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The March of the News

IN NATIONAL AFFAIRS

PRESIDENT ROOSEVELT embarked last week on a two weeks' trip into Middlewestern and Northwestern States with the avowed purpose of obtaining at first hand the reaction of the people to his legislative program.

Although two "formal" addresses were scheduled—one at Bonneville Dam near Portland, Oregon, early this week, and the other at Chicago on his way back East the following week—the President made several extemporaneous talks from the back platform of his westward bound train.

Mr. Roosevelt discussed crop price stabilization before Iowa audiences, declaring that the time had come for the Government to let the farmer know approximately at the time he plants his crop what he may expect in the way of a return at harvest time. He said he was not concerned with any particular method but was interested only in the objective.

MR. ROOSEVELT'S POLICIES

Even more significant was the address the President delivered at Cheyenne, Wyoming, in which he said that he did not intend to "coast through" his second administration, as a friend had advised, but that he was going to continue trying to do "the most good for the greatest number." This remark was interpreted in the East, particularly in Wall Street, as meaning that Mr. Roosevelt intended to press his social reform program with renewed vigor.

Before leaving for the West the President issued an order abolishing the National Emergency Council, effective December 31. At one time this agency was one of the most influential organizations in the Roosevelt government and its passing is public recognition that the Administration believes the emergency is over. The agency's functions are to be taken over by the Budget Bureau.

The President, also prior to his departure, halted further Public Works Administration spending for big work relief projects because of the "passing of the economic extremity." He said Secretary of the Interior Ickes had withheld approval of a large number of projects because cities and towns asking for aid were found to be able to finance the work themselves.

The week beginning October 3 was proclaimed as Fire Prevention Week. In a White House proclamation it was pointed out that property and loss from fires in the United States last year totaled more than \$260,000,000 and that 10,000 lives are being lost each year due to fires.

STERN PROTEST TO JAPAN

A vigorous protest was made to Japan last week by Secretary of State Hull against "uncivilized" air warfare being conducted by Japan against Nanking, the new Chinese capital. Within 48 hours after an oral protest, Mr. Hull dispatched a second in writing through the American Ambassador to Japan "in much stronger language."

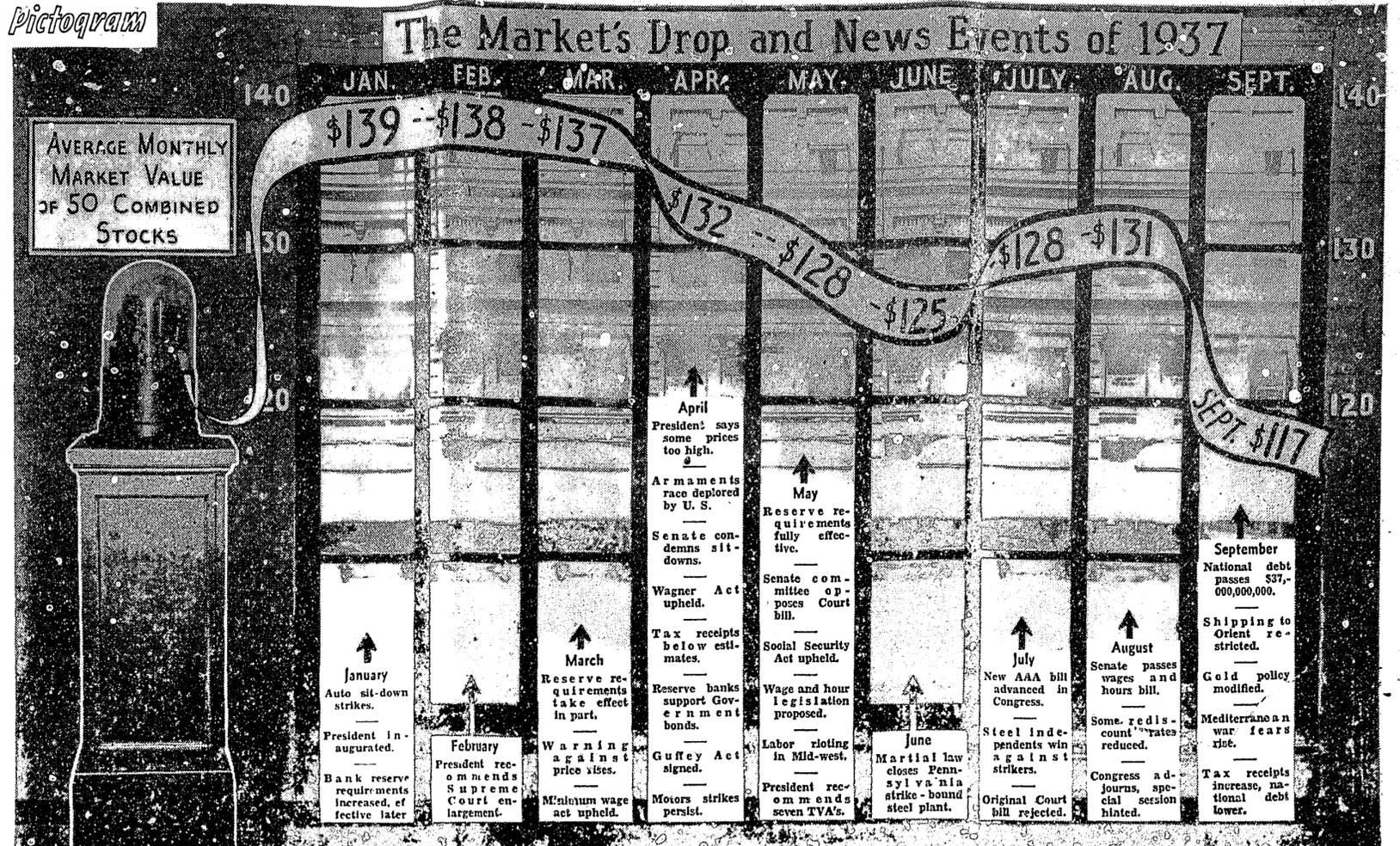
American warships will stay in Chinese waters to protect Americans as long as the Sino-Japanese crisis lasts, according to a statement by Admiral Yarnell, fleet commander at Shanghai. Any risks to the ships involved "must be accepted," the statement said. Washington officials made no comment. President Roosevelt said recently that Americans who remained in China after they had been warned to leave did so at their own risk.

Although the President continued to refuse to discuss the situation created by revelations that Associate Justice Black was affiliated with the Ku Klux Klan, Attorney General Cummings threw some light on it. He said his department had made "no investigation" of Justice Black's alleged affiliation with the Klan because it had not been the practice of the Department of Justice to inquire into the private lives of nominees for the Supreme Court. Meanwhile Justice Black, on his way back from Europe for the opening of Supreme Court sessions next Monday, continued silent on the charges.

Soon after his election as chairman of the Securities and Exchange Commission last week to succeed James M. Landis, William O. Douglas announced that the commission will continue to follow the line of policy adopted by the former chairman. Any change, he said, would be toward stricter observance of the law.

Final plans for the voluntary unemployment census, announced by Administrator Biggers, provide for distribution by the Post Office Department of registration cards to 31,000,000 homes throughout the country. Each card will carry a brief message from the President appealing to unemployed persons to fill out the card and mail it to Washington.

Pictogram



What's Behind the Slump in Stocks? Washington and Wall Street Answer

"STOCKS going down..." Those words filtering through official Washington on so many days of late have caused a reexamination of the long-time trend. The year started off with predictions of a rosy future. The Commerce Department estimated the national income in 1936 at almost sixty-four billion dollars as contrasted with the depression low of less than forty billion in 1932. Administration spokesmen said the total this year might reach seventy billion. But happenings since have caused some of them to speak less readily about being within striking distance of the all-time high, eighty billion in 1929.

What explains the downward trend that has predominated in the Stock Market since 1937 began? What is the connection, if any, between that trend and news developments in national and international affairs? What of the future?

CONSENSUS OF EXPERTS

A consensus of experts in direct touch with Administration policies shows that these opinions prevail in Washington:

- 1—An over-optimistic appraisal of business prospects after the 1936 recovery created an unstable situation in the Market.
- 2—Hasty and unwarranted commodity price increases put a brake to normal business expansion.
- 3—An unsettled labor situation and prospects of more regulation of industry and agriculture and higher taxes, rather than a... ated an unfavorable investment psychology.
- 4—No single event or series of events accounts for the slump. Rather, it is the effect of a cumulative situation.
- 5—Since September began, foreign disturbances and the failure of autumn business to pick up as rapidly as predicted have set off selling waves which brought new market lows.
- 6—The present recession, barring unexpected developments, is more likely to be temporary than to signalize a long-term "bear market."

The extent of the decline is shown by figures in the New York Stock Exchange Bulletin. Total market values of all listed stocks rose from almost sixty billion dollars in January to a high of over sixty-two billion in March, and have declined ever since to less than fifty-seven billion at the latest calculation.

"We must remember the elemental fact," said one official, "that all stock prices are decided by earnings or presumed prospective earnings. It looks now as though some industries and businesses over-expanded their inventories months back, expecting to sell everything and at higher prices. They did neither."

Another official harked back to a statement in March by Manner Eccles, Chairman of the Federal Reserve Board, which stressed the importance of economic fundamentals.

President Roosevelt was outspoken about that time against too-rapid price advances. The only way to control them, said Mr. Eccles, was by increasing production. He added:

"Increased wages and shorter hours, when they limit or actually reduce production, are not at this time in the interest of the public in general or in the real interest of the workers themselves. . . . Wage increases and shorter hours are justified and wholly desirable when they result from increasing production per capita and represent a better distribution of profits."

HIGHER LABOR COSTS

In the light of that, a Government economist pointed to a study by the National Industrial Conference Board which showed:

That labor cost per man-hour increased almost 15 per cent in the year ending in July.

That the increase was not offset by increased productivity, and

That man hours per unit of output increased 3.8 per cent, but output per man hour was 3.7 per cent below a year before.

In the view of one official, some business men who had not paid much attention to the dispute over the Supreme Court enlargement bill began asking "What more is up the President's sleeve?" after the Supreme Court reversed itself on minimum wage legislation and upheld the Wagner and Social Security Acts.

"We sense that here," he said, "and recom-

mendations since made by the President apparently have intensified the uncertainties of business men. They see less prospect of big profits, more taxes; and are more inclined to seek fixed income investments."

"Another factor," this official reminded, "is that markets today are not like pre-SEC markets. They have air pockets. High margin requirements have eliminated small speculators. Less bank credit is used for speculation."

No concern was evidenced at the Securities and Exchange Commission. William O. Douglas, the new Chairman, said merely:

"Prices always go up and down. From time to time, we hope to get to the root of market trends, to see whether they are being shaped by natural economic forces or by artificial ones. We will interfere only when such forces are artificial."

There was no sign of intention to "interfere."

BEHIND THE "JITTERS"

Several of those interviewed attached slight importance to discussion about business fears of more regulation. "They already know the worst," it was said. "Remember, stocks went up despite the old cry for a rigid gold standard, for a balanced budget, and enactment of the Securities, the Holding Companies, and the Wagner Acts."

"The blueness is in Wall Street, not in the country," said one official. "Evidently some stock buyers were over-ambitious and got the jitters when the profit outlook changed a bit."

"Looking ahead, the increase in commercial loans by banks certainly shows that a pick-up is coming somewhere. Construction is getting more active, too. The markets may be ragged for some time; but it would be foolish to say that the business cycle—and that's what counts—has turned downward."

Other economists outside the Government say the bank loans have risen because various corporations have found it necessary to borrow from the banks to pay the undistributed surplus taxes, and because they have been unable to issue securities on account of generally unfavorable market conditions which in turn are attributed by them to Administration policies.

These bank loans, it is said, will go down when activities in the capital markets are resumed. The opinions outside the Government are to the effect that possibilities of a major readjustment in business should not be overlooked and that fundamentals like increasing labor costs, consumer resistance, diminished demand and interrupted foreign trade are important in developing an economic equilibrium.

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TOMORROW

A LOOK AHEAD—FUTURE TRENDS

NO major change in Administration policies is likely to result from the President's Westward trip.

Mr. Roosevelt is so firmly convinced that the people are in complete sympathy with his "objectives" that he naturally construes the cordial reception accorded him everywhere as endorsement of his policies.

The President's progressive militancy as he traveled Westward portends a more aggressive attitude toward Congress for his legislative program. He has been saying all along that people were with him, against Congress, on major questions like the Court bill, and receptions given apparently have convinced him more than ever.

BUSINESS LAG "TEMPORARY"?

Current business recession and decline in stock markets are regarded by the President as temporary. He believes, as he said in his back-platform speech at Cheyenne, "the depression is pretty much over."

In this view he is supported generally by Government economists, who are not unduly surprised by the extent of the stock market decline and expect a recovery over a period of months. At the same time, monetary, banking and fiscal policies of the Government are being reconsidered by the experts in light of the changed market situation.

The SEC is watching the markets as a matter of routine, but is not likely to take any corrective action unless signs develop of manipulating stocks. Appointment of Douglas to chairmanship of SEC, in face of reported warnings that action would disturb Wall Street and unsettle the markets further, shows how little weight Mr. Roosevelt attaches to market disturbances.

IMPROVED LABOR OUTLOOK

Better outlook in labor field is bright spot in national picture. Although some observers are predicting an increase in strikes in the next few months, fewer labor troubles are expected in the next twelve months than in the last twelve.

Snub of two Government officials—Perkins and Madden—by A. F. of L. does not mean federation opposition to Administration policies. Failure to invite them to speak at coming convention was due to resentment at their administrative methods.

One amendment to National Labor Relations Act which will be asked for at A. F. of L. meeting

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The State of the Union Today

THE NEWS PARADE—MR. ROOSEVELT RIDES INTO THE WEST—A TEST OF PUBLIC SENTIMENT



EXPRESS WEST

President Roosevelt shown on the rear of his special train as it left Hyde Park for the long overland run to the West. Purpose of the trip is to enable the President to gauge the public's opinion of his policies.

Newsgram ★ 1 ★

Shielding Civil Rights With a Law of 1867

New labor problems and an old statute. Harlan county strife. Federal intervention.

THE Constitutional guarantee of citizens against being deprived of life and liberty without due process of law is a guarantee which, in practice, has operated chiefly to protect citizens against arbitrary action by the Government.

But some aspects of these rights are also safeguarded by statute, and in these cases, citizens may be protected against arbitrary actions performed by other citizens.

A recent statute of this type is the National Labor Relations Act, which protects the right of collective bargaining in labor relations and is designed to safeguard employees from domination by employers in the choice of their bargaining agents. The Act carries no criminal penalties for its violation.

But there is another broader Act, guaranteeing civil rights, passed in 1867, which does carry criminal penalties for violation of its provisions.

INDICTMENTS BEING PREPARED

Last week the Department of Justice let it be known that it is preparing indictments under this earlier Act against certain employers in Harlan County, Ky., who are alleged to have denied collective bargaining rights in a way that, the Department claims, makes them liable to the criminal penalties. These penalties include a fine up to \$5,000 and imprisonment up to 10 years. Indictments will be asked on September 29.

The law was passed in the Reconstruction period after the Civil War, during which night-riding members of the Ku Klux Klan frequently executed their own ideas of the way in which certain individuals ought to be dealt with.

Among possible applications today, in addition to those which the Department of Justice has in mind, were these, as seen by observers:

Conspiracy among vigilante groups who take violent action either in labor disputes or on other grounds; concerted action among labor union members for intimidation of non-strikers; action of labor pickets in barring the free use of the highways to those wishing to enter strike-bound plants; violence by so-called detective agencies or employers' agents in breaking up unions or in driving union organizers from a community.

SENATE COMMITTEE DISCLOSURES

Allied to the last type of action are the alleged violations of the law involved in the prospective charges to be brought against certain coal mine operators in Harlan County. The acts upon which the charges are based were largely those disclosed in the investigation of the Senate Civil Liberties Committee, under the chairmanship of Senator Robert M. La Follette (Prog.), of Wisconsin.

Among the incidents brought out in the investigation were:

Testimony by three persons that they had been hired to blow up the home of a union organizer with dynamite.

Statements that two coal mine operators had shut down their pits in order to halt a miners' organizing campaign.

Accusation by a miner that two company guards had shot his brother to death, his brother having been engaged in union activity.

Two of the witnesses before the Senate committee had asked the committee to protect them against reprisals when they returned home.

THE SEVENTY-YEAR-OLD STATUTE

The statute of 1867 reads as follows:

"If two or more persons conspire to injure, oppress, threaten or intimidate any citizen in the free exercise of any right or privilege secured to him by the Constitution of the United States or laws of the United States, or because of his having exercised the same, or if two or more persons go in disguise on the highway, or on the premises of another, with intent to prevent or hinder his free exercise or enjoyment of any right or privilege so secured, they shall be fined not more than \$5,000 and imprisoned not more than 10 years, and shall, moreover, be thereafter ineligible to any office, or place of honor, profit or trust created by the Constitution or laws of the United States."

The President's Week

CHEERS ring sweetly in the ears of any man. Traveling across the continent on a trip announced as "non-political," President Roosevelt last week heard their music again much as throughout the 1936 campaign.

Crowds welcomed him. Democratic leaders, excepting opponents of his program like Senator Burke, of Nebraska, reported to him and made requests. What was supposed to be a "no speech day" turned into a "four speeches day."

After a perfunctory exchange of "Hellos" with Senator O'Mahoney, who parted with him on the Court issue, Mr. Roosevelt related to a throng at Cheyenne:

"A friend of mine came to me and said: 'Why don't you take it easy? You have come up a long hill during the last four years, and now why don't you have a good time?'"

"I said to him that I was going to continue during the next four years as in the past. I don't want to coast and the nation does not want me to coast with my feet up." (Text of Cheyenne address on page 11.)

"This is a trip of inspection," the President started off at Clinton, Iowa. "I have made such a trip every year for the past four years and I thought that I ought to come out again to see how things are getting on. They seem to be getting on pretty well."

TEST OF REACTION OF THE PUBLIC TO COURT POLICY

Events soon indicated there was more to it than that. In private discussions with Senators during the long dispute over the Supreme Court enlargement bill, Mr. Roosevelt had asserted confidence that the voters were with him. Slight doubt remained at the week end that he was now testing that conviction.

Not that he talked again of adding Justices to the highest Court. With Mrs. Roosevelt by his side and a smile on his face, the President emphasized his "objectives." One that brought a rousing response in the tall corn country—defined while waving two big ears of corn presented to him—was "to stabilize farm prices."

"A lot of people mix-up objectives with methods," he said, "and sometimes, when they don't like the objectives, they say: 'Oh, yes, we do like the objectives, but we don't like the methods proposed by this particular fellow.'"

"Well, I am not in love with any particular methods, but I am in love with the particular objectives which the people are after and I am after."

From Governors, Mayors and others, he received assurances that people in those sections felt much the same way. Interest in the Supreme Court controversy and allegations that Justice Hugo Black is a member of the Ku Klux Klan was less, they said, than in immediate questions about relief and more Federal spending in those States.

"We'd like to be against spending," said Gov-

ernor Cochran, of Nebraska, "but we are forced to be for it."

One after another of his visitors told Mr. Roosevelt he would be reelected overwhelmingly if an election were tomorrow. An enthusiastic Iowan shouted "We'll be voting for you in 1940." The President laughed, said nothing.

After defending the public works program at Cheyenne, Mr. Roosevelt went to bat especially for the building of huge dams with Federal funds to generate power.

In his speech at Casper, Wyoming, the President told of what had been accomplished by use of Federal funds. He said that the spending of \$60,000,000 of the Government's money in Wyoming had brought practical results and that no such funds need be spent in the future because the conditions in the State are better.

"Unemployment in Wyoming has dropped from 11,000 to 6,000," he pointed out. "That helps me to balance the budget."

Mr. Roosevelt reiterated that he is clinging to his social objectives and he criticized those "who are good citizens only so long as it suits their pocketbooks to be good citizens." "You and I are going to make democracy work," he added.

The President in platform appearance at Wheatland and Chugwater made brief remarks.

Before heading westward, Mr. Roosevelt put in several full days of work at Hyde Park. A few hours of rest did come on return from Sunday services at St. James Episcopal Church, where he is Senior Warden, with Mrs. Roosevelt, their youngest son, John, and his fiancée, Anne Clark of Boston. By not attending the annual baseball game between teams of the White House "official family" and newspaper men Dad Roosevelt missed a chance to see his boy hit home runs that helped to beat the reporters by 21 to 12.

Son and Secretary James Roosevelt slipped off to Massachusetts to attend the wedding of Thomas J. Quilley, the President's ever-alert bodyguard, and Miss Arlene Eade, of Lynn. The trip to the Coast meant honeymoon to them.

DEEP SILENCE ON CONTROVERSY OVER MR. BLACK

The face of Mr. Quilley, who watches behind Mr. Roosevelt at press conferences, was almost as expressionless as usual while questions about Justice Black's reported Klan affiliations were raised anew. The President stood pat on his earlier statement that, pending Mr. Black's return from Europe, nothing would be said by him. It was learned, however, that the Justice had not communicated with the White House up to then.

In the matter of relief Mr. Roosevelt spoke almost as though he had foreknowledge of what the western Governors would tell him. Conclusion of allotments under the PWA program prompted an inquiry at that time whether he believed the depression was over.

"There has been a decreasing need for this stimulation with the passing of the economic

extremity," he said; but pointed at once to the still-heavy relief burden.

