

## Weekly News Analysis Federal Insurance Supervision May Follow Committee Probe

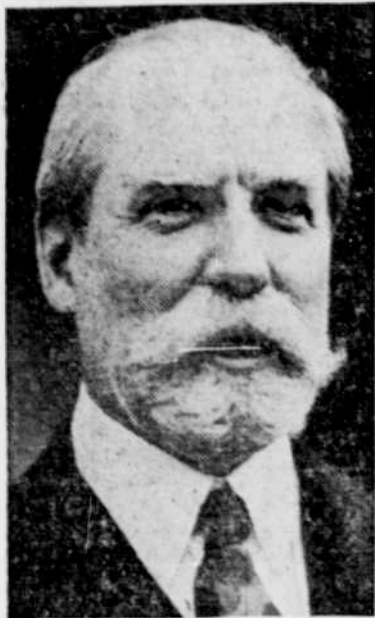
By Joseph W. La Bine

EDITOR'S NOTE—When opinions are expressed in these columns, they are those of the news analyst, and not necessarily of the newspaper.

### Business

As counsel for a New York state legislative insurance committee, Charles Evans Hughes made a name for himself in 1906 uncovering what he thought to be irregularities. The chief Hughes fear: That insurance company resources were so large as to make conservative, responsible management increasingly difficult. The Hughes remedy: Federal supervision of insurance investments.

Since 1906 Mr. Hughes has risen to the U. S. Supreme court and may have changed his mind. At least



CHARLES EVANS HUGHES  
The sins are now quadrupled.

nothing has been done about it and the vast insurance fund has quadrupled. Whereas Mr. Hughes suggested limiting new policies to \$150,000,000 a year per company, some now write \$2,000,000,000 a year. Today there are \$110,000,000,000 worth of policies in effect and insurance investments cover a surprisingly wide field. Samples: Government securities, \$4,500,000,000; railroads, \$3,000,000,000; farm mortgages and corporation securities, \$2,000,000,000; state, county and city bonds, \$1,500,000,000.

If this business was worth investigating 23 years ago it is even more vulnerable today. Just started in Washington is a 12-month probe by the temporary national economic committee, headed by Wyoming's Sen. Joseph C. O'Mahoney and better known as the "monopoly investigating committee." Chiming in is William O. Douglas' Securities and Exchange commission. Pertinent question marks include (1) what influence insurance investments exert on U. S. money markets, banks, railroads, etc.; (2) how insurance executives are chosen; (3) possibility of interlocking directorates between insurance firms and utilities.

Though the monopoly committee has often reiterated that it is not hunting witches, and although Mr. Douglas maintains he only wants to bring the Hughes report up to date, there is a good chance of new legislation providing federal regulation over all interstate insurance business. This would supplement state supervision now in effect.

Adding to their discomfort is the demand by Montana's Sen. Burton K. Wheeler that insurance companies take a greater hand in helping reorganize U. S. railroads. The Wheeler charge: That present insurance company negotiations with carriers feature repeated concessions to investment bankers at the expense of bondholders. But if rail aid presents as many obstacles as insurance men claim, the probable solution of this problem will not be a federal whipping post for insurance companies but revision in the railroad reorganization statute.

### Spain

The fate of Britain and France marched with Rebel Generalissimo Francisco Franco into Barcelona, tagging along as he pushed northward through the rest of Catalonia to shut off an important sector in the two and one-half year old civil war. No sooner had Loyalist President Manuel Azana fled to Paris than peace rumors began. The probability is that President Azana

### Wives in the News

**GANDHI**—Mrs. Kasturibhai Gandhi, "faithful, silent" wife of India's Mohandas K. Gandhi, has been arrested for participating in a civil disobedience campaign.

**FLEGENHEIMER**—Mrs. Arthur Fliegenheimer, widow of New York's late policy racketeer, "Dutch Schultz" Fliegenheimer, testified she saw her husband in conference with James J. Hines, Tammany leader who is accused of selling protection.

**MOONEY**—Mrs. Rena Mooney, wife of California's ex-convict Tom Mooney, promises to fight her husband's reported attempt to divorce her.

was ready to surrender, but not Premier Juan Negrin. His terms: (1) elimination of foreigners from Spain; (2) a plebiscite by the Spanish people to decide their future form of government; (3) no reprisals on either side. Those terms having apparently been rejected by the insurgents, Premier Negrin prepared to fight to the finish in the large southeastern section of Spain his government still holds.

