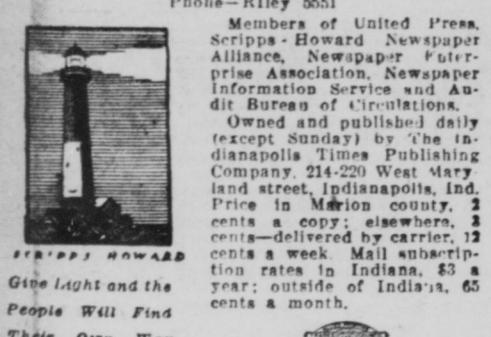


The Indianapolis Times

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ROY W. HOWARD, President
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FRIDAY, MAY 11, 1934.

RAILROAD PROFITS

STATISTICS and indices are sometimes dull, hard to understand.

But this isn't so when the railroads, through their own bureau of railway economics, announce that the net operating income of Class 1 carriers for the first quarter of this year was more than three times that of the same period last year.

Such figures can be appreciated; for when trains move with paying cargo, some one is buying, some one selling.

Among the first to suffer in a depression, railroads are among the first to come back as business improves. Their managements demonstrated their faith in the current "come back" by returning to their workers the 10 per cent wage sacrifice they demanded many months ago.

Now, if the railroads fortify their position by co-operating with the President's special cabinet commission that is studying ways of reducing their fixed charges and financial superstructures; if they actually bring about these reductions, neither the carriers nor the country need despair for the future of the railroad industry.

SAVE OUR HONOR*

THE revenue act signed yesterday by President Roosevelt is in many respects a good one. It closes loopholes, slices a little deeper into large inheritances and incomes, provides a little more revenue.

But it sacrifices millions in needed revenue by reducing taxes on incomes of less than \$30,000 a year—which means that it lowers the taxes of 98 per cent of all income tax payers.

Persons fortunate enough to have taxable incomes in this period of distress do not need income tax relief. They did not ask for it.

And the granting of it by an election-conscious congress was unintelligent in face of the government's stupendous debt and in face of the additional billions the government will have to spend taking care of the unemployed.

Nor can it be overlooked that the President's signature to the revenue act is a seal placed on a broken pledge. The President realizes this. He is sending to congress a request that the pledge be mended, that congress reaffirm its promise to the Philippine islands by repealing the cocoanut oil tax section of the act. Congress hardly can refuse to do this if it is mindful of our honor as a nation.

THE CLASS OF '34

HAPPIER days may be ahead for the 160,000 young men and women emerging from the campus this spring. Out of nine college editors reporting to the Literary Digest eight found conditions much brighter, only one found them "gloomy."

New hope lies in the general business pickup, in a tendency of industry to select trained young people, in a call, still faint, from cities, states and federal government for experts to help pull them from the muddles left by politicians. The federal emergency relief administration has helped 70,000 students through the last year, and, doubtless, will continue to aid students next winter.

Another silver glint will be found in commencement addresses largely debunked by the stern disillusionments of the depression.

The picture is far from rosy. Poverty has slammed the door of college education in the face of thousands. The federal office of education estimates 250,000 fewer college students this year than normally. And at least 15 per cent of college graduates are jobless. The professions are overcrowded. Many a college man is working in the CCC or wanders aimlessly through transient camps. America is not a hospitable place as yet.

Yet who will pity the class of '34? Theirs is a war class. The times call them to war on poverty and want, on greed and injustice and insecurity. Tough as it is, the world is their oyster.

DEMOCRACY'S ESSENTIALS

IN his inaugural address Mr. Roosevelt said: "We do not distrust the future of essential democracy." If the social discipline which he proposes is to be based upon consent rather than force, its relation to what is essential in democracy must be defined. The definition can not be long postponed. —Virginia Quarterly Review.

To find out what is essential to democracy, we first should consider what is not. It is not essential to democracy that an executive be weak. It is not essential that there be discussion by a legislative body when immediate action by an executive is demanded for the public good. Several hundred men in the Capitol are not necessarily more representative of the people than one man in the White House; it depends on who the men are and who the man is.

It is not essential to democracy that the people select a vast number of public officials at the polls if they can obtain officials of higher qualifications by electing just a few men who, in turn, appoint others on a basis of merit. The patronage system is not essential to democracy; it impedes its successful functioning.

Public questions will be decided better if men take part in politics with no possibility of being rewarded with jobs or favors for themselves or their friends and relatives. The whole bundle of practices which we in America know as "politics" is not only not essential to democracy but has been a burden which democracy has carried with difficulty.

What is essential to democracy is that government know itself to be responsible to the whole people for its policies and acts, and that the government be accountable to the people at free and fair elections. Govern-

ment must reflect the views of the majority as to what is good for the whole.