Nevertheless, he abolished the "National Emergency Council"—that board of major advisors which attempted earlier in the New Deal to coordinate the attack on depression. A plan for the latest effort to obtain data on the problem—by having the unemployed register—was approved. The Post Office Department will distribute 31,000,000 blanks and subsequently deliver those filled-in by the jobless to John D. Biggers, the registration administrator.

With infantile paralysis cases reaching a new peak for the year, Mr. Roosevelt acted to expand the campaign against the disease by the Warm Springs Foundation in Georgia. That project is especially close to his heart in view of his personal knowledge of paralysis sufferers.

CONFLICT IN CHINA TOPIC OF PARLEYS WITH MR. HULL

Wires to Washington were kept open much of the time for consultation on the foreign situation. Secretary Hull sought advice before sending the militant protest to Japan against the bombing of Nanking. In between the talks, Mr. Roosevelt dispatched as much routine as possible—signing proclamations for a Fire Prevention Week, a Columbus Day in honor of Christopher Columbus, and a Pulaski Day in honor of the Polish hero.

More documents had to be taken on the train for consideration. The schedule did not allow much time for paper work, however. It was more a case of talking things over with local leaders en route as well as to crowds at stops.

The itinerary this week:

Monday—Boise, Idaho. Motor to inspect Owyhee Dam.

Tuesday—Inspect Bonneville Dam, Oregon; motor to Vancouver.

Wednesday—Rest in daughter's Seattle home.

Thursday—Visit Victoria, British Columbia, by water.

Friday—Motor to Tacoma, Wash., visiting en route.

Saturday—Inspect Grand Coulee Dam, rear platform talk at Spokane.

By that time Mr. Roosevelt will have had even greater opportunity to gauge public sentiment toward him and his program. All the more interest will attach to whatever he might say on Sunday in Montana, the home State of the Senate leader against the Court bill—Burton Wheeler.

Stops in North Dakota and Minnesota, a bridge dedication in Chicago, and Mr. Roosevelt then will be on his way back east. He may stop at Hyde Park to see his mother, now returning from Europe, before proceeding to Washington.

In the meantime, the Supreme Court will have met again to pass on some questions vitally affecting Administration policy and Justice Black presumably will have donned the sombre robe of his office.



THE CHIEF JUSTICE RETURNS

Back in Washington after a three months' vacation in New Hampshire and Canada, Chief Justice Charles Evans Hughes offers no indications as to what steps, if any, will be taken about the alleged KKK affiliations of Associate Justice Hugo Black.

Newsgram ★ 2 ★

Rumblings of Battle Over Justice Black

Possible revival of Court issue. "Impertinence" of an investigation. Hints of impeachment.

THE possibility of an historic scene between Franklin D. Roosevelt and Hugo Black before the Supreme Court sits was envisioned in Washington after publication of charges that the new Justice is bound by oath to the Ku Klux Klan.

The President's terse refusal to comment about Mr. Black's position "until such time as he returns" from Europe suggested to his hearers that something would be said, once the two of them had talked. First impressions were that Mr. Roosevelt would cancel his western trip, remain in Washington.

Instead, when the boat now bringing the Justice back docks in mid-week, the President will be 3,000 miles away, with his grandchildren in Washington State, not to return here until after the Supreme Court resumes sessions next Monday.

SENTIMENT SOUNDED

By that time he will have much first-hand information about the attitude of the West toward the Black appointment, toward the Supreme Court itself and his hopes to bring about a "rejuvenation" of the judiciary, and about the potential effects on the New Deal program and his political leadership. As seen by many Washington observers, all are tied together in a situation portending important consequences in Congress and in the 1938 and 1940 elections.

Speeches by the President on the trip have been read in the light of the controversy about Mr. Black and the possibility of the Supreme Court enlargement issue being raised again. Would he lay a groundwork for defense or retreat as to the fitness of his nominee for the Court? Would he fore-shadow reprisals against Democratic Senators who opposed the Court bill or revival of the bill itself?

The closest Mr. Roosevelt came to the questions was at Cheyenne, Wyo., where he served indirect notice that no ground would be given.

A friend had suggested that he begin to take it easy and have a good time, he said, and added:

"I said to him that I was going to continue during the next four years as in the past. I don't want to coast and the nation does not want me to coast with my feet up."

SENATOR O'MAHONEY LISTENS

In the audience stood slender, keen-eyed Senator Joseph O'Mahoney. He was one who sought to have the Administration compromise on the Court issue before it was too late. Doubtless he remembered the President's attitude that he knew national sentiment better than counsellors of compromise and that the public was with him.

Eventually Mr. O'Mahoney joined the bill's opponents. Formerly he had been listed as a hundred per cent Roosevelt man no less than Senator Black. At Cheyenne, he boarded the President's train as a member of the welcoming committee, not by invitation. They exchanged greetings only.

When the train had crossed Nebraska, Senator Burke—opponent of the Court bill and leader of the opposition to confirmation of Mr. Black's nomination—was not invited to accompany the President as Governor Cochran was. The situation was receiving attention in the State at the time, in view of praise given the new Justice by the veteran independent, Senator George Norris.

"Even if he was a member of the Klan, there's no legal objection to that," he said.

While Mr. Black still remained silent on the high seas, dispute over his appointment continued. Representative Pettengill (Dem.), of Indiana, announced he would support an impeachment move. Senator Walsh (Dem.), of Massachusetts, believed impeachment improbable, but said the Supreme Court might rule Mr. Black ineligible for membership there.

Attorney General Cummings, evidencing resentment against articles saying the Justice Department had not investigated Mr. Black's qualifications, declared such an investigation would have been "impertinent." He had nothing to say about a report that one of his assistants, William E. Fort, knew of the Klan connection because he belonged to the organization with Mr. Black.

Calling the President's trip a "studied attempt" to avoid meeting the Justice on his return, Representative Fish (Rep.), of New York, contended Mr. Roosevelt "cannot evade the issue by remaining silent or running away from it."

Washington Whispers

Friends of Justice Hugo Black say privately that any concession which the Justice may make on the Ku Klux Klan issue is likely to be limited to an admission that he once belonged and an assertion that he has resigned and that his record in the Senate speaks for itself.

In the opinion of those in a position to know, one of the reasons why certain Administration advisors counseled a registration rather than a count of the unemployed was a desire to avoid disclosing the number of aliens on relief. Under the registration plan it is believed that few of the aliens will be counted.

Housing experts in the Government quietly are pushing a campaign for liberalization of

the present insurance provisions under which the Federal Housing Administration operates so that an additional prod may be provided for large-scale apartment developments.

Plans for an Anglo-American trade agreement, it is reported in Government diplomatic circles, are scotched for the time being and the whole program may have to be abandoned because of last-minute difficulties in reaching an agreement with the British. Secretly, higher Department officials are miffed over the turn of affairs as they had definite assurances a few months ago that the agreement would be concluded. Also, negotiations for a similar treaty with Argentina, insiders say, are held up by the turn of events.

Behind the scenes in the Labor Department a sharp contest is going on to determine who will replace Edward F. McGrady in the post of Assistant Secretary of Labor. Both the A. F. of L. and the C. I. O. partisans are maneuvering to obtain appointment of a man favorable to their side. The probabilities are shaping up, insiders say, for appointment of a man already in the Department who has never been connected with either group.

Nothing yet has been said about it publicly but the C. I. O. is preparing to publish the results of all Labor Board elections as an offset to the publicity which will accompany the convention of the A. F. of L. The returns which will show the C. I. O. with

a decided advantage are to be bally-hoed as proof that the Lewis organization is the democratic choice of large groups of workers.

Another battle according to word being passed on Capitol Hill, is in the cards for the next session as to whether the power provisions will be retained in the Norris 7-TVA bill. A strong move is under way for their elimination.

A thorough study of foreign investments in the United States will soon be released by the Bureau of Foreign and Domestic Commerce. The investigation is the first complete analysis of foreign holdings of American securities and property.

Tomorrow

A LOOK AHEAD

(Continued From Page 1.)

ing is the so-called Walsh amendment under which members of crafts in any plant must be designated as separate bargaining units if a majority of them so desire. Discretion is now left with the Labor Board, which usually follows the wishes of craft workers.

If the A. F. of L. convention votes to expel the unions associated with the CIO, officials of the CIO probably will call a convention immediately to organize as a separate body.

Steps to revise existing tax laws will play a major role in Washington activity in the next few months.

Treasury recommendations to Congress probably will call for amendment of the surplus profits tax to lighten the tax burden of small business. This will mean modification of the law to give small concerns debt payment allowances.

The Treasury probably will resist any efforts in Congress to ease the effects of the undistributed profits tax.

Higher taxes on individual incomes probably will be voted to make up for any losses due to corporation tax relief.

Not much chance in a campaign year for the Vinson proposal which in effect would levy an income tax on smaller incomes.

New crop control program to be submitted by the Administration at the next session of Congress probably will not call for drastic compulsory control. Only penalty for failing to observe the Government's program for soil conservation and land use probably will be withholding of cash benefits and commodity loan privileges.

Foreign policy of the Government is being left principally to Hull's discretion. The Secretary of State is usually slow-moving, so that his quick and sharp protests against Japanese bombing of Nanking mean more determination on part of this Government than appeared on the surface.

At the same time official concentration is on avoiding involvements in the Sino-Japanese situation that might threaten war for this country.

Prospects for a special session of Congress this fall are fading. Reasons: Opposition of Congress leaders; growing feeling that the regular session beginning in January can handle any necessary legislation; no program ready; desire to avoid as long as possible discussion of the Black appointment to the Supreme Court.

CAN AMERICA STAY OUT OF WAR IN THE ORIENT?

Newsgram 3

Far East trade and embargoes. Danger to 'open door' policy. Freedom of seas at issue.

WHAT chance is there that the United States can keep out of the war in the Orient?

It is a grim question mark that the crazily rocketing bombs and shells are writing on the night sky over the burning cities of Nanking and Canton.

Some experts on foreign affairs are offering the disconcerting answer that the chances of our being drawn into war are greater than they were 20 years ago—greater than in the months when the American people were confident of non-involvement in the conflagration then ravaging Europe after re-electing a peace-minded President on the slogan: "He kept us out of war."

That the American people are peace-minded now, as far as the struggle across the Pacific is concerned, seems true without question. They want to keep out of that war.

But can such public opinion prevail against factors and forces tending to draw us toward the brink in the Oriental conflict?

What are the factors and influences that may lead, or push, or subtly and gradually involve us in the Sino-Japanese war in the next few months, if the conflict across the Pacific is prolonged?

THE TRADE FACTOR

For one thing, there is the important factor of trade interest. The potentiality of trade with China has been at the center of American interest in the Orient for the last hundred years. Because of China's vast population, a third of a billion people, the United States has always considered the potential Oriental market of great importance.

Our diplomatic policy in the Far East has centered around keeping this area open to American trade opportunities on equal terms with all other nations of the world. That was behind the promulgation of John Hay's "open door" policy at the beginning of the present century. American influence operated to prevent China from being hopelessly sliced up into spheres of foreign domination. American diplomatic pressure moderated the terms of the Boxer indemnity. It temporarily checked the predatory push of European imperial powers into China.

American influence historically also has stood in the way of Japanese incursions and spoliation of China. Japan as late as the 1922 Washington Conference was checked by the influence of the United States, backed by other European powers. Japan at that time had to recede from some of the advances she had made into China during the World War. The Japanese were constrained to give back the Kiao-chou peninsula to China. They agreed to renewed acceptance of the "open door" policy. They joined with the United States and other great powers in treaty agreements providing for mutual consultation and conference before the territorial status quo in the Orient should be disturbed again by aggression.

That was the last time Japan was checked. Increasing pressure of Japanese population pushed against diplomatic and treaty barriers. Increasing industrialization sharpened Japanese demand for exploitation of



FOOD FOR INTERNATIONAL THOUGHT. A group of delegates to the nine power conference on "piracy" in the Mediterranean shown at the dining table where talk that affects the world continues even after the more formal conferences are completed. Facing the camera left to right are: Maxim Litvinoff, Russia's Commissar for Foreign Affairs; Dr. Schranz, Mayor of Nyon, and Anthony Eden, Britain's Foreign Secretary.

China's rich natural resources and control of a larger share of her trade.

Increasing Japanese militarization gave the Nippon empire the power to defy treaty restrictions and world opinion and overrun Manchuria to create the puppet state of Manchukuo in 1931-32. Vainly the United States, poorly supported by other powers, protested against these aggressions. The Pacific treaty system was shattered by force of arms. The "open door" for the trade of America and other nations began to close.

Emboldened by 1931 success in Manchuria, Japan gained confidence in her ability to defy the rest of the world and this year renew with impunity the satiation of her imperialistic ambitions at China's expense.

The potentialities of American trade in China have been greatly narrowed by the commercial and military penetration of Japan into the vast domains of the Celestials. The economic stakes involved in potential China trade bulk less importantly than formerly as counterweights against any grave risks that might be entailed in aggressive efforts to preserve them.

Temporarily, however, our China trade, though its volume never came up to expectations and though hopes for increasing it are being limited, still remains as a pressure factor to persuade us to seek retention of our hold in China. And aggressive attempts to retain that hold would expose us to increasing chance of clashes with the violently expanding imperial ambitions of Japan.

BOOMING WAR TRADE

Recently our Far Eastern trade has been abnormally stimulated since the Sino-Japanese friction began intensifying until it finally burst out into martial conflagration this year. American trade with the Orient, feverishly fanned by conflict conditions, has been increasing. As figures recently cited by Commerce Secretary Roper demonstrate, our exports to China for the first seven months of this year are up 41 per cent as compared with the comparable seven-month period of 1936—though our total exports to China during this period, indeed, have amounted to only \$36,955,000, or less than the cost of a single one of the two new battleships recently authorized to be built for our Navy.

Meanwhile war-stimulated industrial demands have also nearly doubled American exports to Japan. Our \$192,050,000 of exports to Japan from January to August this year represent an 86 per cent increase over exports to Japan during the similar period of 1936. Cotton and copper and scrap iron—all commodities that mean revenue for American producers and exporters, all commodities that can be put to constructive peace-time uses, but that also go into the making of the munitions and machinery of war—figure largely in the increased volume of our shipments to the Orient.

THE PARTIAL EMBARGO

Do we want to sacrifice or dislocate this trade by such embargoes as would be applied under a full application of our Neutrality Act? Or do we want to insist on our neutral trading rights at whatever risks?

Current official American recognition of the hazards of trying to ship arms and munitions to China came in the recent very limited application of an embargo on such shipments in the holds of government-owned merchant ships, and a warning to other American shipowners that they will hereafter carry such cargoes to the Orient at their own risk.

But this falls far short of full application of the Neutrality Act passed by the last Congress. And sharp controversy continues to rage over whether that law should be put into effect by Presidential proclamation that a state of war exists in China.

Those who uphold the Administra-

mercials with the moral argument, opponents of the Neutrality Act contend that invoking it would seriously interrupt a foreign trade that is helpful to American economic recovery, a trade which, if temporarily broken off, might be permanently dislocated and perhaps largely replaced by other commercial nations after subsidence of the Sino-Japanese war.

FOR LAW'S APPLICATION

Those who argue on the other side of the question contend that Japan would be hurt as much or more than China by the Neutrality Act. They say that embargoing of war supplies would put a serious crimp in Japan's means of keeping her aggressive war machinery going. They point to the fact that our trade with Japan is about five times as great as that with China. They voice moral indignation that American exports of cotton go in part into the manufacture of explosives, and American copper and scrap iron are being used to build up the engines of war—and this to a greater extent in the case of Japan than of China, because of the greater volume of American exports to the former country.

Six leading American peace organizations that applauded the President's quasi-embargo limited to war shipments in government-owned vessels have, since the beginning of the Nanking bombardment, renewed their demands that the President recognize such a holocaust as an act of war which should call the Neutrality Act into operation. "If the President continues after the bombing of Nanking to claim there is no war, his failure to apply the [Neutrality] Act must be accepted as deliberate defiance of the

will of the national legislature and of the people," runs the brusque statement of these peace groups, whose executives include some of the active political supporters of the President in the last election campaign.

MIGHT AVERT DISPUTES

The neutrality law is not perfect, say such proponents of its application, and Congress needs to perfect it. But even in its present form they contend, it would prevent disputes about blockade-ruiping from developing into combustible war controversies. And it would wash American hands of continuing to help prolong the war by supplying both combatant nations with war materials.

To this line of arguments, opponents of the Neutrality Act make rebuttal with reiterated insistence that the neutrality law would hurt China more than Japan, that invoking it would be an act of cowardly isolationism and a shirking of American moral obligation to distinguish between aggressors and innocent victims of aggression.

Such opponents of "isolationism" with rare exceptions, however, have not gone to the extent of demanding interventionism that would mean punitive treatment for Japan as the aggressor, or discriminatory treatment such as the application of economic sanctions against trade with Japan while continuing to attempt to maintain war-time trade only with China.

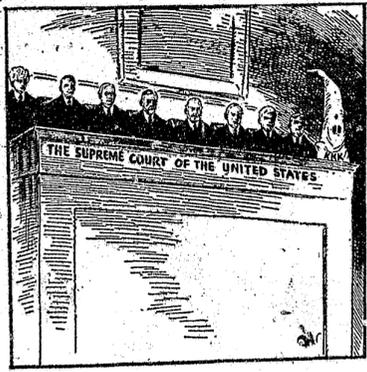
Wetzel advertisement with logo and text: MEN IN THE HABIT OF WEARING WETZEL. CLOTHES FIND SEASONAL REPLENISHMENT OF THEIR WARDROBES A PLEASANT AND PROFITABLE EXPERIENCE. OUR REPRESENTATIVES ARE NOW ON THEIR FALL VISITS TO THE PRINCIPAL CITIES. DATES UPON REQUEST.



The Case of the Midnight Caravan

Gulfpride advertisement featuring a testimonial from a truck driver, a Gulf logo, and the slogan 'THE WORLD'S FINEST MOTOR OIL'. The testimonial describes how Gulfpride oil saved a fleet of trucks from engine failure during a long journey.

The United States News publication information including title, address, board of editors, advertising department, and subscription rates.



Cartoonist Parrish for the Chicago Tribune

Editorial Comment, Pro and Con, on:

- 1. Balancing the Budget
2. The "Ever Normal Granary"
3. Taxation Without Duplication

PROBABILITY that the Federal Government will have an unbalanced budget this year causes no surprise, but leads to condemnation of Administration financing from practically all commenting newspapers.

It is urged that the Government has failed to take reasonable steps in the direction of making income and expenditures approach a balance, although it is argued that general conditions warranted smaller expenditures. It is even stated that debt retirement should be considered.

Another program of increased spending, it is pointed out, has been adopted, and the warning is given that "he who dances must pay the fiddler." It is also warned that the public is rapidly becoming deficit conscious.

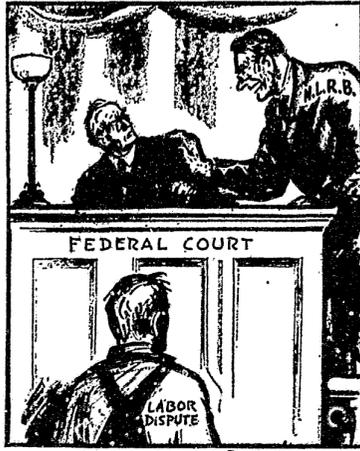
Critics of Crop Control

PRACTICALLY all commenting newspapers criticize the new crop control program of the Federal Government. The plan provides that the "ever normal granary" plan be combined with acreage reduction, employing the payment plan of soil conservation which was adopted after the defeat of AAA.

Much of the current sentiment against the plan is declared to have been influenced by the report of the International Institute of Agriculture, which was established under American leadership, that restricting production retards recovery.

Chief objection to crop control is the uncertainty of weather conditions, and the experience in the loss of foreign markets which cotton producers have had.

It is repeated that the nation cannot increase its



Cartoonist Chamberlain for King Features Syndicate, Inc. "Move Over, Judge!"

real wealth by producing less. It is also pointed out that bumper crops, while reducing prices, have the effect of increasing the total receipts of the farmers.

Remedies for Duplicate Taxes

PROTESTS at the recent conference of Governors against the duplication of taxes by the Federal and State governments, and decision to hold a tax conference early next year, produce divided opinions in the press as to the remedy.

In the judgment of 65 per cent of the commenting newspapers the only possible remedy is to conduct a campaign of education and show the taxpayers that economy in public expenditures must be demanded. The problem seems to 35 per cent of the editors to be one that requires cooperative action between State and Federal officials with the definite object of allocating to each form of government its own field of taxation.

It is urged that citizens give special attention to spending of public funds, and determine the extent of actual need.

The proposals on the subject of taxation at the meeting of Governors are made after discussions covering several years in which it has been stated that the division of tax bases is complicated by the practice of depending on the Federal Government for services that were previously given by the States and cities.

What the Press of the Nation thinks about what the Government is doing

CHINA AND OUR "ISOLATION": THE EDITORS' VIEW

Newsgram *4*

ACCERTANCE by the United States of the invitation from the League of Nations to participate as an observer in sessions of the Advisory Committee on Far Eastern Affairs is considered a logical step by 68 per cent of commenting newspapers. Continued adherence to the policy of isolation is advised by 32 per cent of the press.

On the side of cooperation it is contended that lawless conquest by autocratic nations has reached the point that the moral influence of the United States is needed by the world forces which would preserve the rights of large and small nations, and especially the independence of China.

