,000, including \$200,000,000 for parity payments, and there was an additional \$90,000,000 for agricultural loans.

Blown to kingdom come was the self-righteous economy program which featured congress' earlier weeks. The house was certain to okay most of the enlarged farm bill, nor was there much chance that defense and relief appropriations would be slashed substantially. Like pink elephants in a nightmare,

Germany, with the most to gain, worked for a "reapprochement" between Italy and Russia. Meanwhile she also pressed new demands on Rumania, chiefly concerning speedier oil and agricultural production. There was every reason to believe combined Russian-German pressure made Rumania the next "Finland," given her choice between capitulating or being beaten to death.



**TREASURER MORGENTHAU**  
"... the time may come ..."

appeared simultaneously before congress and Secretary of the Treasury Henry Morgenthau. Anxious to spend, but not anxious to raise the debt limit or levy new taxes in an election year, many a legislator turned covetous eyes on the treasury's surpluses.

One possibility was the \$2,000,000,000 currency stabilization fund. Hearing about this, Treasurer Morgenthau protested: "... the time may come when we will get down on our knees and give thanks that it's still there."

Another possibility was to take the \$300,000,000 farm bill increase out of the treasury's working balance. Treasurer Morgenthau shuddered at this, pointing out that the working balance by next June will be only \$500,000,000.

Frankly worried, Treasurer Morgenthau protested again when congressmen hinted that the 31.2 per cent gain in income tax collections might preclude new taxes. Next day, showing that he was disgusted with the nation's fiscal carelessness, he ordered that baby bonds could henceforth be sold only to private individuals. Reason: To hold sales at a minimum, thus keeping the debt from mounting too rapidly.

While Treasurer Morgenthau sweated, the senate, which had wreaked all this havoc, began discussing the reciprocal trade treaty bill and headed for a close vote.

**EUROPE:**

**Haymakers**

Late March found neither European belligerent paying much attention to actual warfare. The terrific North sea aerial attacks of a week earlier had settled into an allied blockade of Scandinavian shores, aimed at stopping shipments to Germany in spite of Norwegian and Swedish neutrality protests. Britain and France were busy setting their houses in order. The dictators were busy making hay in the Balkans.

**NAMES in the news . . .**

At Gibraltar, British authorities stopped the *Conte di Savoia* bearing Undersecretary of State Sumner Welles home from Europe. Reason: To look for Hjalmar Schacht, Nazi economic expert, thought to be aboard.

At Paris died Dr. Edouard Branly, 96, credited by many with discovering the principles of wireless telegraphy.

From Baltimore to his winter home at Miami Beach sped ex-gangster Al Capone. A physician said he was "considerably weakened" by the trip.

At Tokyo, Jap authorities convicted James R. Young, U. S. writer, on charge of "spreading false rumors." A six-month sentence was suspended.

At Berlin another son was born to Prince Louis Ferdinand, grandson of ex-Kaiser Wilhelm, and the former Russian Grand Duchess Kira, daughter of the late Czarist pretender.

**The Allies.** Premier Paul Reynaud, appointed when Edouard Daladier's French cabinet resigned, got off to a humble start when the chamber of deputies gave him only a one vote majority in the first ballot. Later, when Reynaud stuck out his chin and announced his determination to fight the wars both at home and on the western front, the chamber increased its majority to 17.

France's political crisis had apparently passed, but Britain's was just beginning to brew. Nobody knew who would be ousted, but it was a virtual certainty that Prime Minister Neville Chamberlain would reorganize his cabinet to include a few Laborites.

**The Dictators.** Turkey, only Balkan friend of the allies, was busy trying to patch up an agreement between London, Paris and Moscow, thus staving off a threatened expansion of hostilities into the near east. But the dictators, apparently bent on making the Balkans benevolently neutral, were playing every card in their deck.

**DEFENSE:**

**Warplane Tempest**

Ever since World War II began last fall isolationists have argued that sale of U. S. warplanes abroad is (1) blocking expansion of our own airforce; (2) exposing U. S. military secrets to the highest bidder; (3) boosting aircraft prices because of the rush of foreign orders.

