

SEEN and HEARD around the NATIONAL CAPITAL

By Carter Field
FAMOUS WASHINGTON CORRESPONDENT



Washington.—President Roosevelt is going to have plenty of trouble restraining the pork and patronage-hungry senators and representatives when they study the figures that will be available in his budget message, especially as many of them were thoroughly convinced last year, and year before last, by the New Deal tax enthusiasts of the Frankfurter school, that taxes on corporations ought to be a great deal higher than they are now.

Outside and unofficial estimates indicate that the rise in revenue anticipated by the Treasury over last year's estimates will exceed a billion and a half dollars—may easily reach two billions!

This is due in part to increased taxes, in part to the policy of forcing out dividends by the undistributed earnings tax, and even more than either of these to improved business in 1936, bearing in mind that while the government figures on a fiscal year from July 1 to June 30, the individual and corporation taxes are figured on the calendar year.

Estimates in President Roosevelt's budget message in January, 1936, showed an increase in corporation income taxes of \$211,600,000, of which \$42,000,000 was due to increased rates, and the remainder to increased corporation income. Conservative actuaries outside the Treasury department figure the increase on top of this to be shown in the President's budget message will not be less than \$350,000,000.

Last January's budget message estimated individual income taxes would be \$936,000,000, an increase over the preceding year's estimate of \$207,000,000. Of this \$62,000,000 was due to increased rates. But this year, outsiders figure, the increase over last year's estimates will not be less than \$500,000,000.

Out of Proportion

This seems out of all proportion to the increase in corporation taxes, but there are two important reasons. In the first place, the improvement in corporate earnings for 1936 over 1935 is much better than the increase 1935 showed over 1934. But dividends increased out of all proportion to earnings, due to the unprecedented—in American tax history—undistributed earnings tax.

As a result, the boost in individual incomes from dividends was much greater than the boost in corporation incomes. And as a tremendous percentage of dividend paying stocks are owned by people already paying income taxes, the result will be to force many of them into higher tax brackets than they have ever figured in before. As the more income, the higher the rates of tax, the swelling in federal revenue here is greater in proportion than the rise in income. Incidentally there has been much talk about bonuses and salary and wage boosts also, but this is trifling so far as federal income tax figures are concerned, compared to the flood of dividends. Lots of the wage increases went to people who will not pay income taxes at all.

Estate and gift taxes, however, do figure importantly. Even the January, 1936, estimates, showed a boost over the previous budget estimates of \$42,000,000, though the total of \$293,000,000 would have shrunk had it not been for a boost in the rates and a tightening of loopholes. But estates liquidated in 1936 benefited from much higher security and real estate prices than those liquidated at any time since the stock market crash.

Altogether, it looks like good hunting for the pork hunters.

Work for Congress

Despite many learned surveys, there is no agenda for the session of congress recently opened. It will develop as it goes along, guided somewhat in its building by changes due to expediency by the gentleman in the driver's seat, and molded importantly by forthcoming Supreme court decisions.

Those who look for an index in the three formal utterances by President Roosevelt in January—his first message, his budget message and his inaugural address—are doomed to disappointment. There will be lots of messages as things develop. There will be telephone messages and privately spoken words to the leaders, some of which will be repudiated later. There occasionally will be indications that the President is letting congress solve its own problems, but do not be unduly deceived by these. Congress will not be.

For these reasons it is tremendously difficult at the moment to make any very accurate forecast on some of the important questions. Some of the most vital depend on the Supreme court. Some will be determined, after much backing and filling, by the President, after listening to a host of disagreeing advisers. The President is in the happy position of not having to make up his mind about anything at any given moment—at least not for some time to come.

There are a few exceptions to this, of course. Some things are now clear. For instance, it may be

stated with the utmost positiveness that there will be no substantial modification of either the tax or social security legislation. But there will be minor amendments to both acts.

Some underbrush can be cleared away as to these. For instance it is probable that there will be an amendment enacted to the tax law which will help corporations deeply in debt. Another may liberalize present allowances for replacing obsolete machinery, plant or what-not. But there will not be any modification of the underlying principle for taxing undistributed earnings. There will not be any liberalization of the rulings now governing new or additional plant or productive capacity.

