

## The Indianapolis Times

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ROY W. HOWARD President LUDWELL DENNY Editor MARK FERREE Business Manager

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Give Light and the People Will Find Their Own Way

TUESDAY, OCT. 19, 1937

## THE BUDGET AND THE LESSON

EXPENSES up, receipts down—deficit up. From a hopeful picture last January of a balanced budget, the scene for the fiscal year to date is a \$18 million deficit in the April estimate, and now, \$95 million.

We had something to say yesterday about the undistributed profits tax. That was the tax which was heralded as the great raiser of revenue.

In the President's summation on the present condition of the budget we see sharply reflected what was predicted and what is being realized. In January, receipts from internal revenue were foreseen as six billion 648 million. In April that estimate was revised downward to six billion 243 million. And now the estimate has fallen below the six billion mark to five billion 946 million.

It is to be hoped that 702 million failure to estimate the intake for a single year may serve at last to convince the Treasury Department that there may be, after all, something wrong with that wonderful device which was going to produce so much but which is producing progressively less than expected.

It is to be hoped further that, being convinced, the Treasury Department will not sink in the pride of its authorship but do the sensible and the obvious thing of proposing changes in a policy that is proving disastrous. Making a mistake isn't so bad. But perpetuating one is inexcusable.

What has happened is this:

That hastily gotten together tax scared business stiff. It confused business until business was dizzy. It froze plans in thousands of cities and towns throughout the land that were in the make because of the progress the country had been having toward prosperity and because of the better psychology which had resulted. And it has contributed its full measure toward the sharp recession we are now seeing.

The point, we reiterate, is that sufficient revenues can come from only one source and that is the improved volume of the nation's business. By business we mean not just big business, or little, but what we are all engaged in, directly or indirectly.

The undistributed profits tax has been a squealing brake on the business volume of this country. It doesn't raise the revenue. It just raises hell. Let's do something about it.

## THE CITIES, INC.

A HALF-CENTURY ago Lord Bryce was calling American city government our "one conspicuous failure," and Lincoln Steffens was writing about the wholesale looting of city treasures by utilities in cahoots with grafting rings.

This week representatives of 7000 cities meeting in Chicago for the 14th annual conference of the American Municipal Association can boast that by and large our cities have lifted their governments from the shameful muck of the Eighties and Nineties.

True, many cities still are overrun by political parasites, and pay tribute to waste, extravagance and graft. But the days of Tweed and Croker, of Hinky-Dink and Bathhouse John, of Cincinnati's Boss Cox and Philadelphia's Matt Quay, are passing. Even Tammany is on its uppers. A half-hundred cities have adopted the city manager plan and Indianapolis has started an encouraging move in this direction. Most city Mayors are men of ability and integrity, and some, like La Guardia of New York, are statesmen.

"The depths of today are as hilltops compared with the sink-holes of depravity in which our cities slumbered contentedly in 1880," writes Prof. Thomas H. Reed of Michigan University.

The cities' problems today, however, are more complex and difficult than ever. Many suffer from "civitosis," that rash of competitive public spending which swept over the country in the prodigal predepression days. The depression has added new relief burdens. The aroused social conscience demands attacks on disease, ignorance, slums and kindred evils. There are strikes which must be composed by such local mediation bodies as Toledo, Milwaukee and Newark have created. There are the spoils system and labor racketeering, traffic headaches, debts and taxes.

It is well that the cities are modernizing their governments. With these problems confronting them they cannot afford to carry such hitch-hikers as graft, politics and waste. Our city government must become a public corporation geared for modern business in behalf of its stockholders, the people.

## GUNS AND GANGSTERS

THE 45-caliber automatic is not a sporting gun. It is a dangerous weapon, intended to kill.

Yet, apparently, 45-caliber automatics are readily available in some sporting goods stores. At least they were in Bangor, Me., where the Brady gangsters were trapped.

In that instance the sale of such guns led to a reduction—by two—of our gangster population, but it can hardly be said that free and open sale of such firearms should be permitted in the hope that other criminals will be trapped.

We believe Attorney General Cummings took the right attitude in his recent speech to the police chiefs' convention in Baltimore. Then he declared a "finish fight" for registration of firearms. "No honest man," he said, "can object to registration. Show me the man who doesn't want his gun registered and I will show you a man who shouldn't have a gun."

## INDIANA'S BAD EXAMPLE

THE President's governmental reorganization plan is on his list for the special session of Congress. An important part of this original program was a broad extension of the merit system.

We in Indiana, who have seen the State Government reorganized without the merit system, and the consequent development of a ruthless patronage machine, hope that President Roosevelt will make his merit proposal a "must" part of any reorganization legislation.

The Federal Government should set a much-needed example on this for the states.

## THE INDIANAPOLIS TIMES

## —And You Can Start Rehearsing Now!—By Talburt



## In Europe

By Raymond Clapper

## Acute Housing Shortage Imposes Real Hardship On Soviet Workers; Industrial Labor Turnover Is High.

MOSCOW, Oct. 19.—The most acute of the hardships of the Soviet workman is his difficulty in finding a place to live.

