

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.)  
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### 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-



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                     | 500,000,000   |
| Rural electrification expansion                                 | 460,000,000   |
| Farm tenancy program                                            | 500,000,000   |
| Increase in U. S. Housing Authority's borrowing power           | 200,000,000   |
| 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 overlooked was the small size of a seven-year \$3,860,000,000 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 Demo-

crats 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. However sincere the President's intentions for recovery, the political connection is inescapable and leads many observers to believe Mr. Roosevelt will positively seek a third term.

**Finance.** Fears of orthodox U. S. financiers went unnoticed in the deluge of political comment. Among the fears:

It was recalled that even Brain-truster Adolf Berle Jr., assistant secretary of state, recently said such lending methods must eventually lead to government absorption of the country's most productive plants.

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.

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.

Since the Johnson act forbids new loans to nations already indebted to the U. S., only South America and Scandinavian countries could use the \$500,000,000 trade - boosting loan. Financiers fear a loss here, since there is no method to force collection short of war.

Leasing of equipment to railroads would, it is alleged, be an unsatisfactory substitute for the remedial legislation necessary to place U. S. carriers back on their feet. Restoration of rail prosperity is regarded as far preferable.

### 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; (4) Turkey's big neighbor, Russia, should now be more willing to enter a military agreement with Britain.

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 \$65,000,000 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 airships, whose completion during the 1939-40 fiscal year will bring the navy's total to 2,132.

## The Former President of United States Answers a Question That Is on Everybody's Lips.

(Condensed From August Issue of the American Magazine by Special Arrangement.)

THE American people are today tense with anxiety lest they be led into another great war.

And some of our people seem to be accepting glib talk of war as if it were something more good than evil. Truly many years have already gone by since we ceased to feed boys to the cannon. It seems difficult to believe that only about one-third of the living American people are old enough to remember the World war well.

We have urgent need today to recall the realities of modern war. And we have desperate need to take into our national thinking the gigantic yet invisible forces behind war which are again moving in Europe.

I am perhaps one of the few living Americans who had full opportunity to see intimately the moving tragedy of the World war from its beginnings down through the long years which have not yet ended. I saw it not only in its visible ghastliness, but I lived with the invisible forces which moved in its causes and its consequences. I am perhaps justified in recalling that experience.

Before the war I knew Europe—Russia, Germany, France, Italy, and England—fairly intimately, not as a tourist but as a part of their workaday life.

I was drafted in 1914 to preserve the lives of ten millions of people in Belgium and northern France who had been overrun by the German armies. Here was a service that by common consent was a sort of semiofficial state. It covered not alone food, but the economic life of these people. It operated within the lines of a hostile army and moved through the blockade of a hostile navy. In that service I moved constantly in and out behind the trenches on both sides of the conflict. I witnessed the misery and backwash from war in their most hideous forms. My duties required that I meet constantly with high military and civil officials in England, Germany, France, and the neutral countries in contact with the invisible forces behind the war.

When America joined in the war I was asked by President Wilson to return to America to become a member of our American war council and to administer the food supplies of our country and for our Allies.

At the Armistice I was drafted back to Europe to direct activities of the Allied and associated governments to defeat unparalleled famine and pestilence, to restore economic life among both the victors and the vanquished. In this service I spread an organization of thousands of American men and women over 23 nations—many of them boiling with revolution. Our job was not alone the extension of a hand of kindness. Its purpose was to secure order out of which peace could be made.

Constant dealing with those many peoples and their officials brought a flood of knowledge of the political, economic, and social currents which sprang from the war.

I did not participate in making the peace. I was daily called upon for advice and information. And I observed its disastrous course. Subsequently, during a period of eight years in cabinet position I dealt with the troubled seas of unceasing political and economic storms the world over.

As President I dealt unceasingly to bring about reduction of arms, economic readjustment, and peace.

A year ago I spent some months in Europe with unique opportunity to discuss its problems with leaders in 14 nations.