Anglo-French concern over the Spanish war may be expected to grow daily until that conflict is ended. As a last chance for peace with security, London and Paris jumped on the bandwagon for Negrin's plan, realizing these terms held a scant promise that Spain might emerge from the war as a sympathetic nation, rather than as a tool for Italy and Germany.

But it would obviously be foolhardy for the Fascist governments to accept peace with partial victory when a full victory is so near. That accomplished, France will have totalitarian neighbors on three sides (Spain, Italy, Germany) and will be ripe for plucking by Mussolini. It is significant that Italian territorial claims against France are being held up until the war is over.

But the approach of this French-Italian struggle draws Paris closer to Britain each day. Before the house of commons, British Prime Minister Neville Chamberlain has promised full military support in case France is involved in war.

### Aviation

U. S. and British airliners have been hopping the Atlantic in test flights for two years, planning to start London-New York service simultaneously next summer. Last fall a reciprocal agreement was signed but the English, piqued because the U. S. refused to let Imperial Airways ships land at Honolulu, shrank back in a pout. Anxious to start transatlantic service this year regardless of the British attitude, the U. S. opened negotiations with Paris and immediately arranged Paris-New York flights via the long Azores route. Meanwhile the British announced they would inaugurate independent service next June.

But the Americans showed themselves better diplomatic pilots than



TRANSATLANTIC CLIPPER  
To London by March 31?

their English friends. Anxious lest London be left off U. S. transatlantic schedules, the British government has waived the treaty provision calling for a simultaneous start by U. S. and British planes. This clears the way for Pan-American airways ships to start between March 15 and 31. Probable settlement, now that the U. S. holds agreements with both Britain and France, is a service from New York to Paris via London.

Already undergoing observation flights for the civil aeronautics authority is one of Pan-American's new 42-ton clipper boats, largest practical ship yet built. Carrying more than 50 passengers, complete even to a highly-publicized "bridal suite," the new clippers would make one flight a week in each direction at the start. Later, with more ships and experience, three weekly trips will be booked.

### People

Demonstrated at Washington by Laurens Hammond, Chicago inventor, a "novacord" piano-type instrument which reproduces sounds of most string and brass instruments.

• Signed at Mexico City, by Cuba's Col. Fulgencio Batista and Mexico's Lazaro Cardenas, a pact to "defend democracy."

• Died at Washington, D. C., Frederick Steiwer, 55-year-old retired U. S. senator from Oregon, and 1936 G. O. P. keynoter at Cleveland.

### Pan-America

German trade with Brazil grew by leaps and bounds last year thanks to the barter system, i. e., German purchases were paid for with "askimarks," which could be redeemed only by taking German goods in return. An upshot of December's Pan-American conference was the realization that something must be done to safeguard U. S. trade with Brazil, crowded into second place by the aggressive Reich in 1938. Just arrived in Washington is Dr. Oswaldo Aranha, Brazilian foreign minister, for conversations expected to have four significant results: (1) U. S. financial assistance to Brazil via congressional loan, credits to American merchants or stabilization of Brazilian currency; (2) revision of the world cotton market; (3) increase of U. S. sales to Brazil; (4) examination of mutual defense problems.

## Trend

How the wind is blowing . . .

**DEFICIT**—The U. S. treasury ended the first seven months of this fiscal year with a \$1,961,543,838 deficit, having spent \$5,222,590,404, compared with \$4,262,484,425 in last year's similar period.

**RESERVES**—Excess reserves of federal reserve member banks are declining after a steady, discouraging, rising trend in January.

**EGGS**—Officers from two Italian cruisers were rotten-egged while driving through Panama City to visit government officials.

**TAXES**—Jewel Tea company reports its taxes now cost \$298.22 per worker compared with \$87.57 in 1932. Total: \$1,100,415 against \$248,457 in 1932.

### Balkans

On January 13 Hungary joined the German-Italo-Jap anti-Commitment pact, undoubtedly the willing victim of Rome-Berlin pressure. Russia's unexpected retaliation was a virtual break-off in diplomatic relations with Hungary on the excuse that Budapest is now under a foreign thumb and has "lost its independence to a considerable degree."

