



Acme

Governor Talmadge of Georgia, "persistent sharpshooter" against the New Deal

and the work-relief program generally had disrupted wage levels in his State.

When Mr. Talmadge, at Atlanta, heard what Secretary Ickes had said of him, he was busy with preparations for the Convention of Southern anti-Roosevelt Democrats at Macon this week. But he paused to retort:

"Aw, he's just one of them boondogglers."

This exchange moved the New York Times (Ind.-Dem.) to ironic comment.

Mr. Ickes's chain-gang reference, said *The Times*, "is a model soft answer," while Mr. Talmadge's retort "is a pearl of praise."

Landslide in Louisiana

Radio listeners in Louisiana were startled last week to hear a familiar voice boom:

"This is Huey Long speaking."

Then followed a characteristic denunciation of Long enemies and exhortations to vote the Long ticket.

"If this sounds strange," explains the St. Louis *Post-Dispatch* (Ind.-Dem.), "it involves no spiritualism. It was accomplished through a record made by Senator Long shortly before his assassination."

"It was to be used in his campaign for the Presidency on a 'Share-Our-Wealth' Platform, and consisted of a castigation of President Roosevelt and all his New Deal works. But it fitted so neatly into the State campaign that it was broadcast as one of the principal speeches."

Thus acknowledging Huey Long's leadership, the late Senator's adherents swept the Democratic nominating primaries by what they termed "the biggest landslide vote in Louisiana history."

To the Philadelphia *Inquirer* (Ind.), critical of the Long faction, the vote assumes national importance because "a drive to keep Louisiana out of the Roosevelt column next November can not fail."

To the Houma (La.) *Times* (Dem.) it is "evident that this astounding victory is attributed to the late Senator Long's wonderful achievements. He was the greatest builder and organizer of all time."

Helping or "Beguiling" the Farmer?

Administration Tries to Fit Legislation Into Constitution; Cynics Fear Futility; California's State AAA Upset in Court Test

President Roosevelt looked through frosty windows at the snow and hoped that he might go away fishing soon. Senator John H. Bankhead of Alabama likes to fish, too.

Neither had time for it last week. Instead they focused their thoughts on the farmer and his future. The only fishing done was for ways of aiding agriculture that would fit into the Constitution and for means of financing such aid.

As soon as the Administration's plan to amend the Soil Conservation Act of 1935 as a substitute for the outlawed AAA reached Congress it hit a snag.

Senator Bankhead, whose Cotton Control Act was scorched in the Court fire, presented it confidently. It aimed to pay farmers rental for lands left fallow. Eroding soil would be conserved, fertility promoted, and surpluses in commercial crops avoided.

Cynics dubbed it the "soil conversation and land futility program," according to Raymond Clapper, Scripps-Howard writer.

Senator Charles L. McNary of Oregon, who is working out a plan of his own, and Senator George W. Norris, of Nebraska, both Republicans, would have nothing to do with it, or any other measure of doubtful constitutionality.

"I am not willing to beguile the farmers further," said Senator McNary.

Soil-saving subsidies thereupon became merely a two-year stop-gap. The Committee turned to an old plan of setting up a little AAA in each State as a permanent policy.

The little AAA's would work something like the Federal grants-in-aid to States for highway construction.

"All it would amount to," objected Senator McNary, "would be forty-eight little chicks under the same old hen."

The Baltimore *Sun* (Ind.-Dem.) thinks the problem is like the children's game of "Button, Button, Who's Got the Button?"

Interpreting the Supreme Court decision on the AAA to mean "that the power to regulate production lies not with the Federal Government, but with the States," it adds:

"But now there seems to be a serious question whether the States have the power, either. A Superior Court Judge in California has granted an injunction against California's 'little AAA,' the purpose of which is to control the production of farm commodities, particularly fruit, within the State.

Elusive Power

"If the Federal Government lacks the power to control production, and if it turns out that the States also lack that power, then who has it? The search for this particular button ought to keep the political scientists busy for some time."

The Wichita *Beacon* (Ind.) believes the power must be found somewhere.

"It would be strange indeed if Congress is unable to provide for agriculture some of the material blessings the industrial East enjoys through tariff benefits," it says.

The weekly *Commercial and Financial Chronicle* (New York) is scornful of all Washington's attempts to replace the AAA.

"American commercial agriculture . . . is to be regarded as a pauper industry, and those who engage in it are to be treated as a dependent class to be carried permanently on relief," it says. "It is a sorry reflection upon the intelligence of the American farmer if such is his condition, and an equally serious reflection upon the States if they must be adjudged powerless."



Wide World

At odds with Senator John H. Bankhead's farm bill: Senator Charles L. McNary of Oregon

Bonus, Boom, and Budget

Treasury Begins to Estimate Cost of Veterans' Payments; Business Expects Big Share of Cash; Credit Stability vs. Inflation



Acme

Fifth time at the White House: a bonus bill brought by Representative Parsons

A man in a heavy overcoat walked up the steps of the White House last week, holding a large envelop under his arm.

With his hand on the latch, he paused and faced photographers' flash-bulbs.

He was Representative Claude Parsons, Illinois Democrat, delivering the "baby-bond" bonus-bill. Earlier in the week the Senate had passed it, seventy-four to sixteen, and the House substituted it, 346 to 59, for its own "united front" bill.

For two days, no word came from the White House.

Then, with dramatic suddenness, came a veto. At the usual Friday press conference there was no inkling of it. Written by hand, containing only 200 words, it referred to the President's veto message last year, adding: "My convictions are as impelling to-day as they were then. Therefore, I can not change them."