DANGER OF WAR FOR U. S. SEEN BY SOME WRITERS

Warnings against being drawn into another world war are given by those editors who find futility in the enterprises of the League of Nations, and who remember the position taken by the American State Department at the time of the invasion of Manchuria, only to be left in an impossible position by the other leading powers.

The New York Times (Dem.), in lauding the strength of the American people, quotes Dr. Butler, of Columbia University, as pointing to their potential influence in the world, and declaring that "in the acquiescence of democratic peoples in the growth of despotism there is a dangerous weakening of our own moral fiber." The Times further quotes Dr. Butler's statement that the present State Department is "slowly evolving a policy which leads toward a conception of our role combining independence of action with participation in moves that tend to strengthen democratic forces."

"The United States," according to the Rochester Times-Union (Ind.), "might well join in an expression of strong disapproval of callous use of military power by the men who dominate Japan." The Times-Union adds that "moral force means something in the world even though nations look to armies and navies for security."



Cartoonist Elderman in the Washington Post A Test of Horsemanship

"There is at Geneva," declares the Baltimore Sun (Dem.) "an opportunity to expound the principle that accepted obligations, treaties, and the rights of nations to freedom from aggression cannot be swept away by brute force."

The Sun adds that "they must be affirmed and upheld by any body pretending to deal with the law of nations, whether they can be defended by force or not."

"It might be well for America to stand and be counted on the side of a just attempt to solve the Oriental question," holds the Grand Rapids (Mich.) Press (Rep.).

NATIONS' NEED OF MEANS TO PRESERVE PEACE

"We shall be stupid," advises the Akron Beacon Journal (Ind.) "if we cannot see that the trap is being baited to enmesh us in another and even worse foreign war than that which we have experienced."

"The nations," in the judgment of the Pasadena Star-News (Ind.) "have not equipped themselves with an effective instrument in dealing with international problems, or they have not learned to use the instrument successfully."

However, this does not prove that they can get along without such an instrument and the skill to use it; rather, their plight today is proof that they cannot manage successfully without an international instrumentality; they have proved their incapacity up to date to make and use this instrumentality, but the proof is equally conclusive that they must acquire the instrument and the skill to use it or rush into the utter ruin of another World War.

"A great deal," thinks the San Antonio Express (Ind.), "still depends upon the United States and the Chinese have not overlooked that fact. Through intelligent presentation of their cause to foreign correspondents, they have gained favorable publicity and built up pro-Chinese sentiment in the United States and other countries."

"However, the latest developments indicate that America intends to remain as impartial as possible."

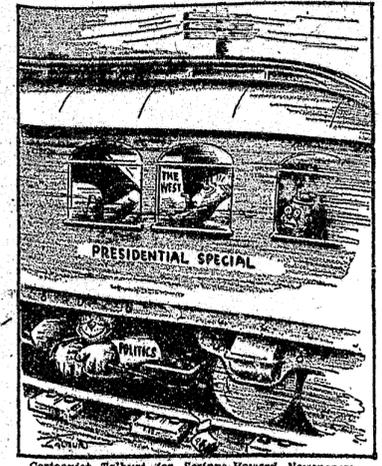
HOPE OF ACTION TO PLACE CURB ON IMPERIALISM

"Even if the committee fails to accomplish much," says the St. Paul Daily News (Dem.), "its revival is important as evidence that the civilized nations are not yet ready to abandon this world to war undertaken by fascist countries bent on imperialistic adventures."

"Of what avail," asks the Ann Arbor News (Ind.) "can the solution be, if it goes no farther than writing on paper? That will not stop the Japanese. An adverse opinion by the league can have no effect on the physical situation that exists in Asia. Japan will laugh at the league's decision."

"Why, then, should the United States get mixed up in the situation? Why should it have anything to do with the league? Nothing can be gained, and something might be lost, by participation in the discussion, unless the unexpected should happen and physical action should be taken by the combined powers against the aggressor. And in that event would America want to engage in a world war?"

"The opinion of the United States in regard to the invasion of China is well known. Let that be enough."



Cartoonist Talburt for Scripps-Howard Newspapers "Yoo-Hoo!"

What the Editors Are Saying About:

- 1. The SEC and Regulation
2. Highways For Defense
3. National and Farm Affairs

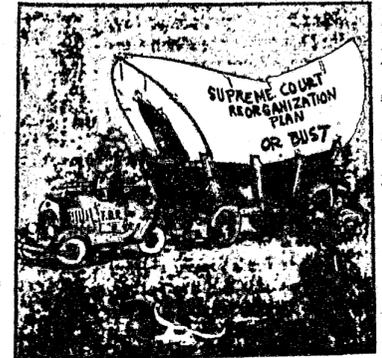
WALL STREET protests against rigid regulation of the stock market under the Securities and Exchange Commission have been made since the latest break in the market, and these protests are upheld by 36 per cent of commenting newspapers. The need of regulation, however, is maintained by 64 per cent of the press.

Against the regulation it is declared that because of the rules, there has been a tendency to engage in stock deals outside of the market with the result that two markets were actually in operation, one private and the other public.

The Securities and Exchange Commission is felt by its supporters to have a wholesome influence on conditions, and it is believed by the majority of editors that the incidents of the Exchange that preceded the 1929 crash gave evidence that without regulation the public would be likely to suffer from unrestrained speculation.

Proposed "Super-Highways"

PLANS proposed to Congress for nine super-highways, 200 feet in width, to gridiron the country east to west and north to south, as a means of preparedness from a military standpoint, are approved by 50 per cent of commenting newspapers. The idea is opposed by one-half of the press, on the ground that military invasion is improbable, and that if



Cartoonist Loring in the Providence Bulletin Westward Ho!

the money required for the project were to be spent in improving national highways for peace purposes, it would contribute to the solving of the traffic problems that have been troubling the people.

In favor of the military purpose, it is contended that there are advantages, if war develops, in being able to transport a defensive army across the country in 72 hours.

Supporters of the plan emphasize the fact that throughout the history of the country there has been a military interest in the nation's highways, river improvements and harbor facilities.

On the other side, it is contended that the existing traffic emergencies require such attention that they should not be secondary to other highway considerations.

Farmers' Cash Income

REPORT by the Federal Bureau of Agricultural Economics that the cash income of the American farmer is estimated at nine billions for 1937 impresses 80 per cent of commenting newspapers as due to lack of crop limitation, but is believed by 20 per cent of the press to be an incident of the Government supervision of farm affairs.

It is contended by the majority that the improvement in farm finances is in accordance with the conclusion that cash receipts are better when the regulators let the farmer alone.

The opposition argument makes the point that some observers are of the opinion that improved farming methods are contributing to greater incomes from agriculture.

Dependence upon natural conditions is urged by those who see in the present year's greater prosperity a return to normal. The total income is compared with less profitable years since 1927.

"The Yeas and Nays"

LETTERS OF COMMENT BY READERS OF THE UNITED STATES NEWS

Editor's Note: Letters of comment and suggestion are invited. Those not intended for publication, and those to which writers desire to have only their initials attached if published, should be so marked. Even if initials only are to be printed, letters must be signed and address given.

"Hullabaloo Over Nothing?" Sir:—I am very much interested in your paper and enjoy reading your Yeas and Nays comments by your readers, and your editorial on Black and the KKK.

Is there any one of us who has not erred in some way in our past, which we found out later to be detrimental to our progress, and changed our course? If Mr. Black did belong to the Klan, what of it? His action was his own, he was an American citizen and has the right to join any organization he cared to, so long as he was within the law of our land.

I am quite sure his membership in the Klan did not cause the suffering and distress among our fellow men as did the actions of the Manufacturers Association of America, the various Chambers of Commerce of the United States, and the heads of our steel industries, who do not care a whit whether you live or die so long as their precious dividends are protected, to say nothing of being the direct cause of having our citizens shot down in cold blood and shot in the back as they were going away. Shame of it all! Why make such a hullabaloo over nothing? Be fair. J. E. M. Westmont, N. J.

Court Packing and the Elections

Sir:—Labor is deserving and entitled to recognition but not upon the basis and tactics used by John L. Lewis. Public sentiment will not stand for sit-down strikes, mob violence and interruption of the mails. These Mr. Roosevelt permitted to go unchallenged. Lewis' \$750,000 helped to swing Roosevelt's election, no doubt of that, and F. D. R. obligated himself to Lewis' bidding. Lewis demands packing the Court and Roosevelt is still determined to do so. The people through the Congress called a halt. Several Senators who did valiant

work, regardless of their political affiliations, are now being singled out by the President, Jim Farley and others who are already very actively engaged in an effort to prevent their nomination and re-election. If anything should again arouse the people to action in defense of the Constitution, this malicious attempt offers them an excellent opportunity to register their protest. ROBERT N. CARSON, Davenport, Iowa.

Interpreting the "Mandate"

Sir:—Don't you think it would be wiser on the part of editors, columnists and commentators to refrain from expression of belief that President Roosevelt's popularity, with the people has waned, and is still waning; when the sequel will show that they were all wrong; and that, with them, "the wish was father to the thought?" The State elections next year will show to what extent, if any, the President has lost favor with the electorate of those States wherein members of the 75th Congress who had opposed the Chief Executive were candidates seeking vindication. The defeat of those men, would be tantamount to expressions of approval by the voters of President Roosevelt's policies, in carrying out the popular mandate of the people at the ballot box in the national election of 1936. For concur, were those candidates re-elected, it would show that the President had "slipped," resultant from his misinterpretation of the mandate which had been given him.

That mandate, F. D. R. construed as: "Carry on, Mr. President. Complete your great work of ending the depression, and restoring prosperity. With the overwhelming Democratic majority in the Senate and the House, cooperating, you will encounter no formidable obstruction to your program. If such obstruction does interpose, however, in whatever form it takes, we, the sovereign power, will expect you, with the cooperation of the Congress, to remove it, exercising your prerogative, within the purview of the Constitution." The President has so interpreted the

popular mandate, and has sought to carry it out. Then, why should it be expected that the electorate could, in any manner, rebuke the President, because he honestly has striven to do what he was given a mandate to do?

It is the opinion of this writer that the preponderating sentiment of the nation's electorate assumes progressivism; which means perpetuation of democracy. Oakland, Cal. AUBREY JONES.

Thinks New Deal Has Failed

Sir:—In Washington we have a coterie of fakery that has not its duplicate in all the annals of history. When we compare it with Pandora's Box, well that ancient trick box must take a seat away back.

For five years we have had the President bringing out one damn fool stunt after another, all handiworks of the New Deal. He is indeed working his trial and error racket to the nth degree. And when it is proved to be unworkable, he is like the old woman who is convinced against her will and is of the same opinion still. What he cannot get through the front door, he will attempt through the side door.

If it is not fooling with the law of supply in one case, it is with common sense in another. He believes that by squandering money he will work ourselves out of the bottomless pit. A private citizen who would do such a stunt would be considered an imbecile, but the New Deal should not be condemned even if it covers, like charity, a multitude of sins. So far, we have not heard of any New Deal scheme to curb the irresponsible politicians who are running this nation on the rocks. Covington, Ky. FRANKLIN SMITH.

Questions Judicial Review

Sir:—C. H. Lincoln, in your issue of August 23 wrote as if Abraham Lincoln did not complain about the Supreme Court, and took no action on the Dred Scott decision. In his first inaugural address to Congress Lincoln said: "If the policy of the Government upon vital questions at-

fecting the great majority of the people is to be irrevocably fixed by decisions of the Supreme Court . . . the people will have ceased to be their own rulers."

Why should the judges nullify the acts of duly elected representatives of the people? There is not a word in the Constitution giving that right. Rochester, N. Y. CARL CASPAR.

Townsendism to the Rescue

Sir:—In your issue of Sept. 6 I notice a letter by Thomas H. Sappington, Decatur, Ga., in which he asks where are we going to sell our cotton? Well, Mr. Sappington, quit your complaining, and you and all other farmers no matter what you are raising, use your heads and get square behind the Townsend transaction tax recovery plan, with forced apportioning of the tax receipts, and the eight million old people will create the best cotton market you have ever seen.

I would buy four suits at once, if I had the money, and I would have one pressed every week, and cleaned every couple weeks, and eight million doing that would boom the cleaning business. And their employees would also have money to buy new suits. And every other farm product would be consumed the same way, right here at home. Pinellas Park, Fla. T. J. DeHaas.

Wants Check-up Made

Sir:—Local people who are so anxious to control relief funds, under the claim that they know who need relief and so can distribute the funds at a saving to the Government, care nothing about saving Government funds, or the needy. As long as local people have the full unsupervised control, this scandalous thing will go on. I think the Federal Government should supervise relief by sending, at irregular intervals investigators, of a changing personnel and who are strangers from a good distance from the locality inspected. They could easily learn where relief is needed and they would be free from the many local causes of unjust administration. L. R. Lemmon, S. D.

REGISTRATION APPLIED FOR U. S. PATENT OFFICE

The Labor Week: A NEW PROBLEM IN LABOR 'COERCION': A. F. OF L. FACES SHOW-DOWN ON C. I. O.

Newsgram * 5 *

Offer of pay raises as inducement. Threat of city transit strike. A company police union.

THE Supreme Court has been asked to rule on this new point affecting collective bargaining:

May an employer, after being directed by the Labor Board to bargain with a specific union as representative of his employees, escape the effect of the order by coercing his employees to designate another group to represent them and then making an agreement with the new group?

The case arose among employees of the Delaware-New Jersey Ferry Company. The Marine Engineers' Beneficial Association (C. I. O.) had charged the company with refusal to bargain with it although it claimed to represent a majority of the employees. The Board, after a hearing, ordered the company to recognize this union and deal with it for all its employees of this type. All employees, the Board found, had authorized the union to bargain for them.

The company refused to comply, taking the position that it would deal with an organization acceptable to it and that representatives of "outside" labor organizations were not acceptable.

So the Board asked the Circuit Court of Appeals at Philadelphia to enforce the order. This request was dated April 25, 1936.

No decision had been rendered by

the next October 29, when the company filed a petition stating that a committee of three employees had superseded the union as choice of the employees and that the company had signed an agreement with it.

BOARD CONCLUSIONS

The court ordered a second hearing by the Labor Board, which found that the company had coerced the employees in this manner:

First each employee was told that a wage increase would be granted if they would form an organization among themselves to bargain with the company. When this offer was refused, the company selected a committee of three employees and told each engineer that the company would bargain with this committee but not with the union.

All of the engineers agreed to be represented by the committee, seeing that it meant an immediate raise in pay. A contract between the company and the committee was then executed.

The Board concluded that the committee did not represent the free choice of employees and asked that its original order be enforced. The Circuit Court, dividing 2 to 1, refused to enforce it, stating that the existence of the contract rendered the question "practically moot."

The Court, in its majority opinion, declared: "There is now no controversy, no grievance, no complaint. The engineers have disposed of any controversy there may have been by themselves unanimously making a contract on terms suitable to them with the employer. To make the order asked of us might defeat the very purpose of the Act of Congress by creating an occasion for strife."

APPEAL TO THE COURT

The Board is now asking the United States Supreme Court to set aside the Circuit Court's decision, stating in its brief:

"The decision of the court below would render the collective bargaining provisions of the National Labor Relations Act meaningless. It runs squarely counter to the basic principle incorporated in the Act that employers must deal with representatives freely chosen by their employees. It permits an employer to disregard the obligations of Section 8(5), to ignore the order of the Board enforcing that provision, and to force his employees to deal through representatives selected by the employer himself. It sanctions practices which this court in the Texas and New Orleans and the Virginian cases, under almost identical statutory provisions, expressly outlawed."

A. F. of L.'s Convention: Chief Question It Faces

THE convention of the American Federation of Labor held last year voted to ratify the action of the Executive Committee in suspending ten unions affiliated with the Committee for Industrial Organization.

This year's convention, which meets in Denver, Colo., on October 4, will be asked to expel these unions in addition to several additional ones which have since joined the C. I. O. ranks.

The move for expulsion will be led by John P. Frey, according to his announced intention. He will be entitled to cast votes for a membership of about 600,000, representing the Metal Trades Department.

RECONCILIATION FORCES

Other leaders of the A. F. of L. will oppose expulsion at the convention as they did at the pre-convention meeting of the Executive Council, holding that the way should be left open for eventual reconciliation. The president of the International Typographical Union, Charles P. Howard, who is also secretary of the C. I. O., will present a resolution, passed in the recent convention of the I. T. U., recommending that the Federation be converted into an advisory body, leaving each union free to go its own way. This was the compromise resolution which the I.

T. U. adopted to avoid definitely siding with the A. F. of L. or the C. I. O. Actually the course being followed by the A. F. of L. is toward centralization of power. Regional Federations last year were shorn of their semi-independence, this being a preparatory step to the later orders of the Executive Council that such

The Question of Strikes On City Transport Systems

WHEN Mayor LaGuardia of New York was confronted by a threatened strike on the Brooklyn-Manhattan Transit lines, one of three divisions of the subway sys-

tem—the Interborough Rapid Transit Company and the portion operated by the city. The company refused any increase, declaring it would mean receivership. In the impasse, the mayor appointed three mediators, one of them being William M. Leiserson, who is also engaged in mediating a dispute parallel to this in which unions representing operating

O.), whose officers had been authorized to call a strike, demanded abrogation of a contract expiring in October 1938, which had been negotiated with what the T. W. U. called a company union. They asked also an increase in wages of 12 cents an hour, which increase, they declared, would bring wages paid by the company to the same level as those paid by the other divisions of the sub-



INVITATION "NO"—INVITATION "YES" —Underwood & Underwood

For the first time in history the Secretary of Labor was not invited to address the annual convention of the American Federation of Labor. Disagreement between Secretary Perkins (left) and A. F. of L. leaders is reported to be the reason. To members of the American Legion at their annual convention A. F. of L. President William Green (right) tendered an invitation for the Legionnaires to join with labor in combating "isms", namely, Communism, Fascism and Nazism.

regional bodies should expel all C. I. O. locals. Most of them obeyed, although the West Virginia Federation refused and was expelled. The A. F. of L. convention will open with a larger membership represented than it had a year ago despite the defection of C. I. O. unions. The approximate figure is 3,700,000.

On the list of speakers invited to address the convention the name of Secretary of Labor Perkins was missing. This is the first time, according to Federation spokesmen, that the Secretary of Labor has not been asked to speak at an A. F. of L. convention.

One week from the opening, a gathering of the presidents and other executive officers of the 32 C. I. O. national unions will convene at Atlantic City, N. J. The purpose, as announced by the chairman, John L. Lewis, is to "canvass the work of the organization and consider reports upon its administrative affairs and policies."

A. F. of L. and the Legion: An Appeal for Cooperation

Addressing the annual convention of the American Legion in New York last week, William Green, president of the American Federation of Labor, urged cooperation between the Legion and the Federation. He said in part, referring to attempts that have been made to enlist the Legion to take sides in labor disputes:

"There is always grave danger that those not directly connected with strikes, lock-outs and industrial disputes may be drawn in and forced to take sides. We know that passion and ill-feeling is aroused in communities where serious differences exist.

"The American Legion, however, has pursued a wise policy of avoiding participation in these industrial controversies. I feel confident that the American Legion will officially continue to follow this course."

The Legion's committee on amendments vetoed a proposed declaration of official and individual neutrality, and the convention adopted, instead, this resolution:

"Be it further resolved that we view with deep concern the increasing disregard of fundamental legal rights and remedies in industrial disputes between organized capital and organized labor, and we urge upon the public opinion of America the necessity for restoring immediately and maintaining the rights of personal liberty and private property in such disputes as these rights are established in law and may and should be adjudicated by the courts of America."

A Precedent in Bargaining: Company Police Union

A precedent was established last week when the company police of the Bendix Products Corporation, South Bend, Ind., were constituted as a bargaining unit by the Labor Board with the United Automobile Workers as their bargaining agent.

This is the first time the Board has recognized company police as a unit for bargaining purposes. Union officials stated that it was the first time company police had ever bargained through a union.

For production employees in the plant the United Automobile Workers was likewise certified as bargaining agent, a large majority being union members.

personnel of the railroads are similarly authorized to strike unless wage increases are granted. The other mediators are Professor Chamberlain of Columbia University and Arthur Meyer of the New York State Board of Mediation.

Both company and union sent their representatives into conference. JOHN W. TAYLOR.



Is this the Same Man?

It is a coincidence that half a million people in this country have incomes of \$5,000 and up, and half a million read THE DIGEST. I don't claim it's the same half million in both cases, but let's figure why some men earn good incomes, and why some read THE DIGEST.

The big earner is intelligent. Certainly only intelligent people would like THE DIGEST.

The big earner is busy. From cover to cover, THE DIGEST is for quick reading. It condenses, digests, and is a service of selecting the important from the trivial.

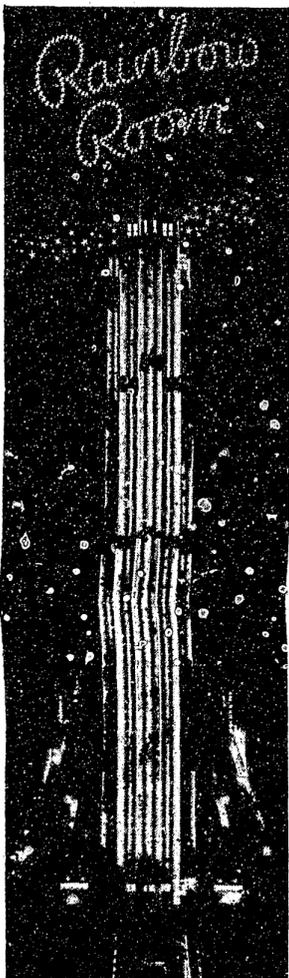
The big earner must know what is going on, and what the world is thinking and doing. THE DIGEST tells everything of significance that has happened in the week, and digests everything most worthy of thoughtful reading that has appeared in papers and magazines of the world.