By late March this tempest seemed headed for a showdown. Both house and senate military affairs committees planned hearings on the subject. President Roosevelt injected his two-bits worth by debanking the military secrets charge. He advocated mass sale of U. S. planes abroad to build up production channels. Next day an allied purchasing commission offered to place a billion-dollar plane order if secret mechanism were included. Shortly thereafter the war depart-

**JUGGERNAUT'S TAIL**

Europe and back, nonstop!

ment brought down congressional wrath by permitting foreign sale of some 500 new 400 m. p. h. pursuit ships.

Meanwhile, the army had answers to the two other charges:

(1) It was maintained that sales abroad have helped development of newer and better planes for the U. S.

(2) Assistant Secretary of War Louis Johnson denied that prices were being boosted. Example: The Aluminum Company of America (which cut its ingot price from 20 cents to 19 cents a pound) notified him that mass production has resulted in a saving of 5 per cent on aluminum. On one unspecified bomber the price would drop \$300.

To army air experts, more exciting than this argument was their purchase of the world's largest airplane (see cut), a 70-ton juggernaut capable of carrying 28 tons of bombs non-stop to Europe and back. Double the size of the famous "flying fortress," it will have a 210-foot wingspread and fly more than 200 m. p. h. The first will cost \$1,000,000; subsequent ships, in mass production, will cost about \$350,000 each.

**JAPAN:**

**Eyes Abroad**

For the nonce Japan's problems in China were settled. Gen. Chiang Kai-shek still had 2,000,000 men in the field but Nippon had made considerable progress. Puppet Wang Ching-wei planned to establish his Tokyo-dominated government at Nanking about the first of April, bigheartedly granting "autonomy" to vast and rich north China which thus came closer within Japan's own orbit.



At Los Angeles, pretty, 17-year-old Joan Aveline Lawrence complained because she thought mass bathing in her high school gymnasium shower room was "immoral."

**MISCELLANY:**

**Immoral Bath**

At Los Angeles, pretty, 17-year-old Joan Aveline Lawrence complained because she thought mass bathing in her high school gymnasium shower room was "immoral."

Next day the school's attorney announced a private shower room would be arranged.

Into effect on eastern railroads went new low 2 cents-a-mile one-way coach rates with round-trip reductions. Meanwhile major bus lines cut their rates to keep pace, some as much as 30 per cent.

At Disney, Okla., gates on the federal Grand River dam clanged shut and water began rising in a 52,000-acre reservoir which Gov. Leon C. Phillips charged would cause \$889,000 damage to state-owned property. But a federal court ruled against his protest.

At St. Louis, Circuit Court Judge Thomas Rowe took under advisement a contempt citation against the *Post-Dispatch* and three staff members whose editorials and cartoons criticized the dismissal in Judge Rowe's court of defendants in an extortion case.

**POLITICS:**

**Farley's Inning**

Most important political announcement of the year was Postmaster General Jim Farley's statement in Boston that his name would go before the Democratic national convention this year—"and that's that." Overnight observers began testing Farley's strength, wondering if he could be President or second mate. They forecast a positive convention breach between Farley and President Roosevelt; either third-



'ANY MINUTE NOW' (Jensen in Chicago Daily News)

termite will be incensed if Farley is nominated or Farley will take a walk if Franklin Roosevelt or his personal candidate is chosen.

In late March, just as New Dealers were beginning to fear Farley's tremendous following among Democratic state and local leaders, the postmaster general left on a business trip into the politically important border and southern states. It was obvious that political discussions could not be avoided, therefore observers expected Candidate Farley to tell his followers they should begin lining up behind someone like Secretary of State Cordell Hull.

For himself, Farley was thought to be satisfied with the vice presidency.

Watching these goings-on, many another Democratic hopeful became worried. Indiana's Sen. Frederick Van Nuys, a staunch supporter of Candidate Paul McNutt, suggested frankly that Jim Farley should retire as Democratic national chairman. Said he: "I do not think it is fair that Farley should capitalize on the prestige which that office entails."

**AGRICULTURE:**

**Cotton Woe**

Last winter the U. S. saw a ray of hope in its cotton problem. The 1939 crop of 11,500,000 bales was 2,000,000 bales short of domestic and export demand. Thus supplies in storage under loans were withdrawn to supply the market. Meanwhile Great Britain took 1,526,000 bales in the seven months ending March 1, compared with only 320,000 bales in the same period a year earlier.

