

(Hugo S. Sims,
Washington Correspondent)

CONGRESSIONAL TANGLE

The regular session of Congress which began this week finds itself confronted with the same situation and the same problems that it contended with during the special session. One finds it difficult to agree with rosy predictions that the two houses will speed up their business and adjourn early in the summer. Nothing has happened in the past two weeks to justify a belief that the recess has changed the general legislative situation, and such speculation as exists revolves around the probable attitude of the President towards Congress during the winter months.

ROOSEVELT WAITING

Undoubtedly the Chief Executive is being advised by his "liberal" friends to become a more active participant in the legislative struggles in order to secure results. Recent events, including speeches of Administrative officials indicate that Mr. Roosevelt will launch a vigorous offensive to secure desired legislation. The only uncertainty is when the President will "turn on the heat." With an election confronting the members next fall, the power of the President will be enhanced and he may be able to get much of what he wants from the somewhat rebellious and independent Democrats.

IT'S UP TO BUSINESS

Another interesting speculation centers around the business situation which is the cause of considerable study on the part of officials. The belief is that the Administration will continue a policy of conciliation toward business and demand economy from Congress. However, this is a calculated policy, designed to permit business to show what it can do in meeting the recession emergency and unless there is an upturn, the Chief Executive is expected to meet the situation by governmental action.

Some commentators believe that business is scraping the bottom now and that there will be a slow upward movement. If this is not a fact and the recession hangs on until the end of spring, the President is expected to use daring methods to bring about a recovery. At this time the Administration is hopeful that industry and business will be able to bring about the improvement desired but unless convinced that this is to be accomplished, the President is expected to go into action vigorously and positively.

RAILROAD REPRODUCTION

It would cost \$26,238,856,914 to reproduce the railroads of the United States, except land and rights, according to the Interstate Commerce Commission. A feature of the report is the estimate that original costs, except land and rights is \$22,796,994,893 or \$3,331,962,121 less than the cost of reproduction now. The figures are interesting in view of the President's recent campaign for substitution of the "prudent investment" theory of valuation as a basis for rates instead of the method heretofore laid down by the Supreme Court. The prudent investment valuation is based on all investments made prudently while the traditional method requires that consideration be given to reproduction costs.

RECEIVERSHIP TRICKS

Assailing railroad receiverships which he called "the greatest racket on earth," Senator Truman of Missouri, said that in the two receiverships of the Chicago Milwaukee and St. Paul Railroad, "the highest of the high hats in the legal profession" had "resorted to tricks that would make an ambulance chaser in the corner's court blush with shame." The Missouri Senator presided at hearings in which the receiverships were investigated and declared that "The same gentlemen will come out of the pending receiverships with more and fatter fees and wind up by becoming attorneys for the new and reorganized railroad companies at fat yearly retainers." He asserted that a committee compilation of St. Paul receivership fees and other costs totaled nearly \$7,000,000; that a New York law firm arranged through a Chicago lawyer to have a certain judge take charge of the receivership in 1925 and that later the Chicago lawyer's firm received \$247,000 and the judge had a private car of the railroad company at his beck and call "in which to take his pleasures."

VILLAGE LIFE SURVEY

The Bureau of Home Economics of the Department of Agriculture recently made public the results of its study of 140 villages selected as representative of American village life. The report showed that half of the 22,644 native white families studied, lived on incomes of less than \$1,000 (turn to page eight, please)

TODAY'S THOUGHT

Nothing great was ever achieved without enthusiasm.—Emerson.

DEVOTED TO THE CIVIC, ECONOMIC AND SOCIAL DEVELOPMENT OF ALLEGHANY COUNTY

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Doughton Was Surprised To Hear Roosevelt's Words

—on the budget in the latter's annual message to congress delivered in person on last Monday afternoon

in which it was intimated that the budget might not be balanced as soon as expected. Congressman Doughton, who as chairman of the ways and means committee of the House, is playing a prominent role in tax revision activities, praised the Roosevelt speech generally.

"The president made a very able speech," Representative Doughton declared. "It's tone was very encouraging. I think the President's message indicated a friendly attitude toward legitimate business. We don't expect business to run the country, but on the other hand, the new deal means also a square deal—to business, to labor, and to agriculture.