I advance this thought to advertisers: among the half million readers of THE DIGEST are most of those who can afford to live in good homes, ride in good cars, drink good liquor, smoke good cigars, travel by air or pullman, and play expensive games.

THE DIGEST may reach every-one it would pay you to reach.

ALBERT SHAW, JR., Publisher of

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'ENLIGHTENED NATIONALISM': MR. HULL'S FORMULA FOR PEACE

Avoidance of Extremes of Isolation and Internationalism and Stimulation of Trade Urged As Means to Prevent Conflicts and Advance Well-being of Nation

WITH world peace disrupted by bloody conflict in both hemispheres, three significant speeches were made last week by Secretary of State Cordell Hull, emphasizing the interdependence of nations and the need for international economic cooperation to minimize the menace of spreading martial conflagration. Speaking at a meeting held under auspices of the National Peace Conference in New York City, Sept. 19, Mr. Hull discussed American policies designed to discourage world war tendencies and to prevent this nation from becoming involved in future war. Salient aspects of the same theme he treated next day at an American Legionnaires' dinner in New York. And in another address Sept. 20 before the Boston Conference on Distribution, he reviewed the need and significance of the American reciprocal trade agreements policy. In slightly abridged form, Mr. Hull's three notable addresses are reproduced below.

Peace Conference

WHEN bombs are exploding and desperate armies are marching, it is difficult to talk of peace and of the conditions upon which peace must rest. The rules and attitudes by which peace may be kept may seem buried in the ground, ignored or destroyed by those who recognize or fear no other rule but force. In country after country, life seems to have no organized end except that of war preparation, and nations rear their children and spend their toll for the greater upbuilding of those armaments—which may prove to be the great destroying idol.

It is this situation and this outlook that all who are desirous of peace must reckon with and must overcome by all the strength of their spirit and influence. On this our faith must rest—that most people everywhere, in every nation, do not want war. War comes as the great failure of man, out of fear, lust for power, injustice or misery left unrectified. The forces demanding peace, willing to accept the principles and policies which make it possible, have grown steadily and tremendously during recent decades. This is one of the testing periods for those forces. Now must every government, school, church and family, in every country at peace, join in support of the determination to promote and to remain at peace, and above all else to make this determination effective by applying the principles of conduct by which peace may be maintained.

A TIME OF WORLD CRISIS

The great task is for peoples and governments to grasp clearly and follow steadfastly the principles which are essential to peace. Never has the need for keeping them alive in fullest vigor been greater. Never has there been more needed the reassurance that would come from proof that governments are ready to pursue them in the actual conduct of their affairs. I have tried on various occasions to summarize them to the best of my understanding: national and international patience and self-restraint; avoidance of force in the pursuit of policy; non-interference in the internal affairs of other nations; the use of peaceful methods to adjust differences; the faithful observance of agreements, when essential; by mutual understanding and orderly process; the reduction and limitation of over-burdening military armaments; and cooperation and interchange in the economic field.

These are the real terms of peace. They emerge from the record of history, that chronicle of long struggle between war and peace. They cannot be effaced from the mind of those whose aim is peace. Neither clever diplomacy nor immense armies can be an adequate substitute. They are the chief mainstay of peace, order, progress and civilization.

ECONOMIC COOPERATION

This Government is pledged to them. Within the last few weeks more than 50 other governments have placed themselves on record in their support. By their test the utterances and actions of statesmen can be measured. Each country must apply them in its own actions, scrutinize and judge itself. This, alas, is so much more difficult than to find the cause of all difficulty and evil in others and to rally national unity upon simple fear or hatred of someone else.

Through economic interchange

and cooperation the opportunity is presented for all nations to live a satisfactory and improving type of life. Today the growing economic productivity of the world is being absorbed in large part to make armaments; is being used to prepare ruin. Turn these resources and energies into the things that go into peaceful living and all countries will find that the conditions of life can be and will be vastly improved. Economic betterment brings hope and extended opportunity to our individual lives, and so fosters the wish for peace. Peoples that are employed and prosperous are not easily incited to either internal or international strife. But peoples living in want and misery come to hold life cheaply and stand ready to gamble upon the use of force.

In recognition of this fundamental relationship between peace and the economic well-being of the citizen, our Government three years ago entered upon its policy of rebuilding our own foreign commerce and international trade generally through the medium of trade agreements. We have made headway in that program despite difficult economic conditions at home and disturbed political and economic conditions elsewhere. We shall go on with it. The benefits of trade need no armies. They injure none. On the contrary, they are calculated to bind together the people of different countries by a mutual interest that calls for peace. They can greatly lessen the effect of the inequalities and limitations of territories and resources as between different countries—and war can never do that except to the uncertain advantages of a very few countries at the expense of others.

Through enlarged trade there can come an equilibrium of peaceful interest more stable than the equilibrium of matched cannon and airplanes. And so I express the earnest hope that this campaign by the National Peace Conference for world economic cooperation will go forward with accelerated vigor and success here and elsewhere.

LEADERSHIP OPPORTUNITIES

The United States stands somewhat apart from the deep fears and hostilities that are found in the world. That gives us our great opportunity to be a leader in the effort to make effective the conditions of peace and sanity. I am sure no other ideal is closer to the emotions and dreams of the American people. We must give to these purposes all the effect they may have as a policy of a great, unified and striving country.

Each individual American citizen can do something toward making them great and effective. For as each individual makes an unselfish contribution towards proving the belief of our founders that our free and liberal democracy is the best form of government in the world, he

will be endowing them with life and influence. And further, as a united nation we must keep ourselves strong, fearless in spirit and wholly adequate in the matter of self-defense, so that all may know that these principles represent the wish for peace of a country unafraid but devoted to peace.

American Legion

IT IS my privilege tonight to bring to you of the American Legion personal greetings from the Chief Executive of our nation.

You represent a great cross section of American life. You embrace all races, creeds and colors. Joined by the bond of common service during the World War, you have associated yourselves in a patriotic organization that transcends partisanship and has only the well-being of our great nation in view.

You can all remember the hope that was in our hearts when the Armistice was declared. We believed that we were on the threshold of a new world, and that the old discords, greeds and bigotries, had once and for all been destroyed. We pictured the commencement of an era, with the passions of the war gradually subsiding, and with a growing realization that each nation stood to gain by the prosperity of other countries. We envisaged a rising standard of living, a liberalizing of legislation, an increasing flow of trade, a growth in mutual confidence, and an abiding respect for the pledged word.

And now, less than 20 years later, these hopes have almost turned to ashes.

But it would be doing an ill-service merely to point out symptom after symptom of international deterioration. It is only of use if we can draw from it certain lessons which will help us to avoid a new catastrophe, one which might well engulf the civilization we have built up through centuries of patient effort. We must look at it not from the point of view of despair but as a challenge to constructive statesmanship.

PEACE THE GREAT GOAL

Peace must always be our goal; not peace for ourselves alone, but peace throughout the world, for nations today are so interdependent that the repercussions of war affect neutrals only a few degrees less than they affect belligerents. The dislocation of the whole economic structure, the artificial expansion in war industries, the abnormal prices paid for key products, the strain on currencies, the destruction of capital—all these affect nations thousands of miles from the scene of actual conflicts. Peace is not only the goal of the idealist; it is at the same time the cornerstone of international self-preservation.

What can we do to help? I believe



CORDELL HULL

that we can do more than in any other way by avoiding the two extremes of policy. One extreme would be utter isolation, when would mean closing our eyes to the realities of the world today and assuming, like the courtiers of King Canute, that the rising tide of international anarchy can be stopped before it reaches us; the other extreme would be a kind of internationalism, which would mean abdicating our independence of judgment, abandoning our traditional policy of non-entanglement and being drawn into the rivalries and disputes of other nations.

No—neither of these extremes offers us a solution. We must draw the best from each and follow a middle course. This I have termed enlightened nationalism.

AMERICAN POLICY REVIEWED

Let us review our role for a moment and see if we have in fact been taking this course and at the same time doing our full part in lightening the burden and easing the fears from which the world is suffering.

We have taken part in every effort for disarmament and are prepared today to lend our full weight in any genuine renewal of a drive to limit and reduce the bankrupting burden of arms.

We are negotiating a series of treaties designed to reduce the ex-

cessive barriers to world trade, in order to restore to its natural flow commerce that has been artificially diverted or obstructed. We have assisted in the stabilization of currencies through the Tripartite Agreement.

We have restated the principles on which normal international intercourse is based, at a time when discouragement was rife and when nations were forgetting their pledged word in the pursuit of contrary policies.

We have avoided involvement in the disputes of others, and yet shown that we demand respect for our rights, and safety for our nationals. We have made it clear that while we are resolved by every means to avoid war, we are not and can not be indifferent to policies that lead to war, or to instances of international lawlessness that disturb the peace.

Boston Conference

THE broad unsolved economic problem of distribution is how actually to find customers to enable the machinery of production to operate continuously and fully, economically and profitably. Our modern civilization definitely has within its grasp the productive means and resources for supplying the material needs of mankind on a standard of

living never yet attained. But production continues to fall short, at times tragically short, of its possibilities, and we are still far from achieving the peace and security of a world of contented people.

Viewing the world scene, I am deeply convinced that the removal of excessive trade barriers and the restoration of the normal processes of international commerce offer the most satisfactory foundation for a stable structure of business, of peace and of democratic government itself. World trade as a supplement to domestic commerce is the only means calculated to raise the standard of living throughout the world to a level which will discourage recurrent preaching and acceptance of campaigns of imperialistic aggression.

ISOLATION FAILURES

In the last few years several important countries have sought to isolate themselves from depression or to remedy unemployment and low purchasing power by excluding foreign goods and satisfying their own needs by their own production regardless of cost. This only intensifies and perpetuates the absurdity of 1929 and its aftermath, when under attempted isolation each nation found itself with burdensome surpluses or idle productive capacity cut off from its natural markets.

At present, armament programs provide activity and absorb unemployment in some of the countries where more productive employment is lacking. But the price of isolation and self-sufficiency and of unproductive industry is an inevitable lowering of the standards of living. Such a policy contributes to high political tension, international instability and increasing danger of war.

More or less everywhere we still find men who subscribe to the really suicidal fallacy that, at least as between countries, it is good business to sell but bad business to buy. We even find whole nations which, to their immediate visible injury and regardless of indirect damaging repercussions, subscribe in practice to the utterly false notion that all foreign trade is bad and that a nation can most effectively promote its welfare by producing within its frontiers everything that it needs, no matter how extreme the cost and how great the sacrifice in consumption and in variety and quality. This conception is preached under the high-sounding names of economic nationalism, economic self-sufficiency, autarchy, and many others. Properly, it should be discussed only under the name of deliberate and self-imposed economic impoverishment.

SEEKING A BALANCE

The task of responsible statesmanship, supported by enlightened public opinion, is to find a working balance between the various complex forces which operate in relations within and among nations—between the essential domestic and international factors of economic activity. Unfortunately, the striking of such a balance is often distorted by short-sighted policies or by selfish motives. The results may be plainly seen in the various manifestations of exaggerated restrictions, with which the world is only too familiar.

They were largely responsible for the catastrophic decline in the volume of international commerce and for the diversions of much of what remained away from natural or normal channels. They caused immense surpluses to be dammed up in many countries; created distressing shortages of essential commodities in many others; led to a widespread resort to uneconomical substitutes. They were thus instrumental in the disorganization of prices, employment, profits—in short, in the creation of the whole gamut of the disruption and destruction which were so characteristic of the depression.

OUR TRADE IMPORTANT

Nor has the United States proved itself immune from the effects of collapsed international commerce. There are those that tell us that foreign trade is unimportant for the United States. Imagine, however, what our domestic situation would be if 30 or 40 of our great surplus-producing industries, such as cotton, hog products, wheat, tobacco, machinery, automobiles, copper, lead, oil, coal and iron and steel products, should have to restrict their output to our domestic consumption.

We are attempting to remedy the situation and to undo the errors of the past. Instead of encouraging

the world, by our own attitudes and actions, to drive toward a greater and greater measure of national economic self-containment, we have embarked upon a course of policy and action designed to promote a return to normal and healthy commercial relations among the nations. . . . Our method, as you know, is that of international trade agreements. . . .

Much of our loss of foreign trade has been due to the general effects of the depression and cannot be clearly traced to specific causes. However, we do recognize three principal factors. First, foreign governments have imposed greatly increased import restrictions on some of the principal outlets for our goods. Second, many governments have diverted their purchases from us, to our foreign competitors through discriminatory arrangements. Third, our own excessive barriers against foreign products have curtailed the ability of foreign countries to purchase our goods.

TREATY PROBLEMS

We are dealing with these three aspects of the problem in our 16 trade agreements, in the following way:

First, as to foreign restrictions, each agreement provides for a reduction of barriers against some articles we export and gives assurance against future increase of obstructions on others. In each case we select commodities of which the United States should be a principal source of supply for the other country and with respect to which trade is particularly restricted by excessive customs treatment or seems likely to be unduly restricted by possible future measures. . . .

Second, as to discrimination, each agreement provides for a mutual guarantee of non-discriminatory treatment. The other country promises us unconditionally to grant to our trade treatment as favorable as is granted to any country, and we in turn give the other country a similar promise. . . .

Third, as to American obstacles to foreign trade, we grant carefully considered tariff reductions, assurances against future tariff increases on certain items during the life of the agreement, and guarantees of equal treatment such as we obtain from the other countries. Reductions are granted only after the most careful study of the domestic effects, and in this our analysis of the different items is undoubtedly far closer than any ever given the same items in constructing our tariffs. . . .

In due time, it will be possible to get from trade statistics some conclusive measurement of our accomplishment, although in the chaotic international economic situation, there are too many variables affecting the movement of trade from year to year to permit the exact measurement of the effect of any one factor. As a rough measure, in 1936 our export trade with 14 countries, with which trade agreements were in effect all or part of that year, increased by 18.2 per cent over 1935, while our trade with non-agreement countries increased 9.2 per cent. The continued increase for 1937 has been even more significant. At the same time, our policy of extending the benefit of concessions made in the agreements to all countries which give us non-discriminatory treatment has served to mitigate many discriminations formerly directed against our trade in countries with which we have not as yet concluded trade agreements.

We plan to go on with the program with cumulative effect. It is not always easy for countries involved in a network of special arrangements covering their foreign trade and their foreign payments, to break way all at once and enter into the type of international trade pact and principles of policy represented by our agreements. However, the pacts themselves through their general provisions form a valuable contribution to the international law governing commercial relations. As their number grows, they will furnish a sounder basis for international relations generally, and international trade will increasingly move along the channels of mutual and natural advantage and will expand in volume.

I have endeavored to describe a basic alternative policy. Restoration of a freer movement of international trade and greater access of the peoples to all the resources of the world is the indicated road from the threat of wars to the hope for peace. The substitution of the principle of equal treatment for the practice of discrimination would be a corner stone of sound world policy. To some extent, our trade agreements already operate both as a material and moral stabilizer, and their principle and policy need but a wider adoption by the great commercial nations of the world to become a tremendous practical force tending toward better conditions.

People of the Week

William O. Douglas,

New Chairman of SEC and 'The Investor's Advocate'

SON of a missionary, William O. Douglas—newly-elected Chairman of the Securities and Exchange Commission—has had a life similar in many other respects as well to that of his predecessor, James M. Landis.

Hard work was his lot while studying at Whitman College in Washington, making his way east to continue his education, and again in the years before winning his doctorate in law at Columbia University. He became so used to it that friends now say detailed, intricate work is "his habit and hobby."

When his colleagues last week unanimously elevated him to the Chairmanship, the shaggy-haired expert on bankruptcy was taking it easy on Cape Cod. He hurried to Washington, William O. Douglas declared the SEC was "the investors' advocate" but could not save "a fool from his folly," and returned forth-

with to the seaside.

It seems natural to address Mr. Douglas as "Bill" soon after the first meeting. He is the sort who works in his shirtsleeves and sticks his pencil behind an ear. He came to the Commission in 1934 on leave from Yale University, where he was Sterling Professor of Law, to direct an investigation of bond defaults and related questions.

Verging on 39 years of age, Mr. Douglas is more popular with the Commission staff by reason of his approachability and humor than with some members of the business under SEC jurisdiction.

The new Chairman has voted with the minority on some questions of policy in the past. He favors prohibiting bankers from serving on industrial directorates, a divorce of underwriting and security selling, an organization to represent "voiceless stockholders," and the requirement of competitive bidding on new corporate issues. Associates predicted he would not hesitate to stand by his convictions, but would exercise "judicial discretion" in doing so.

Whatever may have been the misgivings of some others in Wall Street, the Presidents of both the Stock Exchange and the Curb Exchange in New York called Mr. Douglas well qualified for the greater responsibilities.

Clarence A. Dykstra,

City Management Expert Who Surveyed Municipal Problems

NATIONAL planning for agriculture dates back in a measure to a report made to President Theodore Roosevelt in 1909 by the Country Life Commission. The problems of rural living were explored systematically then for the first time.

When depression bore so heavily on those crowded in cities, organizations interested in their welfare proposed that a comparable survey be made of urban problems. It had never been done. President Roosevelt assented, and his National Resources Committee turned at once to an acknowledged authority in the field—Clarence Addison Dykstra, who had been Cincinnati's City Manager since 1930.

Recently Mr. Dykstra returned to the academic world as President of the University of Wisconsin. What may prove to be the climax of his career as a student of municipal

government came with the publication meanwhile of the result of his labors, entitled "Our Cities—Their Role in the National Economy." President Roosevelt released it last week with words of praise.

Coordinating the work of many experts, Mr. Dykstra exhibited again capacities as an administrator which have brought him recognition since he took to teaching on graduation from the University of Iowa in 1903. The report, in the words of those associated with him during months of preparation, reflects not only his conviction that planning can mitigate hardships for cities as well as people, but also his own personal directness and thoroughness.

After holding positions of civic responsibility in Cleveland, Chicago and Los Angeles, Mr. Dykstra returned to his native Ohio.

The flood which struck Cincinnati last spring provided an illustration of how he works. In the emergency, the City Council delegated its powers to him. He became a dictator but not dictatorial. For 24-hour stretches he stayed at his desk in City Hall, in constant conference. Now and then he sought first-hand information by visiting the most-flooded areas himself. Relief and reconstruction in the city progressed more effectively than in other flooded communities.



Clarence A. Dykstra

TITLE REGISTERED U. S. PATENT OFFICE

The Question of the Week

HOW SHALL AMERICA PROTECT ITS CITIZENS IN THE ORIENT?



Underwood & Underwood
PROF. JOHN H. WIGMORE

John H. Wigmore,

Professor of Law,
Northwestern University,

answers:

THE general view which I support, in contrast to the one represented in the traditions and printed utterances of our diplomacy, is that the United States Government should not expect to undertake to use military force to protect American citizens and property located in foreign countries.

The reasons for this view are, I think, for the first time most adequately stated and elaborated in the speech that is placed in the mouth of the President of the United States, in the closing chapter of the book entitled "The President Vanishes," which was published in 1934 in Washington. I recommend that you reprint in full that speech, because it is worthy to be the basis of a general discussion.

However, assuming that our Government would be willing frankly to take that attitude, two corollaries would be indispensable.

In the first place, it should not be practically followed until after due notice and a fair opportunity for Americans abroad to adjust themselves to the new situation. It would naturally give the impression of harshness and unfairness if the Government would suddenly take that attitude in a crisis where such protection was appropriate. That attitude, if taken at all, should be announced at a time of peaceable conditions, with ample opportunity for Americans abroad to act upon it.

In the second place, it does seem inconsistent for the United States Government on the one hand to encourage foreign trade, which requires that Americans shall locate themselves abroad, and on the other hand to refuse to extend forcible protection when Americans have so located themselves. Therefore, the policy of non-protection should be preceded by treaties (with foreign civilized countries) in which each foreign country undertakes itself to give protection and to be responsible for lack of protection to American persons and property that have been admitted to their country. In short, the withdrawal of protection of American military force, should be replaced by international obligation on the part of the other countries to give that protection.

With these two corollaries adopted, on a general and comprehensive plan, I believe that the attitude represented in the President's message quoted in the above book would become a reasonable one.

J. Howard Toelle,

Professor of Law,
Montana State University,

answers:

TO THE question, "How far should the United States go in protecting American citizens in the Far East?" I answer, American citizens in other lands are entitled to the application in their favor of well recognized tenets of International Law both as to their persons and as to their properties. This does not mean that we must or that we should go to war in order to protect them.

Of course, we should provide our citizens in China means of evacuation; and their failure to leave should not necessarily mean the end of our concern for them. Of course, we should, in proper cases, ask for reparation and damage. Representations through the usual diplomatic channels will in many cases be effective. If necessary, we can use various sanctions recognized by International Law short of war, embargoes, reprisals, et cetera. War can be thought of only as a last resort and only if demanded by an overwhelming public opinion. For the existing situation, such a thought is out of the question.

