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SUPREME COURT SHATTERS NEW DEAL FARM MEASURE

Says AAA Beyond Field of Congress Since It Violates Powers Delegated To Fate of Federal Government. Outcome of Other Administration Recovery Laws Arouses Speculation. Three Justices File Dissenting Opinion.

TRIBUNAL KILLS ACT IN UNCOMPROMISING OPINION

AAA AT A GLANCE
Supreme court held federal regulation of agricultural production unconstitutional.

Foundation of other New Deal laws shaken by Justice Roberts' opinion. Justices Brandeis, Stone and Cardozo rebuked court majority in vigorous dissent.

President Roosevelt called administration leaders into hurried conference; plans withheld.

Some farm leaders urged constitutional amendment.

Stock and commodity markets reacted irregularly.

Washington, Jan. 6.—The supreme court splintered AAA—second cornerstone of the New Deal—so completely today that previously planned patchwork was all but forgotten.

An uncompromising 6-3 opinion not only wiped out President Roosevelt's cherished farm-aid program, but threw a shadow of doubt over other recent major legislation.

In shocked silence, the administration leaders were called to the White House. They talked it over with the president for two hours. They emerged saying no decision had been reached on what to do.

Benefit payments to farmers— they have received \$1,127,000,000 since 1933 for reducing crop reduction under AAA's plan of federal control—were stopped immediately.

In a vehement dissent, Justices Brandeis, Stone and Cardozo asserted that "courts are not the only agency of government that must be assumed to have the capacity to govern."

An organized farm leaders proposed amending the constitution, and stock and commodity markets reacted irregularly to the news, there was immediate speculation on the fate of New Deal legislation still to face the court's scrutiny.

What will happen, lawyers wondered, to such measures as the social security, Guffey coal control, Wagner labor disputes and other laws based on the never-before limited power of congress to legislate "for the general welfare."

The court's blow was the second to a major cornerstone of the New Deal. Last spring it unanimously overthrew NRA codes, through which the government tried to regulate industry.

Vast political implications accompanied today's ruling. Mr. Roosevelt, who talked about "horse and buggy days" after NRA was killed, received the news while closeted with Secretary Dern.

The cabinet member said the president "smiled," but declined to reveal what he said. Immediately, Secretary Wallace, Attorney General Cummings, and congressional leaders were summoned to the White House for what a secretary described as a "preliminary conference" with others to follow in the next few days.

Justice Roberts' opinion denied that the court "assumes a power to overrule or control the action of the people's representatives" saying that it's "delicate and difficult office" was merely to ascertain whether legislation is in accordance with the constitution.

Justice Stone, however, declared that "the present act is held invalid, not for any want of power in congress to lay such a tax to defray public expenditures... but because the use to which its proceeds are put is disapproved." Stone added: "The removal of unwise laws from the statute books lies not to the courts but to the ballot and to the processes of democratic government.

A few minutes after the opinion had been read, new farm legislation was

projected in congress by Senator McNary of Oregon, the Republican leader.

Secretary Wallace's aides looked themselves in their offices and strove to discover whether AAA was smashed beyond repair or whether means had to be found to pay approximately \$500,000,000 due farmers on crop adjustment contracts still unpaid.

President Roosevelt had said that if processing taxes, through which farm payments were financed, were held invalid, he would ask new levies to raise the half-billion.

There was some dispute, however, in view of the extent of the tribunal's decision, whether even this could be done. Justice Robert said:

"Appropriations and expenditures under contracts for proper governmental purposes cannot justify contracts which are not within federal power. And contracts for the reduction of acreage and the control of production are outside the range of that power."

The courtroom was jammed with notables and frock-coated lawyers as the nine justices entered at 12:02 p. m.—Two minutes late. Corridors outside were filled with those anxious to witness the impending drama.

Mrs. Owen J. Roberts, wife of the justice, was present. She looked intently at her husband as he began to speak the fateful words. Not once did he refer to his printed manuscript.

"We are not now required," he said in strong, forceful voice, "to ascertain the scope of the phrase 'general welfare' of the United States, or to determine whether an appropriation in aid of agriculture fall within it."