Answer Is Simple

The answer to this is very simple. The underlying principle here is part of the warp and woof of the Roosevelt economic doctrine. It is not a new doctrine so far as he is concerned. It is not something to which he has been converted, and from which, therefore, he might be expected to be swayed. A careful reading of his acceptance speech before the Chicago convention in July, 1932, will reveal that he had the same logic then which drove him to last year's tax bill.

In that speech accepting the nomination, he demanded to know what had become of the "piled up surpluses" of the corporations from the prosperous days. Some of it, he said, had been put in additional plants, which "now stand stark and idle."

So it is far from being just a bright idea about taxing the rich by forcing out dividends which would put them in higher income tax brackets. And it goes way beyond even the idea of protecting the minority stockholders from the ambitions of their company managers, though both are felt very strongly by the President and most of the men on whose economic judgment he relies.

It is much more fundamental. It goes to the idea of "planned economy." It revolves around an underlying idea of Mr. Roosevelt which every business man should remember, that the big business executives of the country failed rather lamentably in 1929, and that direction of some aspects of business by government officials could not be much worse.

Planes for Spain

There was not the slightest fear, either at the State department or the White House, that the renovated airplanes for Spain about which so much excitement was raised by the administration would ever take part in hostilities across the water. That was not the purpose of the hubbub. The whole purpose of the news splash was to affect the gentlemen on Capitol Hill—to convince them that no law they might possibly draft could reach every situation that might arise to embarrass this government—that discretion must be vested in the President to handle any peculiar situation which might arise.

So far the resulting propaganda has been most satisfactory — from the standpoint of the White House and the State department. Even Senator William E. Borah, chairman of the foreign relations committee, has weakened considerably in his firm attitude against granting the President discretion.

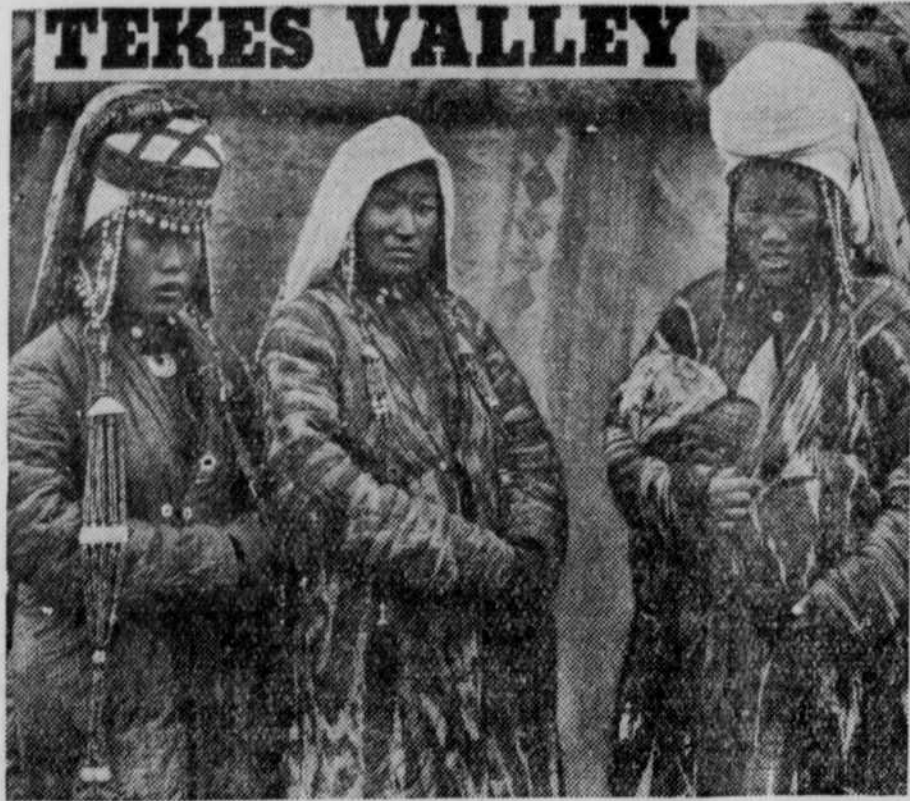
To understand the true inwardness of the situation it is necessary to go back a little. Originally, the President and the State department wanted a very definite sort of neutrality legislation. They wanted a law which would give the President complete discretion—a law, for example, which would permit him to sanction shipments of arms to the nation wantonly attacked, and to prevent shipments of arms to the aggressor. The sort of law which, to use a classic example, would have permitted President Wilson to allow shipments to France and Belgium, particularly Belgium, but bar them to Germany.