"I am hopeful that business will pick up. I was surprised and disappointed to hear that the president's hope of balancing the budget in 1939 has diminished. Unless a national emergency necessitates the expenditures of large funds for rearmament and larger navy, however, I am still hopeful that the budget will be balanced by means of rigid economies and reasonable taxes. Even though I was disappointed to hear that the President did not anticipate the budget's balancing, I am content that what deficit we incur will grow continually smaller. But I believe the budget will and should be balanced at an early date.

Senator Josiah W. Bailey said he regarded the speech as a "good omen."

"I was glad to see the President looking so well and evidently in vigorous condition," he said. "His address was the longest he has made to Congress, but no matter was presented. This is a good omen. We ought not to confuse price with value, of volume of income with purchasing power. More annual wealth, not more figures is what we need.

Senator Robert R. Reynolds praised the message for its reassurance to legitimate business and to the country "not to let the people down."

A New System Of Planned Output Is Being Studied

—by President Roosevelt, according to information disclosed Tuesday by the nation's chief executive,

who told reporters, in connection with the new system of planned industrial production that he is considering that there has been much discussion of a proposal to have industry and government sit around the conference table to gauge future purchasing power and consumers' needs.

Emphasizing that he was not advocating reenactment of the national recovery act, the president nevertheless pointed out that under the NRA codes it was legal for industrial heads to figure out probable demand with government experts and plan production accordingly.

He expressed belief that so long as this were done without price-fixing and without eliminating competition, it was an intelligent way to figure out needs.

He said there had been a lot of discussion as to whether this would be legal under the anti-trust laws and many people were afraid of it. No decision had been reached as yet, adding it would be two or three weeks before he sent his special message to Congress urging a revision of the anti-trust laws.

The president prefaced his discussion with reference to specific cases of the high pressure salesmanship to which he objected in his message to Congress yesterday. He also spoke of the need for ending the jurisdictional dispute between organized labor groups. However, he said he wanted to give capital and labor a chance to put their own houses in order before making any new legislative moves.

Thumb-Nail Sketch of Roger W. Babson's 1938 OUTLOOK



Roger W. Babson

- Business: Big Gain Over Current Levels
- Trend: Strong Uptrend: Average Below 1937
- Congress: Will Give Business Needed Relief
- Prices: 5% Gain Over Present Level At Wholesale
- Farms: Income Down; Profits Slightly Lower
- Labor: Few Wage Changes; More Jobs In Fall
- Strikes: Big Drop In Strikes Feature of Year
- Retail Trade: Sales Below 1937; Price Tags Lower
- Living Costs: Clothing, Food to Lead Minor Decline
- Building: Good Pickup To Begin By Midyear
- Real Estate: Values, Activity to Improve; Rents Firm
- Stocks: Strong Rise As Business Picks Up
- Bonds: Substantial Advance in Medium Grades
- Foreign: Trade To Slow Down; No European War
- Summary: 1938 To See Resumption Of Recovery

N. C. Received More Money For Aid Of Jobless

—in a recent additional grant of \$208,425.32 by the Social Security Board for administrative expense

of its compensation certificate. At the same time of receipt of the grant, it was pointed out by the board that the state was one of 22 in which the unemployment compensation law went into full effect Tuesday.

North Carolina workers involuntarily unemployed may begin to serve their waiting period for unemployment compensation benefits now. If after three weeks no jobs can be secured for these workers, they will be entitled to weekly benefits.

In commenting on the program getting under way in North Carolina, as well as in other states today, Arthur J. Altmeyer, chairman of the Social Security Board, said that unemployment compensation is to the advantage of not only workers but of business and society generally.

"Its stabilizing effect on business is of the utmost importance," he added. "The benefits to the jobless spent in the purchase of food and clothing.

Van Devanter Went Back To The Bench And Drew A Case

—for trial, after having resigned several months ago from his seat on the United States Supreme court, at the height of the controversy over the proposed reorganization of the high court. The case drawn by Van Devanter was for petty criminal offense.

Justice Van Devanter, whose votes had helped determine great national policies for many years, was assigned the case of the government versus Earl Frederick Palmer and Gabriel Marosi, both charged with possessing and passing a stolen and forged \$10,000 treasury note.

Under the terms of his retirement from the supreme bench, Van Devanter did not wholly quit the federal service and is subject to occasional service in the lower courts.

REV. HOWARD J. FORD WILL PREACH AT BAPTIST CHURCH

—next Sunday morning, January 9, at eleven o'clock.