Such a government has a right to demand the greatest sacrifices of material things and freedom of action from a dissenting minority with this proviso: That the minority at all times have the fullest and freest right to appeal to the majority, and the government representing that majority, in an effort to change the dominant policy to one of the minority's liking.

In a planned society there must be limits to an individual's or a group's right to do as they please, but there need not and must not be any limit to the individual's or group's right to say what they please. The most essential of democracy is free speech and free press. There must be light and lots of it if the people are to find their own way in a changing world.

As we see the new deal, it has not weakened, but has strengthened, the essentials of democracy.

RELIEF IS FIRST

HARRY HOPKINS' warning that the federal government may have to spend billions of dollars more than it has spent for unemployment relief and public works projects is a sharp warning that one of the most important jobs of the new deal is a long way from being finished.

Whatever else the present administration may seek to do, and however widely its various policies may be criticised, there is one point on which all hands are agreed.

People who can't get work are not going to suffer from hunger, cold, and homelessness any longer.

So far the federal administration has spent \$1,500,000,000 on unemployment relief. Relief Administrator Harry Hopkins was given \$850,000,000 this spring to carry him through the summer; but it is going fast, and there is every indication that it is not going to be enough.

For there is one disturbing fact in connection with the recovery program. Unemployment may be shrinking, and pay rolls may be going up; but there are today some 4,700,000 people on federal relief rolls, as compared with 4,500,000 a year ago.

In other words, an increasing number of jobless people, unable to date to hook themselves up with jobs, have come to the end of their resources and are obliged to turn to Uncle Sam.

In spite of business improvement, Uncle Sam is directly supporting more people now than he was supporting a year ago. There is no reason to believe that the present rate of revival will materially reduce the number in the immediate future.

This brings us up against the key factor in the whole equation.

Back of all our talk about codes, reform measures, monetary policies, and the like there is this large, solid, and interesting body of people who will starve if the government doesn't provide them with food and shelter.

They must be taken care of, because while the job of caring for them is expensive, it isn't half so expensive as cutting them off the relief rolls would be.

The pressure which this fact may exert on any recovery program is not a thing to be overlooked. No estimate of the new deal's accomplishments and no forecast of its future course will be worth much if the presence of these 4,700,000 on the relief rolls is overlooked.

CONSUMER CREDIT

PASSAGE by the senate of the Sheppard bill, providing for federal charters to credit unions, will be hailed as an important step in the campaign to expand these "baby banks" into a national system.

The credit union movement has grown spectacularly and far beyond the experimental stage in the United States. Today there are 2,350 credit unions in thirty-eight states and the District of Columbia. Their membership totals more than a half million wage and salary workers, farmers and small business men. Their combined resources approximate \$65,000,000.

Although managed by the humble folk they serve, it is noteworthy that there has not been a voluntary liquidation of a credit union during the depression. Only a half dozen have asked relief from the RFC.

Credit unions mean much to the small saver and borrower. Denied bank credit, he easily becomes prey to loan sharks who do not scruple to charge interest rates as high as 100 per cent a year.

A national system of federally-chartered credit unions should mean much to the nation's larger economy. Through such a system millions of credit could be turned into buying power, thrift would be encouraged and a back-log laid against future depressions.

PRODIGAL'S RETURN

SAMUEL INSULL'S return to America makes a queer spectacle—a blending of the return of the prodigal son, the arrival at the jailhouse of a fugitive coiner, and the advent of the captain back from the wars.

The issues at stake in his indictment, his flight, his arrest, and his approaching trial are being overshadowed by the projection of his own personality. The whole affair is being dramatized, and it is being dramatized in the wrong way—as the case of one individual, not the case of a system.

For this trial ought to do more than simply tell us what kind of man Insull himself was, in the days when he was mighty. It can tell us what kind of country we were in those days, what sort of economic system we lived by, and how power was gained and used.

If we concentrate too much on the personality involved, we are apt to miss an important lesson.

Bonus marchers again are converging on Washington. Good news. They'll make conquests sooner than any other army of lobbyists could.

A man in Alabama forgot he had \$3,000 in the bank. Lots of others elsewhere might as well forget it.

Chaperoned girls don't make good wives, says the president of Wheaton College. Maybe that's why the girls in Hollywood are such failures.

Pennsylvania has cut the price of liquor to beat the bootlegger, but the bootlegger will cut both price and liquor.

Pennsylvania has cut the price of liquor to beat the bootlegger, but the bootlegger will cut both price and liquor.

Liberal Viewpoint

By DR. HARRY ELMER BARNES

THE popular film on the "House of Rothschild" in which George Arliss now is appearing, is not only an uncommonly good piece of acting but also possesses remarkable educational significance.

It exposes the old jealousy of, and savagery against, the Jews which has been revived in even more intense form under Herr Hitler.

Moreover, it shows that money ruled during a past historic epoch as it does in our own day.