"Wholly apart from that question, another principle embedded in our constitution prohibits the enforcement of the agricultural adjustment act. The act invades the reserved rights of the states. It is a statutory plan to regulate and control agriculture, a matter beyond the powers delegated to the federal government.

"The tax, the appropriation of the funds raised, and the direction for their disbursement, are but parts of the plan. They are but means to an unconstitutional end."

The case on which the ruling was made was brought by receivers for the Hoosac Mills Corporation of New Bedford, Mass., who objected to paying approximately \$80,000 in cotton processing taxes levied under the AAA.

The court did not decide today a suit brought by Louisiana Rice millers who attacked the validity of amendments passed by congress last August in an effort to strengthen the original act and "ratify" all steps previously taken by Secretary Wallace.

But Justice Roberts said that since "there was no power in the congress to impose the contested exaction it could not lawfully ratify or confirm what an executive officer had done in that regard. Consequently the act of 1935 does not affect the rights of the parties."

Still in question, however, was whether congress had been successful in its attempt through the amendments to prevent processors from suing to recover taxes already paid unless they could prove they had absorbed such taxes.

More than \$150,000,000 in processing levies has been impounded by courts in litigation awaiting supreme court determination of AAA's validity. And more than \$1,000,000,000 already has been collected by the government.

Stroking his chin as he leaned across the massive bench in forceful presentation of the majority views, Roberts declared:

"Congress has no power to enforce its commands on the farmer to the ends sought by the agricultural adjustment act.

"It must follow that it may not indirectly accomplish those ends by taxing and spending to purchase compliance. The constitution and the entire plan of our government negative any such use of the power to tax and to spend as the act undertakes to authorize.

"It does not help to declare that local conditions throughout the nation have created a situation of national concern; for this is but to say that wherever there is a widespread similarity of local conditions, congress may ignore constitutional limitations upon its own powers and usurp those reserved to the states.

"If, in lieu of compulsory regulation of subjects within the states' reserved jurisdiction, which is prohibited by the congress could invoke the taxing and spending power as a means
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Farmer's Group In Annual Meet

Stockholders Meeting of Clinton Production Credit Association Hears Good Report for Year.

At the annual stockholders meeting of the Clinton Production Credit association, which serves the counties of Laurens and Newberry, held here last Saturday afternoon, reports by officers showed that this cooperative credit organization of farmers had a very successful year in 1935.

The meeting was attended not only by stockholders but also by many farmers who are not members but who desired to acquaint themselves with the credit facilities which the association is offering the farmers of this section. An invitation had been extended by the association to all farmers to attend.

After the report of the year's operations had been made by Rex Lanford, secretary-treasurer of the association, the report being illustrated by charts, showing how much business was done, how much it cost to run the association and how much income was received, the meeting was addressed by Ernest Graham, of the Production Credit corporation of Columbia.

Mr. Graham said that by means of production credit associations, "farmers have been able to reduce the cost of making and collecting loans and by keeping the system on a sound basis they can obtain funds from investors at costs as low as those available to any other industry. The associations do not lend government money but bring the farmers in touch with the investment market. As they furnish credit to farmers at actual cost they must make their loans on a sound business basis and they can lend only an amount which may be repaid from the operations of the borrower's farm."

The association, Mr. Graham pointed out, charges 5 per cent interest and the borrower only pays for the time he actually has the money. The association, he said, is operated by the borrowers, each borrower being required to take out class B stock in the association equivalent to 5 per cent of the initial loan and may obtain new loans in the same proportion without purchasing additional stock. The directors of the association are elected by the stockholders. More than 43,000 farmers in North Carolina, South Carolina, Georgia and Florida financed their operations with more than \$14,000,000 worth of credit through these associations in 1935 compared with 31,000 farmers using \$9,000,000 in 1934, a very substantial increase.

Another substantial increase in the number of farmers using production credit is expected in 1936, Mr. Graham said, as more and more farmers are availing themselves of the services offered by the associations as they learn of the advantage offered by this permanent cooperative system.