MOTHER OF SEN. BYRD WAS INJURED IN AN ACCIDENT

—Tuesday when the automobile in which she was riding was forced from the highway, in Loudoun county, Virginia. The woman, Mrs. Richard Evelyn Byrd, Sr., received medical attention.

World Hailed New Year With Very Few Regrets

—as the old year died Friday night and the new one was begun with gay toasts, in many parts of the globe,

and millions hopefully welcomed the dawn of 1938. Apprehension was an undertone of the New Year's eve gaiety of many nations. While bells pealed 1937's passing war machines, rolled on in Spain and China, and vast plans for increased armaments were underway in a number of other countries.

Shanghai—the New Year dawned at 11 a. m., EST, Friday, in gloomy contrast to former happy celebrations of "the Paris of the Orient." The U. S. flag ship Augusta and other foreign warships tugged silently at their moorings on the muddy Whangpoo. The usual curfew was suspended, but there was little revelry. In Shantung and Chekiang provinces, Japan's army continued its advance.

CALIFORNIA WON THE GAME

—played New Year's Day in the Rose Bowl in Pasadena, Calif., over Alabama's football team by the score of 13-0.

Business and Financial Outlook for 1938

by Roger W. Babson

Babson Park, Mass., Dec. 31, 1937. We are not entering a major depression; 1938 will see a resumption of the upward trend which began in 1933. The first quarter may be poor—much worse than the early months of 1937; but later in the year I look for a substantial revival. Do not confuse this current sharp recession with a major depression! Payrolls, prices, stocks, real estate, and jobs should all be on their way to new highs by the end of 1938.

This December presents a tremendous contrast with a year ago. Then, the old year was riding into the history books on a great wave of optimism and hope. "Good times" lay over the horizon of 1937. The dark years of 1929-1935 were drowned out in a hurricane of wage boosts, dividend extras, and gigantic Christmas trade. My forecast at that time was: "1937 will be the first year of real prosperity since 1929. . . The entire year's gain should average seven to eight per cent above 1936."

1937 YEAR OF PROSPERITY Prosperity did come. Business did average 7 per cent above 1936. This past August the Babsonchart stood at 8 per cent above Normal, higher than it had been for seven years. But after Labor Day the squall, which had been brewing all year, suddenly struck. High taxes, political muddling, labor agitation, and thin stock markets created a tornado of distrust and fear. The result has been one of the sharpest busi-

ness declines on record. The Babsonchart is now 19 per cent below Normal. The current gloom will continue to hurt business during the early months of 1938. But while activity will average at least 15 per cent below the first quarter of 1937, it should not fall much below current levels. During this discouraging period the base for a resumption of the upward trend will be laid. The Spring rally in 1938 will be much stronger than seasonal.

GOOD 1938 TREND

By next Fourth of July, business should have recovered from a third to a half of its late 1937 loss. The revival will pick up momentum during the second half. How far it will go, it is, of course, impossible to say now. Nevertheless, as a long shot, it would not surprise me if the 1937 peaks were equalled before next Christmas!

Because of the poor first quarter of the new year, the average of general business for 1938, however, will be slightly under—roughly 10 per cent below—the average of 1937. The important point next year is the trend. A poor start (but not much lower than current levels), an improving second quarter, and then a sharp upward surge during the final four or five months is my idea of the 1938 business pattern.

BUSINESS NEEDS "RELIEF" In making these estimates I am counting on cooperation from Washington. A year ago my optimism for

(continued on page four)

Bill Payne Was Captured Mon. Night In Sanford By G-Men As He Sat In A Car

Roosevelt Was Given Figures On Jobless In U. S.

—Saturday by national unemployment census officials, showing that the number was at least near 8,000,000, and that the figures might reach a possible maximum of 10,870,000.

The findings were based upon the fact that a voluntary registration of the unemployed conducted between November 16 and November 20, 1937, showed 7,822,912 to be, by their own testimony, out of work and wanting work, while a simultaneous household-census in selected areas indicated that this total was but 72 per cent complete.

In making this report to the chief executive, John D. Biggers, administrator of the census, said it is not to be assumed that "because a certain number of people are jobless, the same number of jobs must be created to bring a return to normal conditions." He added:

"When the usual family breadwinner is idle, two or perhaps more members of the family may, when the breadwinner is satiated the labor market. Convalescing or factually reemployed other members of the family may withdraw from the labor market.