Was Rather Clumsy

A bill of this sort was started through the works in congress, but very suddenly it was radically changed, before the administration, very busy with other and seemingly more important things, had time to bring pressure to bear. All discretion was removed from the bill. An attempt was made to name the kind of war materials which could be barred, but it was provided that in the event of war these must be barred to the warring nations. There is still controversy as to what the articles—under this law—really include. Machine guns and ammunition are simple but materials from which war supplies are made are dubious, and many supplies actually necessary for the carrying on of war are clearly not specified.

In short, it was not only quite different in spirit from what the President and State department wanted, but it was a clumsy and poor attempt to do what the opponents of discretionary power wanted to do.

Even in distant Istanbul one hears tales of how the nomads migrate to these Tekes highlands, bringing with them their flocks and herds to spend the summer months in a veritable earthly paradise for Mohammedans, drinking the famous mare's milk, feasting on mutton,



Young Ladies of Central Asia.

Prepared by National Geographic Society, Washington, D. C.—WNU Service.

BYOND Bukhara and Samarkand, Central Asia, lies Tashkent; and from Tashkent eastward stretches an ancient silk caravan road to Cathay. It winds across steppes, mountains, and the Chino-Russian boundary until it runs past the glamorous Central Asian metropolis of Kuldja (or Ningyuan) in Sinkiang, whose bazaar is a riot of color and whose community is an amazing mixture of tongues.

Here, in the winter, old-style Russians in gay troikas race to and from all-night parties; solemn processions of Mongol lamas parade through the streets on horseback; and long-robed Chinese and Turki merchants shout and gesticulate in the crowded market places.

In summer lumbering ox carts replace racing troikas and, from the streets which have become dust ponds, clouds of fine sand swirl aloft to hover over the city like a pall. Then life in Kuldja becomes unbearable and the populace, by horse, wagon, and on foot, packs off for the mountains.

And so it was that, after spending seven winter and spring months in the snows and dust of Kuldja, a traveler found himself in mid-June two days by horse south of the city, half lost in the mountains and searching for the famous Tekes valley.

His trail was winding up the bottom of a deep ravine. The steep slopes were bare of trees, but covered with an unbelievably rank growth of grass and weeds. This vegetation formed walls of the narrow trail, cutting off his view of everything save a thin band of sky above and a short patch of trail before and behind.

Suddenly a horseman emerged from the overgrowth onto the trail in front. He was a Kalmuck, a nomad from one of the Central Asian tribes of Mongols; his dark skin, high cheekbones, and brimless, domed felt hat made that certain. Apparently he had been watching the traveler from some vantage point and was accosting him for a purpose.

Kalmuck Points the Trail.

They rode together up the trail for a short distance without speaking. Among nomads silence is a prelude to greeting. It is a fine point in their social etiquette. "Where are you going?" As he turned back in his saddle to speak, his expression was decidedly unfriendly.

"To the Tekes valley," was the reply.

"What is your business in the Tekes?"

"I visit Sayjan Beg, the chieftain of the Kirghiz."

The man drew rein and swung his horse around, his face a complete transformation. Where before had been sullen distrust, there was now smiling friendliness.

"This trail does not lead to the Tekes," he explained. "If you follow it you will be lost in the mountains and have to spend the night in the open." Then he gave elaborate directions for retracing steps and picking up the right trail.

"And carry greetings from the Kalmucks to the chief of the highland Kirghiz," he called as they parted.

Following his directions, at the first fork beyond an old sheep corral, the stranger dismounted to examine the muddy trail. It was even as he had described; there were many tiny tracks made by a flock of goats which had recently passed up the slope to the right. From there the trail led over a series of hogbacks until suddenly it came out on the crest of the last ridge.

Below lay the goal the traveler had been aiming at for three years—the Tekes, the valley of valleys, the nomad paradise of Central Asia.

Above the opposite valley wall, the foothills of the Celestial mountains leveled off to a great plain which stretched away to meet the snow line. On that undulating plateau were those far-famed highlands which the traveler had come to see.

Paradise for the Nomads.

Even in distant Istanbul one hears tales of how the nomads migrate to these Tekes highlands, bringing with them their flocks and herds to spend the summer months in a veritable earthly paradise for Mohammedans, drinking the famous mare's milk, feasting on mutton,

sporting, loving, and marrying.

