

WEEKLY NEWS ANALYSIS BY JOSEPH W. LaBINE

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

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

POLITICS: Looking to 1940

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

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

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

looked was the small size of a seven-year \$3,880,000,000 program compared with \$20,678,000,000 the New Deal spent on recovery and relief from 1933 to 1938. Nevertheless many a vital hole and many a political portent could be read from the measure:

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

Finance. Fears of orthodox U. S. financiers went unnoticed in the deluge of political talk. Among fears: 1. Mr. Roosevelt's insistence that the so-called "self liquidating" bonds be taxable brought investigation which revealed many projects are self-sustaining by so close a margin that to tax the bonds would make them a losing investment.

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

FRANCE: Lesson

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



TURKEY'S GAIN It pays to be a gentleman.

the Balkans less likely; (3) pro-Nazi Bulgaria is isolated.

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

NAVY: Speed-Up

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

Bases. Costing \$45,000,000 are 12 plane and submarine bases for which congress has appropriated \$31,621,000 to handle the first year's work. Outlying bases will be at San Juan, Puerto Rico; Kaneohe and Pearl Harbor, Hawaii; Sitka and Kodiak, Alaska; Midway island; Johnston island and Palmyra island in the western Pacific. Continental bases will be at Pensacola and Jacksonville, Fla., and Tongue Point, Ore.

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

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

How It Works

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



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



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

AGRICULTURE: Strange Feeling

America's "dust bowl" lies roughly in the Panhandles of Texas and Oklahoma, eastern New Mexico and Colorado, and western Kansas. In 1936, at the drought's depth, some 16,000,000 acres of once-valuable grain and grazing were lost.

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

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

TRANSPORTATION: Pedestrians

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

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

FORECAST

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

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

Bruckart's Washington Digest

Mixed Reaction Created by Huge Money Lending Program

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

By WILLIAM BRUCKART

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

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

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

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

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

Say Roosevelt Is Paving Way for His Renomination

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

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

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

First, let me recall that during the administration of Herbert Hoover, when the present depression first fastened its fangs on our economic structure, there was the first major outpouring of government funds.

The Hoover thought was to stimulate business by lending money and by spending for public construction. It was Mr. Hoover, too, who sponsored "self-liquidating projects" for which federal cash would be loaned—the idea being that a self-liquidating project would earn enough money to pay off the government loan. That was the way the reconstruction finance corporation came into being, and that was the greatest mistake of the early days of the world depression insofar as our nation is concerned.

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

Few Have Confidence in Policies of Government

Whether this government lending idea is sponsored by Republicans or Democrats, by Communists or Fascists, the result is bound to be the same as far as accomplishing any-

thing toward business revival. By its very nature, government lending creates a doubt in the minds of every one whether they recognize it just that way or not. The feeling that most every one gets is manifest in the form of a question: well, where are we headed when conditions are so bad that the United States treasury has to supply money upon which business operates?

Which, to my way of thinking, is simply saying that few, if any, persons have confidence in the policies of their government. It was distinctly true in the Hoover administration, and I think it is equally true in the Roosevelt administration.

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

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

Personal Political Element Is the Most Disturbing

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

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

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

On top of that came the operations of Secretary Ickes, and his public works administration. Mr. Ickes wanted to see more and better publicly owned power plants. He tried, and is still trying, to make power plants grow where power plants never grew before—all from money loaned by the government.

Officials Say Thought Is To Help Private Business

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

(Released by Western Newspaper Union.)

Speaking of Sports

Hitting Records Show Oldtimers Kings of Swat

By ROBERT McSHANE

WHETHER or not present-day batting averages mean as much as they did in the "good old days" of baseball is a question that can be argued endlessly.

The "lively" ball and more stringent rules regulating trick pitching deliveries are two factors entering into any discussion of relative batting prowess.

A comparison of records established prior to the introduction of the rabbit ball with present-day records leads one to believe that today's averages are made the easy way.

"Home Run" Baker earned his name back in 1913, and made it a by-word by hammering out 12 home runs for the Philadelphia Athletics. That same year the eight teams of the American league scored the amazing total of 158 home runs. Philadelphia accounted for 33 of the total, New York trailed with eight.

Last year Hank Greenberg, playing with Detroit, scored 58 home runs and the American league teams produced a total of 864 circuit clouts. The Yanks alone tallied 174, and Chicago trailed with 67.

This huge discrepancy is not due to the presence of more sluggers in today's game. The five-to-one home run ratio is the result of a ball constructed for distance hitting. When the ball was introduced some 18 years ago it was in answer to the public's demand for more home runs. In those days Babe Ruth was clouting out four-base hits, and the public loved it.

However, Pastor's ability to think doesn't give him much of an edge. In his previous fight with Louis he was too busy back-peddaling to get in his best mental kicks. At that he was considerably more fortunate than most of the title seekers, who, after a couple minutes of action, did most of their thinking via the dream route. Resting comfortably on their backs.

To some extent the National Boxing association agrees with Mr. Tunney, but with reservations. In recent ratings, members of that group promoted Pastor to the rank of No. 3 challenger, outranked (at the time) by Galento. Pastor replaced Lou Nova in second place.

It is a dubious honor. Even such has-beens as Maxie Baer and Tommy Farr were given rankings, in fourth and fifth places respectively. Nova, recent conquerer of Max Baer, is another of the current crop who has no place in the ring with Louis, according to Tunney. Nova, he says, is in no way equipped for a fight with the dusky king. His legs are far from being good, and they keep him off balance much of the time. He hasn't much of a punch, and his defense leaves almost everything to be desired. He's easy to hit, and that doesn't speak well for his chances with Louis.