"Then, too, you recognize, but it should be emphasized, that the number of people who reported themselves as unemployed should not be confused with the number of people who need financial assistance or relief. Many people consider themselves unemployed who are financially not compelled to work.

"Irrespective of their need, when they seek employment, they enter the labor market and compete with others who have jobs or vitally need jobs. They are therefore, a factor in the unemployment problem though they may never seek relief."

Of the 7,822,912 who reported themselves unemployed, a total of 2,001,877 were emergency relief workers.

HEFLIN CONCEDED DEFEAT TO HILL IN 'BAMA PRIMARY

—held Tuesday for the Democratic nomination to fill the U. S. Senate seat vacated by Hugo L. Black when he was named to the nation's highest tribunal several months ago.

Representative Lister Hill continued to hold a more than 2 to 1 lead over Heflin.

President Roosevelt Struck At Bad Business Practices In Congressional Message Mon.

—and asked the newly-convened congress for legislation to prevent such action at any future time.

In a personally delivered message broadcast to almost the entire world he promised business that if it would cooperate with government in this way, it could count upon government to cooperate with it "in every way."

After the recent, vehement attacks upon some sections of the business community by high administration advisors, the president's address was generally regarded in congress as unexpectedly conciliatory.

But opponents of the administration were still wary, nevertheless, and before determining their course of action preferred to wait a second message on the subject of business reforms which Mr. Roosevelt said he would send to congress later.

Otherwise today's message: Noted a troubled and tense world situation which he said made it necessary that the nation be "adequately strong in self-defense."

Reported that the budget which would be submitted this week for the next fiscal year

Want To Sell Something? Try a Want Ad

—on a downtown street, along with his companion in crime, Wash Turner, no resistance being offered.

The two surrendered to FBI agents. It was much different from the way they had lived since they escaped from Caledonia prison farm last February—almost one year ago. For during the eleven months that have passed since that event, they had lived in a welter of blood and a hail of bullets, leaving behind a series of bank robberies, kidnappings and a killing.

Special Agent in Charge Edward Scheidt said Monday night that he had Payne and Turner in custody in Charlotte. It was not revealed whether the two desperadoes were in the city or county jail.

Photographers were barred from taking pictures of the two men. Meanwhile, G-Men questioned Payne and Turner regarding their emotional trail of crime.

Scheidt confounded rumors which have prevailed that Turner bore a tattoo on his chest the words: "Too tough to die."

Payne and Turner were downcast and moody as they sat before federal agents.

"At first they had little to say," Scheidt said, "but we learned that Payne and Turner have been living during the past several weeks in the woods through the section in which they were captured." Scheidt said his men found blankets in the automobile in which the men were captured. He added that the car was a stolen machine.

"It looks like that it had got to be too hot for Payne and Turner," said Scheidt, "and that as a last resort to steer clear of the law they had taken to the woods. They had been eating out of cans and sleeping on the ground at night."

Payne and Turner both wore a heavy set of whiskers.

Payne, the man who has been the object of one of the greatest manhunts since John Dillinger was shot to death by G-Men, was attired in a pair of riding breeches, leather boots and sweater.

Turner wore rough trousers and an ill-fitting coat. Both men were armed with revolvers.

"But," explained Scheidt, "they made no attempt to use them."

This was contrary to the reputations that Payne and Turner had carved for themselves in their race with the law. Payne and Turner were wanted on charges of bank robbery, murder, kidnaping and highway robbery. Officers said they also wanted to question them in connection with more than a score of other crimes.

President Roosevelt Struck At Bad Business Practices In Congressional Message Mon.

would not show a balance between income and outgo but would reveal "a further decrease in the deficit." Called for wage and hour legislation as "a problem which is definitely before this congress for action."

Expressed the hope that conference committees working out a crop control bill would confine the cost to what is now being paid for that purpose—\$500,000,000 annually.

The president said that the people "by an overwhelming vote are in favor of having the Congress—this Congress—put a floor below which industrial wages shall not fall, and a ceiling beyond which the hours of industrial labor shall not rise." The assertion evoked prolonged applause, notable, too, for an absence of southern "rebel yells" which had accompanied previous ovations.

N. C. EMPLOYMENT SERVICE WILL HAVE AN AGENT HERE

—on the first Thursday in each month, from 10 a. m. to 3 p. m., for the purpose of registering applicants, filing claims for unemployment insurance and filing employers' orders.