Always, vigorous representations as to our own and our nationals'

WITH the Japanese army pouncing away in a mass drive against Chinese cities, with foreign embassies warned by the aggressors to evacuate in advance of bombardment of the capital at Nanking, with the United States embassy staff taking temporary refuge aboard an American warship, the attitude of the Washington government toward its citizens in the zone of warfare in the Orient continues to be the major Question of the Week.

To present a symposium of informed views on this problem, *The United States News* submitted to a number of outstanding authorities on international affairs these questions:

How far should the United States go in protecting its nationals in the Far East?

Should this country join with other powers in protecting our rights?

A number of answers to these questions were presented in the issues of September 6 and 13. Other answers, since received, are presented herewith:

rights is the only self-respecting course. Too, we shall be respected only as we indicate to others that we shall practice no "holler-than-thou" policy of self-denial, but that we expect to "carry on" in the realistic world in which we live.

To the question, "Should this country join with other powers in protecting our rights?" I answer, Yes, where practicable, and a common object is to be obtained through diplomatic representations and the application of non-military sanctions; No, as to any commitments which would involve the armed forces of the country or look to war as the ultimate sanction.

A great nation with a long history of advocacy in behalf of the processes of law, order, and peaceful adjustment cannot well afford to withdraw its influence when the forces of destruction and plunder are abroad.

Carl Wheaton,

Dean of the School of Law,
St. Louis University,

answers:

I AM definitely of the opinion that those citizens of the United States who wish to leave China should be given passage therefrom without undue delay. Those who wish to remain should take care of themselves and their property in whatever fashion they can.

They risked their lives and property by settling or staying in China. Why the lives of our soldiers should be jeopardized for any other purpose than that suggested is beyond my comprehension.

Moreover, there is a possibility of an incident leading to war if anything further is done. I do not believe we have any duty to fight a war to protect trade or the lives and

property of nationals who knowingly and purposely go to and remain in a foreign country.

We have a greater duty to save the lives of our soldiers and to protect the general citizenry from the results of a foreign war.

Edwin M. Borchard,

Professor of International Law,
Yale University,

answers:

HOW far should the United States go in protecting its nationals in the Far East?

It seems to me that the United States has done well in offering to evacuate from dangerous areas those who wish to depart. Those who stay necessarily assume the risks attending persons in a war area. There is no obligation on this Government to further protect them from such risks. If the rules of law are violated with respect to them, claims can be made against the offending government after the war is over.

There are rules of international law governing such situations which should be adhered to by our Government. They are to be found in part in the claims which foreigners made against the United States arising out of the injuries that they suffered in this country from 1891 to 1895. There are certain treaties with respect to the international settlement at Shanghai which have special application in the present situation.

Should this country join with other powers in protecting our rights?

This is a difficult question to answer categorically. It would depend greatly upon the facts. But I conceive the present situation to be dif-



—Wide World
PROF. EDWIN M. BORCHARD

ferent from that prevailing during the Boxer uprising. We have far less economic interests than other countries in the present war area. I think we should avoid forfeiting the advantages of neutrality by giving even the slightest opportunity or occasion for a charge of unneutrality. Even the chance for successful mediation is thereby lost.

Foreign powers will necessarily seek to have the United States become the spearhead of an effort at intervention on their behalf, whether acting through Geneva or outside. Our position would thus become an unenviable one.

Harry P. Trusler,

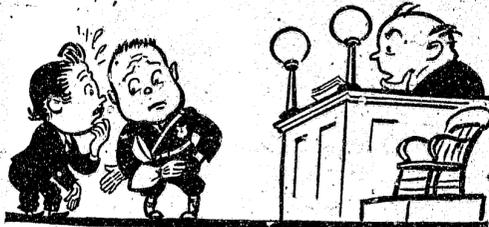
Dean of the College of Law,
University of Florida

answers:

RESPONDING to your request for my views respecting the proper policy for the United States in reference to its nationals in China, I answer that the Government has the duty to protect its nationals abroad. Indifference to this duty invites outrage. The Government should evacuate all nationals willing to leave. Firm measures, including the use of war ships, if necessary, should be

(Continued on Page 9.)

The Steering Column



WHEN A POLICEMAN PAYS A FINE, THAT'S NEWS. A salesman, arrested for passing a red light, failing to show his driver's license and berating the arresting officer, was fined two dollars.

In court, the salesman appeared bewildered and, turning to the officer, whispered something to him. The patrolman pulled out his wallet and gave the salesman a \$5 bill. The salesman paid the fine and gave the patrolman \$3 change.

Asked if he had loaned the salesman the money, the policeman said, "No, I gave it to him. He's been out of work a long time."

IN ENGLAND, NOVICE DRIVERS carry a white plate on their cars with a large red letter "L." This is plainly visible to other motorists who, forewarned, give the neophyte plenty of room.

This idea might well be adopted in this country and some elaborations of it would contribute to safer driving.

The habitual speeder would be required to display a red plate with a large white "S" superimposed on a death's head. The fellow who passes on hills and takes curves on the inside would carry a plate with a dunce cap insignia. The gentleman or lady leaving a cocktail party would fly a red flag with a large "O" for out-of-control.

THREE-YEAR DRIVING LICENSES are now being issued by New York. The old one-year tickets are still available, but the department hopes that most people will apply for the new long term permits. A license begins to look pretty dog-eared at the end of a year. We are wondering how they will stand up over the longer period. When an officer says, "Let me see your license!" he may have to be an expert on old documents.

IN MICHIGAN, NEW CAR PURCHASERS with trade-ins now pay a 3% sales tax on the whole amount of the new car cost, with no deduction for the trade-in value.

Defending a reversal of the interpretation of the sales tax law which formerly assessed the motorist for only the amount of cash involved, the Michigan authorities issued the following statement, "The 3% sales tax is a privilege tax for doing business." And as usual, the motorist has the privilege of paying.



ONLY FORTY-TWO YEARS AGO there were just four automobiles in the United States. By 1960, it is estimated that there will be 31,000,000. Our estimating department hasn't arrived at the 1979 figures yet, but the way the automobile has caught on it looks as though 42 years from now there might only be four horses.

THESE ARE DAYS OF GREAT ACTIVITY in the athletic departments of schools and colleges. Stadiums are being scrubbed and the practice grounds will soon be filled with padded warriors bucking tackling machines, practicing shifts, and memorizing the intricate signals which will ring loud and clear on the crisp October air.

When the big game schedules are published, you will want to start planning for those exciting weekends. If you intend to drive, write the Esso Touring Service, 30 Rockefeller Plaza, New York City, and you will receive this touring information without cost to you.

IF YOU HIRED A MAN to cut your lawn and trim the garden, and discovered that he was taking a couple of hours daily of your time to work for somebody else, you would call him to account. We motorists are paying a great deal of money in gasoline taxes for the construction and maintenance of roads. Of late the States have been diverting part of this money into channels having nothing to do with highways. Last year 18¢ of every dollar you paid in gasoline taxes was siphoned out of the state treasuries to flow into other channels. This money may have been usefully employed, but why collect it from the overtaxed motorist?



BEFORE YOU HITCH ON A TRAILER to your present car, look at your automobile insurance. Most policies have a clause which relieves the company from responsibility to the insured if damages or accidents occur while towing any trailer of any kind or while attached to any trailer. The policy, in most cases, only covers the automobile as described and if you attach a trailer to your car, you automatically invalidate the protection for which you are paying.

While you are looking over your policies, it is a good idea to read them through carefully. When you pay for a policy you know you're protected, but you should know against what and more specifically for how much.

Write to Northrop Clary, 30 Rockefeller Plaza, New York City for a copy of the LAMP, a magazine published by the Standard Oil Company (N. J.) and devoted to the human side of a great oil industry.

127 YEARS OF Character AND BOTTLED IN BOND

One of the outstanding reasons that Pennsylvania is famous for rye whiskey is Old Overholt.

This great straight rye has a taste all its own—different as day and night. Because that taste is so sturdy, full-bodied and mellow, you can use less of Old Overholt in a drink and its keen flavor "comes through."

Because it gives you quality and economy, it is the fastest-selling U. S. bottled in bond whiskey.



when you ask for "rye" ask for

OLD OVERHOLT

STRAIGHT RYE WHISKEY

BOTTLED IN BOND Under U. S. Government Supervision FULL 100 PROOF

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LOOK FOR THE GREEN STAMP

News-lines

ESSENTIAL INFORMATION OF NATIONAL INTEREST; LATEST NEWS OF GOVERNMENT ACTION



—Harris & Ewing

CROP INSURANCE EXPERT

Considered by agriculture leaders to be the nation's foremost authority on crop insurance, F. J. M. Green is now in charge of the Department of Agriculture's Division of Agriculture Finance. Formerly with the Farm Credit Administration, Mr. Green's ability as a crop insurance expert was recognized by Secretary Wallace, who drafted him for his present post.

Labor

In most states, when an employe works for a company which signs a closed shop contract with a union, the employe must either join the union or lose his job. If he refuses to join the union, he will have no right of action against either the employer or the union because the company is free to make any such contract even though it means dismissing some employes. This point has been established by the rulings of most United States courts.

If a person is the sole employe of an employer, he can not obtain the support of the Labor Board in protecting his right to designate a union as his bargaining agent. The reason the Board refuses to entertain the plea of a person in this position is that one person can not bargain collectively and the Board's duty is to safeguard collective bargaining rights only. Source: Labor Board Order.

If an employer has two persons working for him, they can not bargain through a union under the Labor Board's certification unless they agree on the union. If one wishes one union and the other wishes another union, there is no majority, and the Board will refuse to designate any bargaining agent. Source: Labor Board order.

Any employe who wishes to make a charge of unfair labor practices against an employer must do so in the name of a labor organization. He must also make the charge by filing a standard form supplied by the Labor Board, and this form must be made out in the correct form. Source: Labor Board regulations.

Any person who loses his or her job and wishes to obtain unemployment compensation will find that, before receiving any benefits, it will be necessary to register with the United States Employment Service. Only after it appears that no suitable job can be obtained through this Service will the applicant be in a position to obtain benefits under the law. Such benefits are now payable in Wisconsin and will be in many other States next year. Source: Social Security Board order.

An employer who is not certain which labor organization most of his employes desire to be represented by may find a way out of this dilemma, not by asking the Labor Board to certify one or the other union, but by refusing to bargain with either until the Labor Board has certified it. Either union may then appeal to the Board, which will conduct an investigation and, with or without an election, determine the choice of the majority. Source: Labor Board order.

Company police may, if they wish, bargain with their employer through a union despite the fact that they are commissioned by a municipality. Because of the special nature of their work, however, they are required to bargain in a unit separate from the other employes. Source: Labor Board order.

When an employer has a contract with an organization of his employes, the contract may lose its validity if the employes later choose as their bargaining agent a different organization from the one which negotiated the contract. This applies regardless of the status of the first contract, that is, even if the organization making it was free from domination by the employer. In making this recent ruling the Board pointed out that no contract is binding if it conflicts with policies laid down by Congress.

Agriculture

FARMERS of the 10 corn belt states of the North Central Region have until Oct. 31 to request their State Agricultural Conservation Committees for inspection of their farms in order to be certified for crop subsidy payments under the 1937 program. Source: Agriculture Adjustment Administration.

Sugar beet and sugar cane farmers who have complied with the practices established in connection with the 1937 soil conservation program are eligible for payments on their 1937 crops under the terms laid down by the recently enacted sugar quota law.

Apple growers in commercial producing areas benefit from the decision of the Federal Surplus Commodities Corporation to buy surplus apples for distribution by relief agencies.

Importers of sugar must abide by regulations newly issued by the Agriculture Department under the Sugar Act of 1937 which are similar in most respects to those in force under the previous law setting quotas for imports. Detailed information regarding each shipment must be given.

Business Regulations

THE Federal Trade Commission recently issued a summary of the charges, the facts, and the reasons why no formal complaints were issued in 64 cases in which investigations involving alleged violations of the Robinson-Patman Act were conducted. The Commission said that in 33 of the cases the decision "turned wholly or partly upon the meaning of the statute or upon the applicability of the statute to a particular set of facts. In the remaining cases there was no evidence of interstate commerce or the facts were not as had been alleged.

Bituminous coal producers and users have been notified that as soon as possible the Bituminous Coal Commission will fix minimum prices for the industry.

The Interstate Commerce Commission has promulgated a classification of brokers and motor carriers of property under the provisions of the 1935 Motor Carrier Act.

Distillers must not represent in their advertising, warns the Federal Alcohol Administration, that the use of distilled spirits will have a cooling or refreshing effect. Advertisements which state or imply that certain iced drinks are cooling or re-

freshing "are unobjectionable if it is made quite clear that the statement applies to the mixed drink rather than to the distilled spirits used in its preparation."

Businesses subject to trade practices jurisdiction of the Federal Trade Commission are informed that the rule requiring respondents to submit reports as asked has been reinforced by amendment. The new provision says the Commission may require respondents to submit periodic reports showing "the manner and form" in which they are complying with any order laid down.

Fuel oil producers have an increased chance of selling their products to the Navy as a result of a ruling by the Comptroller General that the law restricting purchases of oil to that which is domestically "produced" does not allow purchase of oil imported but "processed in this country."

A contractor with the Government is not entitled to remission of amounts due as damages for delay in completion of a contract even though he has made arrangements with the Government to sell the material at a price reduction because of its inferiority to the specified equipment.

An individual engaged in the performance of a Government contract subject to the Walsh-Healey Public Contracts Act is entitled to the required minimum wage for the week in which any Gov-

Social Security

EMPLOYEES of companies engaged in the raising of rabbits for commercial purposes are not engaged in "agricultural labor" within the meaning of that term as used in both the old-age benefit and unemployment insurance phases of the Social Security Act and therefore are exempt from provisions of the Act. Source: Internal Revenue Bureau.

Employers in reporting wage payments which are taxable under the old age benefit provisions of the Social Security Act, should report the wages on the return for the month in which they were paid.

Employers who are confronted with problems in connection with carrying out the provisions of the Social Security Act should apply to collectors of internal revenue and their deputies for assistance in the solution of such problems.

Workers who are employed in their homes and perform industrial services on a piecework basis are employes of the company for which they work in the same sense as persons employed in a factory and must pay the taxes levied under the old age benefits phase of the Social Security Act.

A company must include lunches which it serves to its employes and tuition payments made for employes in calculating wages on which social security taxes are to be paid. Source: Internal Revenue Bureau.

An association organized by a county to conduct a tuberculosis camp and carry on other work connected with the care and prevention of tuberculosis, which is maintained by county funds except as to certain phases of its work financed by the sale of seals, is an instrumentality of the county by which it was organized and as such the association is not liable for taxes either under the old age benefits or unemployment compensation phases of the Social Security Act. Source: Internal Revenue Bureau.

Employees of a company who are given compensation in addition to their regular wages for services performed on a safety council of the company must pay social security taxes on this additional pay. Source: Internal Revenue Bureau.

Umpires performing services for a non-profit amateur baseball league, which charges no admission fees for games but solicits contributions among the spectators to pay the umpires, are employes of such a baseball league and as such come under both the old age benefits and unemployment compensation phases of the Social Security Act.

When the Supreme Court of the United States reconvenes it will have on its docket at least three cases involving the authority of the National Labor Relations Board. This is exclusive of two proceedings in which employers are seeking injunctions against the Board.

Employees of firms engaged in reporting trials and other proceedings for the judges of a United States district court under an agreement between the firm and the judges of the court are not exempted from the tax provisions of the Social Security Act. Such employment is not "in the employ of the United States Government" and therefore is not excepted from the provisions of the Act. Source: Internal Revenue Bureau.

A manufacturing contractor who engages workers, furnishes them with machines and tools, has the right to discharge them, controls them not only as to what shall be done but how it shall be done, and is primarily liable to pay their wages is to be considered as the employer of the workers so engaged in carrying out the provisions of both the old age benefit and unemployment insurance phases of the Social Security Act. Source: Internal Revenue Bureau.

News for Investors

BUSINESSES under the jurisdiction of the Securities and Exchange Commission are assured, under a rule just adopted by the Commission, that documents and other information obtained in investigations carried out under the Securities Act of 1933 will be kept confidential and will not be surrendered even on subpoena, unless they already have become matters of public record or Congress approves.

ISSUERS of securities in making application for registration at the Securities and Exchange Commission are permitted to include information which is not required under the rules governing prospectuses. The would-be registrants who so do, however, must set forth the whole truth in the matter referred to.

Unless existing trading regulations are modified, the Commodity Exchange Administration probably will ask Congress at the next session for power to fix limits on daily price fluctuations in futures markets.

Railroads

INCOME and excess profits tax returns which may bear on the Senate investigation of railroad organization and practices are open to inspection by the committee of inquiry, under a ruling by the Treasury Department.



—Harris & Ewing

THE OUTLOOK FOR NEW MARKET REGULATIONS

WILLIAM O. DOUGLAS, newly elected Chairman of the Securities and Exchange Commission, tells newspaper men at his first press conference that the SEC will enter upon a period of expansion, that it will consider itself as an investors' advocate and that new legislation deemed necessary for regulating the market will be pressed for at the next session of Congress.

When an employe is engaged on government work subject to the provisions of the Public Contracts Act, he is entitled to time and a half for all overtime in excess of 8 hours in any one day or 40 hours in any one week, even though part of those periods was devoted to commercial work. Source: Labor Department.

Distillers also are prohibited from using pictures of athletes, either actual or imaginary, in their advertising if such illustration creates the impression that the products advertised are helpful in development of athletic ability or that the persons pictured are endorsing such products. Source: Federal Alcohol Administration.

American shipping concerns operating foreign flag vessels from ports in the United States are asked by the United States Maritime Commission to file with the Commission by Oct. 8, complete information on their costs of operation. The action was taken by the Commission to obtain accurate and up-to-the-minute data on comparable costs of foreign and domestic operation on which to determine the operating subsidies for American steamships, authorized by the Merchant Marine Act.

Persons engaged in the business of purchasing warehouse receipts for distilled spirits with a view to their resale at wholesale must obtain a permit from the Federal Alcohol Administration. Source: Federal Alcohol Administration.

A trucker does not lose his "Grandfather" rights under the Motor Carrier Act, 1935—that is, the rights which accrue by reason of his operation prior to the time the Act went into effect—merely because he uses a wrong form in making application to the Interstate Commerce Commission for a permit authorizing him to operate as a contract carrier by motor vehicle. Source: Interstate Commerce Commission.

Federal Contracts

GOVERNMENT agencies are required to give preference in buying to articles manufactured in the United States of materials produced in the United States, unless the competitive price is unreasonable. The Comptroller General's office points out that while rubber is not produced or manufactured in the United States, finished rubber products are manufactured both within and without this country. In such circumstances, the domestic manufacturer's product must be given preference.

Musical publishers are invited to attend a trade practice conference under auspices of the Federal Trade Commission in Washington on Monday, October 4. An attempt will be made to draw rules

to eliminate unfair and illegal practices, including commercial bribery, and what is referred to in the industry as "song plugging."

When an employe is engaged on government work subject to the provisions of the Public Contracts Act, he is entitled to time and a half for all overtime in excess of 8 hours in any one day or 40 hours in any one week, even though part of those periods was devoted to commercial work. Source: Labor Department.

If an employe works Monday morning on a government contract subject to the Public Contracts Act, he is entitled to time and a half for all time in excess of 8 hours on that Monday or in excess of 8 hours on any of the six succeeding days, or in excess of 40 hours in the 7-day period commencing Monday morning, regardless of the kind of work performed during the remainder of that week. Source: Labor Department.

Employees paid on a weekly or monthly basis when engaged on government contracts subject to the Public Contracts Act are entitled to overtime payment at one and one-half times their basic hourly rate. Source: Labor Department.

Contractors subject to the Public Contracts Act need not maintain separate and distinct records for the purposes of the Act if their usual records present the required information. Source: Labor Department.

The work day and week of an employe engaged on governmental work subject to the Public Contracts Act may be deemed to start at any time when the employe commences to work on the government contract. However, if the contractor desires to maintain his usual time keeping and pay roll procedure, he may elect to calculate the hours of work from the first hour of his usual work week rather than from the hour of the commencement of work on the government contract. Source: Labor Department.

Banking and Loans

BANK officers and directors, counsels the Federal Deposit Insurance Corporation, should give close attention to the official reports on examination of their banks. The governmental examination, it is pointed out, undertakes to reveal "the true bank behind the book figures" and to appraise the banking practices and management which motivate the activity going on behind the desks and in the cages of the institutions.



—Harris & Ewing

NEW CARRIER REGULATOR

Wendell Y. Blanning, who has seen service as Assistant Director of the Bureau of Motor Carriers since its formation in 1935, is selected as the new Director of the Bureau in place of John L. Rogers, who becomes a member of the Interstate Commerce Commission.

Trade Practices

MAKERS of dental, shaving, facial creams and other toilet articles are warned by the Federal Trade Commission that it is a violation of the law to place such products in "greatly oversized cartons" which represent that substantially larger quantities of the product are contained therein than is actually the case.

Manufacturers may not sell, ship and invoice goods of a grade and quality, the Federal Trade Commission rules, different from the goods ordered unless the buyer is informed of the difference.

Makers of pottery or other specialized products are warned by the Trade Commission that it is a violation of the law to represent through special trade marks that products made in this country are of foreign manufacture.

Publishers of health booklets and manufacturers of athletic equipment are forbidden by the Federal Trade Commission to represent in advertisements or through other means that the physical improvement of any person or pupil is due to the instruction offered or to their equipment when such improvement was wholly or partially due to other causes.