Farmers in this section were advised by Mr. Lanford to make their applications early this year. He pointed out that they do not have to get their money until they actually need it and they pay interest on it only for the time they actually have it. It will cost them no more to make their applications early and get their loans approved so that when they get ready for their money it will be ready for them.

The Clinton association made 802 loans for \$202,000 last year.

Two members of the board of directors of the association elected at the meeting are Dr. W. C. Brown of Newberry, and E. J. Sloan of Fountain Inn. Other members elected a year ago are C. W. Stone and Jack H. Davis, Sr., of this city, and J. T. McCrackin of Newberry.

Train Derailed At Cross Hill

Southbound Seaboard vestibule No. 5 was derailed near Cross Hill Friday afternoon when two pullman and two dining cars left the track. A cook, waiter and porter on the train were slightly injured and rushed to the Greenwood hospital where they were treated and soon dismissed. No passengers were hurt.

The train was running about an hour late when the accident occurred. Passengers in the derailed pullmans were transferred to the day coaches and the train continued to Atlanta.

Baptists Hold Vesper Services

Beginning last Sunday and continuing for the next several weeks during the winter season, the congregation of the First Baptist church will hold vesper services on Sunday afternoon at five o'clock. These services, to which the public is invited, will take the place of the evening 7:30 service until further announcement is made by the pastor.

County's Oldest Veteran Passes

J. B. Wright, 99, Dies At Home of Son At Lanford Station. Was Born in 1837.

Lanford Station, Jan. 6.— J. B. Wright, 99, Confederate veteran, died at the home of his son, W. B. Wright, here Wednesday afternoon at 3 o'clock following a lingering illness. Mr. Wright was widely known over the state as "Uncle Jim."

He was a Confederate soldier and as long as health permitted attended all veteran reunions. Mr. Wright was born in Woodruff, October 16, 1837.

He married Miss Nannie Fleming who died 28 years ago. To this union 11 children were born, eight of them now living.

Mr. Wright is survived by four sons, W. B. Wright, Lanford Station; J. P. Wright, Columbia; Ford Wright, Fort Mill; Mason Wright, Greer; four daughters, Mrs. S. D. Whiteside, Social Circle, Ga.; Mrs. Wallace R. Timmerman, Mrs. S. O. Nesley and Mrs. Stanmore Lanford, all of Newberry; 41 grandchildren and 20 great-grandchildren.

Funeral services were conducted from Patterson's chapel at Lanford Station Friday afternoon at 2 o'clock by the Rev. Mr. McElrath. Burial followed in the church cemetery with the last rites in charge of the local Masonic lodge of which he had been a member for a long number of years.

Atlanta Minister To Lead Services

The special evangelistic services held annually in the spring at Presbyterian college will be conducted this year by the Rev. Peter Marshall, pastor of Westminster Presbyterian church, Atlanta, Ga. Mr. Marshall is a native of Scotland and ranks as one of the outstanding young ministers of the Presbyterian church. Much in demand for such services, the college has expressed its pleasure in securing him for the week beginning Monday, March 2nd, and continuing through Friday.

Two services will be held daily, in the chapel in the morning for the benefit of the students, and an evening address at the First Presbyterian church for both students and residents of the city who are cordially invited.

Cost Of Maintaining Troops Was \$5,549

Columbia, Jan. 4.— A statement from the office of Adjutant General James C. Dozier set forth yesterday that the cost of maintaining troops in the road bureau from October 28 through December 20 was \$5,549. Pay amounted to \$4,579, including \$832 for Major Frank Barnwell, of Florence, military commander, and maintenance and transportation cost \$970.

From eight to 64 Guardsmen, members of the machine gun company of Orangeburg, were on duty during the period the highway department was under military control.

Postal Receipts Show Increase

Postmaster B. R. Fuller stated yesterday that with the exception of the quarter ending June 30th, 1935, postal receipts at the local office showed a substantial gain over the corresponding periods in 1934, and closed the year with a consistent increase over the entire year. In making his statement Mr. Fuller did not give comparative figures.

