

# EDITORIAL PAGE

## La Grande Evening Observer

Frank Schiro, Publisher

SATURDAY EVENING, JULY, 28, 1945

Page Two

### Is This Trip Necessary?



## Washington Merry-Go-Round

By DREW PEARSON

WASHINGTON—President Truman, who has a well-earned reputation as a champion of clean government, faces another Dawes loan scandal when he gets back.

While former Vice President Charley Dawes was president of the reconstruction finance corporation, the RFC loaned his own bank in Chicago \$90,000,000. There were howls of protest.

A similar situation exists in Washington where Democrat Warren Lee Pierson, when president of the export-import bank, loaned the International Telephone and Telegraph company and its subsidiaries 14 percent of the export-import bank's capital. Following this, Pierson stepped out to accept a fat salary as president of an international tel. and tel. subsidiary—all America cables.

Furthermore, just before he resigned, Pierson tried to get another \$23,000,000 from the export-import bank by which I. T. & T. could buy out a telephone line in Mexico. All of this has caused one of the hottest inter-cabinet fights of the Truman administration, with Secretary of Commerce Henry Wallace and Secretary of the Treasury Morgenthau (until he resigned) raising Cain with some of their cabinet colleagues.

### I. T. & T. Gets Gravy

The charter of the export-import bank provides that not more than 10 percent shall be loaned to any one company. Despite this fact, however, 10 percent of all the bank's loans have gone to the aluminum corporation of America, and 14 percent to I. T. & T. and its subsidiaries.

These were issued under the presidency of Warren Lee Pierson, who retired this spring to work for the company his bank had befriended. Just as he retired, a new loan to I. T. & T. was proposed to buy out the Erickson telephone lines in Mexico. Wallace, Morgenthau and Biddle all opposed, largely on the ground that I. T. & T. already owned 35 per cent of Swedish Erickson and dictated its financial policy; that it didn't need U. S. government money to float the deal; and that the merger meant higher telephone rates for Mexico.

The final showdown came in a secret ses-

sion of the export-import bank directors at which Henry Wallace proposed that the bank ask Chairman Paul Porter of the federal communications commissions to examine the whole question. The directors knew that porter frowned on the deal. So the vote went 9 to 2 against Wallace.

### Wallace Raises Cain

Then as the bank directors were about to cast the final vote on the \$23,000,000 loan to I. T. & T., Wallace issued this savage warning.

"I want it noted for the record that I reserve the right to take this up with President Truman and also with my friend the president of Mexico as a steal not only against the American taxpayer, but against the telephone users of Mexico. I want it further noted that I consider this a damned outrage."

Morgenthau was not present personally, but was represented by his assistant, V. Frank Coe, who, knowing his chief's views, said:

"I want it also noted that the secretary of the treasury makes the same reservation that he will protest to the President of the United States and the president of Mexico."

Stumped at this flat edict from two cabinet members with a reputation for meaning what they say, the other bank directors decided to skip the vote on the I. T. & T. loan. They postponed action. But, in the interim, here is what they did.

Leo Crowley, head of the foreign economic administration and chairman of the export-import bank, immediately rushed a bill through congress providing for 250,000,000 more dollars to be loaned abroad. In doing so, Leo Adroitly left the names of both this secretary of commerce (Wallace) and the secretary of the treasury (Morgenthau) off the bank's directorship. These were the only two men who opposed the I. T. & T. loan.

(Now that Morgenthau has resigned, Crowley has let it be known he would be delighted to have Secretary Fred Vinson on the bank as a director.)

### Side Glances



"Look, mother! John and I can go ahead and make plans for our marriage now as soon as he earns his points—I actually was able to buy an electric iron!"

## McKENNEY ON BRIDGE

By WILLIAM E. MCKENNEY America's Card Authority

### SIMPLE 'IF' PLAYS BIG PART IN HAND

Here is an interesting hand that came in for a lot of discussion in one of our recent important tournaments. Dave Clarron of St. Paul, in jumping to six on trump, said he felt that, as long as South had opened the bidding and then

♠ K 10 8	♠ 7 2
♥ Q J 10 2	♥ K 9 3
♦ K 10	♦ Q J 7
♣ K Q 3	♣ 10 8 5 4 2
N Dealer	
♠ A Q 8	♠ 9
♥ A 7 4	♥ A 9 8 4 3 2
♦ 9	♦ 9
Duplicate—Neither vul.	
South 1♦	West Pass
North 3♦	East 6 N.T.
Opening—♠ 4. 20	

jumped to three diamonds, he ought to have a pretty good play for it.