By far the smallest significance of this step is that Russia again shows an interest in world affairs, breaking the painful silence that has kept Europe guessing since the Soviet was ignored at Munich last September. More important is the warning that Moscow will take similar action against any other nation joining the anti-Commitment pact.

Observers now wonder if the slur concerning Hungary's lost "independence" may not revive anti-Nazi sentiment in that nation and throughout the Balkans. Within a week after the Soviet's action three favorable signs could be seen:

**Martial Law**, Following explosion of a bomb in Budapest's largest Jewish synagogue, the nation went under military law and two influential Nazi newspapers were suspended.

**Pan-Balkan**, Rumania and Jugoslavia have signed an agreement to (1) defend their present borders; (2) adopt a "conciliatory attitude" toward all Balkan countries, and (3) improve relations with Hungary and Bulgaria, chief Nazi conformists in the Balkan area.

**New Premier**, At Belgrade Jugoslavia's pro-Nazi Premier Milan Stoyadinovitch resigned under pressure concerning the Croatian autonomy move, being succeeded by 46-year-old Dragisa Tsvetkovitch, labor leader and strong foe of dictators.

### Asia

Manchukuo's Siberian border has seen repeated Russian-Jap clashes during the past five years, but not until last summer was this hostility publicized. At that time several heated skirmishes took place over Changkufeng hill (see map), now pock-marked and silent. Later, in December, Tokyo and Moscow had words over Siberian fishing waters, which Japan intends to exploit despite Soviet objections. In January several high Tokyo officials solemnly told their people to prepare for war—not only a continuation of the wearying Sino-Jap conflict but for war with Russia.

What may be the touch-off signal for this war has been reported from Mengoskill, a good 800 miles northwest of Changkufeng. There, in four days of almost continuous fighting, Japs claimed they "threw back Russian assaults." While the Soviet maintains its traditional silence



WAR IN MANCHUKUO  
Map shows (1) site of latest border clashes; (2) site of last summer's Changkufeng hill incident.

except for diplomatic protests in Tokyo, Japan asserts the "assaults" were aimed to force a retreat from Russian fishing grounds. And well might Japan "throw back" any attack in Manchukuo, because foreign observers report the isolated puppet state is manned not with easy-going border guards but with veteran troops, barracked along the Siberian border to guard against the fatal day.

### Miscellany

The year 1939 being baseball's centennial, Postmaster General James A. Farley has announced plans for a special postage stamp, first ever issued to commemorate a sport.

• Dr. Nicholas Murray Butler, president of Columbia university, predicts New York will become the capital of Western civilization, succeeding London as London once succeeded Rome.



## WHO'S NEWS THIS WEEK

By LEMUEL F. PARTON

**Famed Engineer Used Murderer To Attain End**  
NEW YORK—John F. Stevens was self-educated as an engineer. Therefore, he was an eclectic and readily made use of a retired murderer to accomplish a desperately important end, regardless of the lack of engineering precedent. He is now 86, one of the greatest of American engineers, the first engineer in charge of planning and building the Panama canal, recently awarded the Hoover medal by the American Society of Civil Engineers at its eighty-sixth annual meeting in New York.

The murderer who came in handy was a Montana Blackfoot Indian, Jim Hill's new railroad, west-bound from St. Paul, was rather impulsively started. It ran slapping into the impenetrable wall of the Rocky mountains. There was an Indian legend that there was a pass over the divide, along the course of the Marias river. Mr. Stevens, a young engineer for the railroad, talked to the Blackfoot about it. There was such a pass. They knew all about it. But not all of Jim Hill's wampum could bribe them even to point in that direction. This Marias pass was the dwelling place of evil spirits, of sorcerers, of dreadful demons, and all who went that way lost either their lives or their reason.

Mr. Stevens mused over the mountains with the thermometer at 50 degrees below zero and found no pass. But, by chance, he found a wanderer in the wilderness, a Blackfoot driven out by his tribe because he had killed a man. The Indian had been having a difficult time. A few devils and monsters, more or less, meant little to him. They made a deal. The story of their days-on-end scramble to the roof of the continent through five feet of snow and bitter cold, with Mr. Stevens sleepless as he kept an eye on his homicidal guide, is one of the classics of the conquest of the wilderness. They found the pass, and their return was another desperate adventure. But soon the scream of locomotives was crying down the demons, who, presumably, moved on.