Far across the valley in one of the recesses could be seen a scattering of brown huts amid a black splotch of trees. It fitted the description given by Kuldja friends; it must be the winter quarters of the nomads, the home of Sayjan Beg, chieftain of the Kirghiz. The horseman seized the rein and picked his way down the perilous zigzag trail.

"So you are a real American!" exclaimed Sayjan Beg, the Kirghiz chieftain.

He was seated cross-legged on a sedir (deep Turkish couch) reading the introduction the visitor had handed him.

The visitor had to explain to him his coming to the Tekes. His Tatar cousins had been fellow students at Robert college, in Istanbul. While at the school they had captured his fancy with tales of their home city, Kuldja, and the Tekes valley. When the boys returned home, they had given him a warm invitation to visit them.

Sayjan Beg was strangely cast for a nomad chieftain, small, thin-boned, and delicate; yet, as one came to know him, his littleness was forgotten and one was conscious only of his wiry strength and vitality. He had unbounded nervous energy and a regal manner, coupled with a quick, decisive way of uttering commands. One suspected Russian blood somewhere in his strain, for his skin was much lighter than that of the Kirghiz about him.

Chief's Head Always Covered.

Perched on his head was the embroidered velvet Moslem cap, for he considers it a breach of etiquette to be seen with uncovered head, either indoors or out. Buttoned tight about his neck was a clean, white Russian shirt, while the rest of his costume was made up of a corduroy coat, Russian riding breeches, and knee boots of excellent black leather obviously imported from Soviet Russia.

Tribal headquarters were soon crowded with Kirghiz. News passed swiftly around the village that a stranger who had lived in Istanbul was visiting the chief; so the more important tribesmen had come to pay their respects to both the chieftain and his guest. Sayjan Beg and the visitor were sitting on sedirs opposite each other, while the on-lookers sat Turkish fashion on the floor or stood about, leaning against the walls.

On this first evening and subsequently, sitting cross-legged around camp fires, the guest found the nomads had rather old-fashioned ideas about geography. To them the world is flat and no amount of explaining can alter their conceptions. The earth is surrounded by "the great sea," while the sun circles about the earth.

They have heard of Russia, China, Iran (Persia), Turkey, Kashmir, Hindustan, Tibet, Afghanistan, and the mysterious far-away England. But America means nothing to most of them; in fact, the guest was invariably taken for a Russian unless he explicitly told them that he was a Ferengi—an Asian word of ancient origin used from the word "Frank" and used to denote all western Europeans.

Dwellers in the Valley.

During a lull in his cross-examination by the circle of nomads, he questioned the chief about the different peoples living in the valley.

"There are two main races here in the Tekes, nomadic Turks and Mongols," he said. "We Turks are represented by the Kirghiz and Kazaks, two great tribes whose customs, language, and religion (Mohammedan Sunni) are almost identical; in fact, in the time of Genghis Khan we undoubtedly were one tribe.

"However, we now have distinctions: our dialects are slightly different; the Kirghiz women wear a unique headdress, and through the years we Kirghiz have been more successful in amassing wealth. We come from Issyk-kul (Warm Lake), across the border in Russian Kirghizistan, while the Kazaks have migrated from the dry steppes of Kazakhstan, in southern Siberia.

"The Kalmucks, or Mongols, in the other end of the valley have lived for centuries, with only a few interruptions," he continued, "a law unto themselves, with their Tibetan religion, Mongolian language, and unspeakable customs. They have always dispensed their own civil and, to a large extent, criminal justice."

Nothing Ever Happens

By THAYER WALDO
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WNU Service.

LANG sat in a rocker by the inn's open door, looking out. Beyond the verdant lawn and the winding dirt road in front was an orchard of pear trees in full blossom. From somewhere not far off came a bull-frog's solemn burble.

A sense of surprising contentment possessed Lang. Perhaps this location trip, he reflected, wouldn't be so bad after all. Something about this little Oregon village with its serene quiet and its fertile open spaces got under your skin.

He roused from his half-reverie at the sound of a woman's voice, and glanced around. By the desk stood Sally Conrad, leading lady of the company Zenith Productions had sent up here to do the outdoor scenes of Lang's script, "Yesterday's Harvest." Attractively fresh looking in a gay sports costume, she was speaking with old Mr. Harvey, the inn's proprietor.