West won the opening lead with the ace of clubs and returned a club. Now you can see Clarron's problem. Should he play for a heart break or hope to drop the diamond queen and jack? Well,

## BARBS

There's so much talk about meat, it's a shame we can't eat our words.

About the time we learn to pick out a ripe cantaloupe the season will be over.

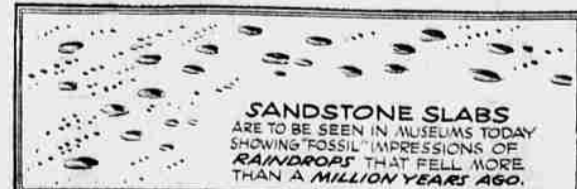
The difference between a Pullman and a day coach has turned out to be the difference between a vitally necessary trip and an unimportant one.

"Figures Reveal More People Eat in Restaurants"—headline. Goodness, girls, you want to watch that!

The cook book tells how, the bank book tells what, and the ration book puts the kibosh on the whole idea.

A wealthy alumnus gave his college 500 volumes of humor. And there'll be lots of freshmen on the campus, too.

### This Curious World



NEXT: The Indian, pioneer of American hospitality.

## WE, THE WOMEN

By RUTH MILLETT

When a city reporter asked the father of an Arkansas farm boy whose bravery earned him the congressional medal of honor if the family, with eight children still at home wanted to tidy up before posing for a newspaper picture he said: "Naw, We're jest what we are and that's all. Just farm folks."

So the family of the hero stood up to have their pictures taken just as they came from work in their rented farm home and in the fields.

How right that father was to decide that he and his wife and kids didn't have to dress up in their Sunday best to impress folks with what kind of people they are. Their soldier son has already proved to the world what kind of home he comes from, and what kind of folks his parents are.

### No Visible Pattern

It was not an educated home—for the medal of honor winner, himself, has only a fourth grade education. This was the kind of home that can send a farm boy into battle with

great courage. As the lone survivor of his company, he destroyed two 88 mm. gun positions, took the crews as prisoners, and carried out two German machine gun nests and wiped three wounded Americans to safety.

One thing we should by now have learned from the war is that there is no visible pattern for "a good American home." The heroes of this war have come from all kinds of homes, large, small, crowded city apartments, rented farms.

In many of the homes of heroes there was too little money and too many children for the parents to give them "the chance" we hear so much about—meaning an easy childhood, a good education, a start in life. But certainly all those homes from which our heroes have come have been "good homes" and all our heroes have had "a chance." Because you can't do much better by a kid than to give him the kind of courage and resourcefulness that brings him out of war with honor.

## Behind Scenes in Washington

By PETER EDSON, La Grande Evening Observer Washington Correspondent

WASHINGTON, July 28—When your Uncle Sam's government gets defrauded by crooked war contractors, he has a tough time getting his money back.

Recovery of \$8,780,000 in war frauds false claims suits decided in the past year has just been announced by the Department of Justice. That isn't much, when compared to the seven billion dollars recovered by direct renegotiation of war contracts. It's only one dollar out of every 300 million dollars in the 250 billion dollar cost of the war.

But \$8,780,000 isn't to be sneezed at either, and it's just a start. It represents the kick-back on only the first 89 cases, making the average case recovery a little under \$100,000. Of these 89 cases, 74 were settled without U. S. attorneys having to go to court, so good was the evidence of fraud.

Seventy-five additional cases are now pending in court and 200 more are under investigation, some of which will go to trial and some won't. Actions of this kind will be going through the courts for three years or more after the end of hostilities, however, so it's entirely possible that the war frauds civil section in the department of justice claims division now operating under Joseph M. Friedman will eventually get back the equivalent cost of a battleship with maybe a couple of destroyers to boot.

How the department of justice has had to go about recovering this money makes better reading than the stories of the frauds themselves. Basic legislation for this kind of action was the false claims statute enacted during the Civil war. In those days patriotic Yankee contractors didn't hesitate to sell the northern army bullets stuffed with sawdust, maggoty beef, weevily flour, shoddy wool and to charge all the traffic would bear. The scandals of those days beat anything dug up by Truman and Mead committees in this war. They ended in probes that put even General Grant and the original Cornelius Vanderbilt on the stand.

To correct the Civil war frauds, congress passed a complicated law which provided for court martial of defrauders in the army, fine or imprisonment of civilian defrauders and civil action to permit the government to recover damages. In addition, any private

individual might bring suit in the name of the U. S. government to get half of the money recovered. The big idea in these informer suits was that rogues would be set to catch rogues and the government would profit because the law said the government could recover double the amount of the fraud plus \$2,000.