Medicine companies, says the Federal Trade Commission, may not legally represent that their products are manufactured according to the formula or under the supervision of a physician when such is not the fact.

Also, makers of medicines, under a recent Trade Commission ruling, are forbidden to use the words "Health Institute" in connection with the sale of their products unless they do own, or operate, a health institute.

Correspondence schools, rules the Trade Commission, must not misrepresent the demand for students trained in their courses. Furthermore, such schools must not misrepresent the extent of their instruction or the quality of the employment service they offer.

Hat companies dealing in hats and caps manufactured from second-hand materials must disclose to prospective customers that the material from which the hats are made is not new and unused but is second-hand.

Taxes

Income Taxes

RETIRED railroad workers do not have to pay income taxes on annuities or pensions received from the Railroad Retirement Board. Source: Internal Revenue Bureau.

Employee contributions to State unemployment compensation funds are deductible as taxes for Federal income tax purposes. Source: Internal Revenue Bureau.

Purchasers of gasoline in Florida may deduct payments of the gasoline tax imposed by Florida in computing the amounts due on Federal income taxes. Source: Internal Revenue Bureau.

Income taxpayers in Iowa are entitled to deduct taxes paid under the Iowa Retail Sales Tax Law in computing Federal income taxes. Source: Internal Revenue Bureau.

Income taxpayers, in order to obtain allowance of a bad debt deduction in computing their Federal income tax do not have to liquidate the collateral held to secure the debt. The fact that the taxpayer retains securities as collateral, says the Internal Revenue Bureau, is not a "barrier to the allowance of a deduction for a partially worthless debt if the Commissioner is satisfied from the evidence that such portion is worthless."

Corporation Taxes

RAILROADS which contested the 1936 Railroad Retirement Act are not entitled to income tax deduction for payments made under that law. On the other hand, carriers which did not challenge the 1936 Act and hence did not have any funds impounded as did the protesting railroads, are entitled to deductions for any payments they made.

Excise Taxes

MANUFACTURERS do not have to pay taxes under the Revenue Act of 1932 on motorcycles originally sold tax-free and subsequently accepted as a trade-in on a new motorcycle unless, prior to such resale or use the motorcycle is altered or rebuilt to such an extent as to lose its identity. Source: Internal Revenue Bureau.

Tide of World Affairs

+ Civilian Slaughter in China: America's Protests +

Newsgram * 6 *

American and British protests, Japan's words vs. actions, Future policies on the conflict.

RELIENTLESS rain of fiery death poured down from Japanese bombing planes last week on Canton, Nanking and a score of other cities in eastern China.

Canton became a bloody shambles, with more than 3,000 dead. Other cities, including Nanking, the capital, though less severely ravaged, suffered heavy casualties and property damage. Uncounted corpses of old men and women and little children mingled with the wreckage of their homes in ruin-choked streets.

The victims were practically all civilian non-combatants, including a proportionally large number of the feeble elements of the population unable to flee the cities upon warning of approach of the planes.

The slaughter came within a few hours after the Japanese Government had formally stated that instructions had been sent to military forces "to exercise the greatest care for safeguarding noncombatants, it being the desire and policy of the Japanese Government to limit, as far as possible, the dangers to non-combatants resulting from hostilities in China."

APOLOGY FOR BRITAIN

The note giving this solemnly hollow assurance was handed to the British Government a day before the aerial attack, accompanying an apology for the accidental serious wounding of the British ambassador to China a fortnight previously.

Purpose of the concerted air attack on the Chinese cities, as explained by an official Japanese navy spokesman, was "to bring the war to an early conclusion, and make it impossible for China to continue its anti-Japanese policies."

Forewarned of the impending raids, the American Government registered strongly worded advance protests. The bombing of defenseless civilians, our State Department remonstrated, would contradict "assurance repeatedly given by Japan" that objectives of her military operations would be limited strictly to Chinese military agencies and establishments. Such an assault on non-combatants, the American protest asserted, would be "unwarranted and contrary to principles of law and of humanity." In similar vein, other foreign governments protested, too.

Formal direct answers to the protests were drowned out in the thunderous roar of the war planes pouring down their tons of explosive death and devastation.

Japan's advance notice of the raids, including warning to foreigners and especially to foreign diplomats, to move to points of safety resulted in most American nationals being evacuated from the

threatened cities. Our ambassador to China, Nelson T. Johnson, also quit the American embassy with most of his staff, to seek safety on a Navy gunboat in the Yangtze river, although diplomatic representatives of other foreign nations stuck at their posts.

CHINESE RESENT ACTION

This led to a temporary wavering of American prestige in China, and some critical press comment in America as well. There was ill-concealed expression of Chinese sentiment that America was thus kowtowing to coercive threats from Japan. Presently, however, the ambassador changed his mind and returned to the embassy, which had narrowly missed being hit by a Japanese shell. This later development, coupled with publication of the American protest note to Japan, helped mollify Chinese feeling.

In view of the strong but unheeded American protests at Japanese aggressions against civilians, will the United States follow up such representations with further action or changes of policy? Such questions focused on the State Department last week.

Six leading peace organizations, which had applauded the earlier executive order banning American arms shipments to the Orient in Government-owned vessels renewed sharp demands that the President recognize the latest bombing of Chinese cities as clear-cut acts of war that should force invocation of our Neutrality Act. There were no apparent official moves in that direction, however.

NAVY PROTECTION PLEDGED

From Admiral Harry E. Yarnell, commander-in-chief of the Asiatic fleet, went orders to all Naval commanders under him declaring that the Navy for duration of the Sino-Japanese troubles would stand by to give all possible aid and protection to American nationals, even if they disregard warnings and opportunities to leave danger zones.

Observers were puzzled by apparent conflict of this order with a statement by President Roosevelt Sept. 5 declaring Americans had been warned repeatedly to leave China and "those who had not heeded the warnings would remain at their own risk."

At the State Department there was reluctance to discuss whether the Admiral's order represented a studied change of American policy. His order, it was learned, was communicated to the Navy Department only after it had been delivered to the officers of his fleet.

In three addresses, delivered at Boston and New York, Secretary of State Hull last week reviewed American peace aims and policies, referring to his recent circularizing of foreign nations to get them to subscribe to his 14-point peace program including pacific methods of settling disputes and strict adherence to treaty obligations. (For text of Sec-

retary Hull's speeches, see page 6.) Back in Washington from delivering these speeches, Mr. Hull was asked at a press conference whether the United States would take any steps under the Nine-Power Treaty or the Kellogg War Outlawry Pact. He declined comment on the feasibility or probability of such action, but it was learned that no move has yet been made by the United States under either treaty.

At Nanking, China's generalissimo, Chiang Kai-shek, sharply commented on alleged failure of the powers signing the Nine-Power Treaty to carry out their obligations under it, including the pledge to "safeguard the rights and interests of China" and to consult with each other in case of aggressions threatening Chinese integrity.

To invitation for the United States to be represented at Geneva sessions of the revived League of Nations Advisory Committee, summoned to confer on what the powers might do to check the Sino-Japanese conflict, the State Department responded by authorizing our Minister to Switzerland, Leland Harrison, to attend

merely in the capacity of an observer. The American Government served notice, however, that it could not say to what extent, if at all, it would be able to participate in cooperative action decided upon by this Committee, when it meets this week.

While fighting in the Spanish civil war continued with sharpened intensity, the Spanish government last week lost its seat on the League of Nations Council, which it has held almost continuously since 1920 despite the fact that this is one of the non-permanent memberships, designed to be rotated among nations that lack permanent Council seats. Spanish loss of the Council seat was attributed to defection of support by the Latin-American republics and their supposed sympathy with General Franco's cause.

In a speech in the League of Nations Assembly last week, Britain's Foreign Secretary Anthony Eden revealed his nation is currently more concerned about Italy and Spain than about affairs in the Orient. He warned that sending more foreign combatants to mix in the Spanish

+ THE QUESTION OF THE WEEK +

By HARRY P. TRUSLER

(Continued From Page 7.)

employed to this end. Thereafter troops and ships should be withdrawn from the war area, the Government insisting upon indemnity for any unlawful injury to American life or property.

The above should be done independent of the action of other countries. Thereafter this country, if it seems wise, may join other nations having similar interests in joint economic measures, designed to secure the payment of indemnity for illegal injuries.

O. H. Thormodsgard

Dean of the School of Law, University of North Dakota,

Answers:

DUE to lack of national unity, the Chinese people have been unable to maintain law and order within their territorial boundary. A nation so disorganized as China gives opportunity to other nations to police its rivers and harbors, industrial properties, centers of trade, and the trade routes by land and sea. This burden has been assumed by several powers in part, but in a large measure Japan has undertaken this special responsibility. This burden of maintaining order in Northern China by Japanese military force has not decreased in recent years.

A declaration of war has not been issued by either Japan or China. There are no facts to prove that either nation has the real intent to create a state of war. Both nations have the opportunity to regard the

recent attacks as instituting a state of war. Perhaps both China and Japan are of the opinion that a legal war would be of greater evil than the present situation. If Japan is in China for the protection of its industrial property and citizens, then it is a case of intervention and exercising the right of self-defense.

Although there is no legal war in China, the effects on American property and citizens are the same as if a state of war existed. Acts of war on a large scale have been committed by both nations. Other powers could recognize that a war existed. If the United States recognized that a state of war existed in China, as a neutral, it would normally be required to observe complete impartiality towards both China and Japan.

If the United States cannot secure satisfaction from either China or Japan through diplomatic channels, it may under international law protect its citizens, when injured by acts contrary to accepted international custom and practice. However, if Japan has a just cause to invade China and if Japan does not use unreasonable measures in protecting its interests, other states have no reasonable ground to complain because their own citizens have suffered loss or injury. The United States then should demand redress from China for injuries to American citizens and the destruction of property belonging to American citizens.

The American people do not have all the facts as to the conflict between China and Japan. The American Government must take into consideration what is possible and practical. In 1932 the League of Nations through the Lytton Commission reported adversely to Japan. This report caused Japan to withdraw from the League of Nations. The action by one power or by a group may or may not advance international good will. The American Government should not attempt a futile thing. The American Government should cooperate with the other nations of the world and aid China and Japan to solve the problem of Eastern Asia.

We cannot expect that Great Britain will maintain the peace of Eastern Asia. The United States has never assumed the burden of maintaining peace in Eastern Asia. We can only hope for the time when Japan can fulfill its special mission in keeping peace and order in Eastern Asia and to preserve the territorial integrity of China. Whatever China acquires national unity and power, the problem of the Far East will be solved.

The nations of the world must consider that there is a dual responsibility in Eastern Asia, that is, a duty on the part of China and Japan to maintain law and order. If China has failed in her national and international duties in protecting the lives and properties of their own citizens and that of foreigners, then this added burden must be assumed by Japan. The problem of Eastern Asia can only be solved by China and Japan. The United States and the other powers can only give counsel and advice. For that reason if the problem becomes more serious, American citizens should leave the troubled zone.

If Americans suffer property losses, the claims may be filed and adjustment and payments will be made when the conflict is over. In the meanwhile we must rely upon the State Department, which has all the facts, to maintain a reasonable and practical policy towards the Far Eastern nations.

civil conflict would push Europe dangerously near the brink of a general war. But he reminded Italy she could still join the nine-power piracy patrol in the Mediterranean.

If Duce's government next day agreed to enter conversations looking toward inclusion in the patrol. European interest turns this week toward the Berlin meeting of Chan-

cellor Hitler with his guest, Premier Mussolini, with speculation as to possible closer rapprochement between the two fascist nations as a result of personal parleys of their dictators.



THE PENNANT WINNER

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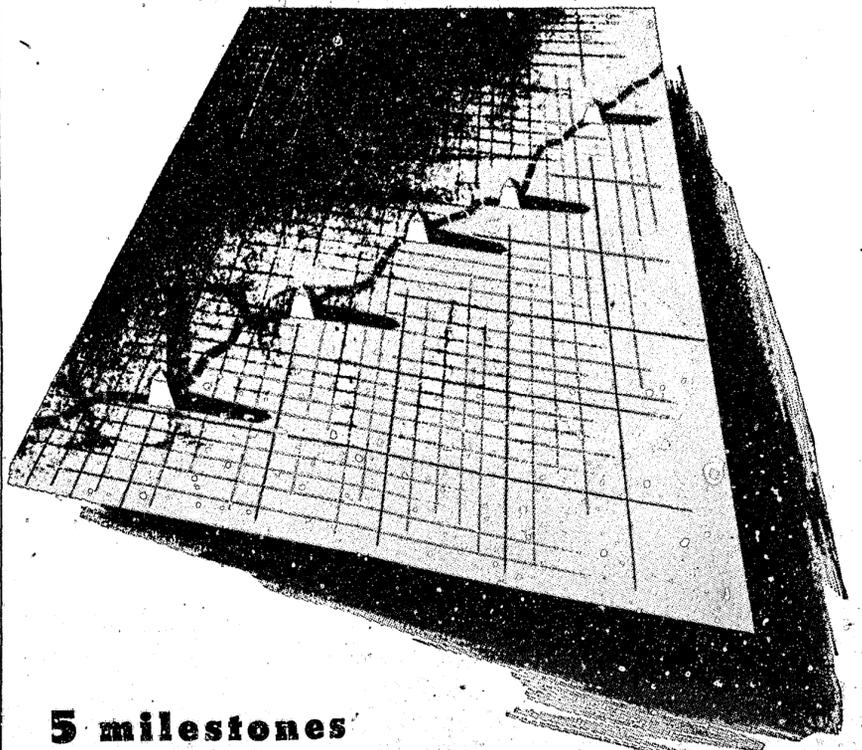
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SLEEP LIKE A KITTEN



5 milestones in the march of STEEL!

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ARMCO, in cooperation with electrical equipment manufacturers, produced the first Electrical Sheet Steel with high magnetic properties.

ARMCO Ingot Iron was developed, making possible the production of ARMCO Enameling Sheets, which brought to American homes

the modern and beautiful porcelain-enamelled refrigerator, kitchen range, washing machine, cooking utensils, and other porcelain-finished products.

ARMCO produced Galvanized Paintgrip Sheets. For the first time, galvanized surfaces could be painted without acid etching or weathering, and paint would stick.

ARMCO contributed the most important step in sheet-steel making

... the continuous method of rolling sheets, assuring sheet steel of uniform quality at low cost.

And more recently, Stainless Steel has been adapted to many specialized uses by ARMCO.

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Yes Sir!
24 QUARTS OF
COOL BEARD-WILTING
LATHER



GIVES YOU THE C.C.S. (the cleanest, closest shave)

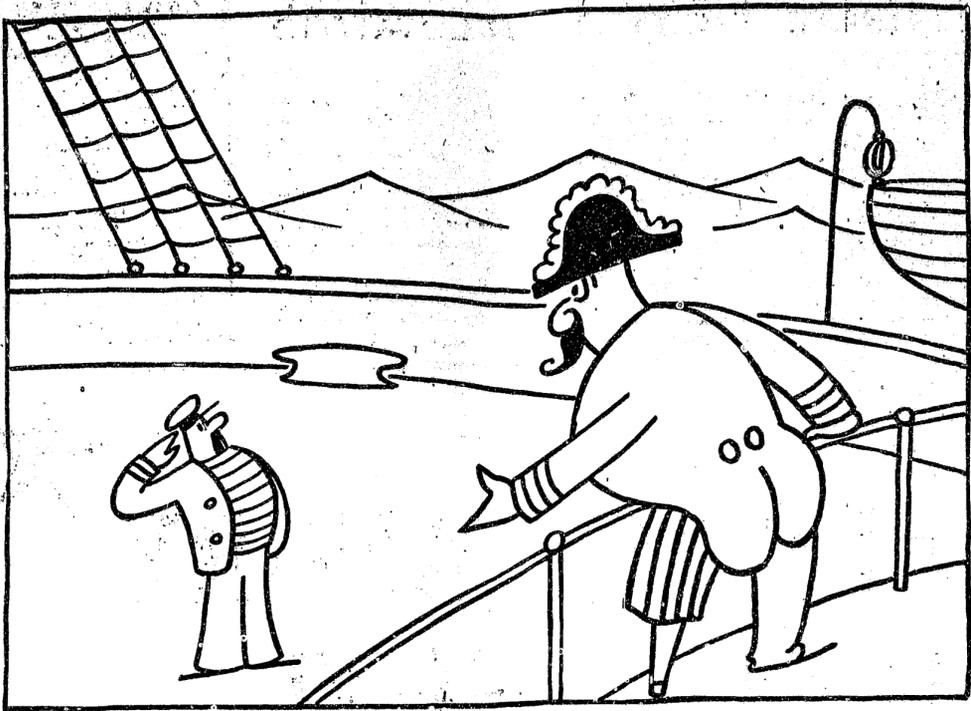
104 COOL SHAVES FOR 25¢

No matter what type of cream you are now using, we urge you to try Listerine Shaving Cream made by the makers of Listerine. Your drug-gist has it.

Facing the toughest kind of competition, we did not dare offer Listerine Shaving Cream until we were sure it was better—a cream suitable for both dry and oily skins. Into it we put all the quality we knew and priced it exceptionally low—twenty-five cents.

Now men who used to be the worst cranks in the country about their shaving cream say it is the best value on the market. You will like the same things about it they like—the rich, aromatic, beard-wilting lather that springs up and stands up whether you use hot, lukewarm or cold water. Actually twenty-four quarts of soothing lather to the tube.

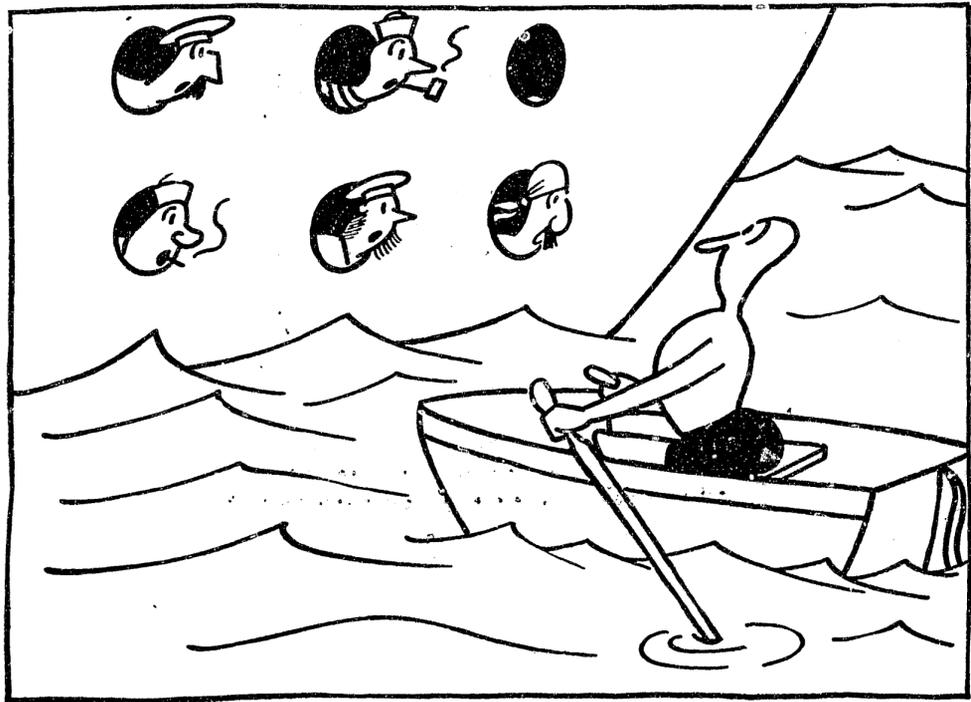
You will like the easy, gentle, painless way the razor slides over the face on a film of glycerine—Nature's oldest balm. There is positively no tugging, no pulling, no irritation, no redness. After shaving, your skin still feels pliant and soft. Lambert Pharmacal Co., St. Louis, Mo.



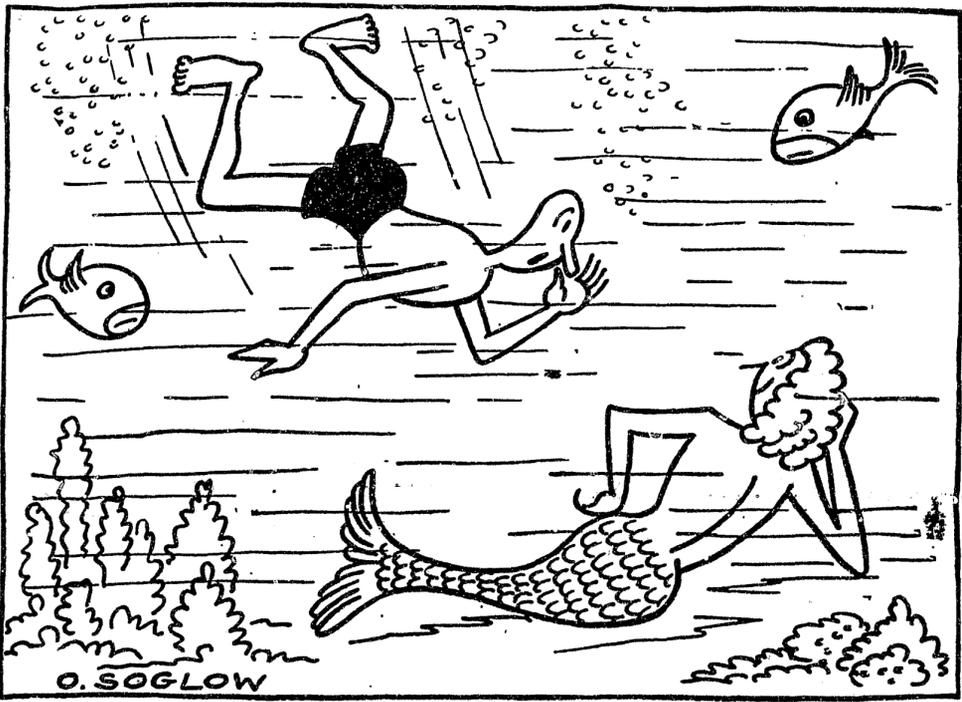
"The captain told the mate and . . ."