That is 20 years of opportunity to observe European peoples and their leaders, with all the forces of good and evil in which they live, and to relate them to our American scene. The searchlight of this experience can well be turned upon some phases of the present scene.

### What War Really Is.

First, let me say something from this experience of what war really is. Those who lived in it,



HERBERT HOOVER

(From the drawing by Clarence Mattei.)

and our American boys who fought in it, dislike to recall its terrible. We dwell today upon its glories—the courage, the heroism, the greatness of spirit in men. I myself, should like to forget all else. But today, with the world driving recklessly into it again, there is much we must not forget. Amid the afterglow of glory and legend we forget the filth, the stench, the death, of the trenches. We forget the dumb grief of mothers, wives and children. We forget the unending blight cast upon the world by the sacrifice of the flower of every race.

I was one of but few civilians who saw something of the Battle of the Somme. In the distant view were the unending trenches filled with a million and a half men. Here and there, like ants, they advanced under the thunder and belching volcanoes from 10,000 guns. Their lives were thrown away until half a million had died. Passing close by were unending lines of men plodding along the right side of the road to the front, not with drums and bands, but with saddened resignation. Down the left side came the unending lines of wounded men, staggering among unending stretchers and ambulances. Do you think one can forget that? And it was—but one battle of a hundred.

Ten million men died or were maimed for life in that war. There were millions who died unknown and unmarked. Yet there are miles of unending crosses in a thousand cemeteries. The great monument to the dead at Ypres carries the names of 150,000 Englishmen who died on but a small segment of the front. Theirs was an inspiring heroism for all time. But how much greater a world it would be today if that heroism and that character could have lived.

### Humanity Suffers.

And there was another side no less dreadful. I hesitate to recall even to my own mind the nightmares of roads filled for long miles with old men, young women, and little children dropping of fatigue and hunger as they fled in terror from burning villages and oncoming armies. And over Europe these were not just a few thousands, but over the long years that scene was enacted in millions.

And there was the ruthless killing of civilians, executed by firing squads who justified their acts, not by processes of justice, but on mere suspicion of transgression of the laws of war. Still worse was the killing of men, women, and even children to project terror and cringing submission. To the winds went every sense of justice. To the winds went every sense of decency. To the winds went every sense of mercy. The purpose of every army is to win. They are not put together for afternoon teas. They are not made up to bring good cheer or

justice or tolerance. They are made up of men sent out to kill or be killed. Whatever the theory, the act that wins is justified in war.

And there were the terrors of the air. In a score of air raids I saw the terror of women and children flocking to the cellars, frantically, to escape from an unseen enemy.

### Starving Women and Children.

In another even more dreadful sense I saw inhuman policies of war. That was the determination on both sides to bring subjection by starvation. The food blockade by the Allied governments on the one side, and the ruthless submarine warfare by the Central powers on the other, had this as its major purpose. Both sides professed that it was not their purpose to starve women and children. But it is an idiot who thinks soldiers ever starve. It was women and children who died of starvation. It was they who died of the disease which came from short food supplies, not in hundreds of thousands, but in millions.

And after the Armistice came famine and pestilence, in which millions perished and other millions grew up stunted in mind and body. That is war. Let us not forget.

We were actually at the front in this war for only a few months, but it cost us the lives of 130,000 men. It has placed 470,000 persons on the national pension list already. It has cost us 40 billions of dollars. And that represents more than just dollars. Today we have a quarter to a third of the American people below a decent standard of living. If that 40 billions of wealth had remained in America, these people would not be in this plight. A large segment of our people have already been impoverished for a quarter of a century. And the end is not yet.

We may need to go to war again. But that war should be on this hemisphere alone and in the defense of our firesides or our honor. For that alone should we pay the price.