Then came the blow. At Washington, British trade officials announced that United Kingdom purchases of American cotton must be curtailed to save foreign exchange. A second reason is that British cotton ships have frequently come to the U. S. empty; by turning to South America for cotton the British hope to fill their ships with English-made goods which can be sold to pay for the cotton.

Unhappy, agriculture department officials predicted the U. S. would again be asked to advance large loans on unmarketable surpluses. Also received was talk of a new export subsidy program next fall.

**COMMUNICATIONS:**

**Chaos**

Teletypes pounded out gibberish; Easter telegrams were delayed and radio stations found their transmission distance cut to 50 miles or less. European cables were completely "out" and long distance telephones barked with static. Such were the manifestations of Mother Earth's worst electrical bombardment since 1907, when the U. S. was isolated from Europe three hours. Studying the phenomenon, astronomers figured a solar cyclone had created a gigantic sun spot, many times larger than the earth. Much stronger (about 500 volts) than normal transmission power (160 volts), the bombardment came into conflict with normal directions of the earth's own electric currents. Result: Temporary chaos.

**'100 PER CENT' HOOVER**

The political smear artists who are out to get Chief G-Man Hoover realize that they can't do it on any legitimate charges of inefficiency or ill-boding. The guy is 100 per cent cop and 100 per cent honest.

But there is always the weapon of ridicule which is so effective that a man can be hurt by merely hearing his good points mentioned too much—like Aristides who got himself kicked out of Athens partly because some people got tired of hearing him called "The Just." So they call J. Edgar Hoover "The Glamour Boy of the Beaches." That is based on the following episode in Miami:

Shortly after the Pendergast cleanup in Kansas City, the then attorney general, Frank Murphy, who is a real glamour boy both in politics and among the gals, made a crack about cleaning up corruption in American cities.

He was not then on the Supreme court, and he didn't want to go there. He thought he had an outside chance of becoming heir-apparent to the Great White Throne. This may have had nothing to do with Attorney General Murphy's proposed city cleaning crusade, but if Tom Dewey could become a leading candidate by cleaning one city, what couldn't Frank Murphy do by cleaning ten?

So he ordered Hoover and six G-Men to Florida and later announced that he had done so to cleanse Miami.