The mate told the crew.



The crew told me, so . . .



I know it must be true."

CAPTAINS . . . all!

THE old song illustrates a simple formula. News travels naturally and quickly *from the top down*.

So does opinion.

Increasingly, public relations men are using the "Captain" technique to get the true picture of industry before the final court of arbitration—the Public.

They are telling the facts to the "Captains." That's a surer, more economical way than telling them to the crew.

They are using paid advertisements in the magazines the "Captains" read to tell their story of public service, clearly, honestly, forcefully.

Who are the "Captains"?

They are not necessarily the captains of industry or finance; nor the leaders of society; of politics; nor of any single branch of life's activities.

The real captains to be convinced are the unconvinced. They comprise the *thinking* and *articulate* minority; the open-minded, sincerely-seeking-the-truth people—the people who, once convinced, influence the opinion of the unthinking and inarticulate majority. They *can* be convinced, because they have not yet substituted emotion for thought. Large corporations with an important stake in public good will are already placing their public relations messages in *The New Yorker*.

Why?

Because *The New Yorker* has attracted as compact and mentally alert a group of readers as can be found in the land. They are intelligent. They are active. They are vocal. Ergo: *influential*.

They tell the mate. The mate tells the crew. And so the word spreads. They are "Captains"—*all*.



THE
NEW YORKER

25 WEST 43rd STREET
NEW YORK CITY

SELLS THE PEOPLE OTHER PEOPLE COPY

MR. ROOSEVELT'S PLEDGE TO CONTINUE NEW DEAL AIMS

President Roosevelt's informal address from his special train at Cheyenne, Wyoming, on September 24, was as follows:

GOV. Miller, Gov. Ammons of Colorado, and, I think I can say, my good old friends of Cheyenne—because, as you know, since 1932 Cheyenne has been on my annual visiting list.

Some of you may wonder why I am here today. Back in January, 1937, of this year, a friend of mine came to me and said, "Why during the next four years don't you take it easy? Why don't you coast? You came up a long steep grade for the last four years and now, during the next four years, you might as well have a good time?"

NO DESIRE TO "COAST"

Well, I said to him that I was going to continue during these four years the practice of the last four. And that, incidentally, in so doing I would have a good time.

I do not want to coast, and the nation does not want me to coast with my feet up on the front wheels. I have thought it was a part of the duty of the Presidency to keep in touch, personal touch, with the nation, and so this year since January I have already made one trip through a number of Southern States on my way back from catching some fish and now I am going out to the Coast for the third time since I have been President, not counting campaign trips—going out to take a "look-see" to try to tie together in my own mind the problems of the nation in order that I may, at first hand, know as much about the questions that affect all of the 48 States as possible.

As you know, the greater part of the emergency is over—not all of it, because there are still a great many difficult problems—and I want to talk to you very briefly about some of the things that the National Government has done and is doing.

OBJECT: PEOPLE AT WORK

For example, we, during the past three or four years, have spent in every part of the country a great deal of Federal money—in putting people to work. That is the primary objective. Put at the same time we have tried our utmost to accomplish useful things, and there is not a State, or a very, very few communities in the whole nation, that have not been benefitted by these Federal expenditures, not in a temporary way, but in a permanent way.

I was thinking this morning of the question of airports, and I do not know whether it is thoroughly realized, but you are one of the stations on one main transcontinental airline, and you know that the Federal Government has assisted in the actual building, not of several dozen new airports in the country, not several hundred but many, many thousands with the result today that the United States is checker-boarded with airports in every State. That is an accomplishment of the past three or four years. And in the same way not dozens or hundreds, but thousands of schools have been built or renovated with a combination of State and Federal funds.

DOLLARS FOR SCHOOLS

We have to come some day to an end of the greater part of that program and just the other day in Washington we allocated the last of the Federal money for public works projects. Those consisted of more schools, more sewer system, and more water works and things of that kind, where there was a very clear need for replacement or where the States or localities had already voted bonds.

I will tell you one amusing story of the allocation for school projects. Congress told me to confine them to those schools or to those places where the schools had been burned down or where new schools had to be built to replace buildings that were about to tumble down, and there came a project from one of the Southern States for the building in that community of a new school building and a new library. The new school building was to replace one which was about to tumble down, and we granted the project, but in the case of the library, they apparently did not have a library and it was not a replacement and with great regret we rejected the application.

The head of the school came to Washington to see me, and I told him how sorry I was, but that we could not spend Federal funds just for new buildings, no matter how much they were needed, unless they were to replace something that had been burned down.

He said: "Mr. Roosevelt, our library was burned down." I said: "That is funny, because there is nothing said about that in

the application. When was it burned down?"

And he came back and said: "Mr. President, our library was burned in 1864 by Gen. Sherman."

THE USES OF ELECTRICITY

And so, on this trip, I am looking at many, many types of projects. I am always keen when I come West to get more people out of the East to come West and see things with their own eyes.

The other day I read in a great newspaper of the Middle West an

editorial that took as its text the fact that one of the WPA projects—a dam, I think, in Kansas—a part of it had washed out, with undoubtedly the loss of a good deal of money, and pointed out that this was the way that the Federal Government was wasting its funds. I believe you know that engineers are human, just like I am, and that they do not make a home run every time they come to bat.

But the editorial went on, taking that as a text, and pointed out from

their point of view, which I do not believe is the point of view of the nation, that in the construction of these great dams by the Federal Government we are creating millions of kilowatts of power which will never be used by the people. I think that you and I and most people realize that when you do create power the public finds some useful way to use it.

DEFENDS RECLAMATION

In the same way they went on to tell the people that these reclama-

tion projects are a pure waste of money—that by building projects like Casper-Alcova or Grand Coulee we put in use unnecessary farm lands, that there was enough good farm land in the United States to take care of all the people who needed it for 50 years to come. You and I know that is not so. You hear on this great central highway, and know, of a number of people, families, who have had to leave their homes and farms in the drought area, some of them from

the eastern part of this State, from the Dakotas, Nebraska, Oklahoma, Texas—people who could not make a go of it on poor land forced to leave their homes to avoid starvation—and those people have headed farther west, looking for a chance to earn their livelihood, looking for good land and not being able to find it.

So, in the same way, there are thousands of families in the East who are unable to make good on

(Continued on Page 12)

Calmar Line
Weekly service from
BALTIMORE and PHILADELPHIA
to
LOS ANGELES
SAN FRANCISCO
OAKLAND
ALAMEDA
RICHMOND
PORTLAND
SEATTLE
TACOMA

Agents
SWAYNE & EYOT LTD.
Pacific Coast
MOORE & MCCORMACK INC.
East Coast

Calmar Steamship Corp.
25 Broadway, New York

IF THIS MAKES YOU ANGRY THAT'S JUST DANDY!

10,000 homeless!

An ammunition plant in Jersey blew up due to unlawful surplus accumulation of TNT. 87 people were blown to bits, 10,000 rendered homeless, \$3,500,000 in property ruined. The inspector was an automobile salesman, who blandly admitted on the witness stand that he didn't even know what TNT meant! (He was politically appointed, exempt from the civil service law.)

Crime problem!

In 1935, the postal service arrested 247 employees for embezzlement. 4 were from among 35,000 rural carriers, 107 from among 49,000 city carriers. (Carriers are under civil service laws.) The politically-appointed postmasters—totalling less than 14,000—produced all the rest of the culprits 136!

Nice pay for an illiterate!

The Commissioner of Records in a certain large county draws down \$6,500 of the taxpayers' money each year. It's a politically-appointed job. And the henchman who got it (and still has it) can neither read nor write English!

Do such things make you a little hot under the collar? Well, that's nothing. That's only an infinitesimal part of the Spoils System. It has been conservatively estimated that our American political philosophy of To-the-victor-belong-the-Spoils costs us, each year, \$500,000,000 in unnecessary taxes, and \$500,000,000 in waste due to inefficiency and incompetence. A mere one billion dollars a year!

What to do about it

The National Civil Service Reform League is making an encouraging fight against the Spoils System and for the Merit System.

The League is non-partisan, non-profit-making, non-utopian, non-bone-picking. It is made up of enlightened, successful, socially-conscious citizens, who like our American form of government, want to preserve it, and think it is worth a portion of their time and money.

We'd like to hear from other American citizens so inclined. Why not fill out the coupon below and mail it in? Why not do it right now, before your conscience cools off?

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NATIONAL CIVIL SERVICE REFORM LEAGUE,
ROBERT L. JOHNSON, President,
521 FIFTH AVENUE, NEW YORK CITY

I'd like to do what I can to help. Please send me some more information about the League.

NAME _____
ADDRESS _____
CITY _____ STATE _____

Newsgram * 7 *

New Federal Controls For Retail Trade?

Rules for rayon sales. Industry vs. Federal Trade Commission. Government 'dictation.'

A DEPARTMENT STORE owner soon may find that he can not place rayon products on sale in his silk department or at his silk counters unless he complies with regulations issued with the force of Federal law.

Not only will the power of the Federal Government reach inside of retail stores, but if trade practice rules now pending are accepted, it will affect the manufacturer and consumer as well.

A fair trade practice conference of the Rayon and Synthetic Yarn Producers' Group held in New York Sept. 16 resulted in the adoption of the tentative draft of a code setting up standards for advertising and fiber content labeling of all textiles.

But in matters of this kind, industry must also get the approval of the Federal Trade Commission before the Government will put its weight behind the rules.

In this instance the Trade Commission was quick in making its disapproval known and submitted a set of rules of its own to govern the industry. In fact, it made its rules public so soon after announcing disapproval of the industry's rules that members of the rayon producers group commented that proper consideration had not been given to their rules and said that the issue had been raised of whether industry or Government is to set up the codes of fair trade.

ISSUES RAISED

This question was raised: If the Trade Commission is to dictate rules in this instance, will it not dictate rules for other industries?

The Commission commented: "With respect to statements reported to have been made at the conference, the Commission states that there was no agreement, public or private, between members or representatives of the industry and any members of the Commission to the effect that rules prepared by the Commission's Trade Practice Board could not be considered and discussed and that discussion would be limited to matters which the industry chose to present."

Under the rules issued by the Commission no rayon product may be sold as "taffeta," "chiffon," "velvet," "crepe" or any other representation which is associated in the minds of the public with some other fabric unless the rayon content is disclosed. No rayon product may be sold unless it is clearly disclosed that it is such a product. Such products can not be sold at silk counters unless merchants make full disclosures that they are rayon.

In this respect, said an official of the Commission, the rules are an extension of recent efforts by the Commission through the issuance of fraud orders to protect the consumer from untruthful advertising of drygoods. If the rules prove satisfactory in the rayon industry they may be extended to other textiles.

President Roosevelt's Pledge To Continue New Deal Aims

(Continued from Page 11.)

the land they are tilling now for very obvious reasons. It is land that ought not to be put under the plow. And so, for these families, I believe it is the duty of the Federal Government and the State government to provide them with land, where it is possible to do it, where they can make a living.

And so I could go on talking about WPA and PWA and soil erosion and the CCC camps. As a matter of fact it has all served a pretty useful purpose. It is a better country for having spent for a few years more than we were taking in in taxes; and do not let anybody deceive you—the Government of the United States is not going broke.

So here I am, on this short trip—for it must be short—trying to get a cross-section point of view, the point of view especially of the rank and file of the American people of this Western country.

Yes, it is a part of the duty of the Presidency to represent, in so far as possible, all the people, not just Democrats, but Republicans as well, not just rich people, but poor people as well.

And I have been trying very simply to do the most good for the greatest number. Out here, in the cattle country and the sugar beet country, of course I am interested in the prosperity of the raisers of cattle and the growers of beets. Perhaps somewhere down in my heart I am a little bit more interested in the 10 men who have 100 head of cattle apiece than I am in the one man who has 1,000 head of cattle, and perhaps I am a little bit more interested in the 10 men who have 100 acres of beets apiece than I am in the one man who has 1,000 acres of beets.

It seems to me that is one of the necessary things that go with the Presidency, and we, in the past four years, have tried, I think honestly and I think fairly successfully, to do the greatest good for the greatest number. And so, in these next few years, four years, eight years, 12 years, 20 years, I am very firmly convinced that the people of the nation have more and more a national point of view.

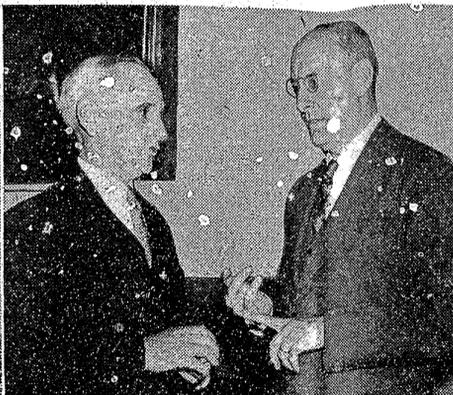
You people out here realize, far better than you did four years ago, that your prosperity is tied up very intimately with the prosperity of the cotton growers of the South, and with the industrial workers of the East, and in the same way, those people in the great factories of the East and the Middle West and on the cotton farms of the South, and in the corn belt, and in the wheat belt, they know that their prosperity is affected by your prosperity out here. That, I believe, will be written in history as a great accomplishment of these years we are living in now—the welding together of the people of the United States.

And so, my friends, I am glad to have been able to come out here on this annual trip, and I hope and expect to come out during the next three years again.

The Trend of American Business



Harold N. Graves



Herman Oliphant



Henry Morgenthau, Jr.
—Harris & Ewing, Wide World

OVERHAULING THE TAX MACHINERY

As a preliminary to new long-range tax policies, Harold N. Graves, administrative expert for the Treasury, takes over the job of overhauling the Bureau of Internal Revenue.

Following a conference with Herman Oliphant, General Counsel for the Treasury, and also one of its foremost tax experts, Secretary Morgenthau announced that the Treasury's tax study, which will serve as the basis for new revenue legislation, will be ready by November. Successor to Morrison Shafroth, resigned, as Assistant General Counsel for the Bureau of Internal Revenue is John Philip Wenchel.

John P. Wenchel

WAR 'JITTERS' AND BUSINESS UNCERTAINTY: THE OUTLOOK FOR INDUSTRY IN THE NEXT YEAR

Newsgram * 8 *

Durable goods as decisive factor. Prospects for more housing. Basic soundness of business.

UNCERTAINTY replaces confidence on the business horizon. War scares and the outbreak of fighting in the Far East cause jittery symptoms in American markets. The trend of commodity prices is uncertain. The stock market continues at low levels. Pessimism replaces optimism.

Just what do these happenings mean? Do the fundamental factors affecting business justify the prevailing blue haze which envelopes Wall Street and a large part of the business community in other sections of the country?

BUSINESS MEN'S MENTAL ATTITUDE A MAJOR FACTOR

The answer, in the opinion of Government economists, to the riddle of whether prosperity will continue or business will go into a prolonged recession, is to be found in whether there are substantial increases in expenditures for durable goods, that is, such products as factory machinery and housing which have a normal useful life of three years or more.

"Business is in a sort of mid-Summer madness," declared one Government economist. "There is nothing in the economic picture to justify the present attack of jitters."

"Fundamentally, the demand for durable goods," said this expert, who has recently completed an exhaustive survey of the prospects for business expansion, "should provide sufficient momentum to business to offset any recession such as we are now experiencing."

But the economist put one big "if" before his optimistic predictions.

"In our economy," he said, "the psychological state of the business community is of major importance. Therefore, even though basic conditions are sound there is the possibility of a real decline setting in largely because of the growing wave of pessimism over the outlook."

The importance of an expansion in expenditures for railroad equipment, factory machinery, and other durable goods if recovery is to continue was emphasized recently by the National City Bank of New York.

"No severe recession in industrial production is likely," the National City Bank said, in one of its bulletins, "as long as business men are investing, capital and spending on plant and equipment. The consumer goods and capital goods groups of industries are of about equal importance in the aggregate business of the country, but the greatest fluctuations are in the latter, and the variation in business volume is influenced more by variations in business spending than by changes in consumer purchasing power traceable to other causes."

"It is therefore possible to have a decline in textiles, and in goods of like character, without more than a minor recession in total industrial activity, provided business spending continues. Fluctuations of this kind in consumers' goods are normal and familiar."

Growth of a sort of psychological business doldrums, is a major danger, explained one

Government expert, because even a moderate revision of future expectations may lead to an enormous reduction of output since such a large part of production is for future demand.

What then, is the outlook for the production of durable goods which should be the basic factor in continuing business recovery?

The outlook, according to comprehensive data available in Government files, is for a moderate uptrend next year in durable goods manufacture. Advances in automobile production are expected to be of minor consequence as that industry already is at an advanced stage of prosperity.

Here is the outlook for the various fields of durable goods, as shown by available governmental data:

Housing: A major expansion in this field, leading to an average construction of 800,000 housing units annually during the next five years is expected to be one of the primary factors in further recovery. Output during the next few years is not expected to reach this annual total but during the end of the period a million or more new housing units may be built each year.

INCREASING COSTS A HANDICAP TO NEW HOUSING

An increase of from 10 to 15 per cent in wages, costs of building materials and other housing costs from the middle of 1936 to the first half of this year prevented housing construction from developing to expected proportions this year. If another 10 per cent price increase should occur this coming spring, housing recovery might be set back another year, thus upsetting the entire recovery picture.

Manufacturing and mining: Recovery of expenditures for capital goods and maintenance in these industries is dependent on the general level of industrial production.

Combined capital and maintenance expenditures for 1937 are likely to be about 90 per cent of the 1929 total with maintenance expenditures fully restored and capital outlays amounting to more than 80 per cent of that year's total.

Expenditures for plant and equipment are ex-

pected to show a greater increase than the index of production. Thus, if the completion of the recovery carries the production index 20 per cent over the 1937 level, it should carry plant expenditures 30 or 40 per cent above it.

Automobiles: The outlook is for maintenance of production in 1938 at present levels or at most, at slightly greater totals.

Telephone industry: Expenditures for capital goods and equipment will reach from 700 to 800 million dollars a year during the next five years as compared with a prospective expenditure in 1937 of less than 600 million dollars.

Railroads: Capital and maintenance expenditures should increase moderately in 1938. This year should see a total of 1,600 million dollars for such expenditures as compared with 1,350 in 1936.

Transit industry: Expenditures for additional equipment and maintenance in 1938 should substantially top the expenditures of 270 millions in 1936. However, it appears doubtful that the pre-depression level of 350 million dollars will be bettered during the next four years.

Agricultural equipment: More farm income is available for improvement of machinery and plant than at any time since the era of the World War boom in agriculture.

BETTER OUTLOOK FOR COMMERCIAL CONSTRUCTION

Commercial building construction: Although this type of construction has been slow in getting under way it is expected to show a good increase next year, with office buildings, stores, and various other structures sharing about equally in the increase.

Electric power: This industry appears certain to have a good year in 1938. The prospect is that its annual expenditures for capital goods and maintenance from 1938 to the end of 1941 will amount to from 800 to 1,000 million dollars. Comparative expenditures for this year probably will total only about 450 millions.

Increased demand for electric power and the obsolescence of existing facilities make this expansion in expenditures necessary despite the recent harassment to which the industry has been subjected. It has been threatened with direct competition from existing and projected Federal hydro developments—not to mention municipal enterprises financed by Federal aid—as well as by adverse publicity, higher taxes, the "holding company" law and a steady downward pressure of rates.

Public Works: Excluding the reduction in the WPA, the outlook is for maintenance of public works in 1938 at near present levels. States, cities and other local governmental units have more revenues now and increases in their expenditures for public projects are expected largely to offset the limitation of WPA outlays.

While the recession in the stock market will have a temporarily unsettling effect on the market for new capital issues, in the long run even the decline of the market may prove a stimulating force, in the view of one Federal monetary expert. He pointed out that there is likely to be a period of slow recovery in prices of stocks and that such a period will have a stimulating effect on business which may combine with increased expenditures for durable goods to once more set in motion the snowball of recovery.

Business Barometers

SHARP rises in prices of farm products and foods brought the wholesale price index up to 0.7 per cent during the week ended Sept. 18. The index now is at 87.4 per cent of the 1926 level.

Value of all classes of building construction for which permits are issued was 6 per cent higher in August than in the preceding month but 4 per cent less than in the corresponding month last year.

Sales in retail stores during August, according to the estimate of the American Retail Federation, totaled \$2,900,000,000, a gain of \$100,000,000 or 4 per cent over the August, 1936, volume.

Rural retail sales are reported by the Commerce Department to have been 3 per cent higher last month than in the corresponding month in 1936.

Newsgram * 9 *

The Lag in Business: Comments On Causes

Period of hesitancy. Favorable and adverse factors. Advance in vacation expenditures.

"BUSINESS is falling off." "Sales aren't up to what they were." "There has been a drop in industrial production."