When the Panama canal was projected, John F. Stevens fought through, against weighty opposition, the lock principle against the sea-level plan. The engineer in charge, from 1905 until he was succeeded by General Goethals, he flattened all the demons of disease and disorder which had licked De Lesseps. General Goethals rated his work as among the greatest of engineering achievements. He was minister plenipotentiary to the Soviets in 1917, remaining six years and reorganizing and rebuilding their railroads.

**DR. VANNEVAR BUSH**, testifying on the patent system before the national economy committee at Washington, is the inventor of a "mechanical brain," or "thinking machine" as big as a sawmill that solves problems "too difficult for the human brain." It works nicely, and Franklin Institute awarded him a medal for it.

One can think offhand of a lot of vexing problems that might be tossed into its hopper these days. Set up in congress, dealing the answers on war and peace, national defense, relief and a balanced budget, it ought to save a lot of money.

**Dr. Bush**, former vice president of Massachusetts Institute of Technology, became president of the Carnegie Institution on January 1 of this year. He is one of the most distinguished mathematical physicists in America. A tall, genial, bespectacled scientist, with a slightly stooped and somewhat stringy figure, with untamed hair, he leads reporters quite out of their depth. His metallic cerebration was just one of many of his interesting devices and discoveries, including, particularly, research in the transmission of electric power, to which he has made notable contributions.

The son of a distinguished Boston clergyman, he romped through Tufts, Harvard and M. I. T., picking up three degrees in three and one-half years, thereafter teaching at M. I. T.

On February 19, 1936, addressing the New York Patent Lawyers' association, he was severely critical of the American patent system, for its "appalling fixity and lack of adaptability." At the current committee hearing, he commends it, but both meager news reports are out of their context, and Dr. Bush doubtless could defend himself against charge of inconsistency.

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### BRAZILIAN DIPLOMAT



Recently arrived in Washington is Dr. Oswaldo Aranha, Brazilian foreign minister, whose visit to this country is expected to have significant results in examination of mutual economic and defense problems. Expected results are: (1) U. S. financial assistance to Brazil; (2) revision of the world's cotton market; (3) increase in sales to Brazil; (4) examination of defense problems.

### Desert Sun Bathers Enlist Science



Sun bathers at Palm Springs, Calif., have enlisted the cause of science in their behalf. The boxes enclosing their heads are made from sea shells, and are said to permit only beneficial rays of the sun to pass through them, protecting the shapely bathers from an overdose of the health-giving sunshine.

## And How Do You Look While Sitting Down?



If ladies must smoke they should be graceful about it. At least according to models in Mme. Frances Dela Fortrie's Hollywood School of Modeling in Philadelphia. Mildred McCue (left) and Dorothy Mitchell teach in one easy lesson how to become a horrible sitting example. The awkward position of the feet, the stocking not drawn taut, and the clumsy, messy way of lighting a cigarette, combine to detract from personal charm. Pictured at the right is the correct way of sitting, and the graceful way of lighting a cigarette.

### World's Fair to Feature Court of Peace



A colorful part of the New York World's fair of 1939 is the foreign nations and federal government zone area where the twin-towered Federal building and exhibitions of 62 nations center on a seven-acre Court of Peace. The \$155,000,000 "World of Tomorrow" exposition will open April 30 as the host city makes lavish preparations to entertain millions of visitors during the coming summer months.

### MILITARIZE CCC?



John Chrosniak, lieutenant colonel in the United States army reserve, is president of the newly formed American Conservation association, a group making an effort to organize the Civilian Conservation corps on a permanent basis, fully officered and supervised by reserve officers on permanent detail. If the association's efforts are successful, the new group will add another pressure unit in the political scene which might easily rival the widespread influence of the American Legion.

### Kentucky Floods Win Race With Control Project



An outdoor motorboat furnished transportation to these searchers in the flooded downtown section of Middlesboro, Ky., after the town was inundated by February mountain torrents. The flood came before Middlesboro's \$500,000 flood control government project could be completed. Two aged men died from cold and exposure. Untold damages resulted in the stores and shops.