Connie Mack To Bring Team Here

The Philadelphia Athletics of the American league, headed by Connie Mack, will play an exhibition game of baseball with the Presbyterian college here on April 7th. "Chick" Galoway, baseball coach at the college, played nine years with the Athletics and has arranged the game here for the early spring.

MOVES TO LAURENS

Friends of Dr. and Mrs. George Starnes and little son, will be interested to know that they have moved to Laurens during the past week where Dr. Starnes is now associated with the Eureka Drug company. Until recently he was employed as pharmacist by Smith's Pharmacy of this city.

TO SING SUNDAY

The Presbyterian college glee club, under the direction of Dr. S. M. Huntley, will have charge of the music for the morning service Sunday at the First Presbyterian church.

BUDGET TO CONGRESS FORECASTS OVER BILLION DOLLARS DEFICIT

President Sends National Budget To Capitol Hill. Court's AAA Decision Tosses New Difficulty Into Government Cash. Amount of Money To Be Asked For Relief Left Open By Roosevelt In Communication To Congress To Surprise of Many.

Washington, Jan. 6.— President Roosevelt transmitted to congress today a 1937 budget forecasting a deficit of more than a billion dollars, only to have his estimates thrown out of kilter by the supreme court's AAA decision.

Even as the reading clerks of the house and senate droned through the chief executive's communication, the court swept away the source of an estimated \$1,076,342,000 in revenues, over a two-year period, by invalidating the processing tax.

Immediately, President Roosevelt and his aides decided to seek funds to pay off existing AAA benefit payment contracts. Unofficially, it has been estimated \$500,000,000 would be required. Before the court's decision, Mr. Roosevelt mentioned the possibility of new taxes in this regard.

Surprising many, the chief executive also left open in his budget message the amount of money to be asked for relief.

Submitting only a partial estimate for relief costs, he placed a \$1,098,000,000 minimum on the 1937 deficit, as compared with a deficit of \$3,234,000,000 now estimated for the current fiscal year and an actual deficiency of \$3,575,000,000 in the fiscal year which ended last June 30.

In both the message and a supplementary press conference, he maintained that estimated revenues will be sufficient to cover all expenditures than contemplated except those for relief, with \$5,000,000 left over to be applied to the latter.

This would be an all-time high. There was not the slightest hint of readiness to meet demands from the opposition for an immediately balanced budget. Pending study of the voluminous document, political leaders in general withheld detailed comment.

From the start, however, dispute was plainly inevitable. Comment varied largely according to the economic views of the legislators rather than along strictly party lines.

To run all the regular activities of the government," Mr. Roosevelt said bluntly in the message read from the rostrum to senate and house, "I will need a total of \$5,069,000,000."

This figure, put forward as a new standard for the government's permanent operating costs as differentiated from "emergency" outlays, exceeded comparative "regular" costs of recent years by around \$2,000,000,000. In a new expression of policy, Mr. Roosevelt moved federal public works, the civilian conservation corps and agricultural benefit payments from the category of "emergency" to "regular" federal activities.

"Success" justified the change, he said. Even the new high level of "regular" expenditures, it was said, would leave a \$5,000,000 surplus of revenue (before relief costs) as a result of "increased earning power and profits throughout the nation and not from the new taxes imposed" last summer.

In defense of New Deal financial policies, Mr. Roosevelt added:

"The credit of the government is at its highest. The average business men of the nation stand ready to do their share. It is to be hoped that the motives and attacks which spring only from the desire for political or financial power on the part of the few will not retard the steady progress we are making.

"Our policy is succeeding. The figures prove it. Secure in the knowledge that steadily decreasing deficits will turn in time to steadily increasing surpluses, and that it is the deficit of today which is making possible the surplus of tomorrow, let us pursue the course that we have mapped."

The figures had been explained by him Saturday to more than 100 newsmen in his office. His "budget school for reporters," popping with questions and answers, lasted more than two hours.

Secretary Morgenthau, Daniel Bell, acting budget director, and other aides were at the president's side.