Such comments are reported from various parts of trade and industry? How true are they? How serious is the lag in the rate of recovery?

An examination of figures covering department stores, chain grocery stores, rural retail, variety stores and automotive store sales show that there has been a slowing down in the rate of increase but, except in a few minor industrial items, no decrease in volume.

"What has happened," said one Government business analyst last week, "is that trade has remained at a standstill. Business men have been accustomed, to an uptrend in sales and when sales have not continued to go ahead they have interpreted that as depression."

LAST YEAR'S STIMULATION

Another factor which has made the situation seem worse than it is, it is pointed out by the American Retail Federation, is that sales in May, June and July last year were stimulated by the World War bonus payments and consequently comparison of 1937 sales in those months with last year's levels is unfavorable.

And yet it is true that retail sales have increased only 8 per cent this year while the national income is estimated to be up at least 10 per cent and may show a 15 per cent increase.

The official explanation is that there have been sharp increases in travel and vacation expenditures this summer which are not reflected in retail sales volume. Also, it is believed savings and insurance expenditures have shown a proportionately large increase.

Under the present conditions, in the opinion of Government economists, there may be a six to nine months period of business hesitation before the recovery again gets into stride.

Among the factors contributing to recovery cited by Government officials and business leaders are: Good harvests with prospects of a billion dollar increase in farm income; rise in labor income and the accumulated demand for capital goods.

UNFAVORABLE FACTORS

Among unfavorable factors cited are: Lag in building; decrease in production of machine tools and plant equipment and steel, textiles and shoes; slowing of world economic recovery accompanied by threats of war and outbreak of fighting in the Far East; uncertainty as to further Government regulation of business; uncertainty as to price fluctuations; unbalanced budget and tightening of installment selling.

Thus, recovery in the United States, already slower than in any other parts of the world except the gold-bloc countries, such as France, is in prospect of being retarded again.

This means, according to one Government economist, that 1929 conditions may not be restored fully until the middle or end of 1938 and considering the estimated 9 per cent increase in the number of workers since 1929 it may take half a year after that to reach 1929 per capita levels.

TITLE REGISTERED U. S. PATENT OFFICE

The Voice of Business

W. J. CAMERON, Official of the Ford Motor Company: People can no more make up their minds with partial knowledge than a bird can fly with a broken wing. The struggles of public intelligence for a comprehensive judgment have, at times, been very like the tortured, twisted efforts of a one-winged bird whirling itself about.

Or, to say it another way—When lopsided statements prevail, public opinion, for weeks or months together, resembles a boat of which only the oars on the left side are in use; it simply spins round and round and round, slideslipped by every passing wave. In a situation like that anyone would naturally try to put out an oar on the right side, that the boat might make headway. In the same way, were only the oars on the right side used, as was the case between 1920 and 1929, before these broad-casts began, we should have been just as ready to put out some oars on the left side.

There is still some low thinking being done in high places, but to balance that the popular mind steadily returns to its center; it is less inclined to read importance into what is merely passing noise. Our people's native power of self-reliance is being renewed. The nation becomes more like itself again. Difficulties are not over, but our people are discarding the illusions that fostered panic and helplessness, and thus become more fit to deal with whatever difficulties may await them.—(Excerpts from a recent talk broadcast over a nation-wide network.)

LEWIS W. WATERS, Research Vice President, General Foods Corporation: The fate of a nation is determined to a considerable extent by what it eats. The food technologist, with the soundest of reasoning, can point out that war, war threats, and international suspicion, may be dietetic as well as economic and political. Who ever saw anyone get up from a good meal with anything but a cheerful, tolerant attitude toward his fellow men?

Food prices are kept low by the competition of close to 40,000 manufacturers whose products reach more than 20,000,000 housewives through approximately a-half million retail outlets. The nation's food bill is one-fourth of its annual income. It is money well spent.

(Excerpts from an address before the First Food Technology Conference, Massachusetts, Institute of Technology, Sept. 14.)

The Finance Week

Mr. Douglas' Plans for Regulating Trade in Securities

Newsgram ★ 10 ★

Program of new SEC head. Curbs on manipulators. Improvement of accounting practices.

"WELL, the first thing I can say," said William O. Douglas, chairman of the Securities and Exchange Commission, as he quietly began speaking to the overflow delegation of newspapermen attending his press conference last week. "Is that it is a lot nicer up on Cape Cod than it is down here. This is the first time I had to interrupt my vacation for a long time."

"I hesitate to open my mouth for some time for publication, but it seemed to me that there was a great deal of confusion around, a great deal of uncertainty in financial circles and among investors, and I know that one thing that business and finance doesn't like is uncertainty."

And so William O. Douglas, youthful Yale Professor on leave, began his first press conference as chairman of the SEC. A member of the SEC for the past year and a half, he was elected to the chairmanship last week to fill the vacancy left by the resignation of James M. Landis, who resumed his connection with Harvard, where he is now dean of the Harvard Law School.

HIS "THREE POINTS"

"In general, there are three observations," Mr. Douglas continued, "that I would like to make and three points I would like to clarify, and the first is: What is the proper role of the SEC in relation to finance and investment? The second is: What kind of a 'bird' am I? The third is: What is my own attitude toward a number of specific, live problems that we have before us and that we have been thinking about?"

Picturing the investor as often without adequate representation, Mr. Douglas viewed the SEC as the "investor's advocate" and warned that "we can demand full disclosure of the facts, we can insist upon a market free of manipulation we can fight fraud, but we cannot provide sound business judgment, nor can we save a fool from his folly."



—Wide World

"INVESTORS' ADVOCATE"

Predicting that the Commission's course would be swift and direct, William O. Douglas, newly elected Chairman of the SEC tells newspapermen that the Commission, while acting in the role of investors' advocate, does not occupy the role of investment counsel and could not "save a fool from his folly."

"Furthermore, we are not," he added, "and can not be investment counsel. We have never guaranteed price levels or individual prices, and I hope we never will. We seek to maintain a free market, not a fixed market."

Answering the second of his self-imposed questions, "What kind of a bird am I?", Mr. Douglas said:

"To tell you the truth, I think that I am really a pretty conservative sort of a fellow from the old school, perhaps a school too old to be remembered."

"I think that from the point of view of investors the one safe, controlling and guiding stand should be conservative standards of finance—no monkey business."

"I can't see eye-to-eye with those whose conscience lets them deal themselves two or three hands to the investor's one, or perhaps who deal themselves two and three without giving the investor any deal at all."

"I think that the SEC in the role of the investor's advocate can do a great deal to preserve and revitalize the capitalistic system upon truly

conservative standards, and with that point of view I should think that the best elements in finance, the brokers, the underwriters, the issuers, the exchanges would find here the fullest cooperation."

At this point, Mr. Douglas, continuing to speak in a moderate but firm tone and disregarding the occasional flashlights of the cameramen who are always present at a "first press conference," outlined a tentative program.

FOE OF MANIPULATION

He promised: Continuing prosecution of those who manipulate the market, with more speedy action and a determination to give the innocent a minimum of inconvenience; and a speedy promulgation of "pegging, fixing and stabilizing" rules.

Shortening of prospectuses by which new securities are sold; promotion of better accounting practices and consolidation of forms under the Securities Act of 1933.

Opposition by himself to moves to lighten trading restrictions on "insiders," and the starting of steps to provide complete regulation of over-the-counter markets.

As to "segregation" (separation of broker and dealer functions) Mr. Douglas pointed out that the preliminary study of the segregation problem is only a "prologue."

"The study of segregation," he declared, "is yet to be made. What course of action will be taken will depend upon the outcome of that study, and I hope that the study can be initiated forthwith."

Reports on the Investment trust study, Mr. Douglas said, will be ready for Congress by Jan. 1.

"Recommendations for legislation will accompany the reports," added Mr. Douglas. "There are a few phases of the protective committee study yet to be submitted. In the form of two supplemental reports on voluntary reorganizations, which will go over shortly."

The new chairman forecast that the Leh bill, the Barkley bill and the Chandler bill (SEC bills to revamp reorganization procedure) will be

passed at the next session of Congress.

"I think that the period that lies ahead," said Mr. Douglas in closing, "of necessity must be a period of

action—action based not upon economic predilections of men on the Commission but action necessitated by the requirements of the investors and action within the four corners of the statutes we administer."

And with that and a few answers to questions from the reporters, Mr. Douglas left Washington for Pleasant Bay, Cape Cod, where he resumed his interrupted vacation. Until the first of October, when he will return to Washington, he will spend his time on Cape Cod, as he put it, "getting acquainted with my family and secondly, to mull over some of the major problems that lie ahead."

GLENN NIXON

(For a biographical sketch of Mr. Douglas, turn to "People of the Week," page 6.)

Prospects For Increase In Railroad Rates

AN INCREASE in railroad freight rates and passenger fares may be asked by railroads of the United States as a solution to the problem faced in recent months: A more rapid rise in operating costs than in revenues.

At a meeting in Washington last week, directors of the Association of American Railroads made definite plans to petition the Interstate Commerce Commission for a boost in freight rates and possibly passenger fares.

Action is to be deferred, it was announced, until the pending request

for rate increases on selected commodities is acted on.

At the same time it was disclosed that some of the major roads, in an effort to stem mounting costs, are laying off thousands of workers. Discussions at the meeting revealed that three roads alone have laid off 30,000 employees since the first of this month.

Canadian Mines Handbook, 1937
A book covering the principal developing and producing mines of Canada, as prepared by the Northern Miner Press. A copy of this invaluable compilation of Canadian mining information, will be forwarded without obligation upon request.

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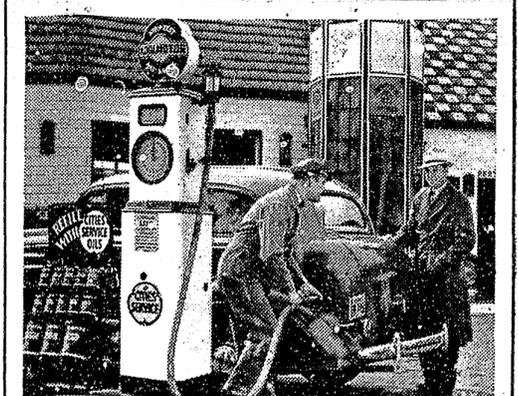
No wonder the new Bronze Koolmotor is the sensation of motordom! Cities Service tested more than a MILLION motors to find its secret. Not merely laboratory engines, but running motors in every type of car—under all operating conditions—one of the greatest experiments ever completed in the automotive industry!

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Fill up today, and you'll be a new friend of Koolmotor tomorrow.



MOTORISTS AGREE with experts that new Bronze Koolmotor is 1937's biggest advance. First motor-matched gasolene proves superiority in modern motors.

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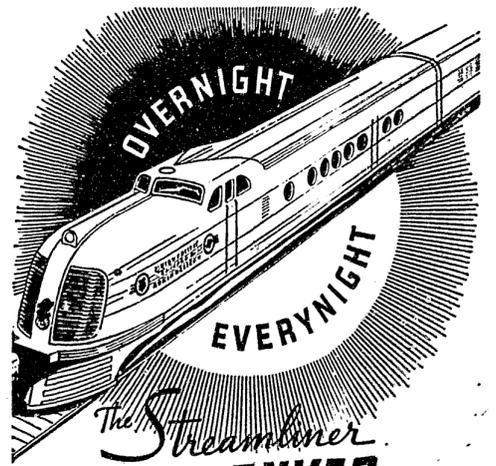
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ECONOMIC SANITY

Cordell Hull, Secretary of State, Charts the Course That Can Lead America and the World Out of Depression—His Formula of International Cooperation Is the Best Yet to Be Devised by Any Modern Statesman



By DAVID LAWRENCE

"How far that little candle throws his beams!
So shines a good deed in a naughty world."

IN AN era of instability when war and threats of war terrorize the world, the voice of America must needs carry an enlightened counsel.

Fortunate we are to have a statesman of the vision of Cordell Hull who with self-effacing modesty yet with unremitting zeal has preached consistently the gospel of economic sanity.

The speeches of our Secretary of State last week were in the same vein as many others he has delivered in the last three years, but never have they seemed to be so pertinent, never so definitely applicable to world events as they are today.

Mr. Hull diagnoses the ills of the world. Economic nationalism has grown out of economic isolation. Nations affected by a diseased world economy have been compelled to adopt measures of self-regimentation and restrictive control. Governments of politicians, in short, have gone mad with a strange philosophy of economic suicide. The lifeblood of peace—world trade—has been poisoned by exchange quotas, tariffs, and monetary fanaticisms.

DICTATORSHIPS RESULT FROM ECONOMIC ILLS Small wonder that dictatorships have arisen. They are but the inevitable alternative to anarchy and chaos. Bewildered peoples have learned sadly to prefer the temporary equilibrium of a dictatorship even with lost liberties to the instability and miseries of a bankrupt government and a broken down national economy. How true the words of Secretary Hull in his Boston speech:

"The broad unsolved economic problem of distribution is how actually to find customers to enable the machinery of production to operate continuously and fully, economically and profitably. Our modern civilization definitely has within its grasp the productive means and resources for supplying the material needs of mankind and a standard of living never yet attained.

"But production continues to fall short, at times tragically short, of its possibilities, and we are still far away from achieving the peace and security of a world of contented people."

What Mr. Hull is saying in substance is that the key to world prosperity is more production and a better distribution of worldly goods. This suggests to me a question: If redistribution of wealth is a sound doctrine for 130,000,000 persons living in the United States, how much more sound is it as a philosophy of world progress when applied to 1,000,000,000 persons?

America, for instance, with a small fraction of the world's population has a major proportion of the world's wealth and income.

America with most of the gold of the world stands apart as the miser who hoards precious metal.

America buries her gold in Kentucky and refuses to allow even the artificially valued metal to become the basis of a trade revival that could break down the hold of dictators and revive democracies as always happens when the pendulum swings from poverty to plenty.

WORLD TRADE IMPEDIMENTS MENACE PEACE But to continue the analysis by Mr. Hull. He uses restrained words to describe the impact of foreign developments on America's own situation. His phrases are discreet because they must echo the orthodoxy of statesmen of other parties who have never swallowed the New Deal doctrine that a few "economic royalists" in the United States cause all the ills of mankind, including, no doubt, the plight of the underprivileged Chinese. Says Mr. Hull in words reminiscent of 1932 and scorned during the last four years by Mr. Roosevelt but now reaffirmed with courageous frankness by his Secretary of State:

"Nor has the United States proved itself immune from the effects of collapsed international commerce. There are those who tell us that foreign trade is unimportant for the United States. Imagine, however, what our domestic situation would be if 39 or 40 of our great surplus-producing industries—such as cotton, hog products, wheat, tobacco, machinery, automobiles, copper, lead, oil, coal, and iron and steel products—should have to restrict their output to our domestic consumption.

"Surely, we have not so soon forgotten that the actual curtailment of our outlets abroad did in fact bring misery to many sections of the country, shook and dislocated our entire economic system and made the depression in this country far deeper than it otherwise would have been."

We are here reminded of the warnings by a group of eminent economists when the Hawley-Smoot tariff law was passed in 1930—they foresaw the beginning of a series of higher tariffs and increased trade barriers. Mr. Hull has wisely contended that the way out is precisely the reverse of the way we got into the mess. But unhappily he speaks only for the Department of State and not for the Department of Agriculture and the AAA which have forfeited America's cotton market by a policy of self-restriction and subsidized prices just as in the near future it is intended by new legislation to apply to other crops. Mr. Hull adds:

"We are attempting to remedy the situation and to undo the errors of the past. Instead of encouraging the world, by our own attitudes and actions to drive toward a greater and greater measure of national economic self-containment, we have embarked upon a course of policy and action designed to promote a return to healthy and commercial relations among nations."

CONTRADICTORY POLICIES UNDER THE NEW DEAL What Mr. Hull's statement really means is that the Department of State is attempting in the field of reciprocal agreements to remove trade barriers. But unfortunately the other departments of our Government are exhibiting to the world more and more evidence of economic nationalism. The Secretary of State concedes a fair amount of self-restriction is necessary. It would appear that he recognizes the importance of defending to a certain extent the New Deal school of limitation. Otherwise his speeches would stand out too much as forceful contradictions of the policies of his own colleagues. Mr. Hull concedes the point somewhat as follows:

"Of course, the first duty of every government is to preserve the existence of the nation as a sovereign entity, having its own customs, traditions and social structures. For this, each government must seek to promote within its territories a healthy and balanced operation of productive forces, designed to give the people the highest possible measure of material welfare.

"It, therefore, is often deemed advisable by governments to take measures which restrict, in varying degrees, absolute freedom of international economic relations. The task of responsible statesmanship, supported by an enlightened public opinion, is to find a working balance between the various complex forces which operate among nations—between the essential domestic and international factors of economic activity."

MEASURES THAT COLLIDE WITH HULL PROGRAM This is, to be sure, a euphemistic way of saying that every government must take heed of political factors and must realize the extent to which political demagogues mislead and exploit the people with panaceas and makeshifts that for a while get votes but never add real economic health to the national life of a country.

Mr. Hull does not, however, mince words when he describes the effect of narrow-voiced nationalism. He says:

"Today the economy of great parts of the world is upon a war basis rather than upon a sound economic basis. Economic nationalism and economic isolation, when carried to their logical end, require complete control of production and prices, regimentation and dictatorship. They can only achieve less production, less consumption, ever-increasing doles, and lower levels of existence for the people.

"Under these policies, international relations rest largely on selfishness, discrimination and force. These are conditions that breed the fear of war that haunts the world, and that breed the spirit of war that threatens all we hold dear. Chaos lies down that road."

If Mr. Hull looks out of his office window a few squares, he will see Government agencies whose spokesmen are already urging price control or are pursuing policies which can only mean increased labor costs, reduced consumption and curtailment of output. Only last week the National Industrial Conference Board revealed that from July, 1936, to July, 1937, there had been a substantial increase in labor costs with but a negligible increase in production. This is one of the main reasons why business is hesitant and markets are uneasy nowadays.

Prices are advancing because the Administration has itself encouraged inflationary trends and has put into the hands of one group of voters the unqualified power to transform collective bargaining into collective bludgeon-

ing. When there is no mediating influence, no impartial agency, to hold the scales, even between what is justly deserved by labor to meet increased costs of living and what producers can really afford to pay in wages and yet keep prices down, the chaos which has brought other nations to the expedient of regimentation and dictatorship becomes all too apparent. It is the inevitable precursor of an economic anarchy that is precipitated by economic insanity in governmental policies.

Mr. Hull points the way out. He has pointed it out repeatedly in the past. He alone of the whole New Deal coterie understands the play and interplay of economic forces in the whole world. He is a man without ambition. He does not need to fling sarcastic words at political foes or to occupy his time with punitive speeches or transcontinental trips to play politics. He minds his own business in the Department of State and stays on the job. He preaches the doctrine of world liberation from the forces of economic insanity.

GAINS IN THE RECIPROcity MOVEMENT What a President of the United States we would have if Cordell Hull were nominated by the Democrats in 1940 and if the Republican party could forget partisanship and endorse him. For Mr. Hull has all the liberalism of a humanitarian spirit with all the soundness of a conservative brain. Here is his formula expressed in one of last week's speeches in a few phrases:

"Through economic interchange and cooperation, the opportunity is presented for all nations to live a satisfactory and improving type of life. Today the growing economic productiveness of the world is being absorbed in large part to make armaments, is being used to prepare ruin.

"Turn these resources and energies into the things that go into peaceful living and all countries will find that the conditions of life can be and will be vastly improved. Economic betterment brings hope and extended opportunity to our individual lives, and so fosters the wish for peace. Peoples that are employed and prosperous are not easily incited to either internal or international strife. But peoples living in want and misery come to hold life cheaply and stand ready to gamble on the use of force."

The opportunity is here for international cooperation, for rebuilding trade, for removal of barriers that break down commerce, and for the substitution of trade impulses that increase the total volume of business transactions everywhere. Mr. Hull has made some progress by his reciprocal trade treaties. His efforts have been more or less thwarted by the policies of economic nationalism sanctioned by President Roosevelt himself although the Executive unconsciously argues in his speeches that American democracy is seeking to lead the world along the paths of human freedom.

NATIONALISTIC CONTROLS ARE SHORT-SIGHTED The trouble is Mr. Roosevelt at heart doesn't believe in the Hull doctrines. He leans toward the Hitler and Stalin and Mussolini doctrines of rigid nationalistic control. If the President could only be won over wholeheartedly to the Hull conception of world economics, he would find ways and means soon enough to reduce unemployment without endless drain on the Treasury.

Foreign trade and even a resumption of foreign loans would be cheaper in the long run than relief, domestic regimentation and crop control. Our surpluses then would move again into the world markets and our farms would feed the world even as our factories would furnish goods and machinery to other lands where reemployment would then be possible for the millions of human beings there who are ill-nourished, ill-clad and ill-housed.

But, it will be said, the loans will never be repaid. In the periodic write-offs of depression and prosperity over spans of time, a certain proportion of the principal of borrowed money is always defaulted. But the interest and service charges in the interim pay well for the use of the borrowed funds. The enlargement of the total transactions of domestic and foreign trade during long periods of economic equilibrium more than offsets, over a period of years, the losses of principal.

A world economy means world peace and world democracy. Cordell Hull sees it. We can only hope and pray that across Executive Avenue in the White House some day the President of the United States will see it, too, and give true leadership to a distraught world. America by intelligent use of her gold and resources can bring about the biggest advance in human progress the world has ever known.