The endless books tell us how the Great War originated. They do not agree. But some salient facts do stand out that are pertinent today. It began by a quarrel between three dictators—the czar of Russia and the emperors of Germany and Austria. They were competing for "power." France, a democracy, was dragged in because, out of fear of the dictators of Germany and Austria, she, a democracy, had made a military alliance with the czar. The British democracy was drawn in partly out of idealism to defend liberty, but also partly to save its trade and its possessions from too great a concentration of "power" on the continent. We finally joined in the war wholly out of idealism.

I dodge no responsibility. I reluctantly joined in the almost unanimous view of our countrymen that America must go into

that war. We had been directly attacked. But, more important, I believed we could bring the endless slaughter to an end. I believed that with our singleness of purpose we could impose an enlightened peace; that we could make it a war to end war. I believed we could make the world safe for the spread of human liberty. If experience has any value to nations, there are in the wrecking of these hopes a thousand reasons why we should never attempt it again.

### Prayer for Real Peace.

When President Wilson arrived in Paris, the common people of the world were praying for a real peace. There were good men there, and there were high aspirations. But there were also concentrated there the invisible forces of age-old hate and greed. Mr. Wilson met a determination to crush the enemy in a Carthaginian peace. He met the sinister demands for power. He met a greed for possession of world resources. Above all, he met with the pressures of populations and the unsolvable problems of European boundaries and economic life. He worked valiantly to combat the evil forces. He spread American idealism at the peace table. He argued and justice—not because he felt that mankind must turn its face to the future and its back on the past. When Germans blame him, little do they know what Germany would have looked like had it not been for Woodrow Wilson.

To Mr. Wilson I criticized bitterly the provisions of the peace treaties before they were signed. I felt that instead of healing the wounds of the world they would spread disaster over a generation. I have before me a memorandum that I gave to Mr. Wilson two months before the treaties were signed, urging their lack of vision and the dangers to America. He won some victories for sanity. He helped some nations to freedom. He hoped that, with time for hate and aversion to cool, the League of Nations could reconstruct the failures of the treaty.

Americans will yet be proud of that American who fought a fight for righteousness although he partially lost. But he proved that American idealism and American ignorance of the invisible forces in Europe can only confuse the grim necessities of European peace.

What is happening today? Europe is suffering repeated earthquake shocks from the fault of the Treaty of Versailles.

But, beyond all this which is obvious, something else is moving. Europe is again engaged in a hideous conflict for power. Stripped to its bones, today the quarrel is much the same. Dictators in Germany and Italy rise to power on opposition to Communism, launched into their peoples by the dictator of Russia. Again the dictators are in conflict for power. Again France, a democracy, ties herself to the dictatorship in Russia. England becomes endangered should the dictators of Germany and Italy overwhelm France. And thus again begins this dreadful treadmill.

What is proposed? That we join to stop inevitable movements and readjustments of peoples; that we engage in ideological wars. Who will pay for it in blood and treasure? Our children.

The time may come when we could arbitrate the quarrels which arise in that game at some point before shooting begins. But if we sit in the game we shall never be arbitrator and we may be drawn into the shooting.

My sympathies are with the democracies. But the democracies of Western Europe have the resources to defend themselves. They comprise great empires of hundreds of millions of people with all the resources needed to secure their defense. Whether they preserve their democracies is a question of their own will.

### America's Service.

America can be of service to the world. We can hold up the standards of decency in the world.

We should hold that the basis of international relations should not be force, but should be law and free agreement.

The greatest immediate service that we can render is to join in economic co-operation with other nations to relieve the economic pressures which are driving the world constantly to instability. A great part of these pressures for war are economic. The greatest healing force that could come to the world is prosperity. There is a vast field for American action which is free from political entanglements. We should resume the conferences which were started under such good auspices by our country in 1932.

But, far beyond that, we can hold the light of liberty alight on this continent. That is the greatest service we can give to civilization.

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## HEADLINERS

### REAR ADM. HARRY YARNELL

A pop-eyed Japanese consul in Shanghai received an unexpectedly brusque message recently for transmission 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.