Repatriate mingled with the business at hand. In his partial relief budget, Mr. Roosevelt estimated a \$1,103,000,000 carry-over from 1936's billions of relief money.

By deducting the estimated \$5,000,000 surplus representing the difference between income and "regular" expenditures, he arrived at the partial estimate of the 1937 deficit—\$1,098,000,000.

This compared with an estimated \$3,234,000,000 deficit at the end of the current fiscal year on June 30—a difference of \$2,136,000,000. Mr. Roosevelt's nearest hint of how much

future relief requests may be was: "I do not anticipate that the need for additional relief funds will be as great as that sum (\$2,136,000,000)."

"To state the case even more precisely, the gross deficit of the government in 1934 was \$3,989,000,000; in 1935 \$3,575,000,000; in 1936 (estimated) \$3,234,000,000; and in 1937 (estimated but not including any new appropriations for work relief), \$1,098,000,000.

"Therefore it is clear... that since June 30, 1934, the gross deficit of the government shows a steady decrease during the fiscal years 1935 and 1936.

"Therefore it follows that by whatever amount the appropriation for work relief at this session is less than \$2,136,000,000, the gross deficit for 1937 will be less than the deficit for 1936 by the same amount."

In withholding final relief figures, Mr. Roosevelt noted that ultimate success in balancing income and outlays "will depend, of course, on the strength of efforts put forward by the employers of the United States greatly to increase the number of persons employed by them."

While the absence of requests for new taxes was stressed, the president included two reservations:

1. He repeated that if processing taxes are invalidated by the supreme court, "we will have to face the problem of financing existing contracts for benefit payments out of some form of new taxes."

2. If congress votes expenditures outside of budget estimates "I strongly urge that additional taxes be provided to cover such charges.

"It is important as we emerge from the depression that no new activities be added to the government unless provision is made for additional revenue to meet their cost."

Asked whether this position applied to the cash bonus issue, the president told newsmen it was just a general statement apropos of government solvency.

"We can look forward today to a continued reduction of deficits, to increased tax receipts and to declining expenditures for the needy unemployed," the message said, in emphasizing repeatedly that an estimated jump of \$716,565,000 in 1937 tax receipts over 1936 was "due largely to increased collections anticipated under the old (tax) schedules" rather than to new taxes.

Especially evidencing expected business improvement was a forecast that 1937 income tax collections would increase half a billion over 1936's estimated \$1,434,000,000.

The New Deal policy adopted in 1933 "to stop the downward economic spiral," the president said, was "predicated on two inter-dependent beliefs. First, the measures would immediately cause a great increase in the annual expenditures of the government—many of these expenditures, however, in the form of loans which would ultimately return to the treasury.

"Second, as a result of the simultaneous attack on the many fronts I have indicated, the receipts of the government would rise definitely and sharply during the following few years, while greatly increased expenditure for the purposes stated, coupled with rising values and the stopping of losses would, over a period of years, diminish the need for work relief and thereby reduce federal expenditures. The increase in revenues would ultimately meet and pass the declining cost of relief."

"There is today no doubt of the fundamental soundness of the policy of 1933. If we proceed along the path we have followed and with the results attained up to the present time we shall continue our successful progress during the coming years.

Mr. Roosevelt estimated gross receipts for the new fiscal year at \$5,564,217,650 as compared with \$4,410,793,946 for the current period. "The finances of the government
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HOUSEWIVES!

With the New Year here, it is in order to make good resolutions, especially when it means money in your pocketbook. Many Clinton women have already resolved to profit by THE CHRONICLE'S grocery advertisements every Thursday morning during 1936 and will save much money thereby. This is addressed to those who have not yet formed the habit:

"Resolved, that I will consult THE CHRONICLE grocery advertisements every Thursday morning, select my needs for the week, and put the savings in the bank."

All of your food, drug, clothing, household, etc., needs can be easily supplied through THE CHRONICLE.

DEATHS

from
AUTOMOBILE
ACCIDENTS
in
LAURENS COUNTY
1936
Let's Make This a Safe
Year.