Moscow was until recent years a city of 1,000,000. Now its population exceeds 4,000,000. Old apartments have been split up. A former eight-room apartment now has one family in each room. Often a large room is subdivided with a beaver-board partition so two families can live in what used to be a single room.

I heard of one eight-room apartment in which 22 persons were living. Foreigners have a great deal of difficulty in finding space.

However, the Soviet workman has some benefits, such as vacations with pay, and free medical insurance covering old age payments amounting to 50 or 60 per cent of his normal earnings. Women workers get maternity benefits, including time off with pay and allowances for each child. The old age benefits were recently extended to white-collar workers. However, only 180,000 persons are receiving benefits today, just a drop in the bucket.

Taxes bear down heavily, although the worker is not conscious of them since almost all are indirect. Seventy-seven per cent of the Government's revenue is derived from a turnover or sales tax which is levied on every transaction, thus resulting in a vast pyramiding.

THE farmer must give 60 per cent of his crop to the state, for which he receives a small payment below the market price. However, it is generally accepted that the farmer is much better off than before. The Government is aiding in a great improvement of crop methods, and the collective farm system has resulted in many economies and greatly increased yields. Dangers of a food shortage appear to have been eliminated.

Industrial labor, however, is far from being stabilized. The turnover of employees is extremely high—it ran to 87 per cent last year for all industry.

The coal industry, poorly organized, had a labor turnover of 112 per cent, the food industry 141 per cent, the textile industry 60 per cent. Many of the discharges are due to unauthorized absences and loafing. Other changes are due to dissatisfaction of workers with delays in receiving wages, and with speedups, poor living conditions and so on. In the first eight months of 1937 the coal shafts of the Don Basin, birthplace of the Stakhanov movement, took on 178,000 new workers to replace 215,000 who left.

IT should be borne in mind that industrial labor in Russia is still immature technically. Before the World War the country was mostly agricultural, and the chief technicians in some industries as did exist were foreigners imported under concessions and foreign loans. Modern industry was largely unknown before the revolution. Such skilled Russian technicians as had been developed before the revolution were largely liquidated. The new Soviet workman, still in his first generation of machine work, has not yet had time to get the feel of machinery.

Generally speaking, the Russian industrial output is inferior in quality to ours and is likely to remain so for a long time to come, perhaps until a matured machine-age generation develops.



Mr. Clapper

## The Hoosier Forum

I wholly disagree with what you say, but will defend to the death your right to say it.—Voltaire.

## CHALLENGES RECENT EMPLOYMENT SURVEY

By Doubtful

A "survey" of 100 persons on relief in a single city certainly provides small basis for cocksure conclusions about unemployment in America.

George H. Davis, U. S. Chamber of Commerce president, concedes that. Yet Mr. Davis seems fairly confident in the opinions he expresses after such a survey. It reached 50 men and 50 women, whose names were taken at random from Federal and local relief lists, and it disclosed, he says, that 44 of these 100 persons have never been employed in private industry, 17 are over 70 years of age, 82 have never had a savings account, and only one has ever worked in a machinery or equipment industry.

Mr. Davis deduces that half or more of the people now on unemployment or relief rolls are in fact unemployed, that estimates of the number of employable jobs have been greatly exaggerated, that it is not necessary to spread work by reducing working hours, that displacement of men by machines is an inconsequential factor in unemployment.

WANTS MORE EVIDENCE

It would take a great deal more evidence to convince me that all of those opinions are correct—especially that half or anything like half of those on WPA and local relief are unemployed or unable to take private jobs.

The fact that industry considers it unprofitable to hire an individual, or that he has never had money in a bank, or that he has grown old and feeble does not, of course, prove that he doesn't need to work. The fact that he has never been employed in private industry does not prove him ineligible for such employment. What about all the young people who, reaching working age since 1929, have found industry a closed field?

Much depends, apparently, upon how the term unemployed and unemployable are defined, and the definitions which seem to satisfy Mr. Davis will hardly be acceptable to many other Americans. Which illustrates incidentally the difficulty, if not the impossibility, of counting the unemployed by a voluntary registration.

## Conclusion Has Meaning

But Mr. Davis' organization presumes that the survey is for American business. If it does—that is, if business asserts that solution of the unemployment problem does not lie in absorption of the unemployed by industry—then business ought to take its full share of responsibility for what that assertion implies. Especially is that so in a country where it is possible to "survey" at random any group of 100 citizens who have lived through an era of great business prosperity and to find that 82 of them have never

enjoyed enough personal prosperity to open savings accounts. It is sad, unquestionably true, that many on relief are unemployed in fact. But it is not enough for business to shuffle off the problem of unemployment by saying that most of those who call themselves unemployed couldn't or wouldn't hold private jobs if jobs were available. For if that is true, America faces an even graver problem of permanent relief for millions—a problem which challenges business as sharply as it challenges government.