Scarcely an hour after it was read to scattered cheers, the House voted to override the veto.

If the Senate does likewise, the bill eventually will cost the Treasury \$2,237,000,000. Congressmen believe the immediate cost will be only \$1,000,000,000, since many veterans may not cash their bonds on June 15, but hold them at 3 per cent. interest.

Many newspapers were skeptical. Some talked of the dangers of "minority pressure," and pointed out that all of the House and one-third of the Senate stands for re-election in 1936. Of thirty-one Senators facing election campaigns, twenty-seven voted for payment.

Still others talked of inflation. Typical is the *Mobile Register* (Ind.-Dem.):

"The inevitable inflationary effect of the

legislation is too obvious to require comment. The effects will probably be gradual and unnoticed for some time, until the full force of financial pressure from several sources . . . will have taken its toll."

Similar conclusions are reached by the Economists' National Committee on Monetary Policy, which warns that "this method of financing an unbalanced budget might easily prove only slightly less inflationary than the issue of greenbacks." John T. Flynn, economist writing in the *Scripps-Howard papers*, estimates that the bonus will "mean an inflation from \$1,500,000,000 up."

Advantages Listed

Bonus adherents, however, promptly listed advantages. They noted that cotton leaped three to thirteen points on the Exchange. The *Chicago Daily News* (Ind.) quoted "Wall Street prophecies of a boomlet in retail trade and automobile sales."

Spending by veterans is likely to amount to "at least \$1,000,000,000," according to *The Daily News*; and much of this sum will go for "new and second-hand automobiles and consumers' goods outside the necessity classification."

In this boom, members of the National Retail Dry Goods Association expect to share. "My guess," they were told by Malcolm P. McNair, of the Harvard Graduate School of Business Administration, "is that the dollar volume of department store sales in 1936 may be 7 or 8 per cent. greater than in 1935."

In Queens, New York borough, auto-dealers began canvassing ex-soldiers.

Farmers, too, will benefit, according to the *Memphis Commercial Appeal* (Dem.). "The defeat of the Triple-A has left many farmers with obligations for equipment," says *The Commercial Appeal*. "It would be of tremendous advantage if payments to veterans on farms could be made in time for the planting season."

Meanwhile, the American Legion drew its own picture of where veteran funds would go. Repair and payment of homes came first, with more than half a billion; old bills and debts next, with nearly as much. Then came clothing, autos, insurance, and farm implements.

Today, weekly published by Vincent Astor and edited by Raymond Moley, puts a damper on this picture. It cites previous bonus payments as proof that this one, tho twice as large, will have little effect.

Doubts of Boom

"As a business stimulant," *Today* thinks, "the bonus is a flop, because it applies leverage at the wrong spot. The consumer-goods industries are doing well enough right now. If the veterans would all go out and buy houses, that would help. But they won't."

While business was planning how to receive bonus money the Treasury last week was planning how to pay it. The Treasury faced an enormous task. Not only must it print 47,500,000 separate bonds, but it must find the cash for converting them.

But the \$1,000,000,000 to \$2,000,000,000 required in the next seventeen months for the bonus is only one of numerous difficulties besetting the Treasury.

Alarms Over Debt

Papers pondered over Secretary Henry Morgenthau, Jr.'s report that, between now and June 30, 1937, the Treasury would have to raise \$11,000,000,000. They were alarmed at the prospect of a \$36,000,000,000 public debt.

"It looks now as if the budget will be more out of balance than ever, with the largest peace-time deficit in history," writes Raymond Clapper, in the *Washington Daily News* (Ind.).

On the other hand, while agreeing that Mr. Morgenthau's "job is a hard one," the *Detroit News* (Ind.) feels that "he would not have been so gloomy had he not been making a tacit argument against bonus payment."

"For the present, at least," says *The News*—pointing to the "placid reception of his testimony by the bond market"—there is "no need to worry about the Government's credit."

Federal Income and Expense Shows Mounting Debt

(In billions: i.e., 4.1 = \$4,100,000,000)

| Fiscal Year Ending June 30 | Expenditures* | | Deficit | Federal Public Debt |
|--|---------------|------|---------|---------------------|
| | Receipts | | | |
| 1930—President Hoover's first fiscal year | 4.1 | 3.4 | None | 16.1 |
| 1931—President Hoover's second year | 3.3 | 3.6 | 0.3 | 16.8 |
| 1932—Appropriations to RFC and Federal Land Banks | 2.0 | 4.7 | 2.7 | 19.4 |
| 1933—Two-thirds of year in Hoover Administration | 2.0 | 4.6 | 2.6 | 22.5 |
| 1934—President Roosevelt's first year | 3.1 | 6.7 | 3.6 | 27.0 |
| 1935—President Roosevelt's second year | 3.8 | 6.8 | 3.0 | 28.7 |
| 1936—Fiscal year ending June 30: (Estimates) | 4.4 | 7.0† | 2.6 | 30.9 |
| 1937—Year discussed in new budget plans: (Estimates) | 5.6 | 6.1† | .5 | 31.3 |

*Debt retirement not included.

†To these expenditures probably must be added in the next seventeen months: \$1,000,000,000 to \$2,000,000,000 for bonus payments; \$2,000,000,000 (estimated) for additional relief; \$1,089,000,000, if the Treasury must refund process taxes; additional costs, as yet not determined, for the Administration's new farm program.