After all, it doesn't seem to make much difference. By no measuring stick could any of the contenders be called great, but they do furnish fodder for the champion.

Sport Shorts

HARRY GONDER, Michigan City, Ind., golf pro, drove a golf ball 1,817 times in a vain attempt to score an ace on a 136-yard hole on his home course. Odds against him were figured at 5,912 to 1. . . . Gen. Abner Doubleday, called the father of baseball, was, among other things, a founder of the Theosophical society. . . . Ted Lyons is pitching his seventeenth season for the White Sox. . . . Canadian newspapers refer to softball as mush ball. . . . Connie Mack says the greatest player he has ever managed was Eddie Collins. . . . Al Schacht, whose top salary as a player was \$6,000, expects to earn \$30,000 as a minor league clown this year. . . . Baron Gottfried von Cramm, once Germany's best tennis player, who had to do a stretch in a concentration camp, has become a Swedish subject. . . . Paul Derringer, Cincinnati ace, walked only six men in his first 60 innings this year. . . . Five American league players were born outside the United States: Pitcher Carrasquel of Washington in Venezuela, Outfielder Estalilla of the same club in Cuba, Geoffrey Heath of Cleveland and George Selkirk of New York in Canada, and Arndt Jorgens of the Yankees in Norway. . . . In one inning this season, the ninth, the Dodgers used four pitchers—and the foe scored only two runs. (Released by Western Newspaper Union.)

Lone Contender

ACCORDING to Gene Tunney there's only one fighter today who has the slightest chance of dethroning Heavyweight Champion Joe Louis, and that lone contender is Bob Pastor, known more familiarly as "Six Day" Pastor because of his 10-round bicycle race with the Brown Bomber in 1937.

At a recent banquet in Detroit, Mich., the former champ stated:

"Of all the fighters I've seen lately, I'd rate Pastor as having the best chance. He is the smartest fighter we have today, knows all the mechanics of the game, thinks fast, feints and moves around. His own weakness—and that would prove the fact that he lacks a punch."

Tunney is admittedly a good student of boxing. He worked hard to become a great fighter, and learned more about the finer points of the game than many a natural slugger who came up by an easier route.

His reason for picking Pastor as the logical contender is simple. In Tunney's own words: "Pastor's the only heavyweight around today who can think."

Few people will argue with Gentleman Gene on that score. If any one of the present heavyweights whips Louis it will be the result of headwork. The Bomber hasn't many flaws. He is one of the hardest hitters the ring has ever seen, punching as hard with either hand as any heavyweight. And he's tough, too. He is by no means a lightning-fast thinker.

However, Pastor's ability to think doesn't give him much of an edge. In his previous fight with Louis he was too busy back-peddaling to get in his best mental kicks. At that he was considerably more fortunate than most of the title seekers, who, after a couple minutes of action, did most of their thinking via the dream route. Resting comfortably on their backs.

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HANK GREENBERG

Officials saw the handwriting on the wall and proceeded to satisfy the demand by introducing the lively, or rabbit, ball.

Introducing the rabbit ball meant merely changing its core, using a finer grade of yarn, more tightly wrapped, and a thinner cover, more tightly sewed on. Resiliency is produced in the ball by wrapping the yarn and thick cover more tightly.

A ball is made slower by the reverse process. A smaller core and coarser yarn, less tightly wrapped, would be used. The cover would be thicker and not as tightly sewn. Raised seams would make the ball still slower.

Cause of Sore Arms?

Regardless of which type ball is used, there will be objections. The rabbit ball is a boon to batters and a handicap to pitchers; the slow ball aids the pitchers and handicaps the batter. The lively ball has been blamed as the cause of the recent epidemic of sore pitching arms.

George Sisler, one of baseball's greatest players, batted against the dead ball for five years and against the lively one in his last three years. His five-year batting average against the dead ball was .330. In that same period his highest season average was .353 and his largest total of hits was 190.

His three-year average against the lively ball was .396, his largest number of hits was 257, a record made with St. Louis in 1922. That same year he hit 420, a record tied by Ty Cobb in 1911.

Cobb, Ruth and others who batted against both balls said that the rabbit ball traveled 50 to 60 feet farther than the dead one.

There has been, and will continue to be, talk of slowing down the baseball. It may be that some slight change will come to pass, such as using a slightly thicker cover, but the change will be negligible. Major league owners know the public likes long hits and plenty of them, and will see to it that those hits are supplied in abundance.

An increased attendance of more than 1,000,000 in 1937—one of the heaviest hitting seasons in history—is proof of the fans' fondness for long-range sluggers.



SENATOR BAILEY
Shin plaster for a cancer.

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

- Non-federal public works like bridges, hospitals and waterworks . . . \$350,000,000
- Toll roads, express highways, city by-passes, etc. . . . 750,000,000
- Railroad equipment to be leased to carriers . . . 800,000,000
- Rural electrification expansion . . . 465,000,000
- Farm tenancy program . . . 500,000,000
- Increase in U. S. Housing Authority's borrowing power . . . 800,000,000
- Loans to foreign nations to purchase U. S. surpluses . . . 500,000,000

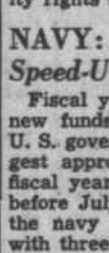
While Senate Majority Leader Alben Barkley assured reporters the measure would pass immediately, political wisecracks took great pains to make an undiluted election issue of it. Almost universally overlooked was the White House's violent retreat from the costly, ineffectual pump-priming methods it has tried before, which consisted not of loans but straight spending. Also over-

HEADLINERS

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

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

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



REAR ADM. HARRY YARNELL

Eddie Collins