**GENERAL HUGH S. JOHNSON Says:**

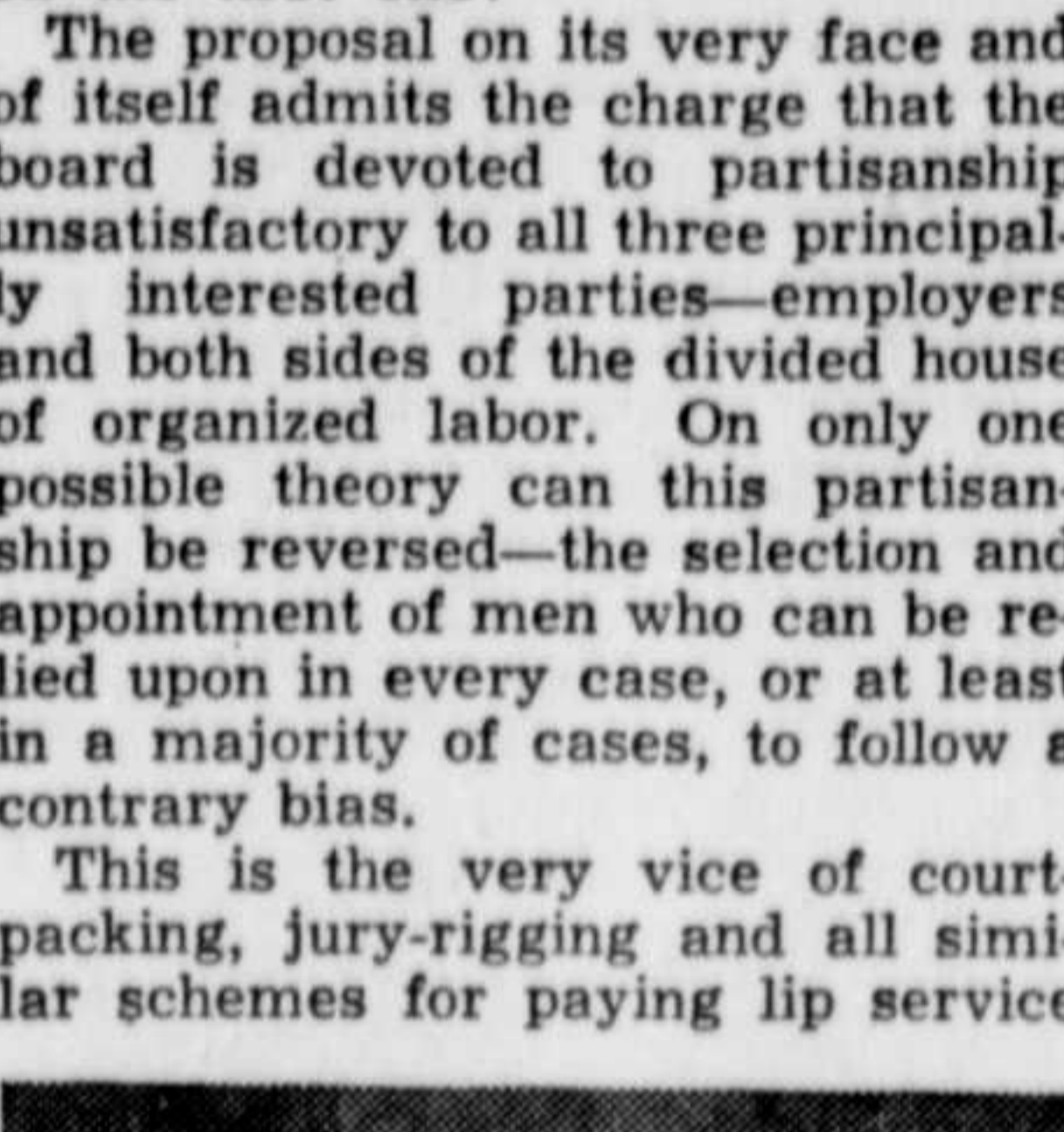
**NLRB 'STENCH'**

The House labor committee proposal to fumigate the stench in the national labor relations board is of itself a stench.

A quasi-judicial body has discredited itself by becoming not at all judicial but biased, prejudiced, partisan and unfair. How can that scandal be relieved by creating two additional vacancies to be filled by the same authority that appointed the first one?

The proposal on its very face and of itself admits the charge that the board is devoted to partisanship unsatisfactory to all three principal interested parties—employers and both sides of the divided house of organized labor. On only one possible theory can this partisanship be reversed—the selection and appointment of men who can be relied upon in every case, or at least in a majority of cases, to follow a contrary bias.

This is the very vice of court-packing, jury-rigging and all similar schemes for paying lip service



**SENATOR WAGNER—"He did not originate the labor board."**

to principles of democracy and justice and betraying them at heart.

If two, or even one, of the new appointees turn out to be of like mind with the members who have smirched and perverted the purposes of the labor act, this proposal can only keep its shocking injustices intact or at best make them worse.

And what chance is there that any number of additional judges would change this situation? There remains the philosophy of whatever reigning influence worded the law. It still defends the board it attempted to shield from investigation. After the board's conviction upon the facts and at the bar of public opinion, it is still unwilling freely to acknowledge its errors and offers only this futile and tricky clever little scheme, to calm the public clamor against its evils.

It is difficult to see why Senator Wagner's opinion is to be greatly considered in this matter. He did not originate the labor board. That was done by NRA in 1933 while he was abroad. The idea of that board was for a strictly unprejudiced umpire to decide the controversy in the application of the provisions of NRA for collective bargaining, independent labor representation and maximum hours and minimum wages. Senator Wagner was suggested in 1933 by the NRA administrator and appointed by the President during Wagner's absence in Europe.

But it was under the senator's administration that the idea of a strictly impartial tribunal was scrapped and the board became a government pressure bureau to organize industry, not in whatever form workers might select, but in particular forms favored by the board. That new policy is at the root of the bad repute of NLRB.

**From Want to Want**

That man is never happy in the present so true that all his relief from unhappiness is only forgetting himself for a little while. Life is a progress from want to want, not from enjoyment to enjoyment.—Johnson.

Nina—You were seen with Mr. X on the night of the storm. His wife knows everything. See page 19 of the May True Story Magazine, now on sale.—Adv.

**Mother's Hope**

Youth fades; love droops; the leaves of friendship fall; a mother's secret hope outlives them all.—Holmes.

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