In a moment the girl turned away and went up the broad staircase. At its top another figure passed her, coming down, and Lang recognized Louis Garrison. The publicity man came forward, looking sour, and dropped into an adjacent chair.

"Of all the screw outfits I ever saw," he growled softly, "this come opera barnyard is tops. Wonder if sending us up here was somebody's idea of a gag? First I'm serenaded by a lousy bunch of cows at about five bells; then all I can get for breakfast is dairymaid's grub; and finally, the guy who brings it is the old duck's son—"

nodding toward the desk, "—and he spends half an hour jabbering about some cockeyed invention of his. What a morning!"

A judge from Lang stopped him as Jim Harvey ran briskly up the veranda steps and entered the lobby. A tall lad, healthily good-looking, he was dressed in a tweed suit and tan felt hat. With a pleasant greeting, he passed the two men and went swiftly toward his father at the desk. After an inaudible word or two there, he continued on, disappearing through the rear door.

Lang grinned. "It's a shame, Louis," he said, "to trust a hot-house bloom like you among such rough folk. By the way, how did this spot happen to get picked, anyway? They don't usually travel so far without a big reason."

"Why, sure, I thought you knew what it was on this. Sally Conrad came from somewhere around here and hasn't been back since she made the grade in pictures. So when she lands this lead, she persuades Fiberg to send her up on location. Probably wants to put on the ritz for the old home gang. Well, looks like she'd have plenty of chance. Newsom says no shooting before tomorrow afternoon."

Suddenly a movement caught Lang's eye. Down the driveway that curved wide from the inn, a sedan was slowly and quietly coasting. But as it reached the road a puff of smoke from its exhaust bespoke life. Just a glimpse Lang had through its side window of the two heads within; then, gathering speed, it zoomed away northward.

With a noisy yawn Garrison stretched and stood up, saying: "Gosh, this is too dead for me. Nothing'd happen around here in a month. Guess I'll toddle upstairs and take a nap. See you later."

Lang waited a moment after he had gone, then rose and strolled to the desk. Old Mr. Harvey looked up cheerily.

"I wonder," said Lang, "if I might use your car for a little while."

The proprietor frowned and gave an apologetic little cough. "Why—ah—y'see," he began, but stopped at sight of the twinkle in Lang's eye.

"How did you know?" he demanded. The tone was almost testy. Lang chuckled. "I saw them leave ten minutes ago. Besides, I sort of had a hunch when I heard Sally used to live up here. Couldn't imagine she'd come back without some pretty good purpose, and Jimmie looked nice enough to be it."

Completely won over, the old man beamed. Leaning forward, he said confidentially:

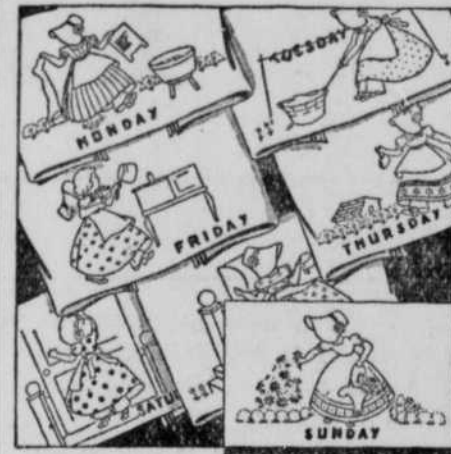
"You're right. They're goin' up to Portland and get married. Y'see, they kept company for close on three years 'fore Sally went away. And now my boy's got this automatic business he invented, he was goin' down t' Hollywood anyways. So Sally says they might as well get hitched first."

He glanced toward the stairs, back at Lang, and added: "But f'gosh sakes please don't tell that other feller—not yet. We tried to fix it so's they could sneak off without anyone knowin', specially him. Sally said he'd put it in all th' papers 'fore they could even have a honeymoon."

"Oh, I'll keep the secret, all right," Lang assured him. Then, puzzledly: "But what stumps me is how they did it at all. I saw Sally go upstairs and she didn't come down again."

The smile of Mr. Harvey, Sr., had a definitely sly touch. "That," he said, "is where we figured to fool the feller sure. He talks so all-fired much 'bout what a hick place this is, we knew he'd never guess it might be cuffed enough to have a fire escape."

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