Informer suits were not much used, however, until 1940 when one Marcus, smart New York businessman filed an informer suit to collect from a group of contractors who had defrauded the government through collusive bidding on a PWA job. This Marcus had no direct link to the case. He simply took information from a criminal indictment previously filed by government attorneys and attempted to cash in on the old Civil war law.

The case finally went to the supreme court which in 1943 upheld Marcus's right to his gravy. To date he has collected \$130,000, or half of the \$260,000 recovered from a \$315,000 judgment against 40 contractors.

The Marcus case put the claims division of the department of justice in hot water up to its eyebrows. Using newspaper clippings, factory rumors or scraps of information picked up from reports of congressional investigations into wasteful practices of war contractors, sharpers from all over rushed into court to file claims to collect a piece of this easy fraud money. For a time U. S. attorneys spent more effort fighting off these informer suits than they did in prosecuting their own war fraud claims. Late in 1943, congress had to change the law.

Today, private claims for war fraud money based on information collected by the FBI or other government agencies are outlawed. And whenever real informer files a suit, the government has 60 days in which to take over prosecution. In a suit begun by an informer and taken over by the government, the maximum which the informer can collect is 10 percent of the amount recovered. In a suit in which the government doesn't take action and the informer carries through his own prosecution, the most he can collect is 25 percent of the sum recovered.

It's still a nice piece of business for any informer who can crash in on it.

**EVENING OBSERVER'S PROGRESS PROGRAM**  
**IRRIGATION—Complete the Grande Ronde Valley Irrigation project.**  
**LA GRANDE — A city of 10,000 — Extend the city limits.**

**TODAY'S TEXT**  
As one whom his mother comforteth, so will I comfort you.—Isaiah 66:13.

**THOUGHT FOR TODAY**  
All places are filled with fools.—Cicero.

### Luck Stays With Winston Churchill

Winston Churchill has always been a fortunate man.

His "luck" was never more manifest than it has been in the last four or five years, during which a series of events, coupled with his huge ability, magnified his already great stature.

Consider Churchill's assumption of office, with the fall of France and the loss of most of Britain's heavy war equipment. He offered his people nothing but "blood and toil, tears and sweat." Certainly, there was nothing else to offer and Churchill was big enough to see it. He knew, unless the country was appraised of its desperate situation, and enheartened and encouraged thereby, paradoxically enough, all was lost. He, the old bulldog spirit personified, was the best man to lead Britain out of despair and the almost hopeless situation in which she found herself.

During the next two years or so, up to the time United States entered the war, Churchill managed to bluff the Germans sufficiently with a busted flush to keep them from attempting to invade the islands, an undertaking which might have been successful, al-

though there is considerable doubt about that. The Germans would have themselves fighting not against Frenchmen worn out and discouraged by betrayal, but against a stubborn, headstrong, tenacious people led by a tenacious, stubborn, and obstinate old scrapper.

Now the European war is over, and there may be some who will say Great Britain, ungrateful like all other democracies (which is what keeps them democracies), has been pretty mean to the erstwhile prime minister.

Nothing of the sort. When the post war disillusionment, inevitable under any circumstances, either in Britain, America or Russia, sets in and the Attlee government finds itself attempting to provide work and good wages and better living condition and unprecedented prosperity and lower taxes, and heaven alone knows what else has been promised including enlarged social security, there will be times when Attlee will wish himself dashed well out of it, providing he lasts that long.

Defeat takes nothing from the stature of Winston Churchill. In fact, like Franklin Delano Roosevelt, who died at the height of his success as did Lincoln, instead of lingering on and seeing his political character torn in shreds, Churchill is getting out from under at precisely the psychological moment.

If the whole fantastic structure comes tumbling down around Attlee's ears as soon as the war is over and he finds it is far easier to promise than to deliver, no one can blame Churchill — and it may be said "if we had just left Churchill in there when things were going well—" And on the other hand if Attlee's government is successful in putting into effect the wide sweeping socialism contemplated, even then no one can take from Churchill the undisputed fact that he had the honor to lead a Great Britain and empire out of a desperate situation into victory.

## SO THEY SAY

In a free country, everyone has a perfect right to cheer and boo as much as he likes.  
—Winston Churchill.

Every effort will be made to gear war manpower to the urgent military needs.  
—Robert C. Goodwin, National War Manpower official.

We are public servants and we have the responsibility of promoting the welfare of all of labor.  
—Lewis B. Schwellenbach, new Secretary of Labor.

Today ballet has become, with big companies, a kind of musical comedy.  
—Leonide Massine, ballet director.

Japan's most vulnerable spot as an island empire is the exposed position of so many of its key areas.  
—Canton, Ohio, Repository.



"My buddy thought he saw a Jap warship again!"