"Peace is good but if you are interested in peace through force and without free discussion—that is to say, free utterance decently and in order—your interest in justice is slight. Peace without justice is tyranny, no matter how you may sugar-coat it with expediency. This State today is in more danger from suppression than from violence, because in the end suppression leads to violence. Violence, indeed, is the child of suppression."

"Whoever pleads for justice helps to keep the peace; and whoever tramples upon the plea for justice tempestuously in the name of peace only outrages peace and kills something fine in the heart of man which God put there. When that is killed, brute meets brute on each side of the line."

"So, dear friend, put fear out of your heart. This nation will survive, this State will prosper, the orderly business of life will go forward if only men can speak in whatever way they please, and the world will hear their hearts held by voice, by printed word, by letter, or by press. Read, record, never has failed men. Only force and repression have made the wrecks in the world."

"You tell me that law is above freedom of utterance and I reply that you can have no wise laws or free enactment of wise laws unless there is free expression of the will of the people, and, alas, their folly with it. But if there is freedom, folly will die of its own poison and the wisdom will survive."

"FALL SEASON

By VIRGINIA POTTER

October days are flying, November's on the way, with pumpkin pie and cider, Thanksgiving in full sway!

A turkey for the table. And all the family there, The next in line is Christmas, And snowflakes everywhere!

Fall season is a gay time, Regardless of the weather—For holidays mean happiness, When good friends get together.

DAILY THOUGHT

And Joseph said unto them, Fear not: for am I in the place of God?—Genesis 50:19.

SURELY the church is a place where one day's truce ought to be allowed to the dissensions and animosities of mankind.—Burke.

The Washington Merry-Go-Round

Overexpansion of Finance and Business Blamed for Slump in Stocks; Wages of Unorganized Workers Did Not Rise as Cost of Living Soared.

By Drew Pearson and Robert S. Allen

WASHINGTON, Oct. 19.—If you listen to some of the New Deal ballyhoo boys, the reason for the stock market slump is short-selling by wicked Republicans and other big business moguls in order to embarrass President Roosevelt.

Actually it was not responsible. Nor was it the fact that Lords Beaverbrook, Rothermere and other big foreign holders unloaded "hot money" suddenly, the real cause of the slump. They did unload, as did many other foreign buyers. In this case, probably withdrawal of foreign money had a lot to do with starting the run on the market.

THE basic causes of the stock dive, however, go deeper. Here are some of them:

1. Stocks have risen during the New Deal at a faster rate than during the Coolidge bull market.

Some recession was to be expected. Figures tell the story:

Coolidge Bull Market

Market value of all stocks listed on New York Exchange, April 1, '28, \$2,250,000,000; Sept. 1, '29, \$89,668,000,000.

Appreciation in value, 63% in 24 mo. 71% in 17 mo.

New Deal Market

Market value stocks on exchange, April 1, '37, \$80,938,000,000; Sept. 1, '37, \$80,938,000,000.

Appreciation in value, 102% in 23 mo.

2. There was overproduction in many fields. The wheels of industry got going too fast. This came simultaneously with a bumper cotton crop, which

threw the textile industry completely out of gear. The original Roosevelt policy was based upon regulated industry under the NRA and regulated agriculture under the AAA. Both brakes were thrown out by the Supreme Court.

3. Wages have been high in the unionized industries, and this money has gone right back to make for good business. But this has helped only about 8,000,000 organized workers. In the much greater bulk of unorganized workers, there have been no great wage increases. In fact, the cost of living has gone up much faster than wages in the nonunionized industries.

4. Prices have been too high in many basic industries, such as steel and copper. As a result, many manufacturers have been holding off further purchases, waiting for prices to tumble.

5. Bank reserve requirements were increased just about the time prices of basic commodities were ready to drop. The effect still is subject to controversy, but at any rate, Government bonds slid off, and the big boys claimed that the move was a knock in the head just at a time when business was ready to adjust itself.

6. How much alleged "uncertainty" and "lack of confidence" contributed to the stock market slump is difficult to say, but business barons believe it is the cause so fervently that their mental frame of mind definitely is a contributing factor.

## Indications of Success or Failure?—By Herblock



## General Hugh Johnson Says—

Once Again Landon, G. O. P. Standard Bearer, Will Address the Nation; In '36, Voters Listened With Bated Breath, Tonight It's Rebated Breath.

WASHINGTON, Oct. 19.—The country once listened with bated breath for the first words of the Honorable Alfred M. Landon in the 1936 campaign. Even the New Deal was none too sure of itself just after the Republican Convention at Cleveland. Could a new Lochinvar come out of the West to take full advantage of New Deal errors? All that for a moment trembled in suspense awaiting the first words from West Middlesex—and hence the bated breath.

Now, Mr. Landon has announced a "mass meeting of the air." As the "standard bearer" of the Republicans, he will send forth a new clarion call. And does the country again wait with bated breath? Possibly rebated breath.

IN 1936, the mountain labored and brought forth a mouse-like candidate who couldn't click. The country let out its bated breath with a "well for the love of—" and went about its business.

The Democrats started out with almost no money in their war chest and no contributions coming in, while the Republicans had so much they didn't know how to use it all