Professor Shotwell once remarked that the wars against Napoleon were won in the textile factories of Manchester and the iron mills of Birmingham as well as on the battle fields of Russia, Spain, Germany and Belgium.

This is a profoundly true and illuminating remark, but this film also emphasizes the very effective role played by the financiers on the Paris and London exchanges.

The film version of Rothschild history is in reasonable accord with the actual historical facts and is remarkably accurate for a movie scenario.

Those who are interested in the place of the Rothschild family in modern history have at their disposal the exceedingly interesting and general reliable account of the genesis of this remarkable financial family by Count Egon Corti, "The Rise of the House of Rothschild."

" " "

THE House of Rothschild attained little financial significance until the opening of the nineteenth century. It was founded by Mayer Rothschild (1743-1812), a life-long resident of Frankfurt.

During the Napoleonic wars the Rothschilds raised what was then the colossal sum of more than a half of a billion dollars, nearly half of which went to England and less than a quarter of it to Napoleon.

The critical year in the establishment of the international repute of the Rothschilds came in 1813 during the desperate struggle of the allies to curb Napoleon. The financial aid given by the Rothschilds proved of critical significance to the allies and conferred upon the great banking house unprecedented prestige.

But lucky breaks of history were not all that helped to make the House of Rothschild great. The restraint and integrity of their financial dealings was the outstanding element in the growth of their reputation.

They had an iron-clad rule to act only in concert—all matter were laid in full before all partners and decided openly. They refused to back dubious and highly speculative enterprises and rested content with reasonable profits.

They never lent their aid or approval to wild semi-gambling activities such as characterized the bubbles of the eighteenth century and the organized security gambling of the twentieth century in the United States. They endeavored to establish a reputation for fair dealing with both competitors and clients, though never giving any hypocritical impression of being in business for charity.

" " "

A NOTHER outstanding trait was that of punctuality in their financial operations. The courier system of the Rothschilds provided the fastest communication known before the days of the telegraph.

The integrity and efficiency of the firm bore fruit in 1848 when the concern was able to weather a financial crisis.

Important though the House of Rothschild may have been, its financial strength never approached faintly that of the great House of Morgan in our own day. For sheer financial resources and strength, the financial and industrial empire controlled by the Rothschilds is trivial compared to that under the dominion of the Morgan firm. Count Corti deals with paltry figures, stated in monetary and industrial terms, compared with those presented by Lewis Corey in his "House of Morgan."

It is unfortunate that not as much can be said for the relative financial ethics of the Rothschilds and the great moguls of finance in our land today.

If the latter had followed the ideals and practices of the Rothschilds, we would have been saved much of the disaster which has come to us in the last quarter of a century and has overwhelmed us like an avalanche since 1929. The Rothschilds steered clear of the virus of insulism, in his

Capital Capers

BY GEORGE ABELL

ORNAMENTED with the Order of the Star of Calderon and a pearl and diamond scarf-pin, Minister Colon Eloy Alfaro of Ecuador entertained in Washington recently at a large luncheon in honor of the retiring Ambassador of Brazil and Mme. de Lima e Silva.

The luncheon table in the Pan-American room of the Mayflower twinkled with gay spring flowers, tall red, blue and yellow tapers, and red, blue and yellow peppermints.

"Ah, the national flag of Ecuador!" enthused a guest.

Minister Alfaro was pleased with the thoughtfulness of a capable maître d'hôtel. When he arrived in Washington, the manager of his hotel presented a little note inquiring on what day the national flag of Ecuador should be flown.

"Pichincha day!" proudly replied Captain Alfaro, recalling the memorable battle for independence in 1822.

"What day?" asked the puzzled manager.

"May 24," said Alfaro.

As a gracious gesture, the management provided Ecuadorian flags of candy, candles and canapes. If the orchestra had played the Ecuadorian national hymn, "O Salve Patria," the apothecary would be clear of the virus of insulism.

P. H. R. FARNUM

I have read some of the letters in this column with a great deal of interest during the past few weeks. I would like to offer some advice and a few replies.

First, the advice. In cases where there is any question I would suggest that you require your contributors to add junior or senior to their names for sake of identification.

In one specific instance, namely

"I wholly disapprove of what you say and will defend to the death your right to say it—Voltaire."

THE CLASS OF '34



The Message Center

[I wholly disapprove of what you say and will defend to the death your right to say it—Voltaire.]

Brand Radio Critic Narrow Minded

By H. C. A.

In an editorial recently, under the caption of "Sign of Promise," you discuss the possibility of a business revival as a consequence of increased wages. You continued:

"In spite of all that has been said, it is not yet entirely clear just how much increased consumer buying power can do to restore prosperity."

In my opinion it is clear that improved buying power will have a somewhat beneficial effect, but there is a difference between increased wages and increased buying power. It is this trifle of a thing called profits, which accounts for that difference.

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